

AGENDA
REGULAR CITY COUNCIL MEETING
COUNCIL CHAMBERS
5000 CLARK AVENUE
LAKEWOOD, CALIFORNIA

May 28, 2013, 7:30 p.m.

CALL TO ORDER

INVOCATION: Pastor Jack Anthony Sheets, Parkcrest Christian Church

PLEDGE OF ALLEGIANCE: Cub Scout Pack 81

ROLL CALL: Mayor Steve Croft
Vice Mayor Todd Rogers
Council Member Diane DuBois
Council Member Ron Piazza
Council Member Jeff Wood

ANNOUNCEMENTS AND PRESENTATIONS:

ROUTINE ITEMS:

All items listed within this section of the agenda are considered to be routine and will be enacted by one motion without separate discussion. Any Member of Council may request an item be removed for individual discussion or further explanation. All items removed shall be considered immediately following action on the remaining items.

RI-1 Approval of Minutes of the Meeting held May 14, 2013

RI-2 Approval of Personnel Transactions

RI-3 Approval of Registers of Demands

RI-4 Approval of Loan Agreement Between the City of Lakewood and the Successor Agency for ROPS 13-14A

RI-5 Approval of Loan Agreement Between the City of Lakewood and the Successor Agency for Legal Services

RI-6 Approval of Reappointment to the Southeast Los Angeles County Workforce Investment Board of Directors

RI-7 Approval of Report of Monthly Investment Transactions

RI-8 Approval of Agreement White Nelson Diehl Evans for Auditing Services

City Council Agenda

May 28, 2013

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PUBLIC HEARINGS:

- 1.1 Introduction of Ordinance No. 2013-3; Amending the Zoning Code Pertaining to Cottage Food Operations
- 1.2 Award of Bid for Purchasing Bid No. 15-13, Six Honda Civic Natural Gas Vehicles

AGENDA LAKEWOOD SUCCESSOR AGENCY

1. Approval of Loan Agreement Between the Successor Agency and the City of Lakewood for ROPS 13-14A
2. Approval of Loan Agreement Between the Successor Agency and the City of Lakewood for Legal Services
3. Approval of Agreement White Nelson Diehl Evans for Auditing Services

ORAL COMMUNICATIONS:

ADJOURNMENT

Any qualified individual with a disability that would exclude that individual from participating in or attending the above meeting should contact the City Clerk's Office, 5050 Clark Avenue, Lakewood, CA, at 562/866-9771, ext. 2200; at least 48 hours prior to the above meeting to ensure that reasonable arrangements can be made to provide accessibility to the meeting or other reasonable auxiliary aids or services may be provided.

Copies of staff reports and other writings pertaining to this agenda are available for public review during regular business hours in the Office of the City Clerk, 5050 Clark Avenue, Lakewood, CA 90712

Routine Items

Routine Item 1 - City Council Minutes
will be available prior to the meeting

D I V I D E R S H E E T

COUNCIL AGENDA

May 28, 2013

TO: The Honorable Mayor and City Council**SUBJECT:** Report of Personnel Transactions

	<u>Name</u>	<u>Title</u>	<u>Schedule</u>	<u>Effective Date</u>
1. FULL-TIME EMPLOYEES				
A. Appointments	None			
B. Changes	None			
C. Separations	Timothy Hassien	Park Maintenance Worker	10A	04/29/2013
2. PART-TIME EMPLOYEES				
A. Appointments	None			
B. Changes	Kevin Barnett	Community Services Leader II	B to	05/12/2013
		Community Services Leader III	B	
	Lance Van Uffelen	Maintenance Trainee I	B to	05/26/2013
		Maintenance Trainee II	B	
C. Separations	James Bush	Community Services Leader III	B	04/14/2013
	Matthew Rivera	Maintenance Trainee II	B	05/17/2013
	Roderick Mendoza	Community Services Leader III	B	04/20/2013

Lisa Novotny
Assistant City Manager *LN*Howard L. Chambers
City Manager *How for HLC*

DIVIDER SHEET

**CITY OF LAKEWOOD
FUND SUMMARY 5/9/2013**

In accordance with section 2521 of the Lakewood Municipal Code there is presented herewith a summary of obligations to be paid by voucher 50394 through 50561. Each of the following demands has been audited by the Director of Administrative Services and approved by the City Manager.

1010	GENERAL FUND	262,215.21
1015	SPECIAL OLYMPICS	122.80
1020	CABLE TV	1,872.60
1030	CDBG CURRENT YEAR	22,293.46
1050	COMMUNITY FACILITY	4,403.12
1710	PROPOSITION "A" RECREATION	1,700.26
3060	PROPOSITION "A"	35,430.00
3070	PROPOSITION "C"	126.79
5010	GRAPHICS AND COPY CENTER	4,268.15
5020	CENTRAL STORES	1,940.76
5030	FLEET MAINTENANCE	2,062.56
6020	GEOGRAPHIC INFORMATION SYSTEM	96.04
7500	WATER UTILITY FUND	22,301.84
8000	BUS DEV REVOLVING LOAN PROG	348.99
8030	TRUST DEPOSIT	5,915.42
		<hr/>
		368,098.00

Council Approval

Date

City Manager

Attest

City Clerk

Director of Administrative Services

CITY OF LAKEWOOD

SUMMARY CHECK REGISTER

CHECK #	CHECK DATE	VEND #	VENDOR NAME	GROSS	DISC.	CHECK AMOUNT
50394	05/09/2013	61142	ADAMS-HILLERY. SHARRON	2,286.66	0.00	2,286.66
50395	05/09/2013	36901	ADVANCED INC.	13,530.66	0.00	13,530.66
50396	05/09/2013	61689	AESCO TECHNOLOGIES. INC	2,060.00	0.00	2,060.00
50397	05/09/2013	2701	AIRE RITE A/C & REFRIGERATION. INC	110.00	0.00	110.00
50398	05/09/2013	48210	AIRFLITE. INC	4,757.38	0.00	4,757.38
50399	05/09/2013	1700	ALLIED REFRIGERATION INC	211.77	0.00	211.77
50400	05/09/2013	443	B&M LAWN AND GARDEN. INC	77.25	0.00	77.25
50401	05/09/2013	4399	BALLET FOLKLORICO TIERRA. FLOR Y CANTO	300.00	0.00	300.00
50402	05/09/2013	66012	BARTKUS. KRISTIN	235.95	0.00	235.95
50403	05/09/2013	1024	BOY SCOUT TROOP # 65	75.00	0.00	75.00
50404	05/09/2013	62737	BOYES. GOBIND	31.20	0.00	31.20
50405	05/09/2013	53983	CALIFORNIA ST OF -FRANCHISE TAX BOARD	400.00	0.00	400.00
50406	05/09/2013	7300	CARSON SUPPLY CO	98.70	0.00	98.70
50407	05/09/2013	909	CERRITOS NURSERY	155.60	0.00	155.60
50408	05/09/2013	51331	CERRITOS POOL SUPPLY	56.55	0.00	56.55
50409	05/09/2013	43135	CERRITOS. CITY OF - WATER DIVISION	14,485.20	0.00	14,485.20
50410	05/09/2013	4175	TANG. KEVIN	300.00	0.00	300.00
50411	05/09/2013	40572	CHICAGO TITLE CO.	500.00	0.00	500.00
50412	05/09/2013	64027	COLEMAN. TERILYN	250.00	0.00	250.00
50413	05/09/2013	4380	CAPITAL ONE NATIONAL ASSOCIATION	39.53	0.00	39.53
50414	05/09/2013	60195	CR TRANSFER. INC	6,425.95	0.00	6,425.95
50415	05/09/2013	56889	DELTA DENTAL OF CALIFORNIA	7,455.13	0.00	7,455.13
50416	05/09/2013	27200	DICKSON. R F CO INC	4,650.00	0.00	4,650.00
50417	05/09/2013	730	ECONOMIC DEVELOPMENT ADMINISTRATION	348.99	0.00	348.99
50418	05/09/2013	58284	EMAMI. CYNTHIA	676.00	0.00	676.00
50419	05/09/2013	51393	EMPLOYMENT DEVELOPMENT DEPT	10,369.00	0.00	10,369.00
50420	05/09/2013	65323	FERRER. PELY	75.00	0.00	75.00
50421	05/09/2013	56940	FIELD TECHNOLOGY INC	8,765.20	0.00	8,765.20
50422	05/09/2013	4092	FINELINE ELECTRIC & CABLING. INC	920.11	0.00	920.11
50423	05/09/2013	63519	FLUE STEAM. INC	24.00	0.00	24.00
50424	05/09/2013	4289	FRAZIER. ROBERT C	65.00	0.00	65.00
50425	05/09/2013	4158	FRIENDS OF LAKEWOOD SHERIFF'S STATION	125.00	0.00	125.00
50426	05/09/2013	3188	GALLS. AN ARAMARK CO. LLC	132.04	0.00	132.04
50427	05/09/2013	58692	GATEWAY CITIES COUNCIL OF GOVERNMENTS	883.35	0.00	883.35
50428	05/09/2013	64215	GOLD COAST AWARDS. INC	583.69	0.00	583.69
50429	05/09/2013	33150	GRAINGER. W W INC	283.06	0.00	283.06
50430	05/09/2013	61769	GRAUTEN. EVELYN R	145.60	0.00	145.60
50431	05/09/2013	3285	GREENO. KAREN	536.90	0.00	536.90
50432	05/09/2013	62491	HANDS ON MAILING &	652.31	0.00	652.31
50433	05/09/2013	50468	HANSEN. SUSIE	800.00	0.00	800.00
50434	05/09/2013	35477	HARA. M. LAWNMOWER CENTER	478.40	0.00	478.40
50435	05/09/2013	65593	HASS. BARBARA	260.00	0.00	260.00
50436	05/09/2013	42031	HOME DEPOT. THE	1,948.63	0.00	1,948.63
50437	05/09/2013	49843	INOUYE. MICAH EL JOHN	682.50	0.00	682.50

CITY OF LAKEWOOD

SUMMARY CHECK REGISTER

CHECK #	CHECK DATE	VEND #	VENDOR NAME	GROSS	DISC.	CHECK AMOUNT
50438	05/09/2013	60043	SCHOEPF, DANIEL A	806.60	0.00	806.60
50439	05/09/2013	4180	JONES, RICHARD D. A PROF LAW CORP	577.50	0.00	577.50
50440	05/09/2013	44339	KIDSGUIDE, INC	280.00	0.00	280.00
50441	05/09/2013	50582	LAKEWOOD HIGH SCHOOL JR ROTC	200.00	0.00	200.00
50442	05/09/2013	53311	LAKEWOOD MEALS ON WHEELS	875.00	0.00	875.00
50443	05/09/2013	1641	LAKEWOOD WOMEN'S CLUB	250.00	0.00	250.00
50444	05/09/2013	18550	LAKEWOOD, CITY OF	100.00	0.00	100.00
50445	05/09/2013	18400	LAKEWOOD, CITY WATER DEPT	41,905.40	0.00	41,905.40
50446	05/09/2013	44733	LIEBERT, CASSIDY, WHITMORE	1,190.80	0.00	1,190.80
50447	05/09/2013	2409	LIFTECH ELEVATOR SERVICES INC.	465.00	0.00	465.00
50448	05/09/2013	20700	LONG BEACH PUBLIC TRANSPORTATION CO	35,430.00	0.00	35,430.00
50449	05/09/2013	59705	LOPEZ, JORGE	473.20	0.00	473.20
50450	05/09/2013	36844	LOS ANGELES COUNTY DEPT OF PUBLIC WORKS	4,248.49	0.00	4,248.49
50451	05/09/2013	36844	LOS ANGELES COUNTY DEPT OF PUBLIC WORKS	3,013.00	0.00	3,013.00
50452	05/09/2013	58414	MANAGED HEALTH NETWORK	417.43	0.00	417.43
50453	05/09/2013	60839	MARKOPULOS, CYNTHIA	357.50	0.00	357.50
50454	05/09/2013	65773	MAYFLOWER DISTRIBUTING COMPANY	107.22	0.00	107.22
50455	05/09/2013	4402	MC KEE, RICH	700.00	0.00	700.00
50456	05/09/2013	46696	MEYER & ASSOCIATES	950.00	0.00	950.00
50457	05/09/2013	57391	MINI COACH INC.	557.40	0.00	557.40
50458	05/09/2013	64247	MOLINA, JOHN JR.	1,200.00	0.00	1,200.00
50459	05/09/2013	60834	MULTIOUIP, INC	3,024.10	0.00	3,024.10
50460	05/09/2013	4190	NATIONAL UNION FIRE INSURANCE CO	737.58	0.00	737.58
50461	05/09/2013	62904	NORTHERN SAFETY CO INC	82.04	1.40	80.64
50462	05/09/2013	42538	NOVOTNY, LISA	88.99	0.00	88.99
50463	05/09/2013	3725	OAKDEN DOOR & GLASS	365.00	0.00	365.00
50464	05/09/2013	34536	OCOBOC, DEBRA	263.90	0.00	263.90
50465	05/09/2013	47554	OFFICE DEPOT BUSINESS SVCS	52.59	0.00	52.59
50466	05/09/2013	62855	P M I	1,454.56	0.00	1,454.56
50467	05/09/2013	50512	PATHWAYS VOLUNTEER HOSPICE	250.00	0.00	250.00
50468	05/09/2013	3888	RP AUTOMOTIVE, UAG CERRITOS 1, LLC	27.32	0.00	27.32
50469	05/09/2013	47288	PEP BOYS-MANNY, MOE & JACK OF CALIFORNIA	139.78	0.00	139.78
50470	05/09/2013	66116	PETERSEN, LOUISE	295.75	0.00	295.75
50471	05/09/2013	65311	POWER & ENVIRONMENT INTL INC	43.60	0.00	43.60
50472	05/09/2013	4047	REEL LUMBER SERVICE	704.02	0.00	704.02
50473	05/09/2013	4333	REYES, MICHELLE	300.00	0.00	300.00
50474	05/09/2013	4333	REYES, MICHELLE	52.00	0.00	52.00
50475	05/09/2013	66345	REYES, PHIL	2,400.00	0.00	2,400.00
50476	05/09/2013	926	RICOH AMERICAS CORPORATION	3,044.02	0.00	3,044.02
50477	05/09/2013	2579	ROMBERG EXCAVATION & OPERATIONS, INC	26,965.56	0.00	26,965.56
50478	05/09/2013	47285	ROTARY CORP	1,260.70	0.00	1,260.70
50479	05/09/2013	56359	S Y NURSERY	1,370.64	0.00	1,370.64
50480	05/09/2013	65297	S.T.E.A.M.	46,512.06	0.00	46,512.06
50481	05/09/2013	1841	SAFETY DRIVER'S ED, LLC	178.75	0.00	178.75

CITY OF LAKEWOOD

SUMMARY CHECK REGISTER

CHECK #	CHECK DATE	VEND #	VENDOR NAME	GROSS	DISC.	CHECK AMOUNT
50482	05/09/2013	56957	SALCO GROWERS INC.	71.94	0.00	71.94
50483	05/09/2013	4408	SANJUAN. MIGUEL JR	75.00	0.00	75.00
50484	05/09/2013	2089	SANTANA. EDGAR I	75.00	0.00	75.00
50485	05/09/2013	4033	SCHRUBBE. JACQUELINE	75.00	0.00	75.00
50486	05/09/2013	3153	SECTRA SECURITY. INC	116.60	0.00	116.60
50487	05/09/2013	47359	SIERRA DISPLAY INC.	26.33	0.00	26.33
50488	05/09/2013	52279	SMART & FINAL. INC	153.23	0.00	153.23
50489	05/09/2013	29100	SNAP-ON INDUSTRIAL. DIV OF IDSC HOLDINGS LL	604.60	0.00	604.60
50490	05/09/2013	29400	SOUTHERN CALIFORNIA EDISON CO	40,466.38	0.00	40,466.38
50491	05/09/2013	29800	SPARKLETTES	93.24	0.00	93.24
50492	05/09/2013	49529	SPICERS PAPER INC.	337.09	3.09	334.00
50493	05/09/2013	37930	STANDARD INSURANCE CO UNIT 22	9,041.62	0.00	9,041.62
50494	05/09/2013	4400	STEIN. BETH	1,000.00	0.00	1,000.00
50495	05/09/2013	60792	STEPHENS. ERIC	19.83	0.00	19.83
50496	05/09/2013	4036	TAGO. LARRY	375.00	0.00	375.00
50497	05/09/2013	2372	TGIS CATERING SVCS. INC	470.88	0.00	470.88
50498	05/09/2013	65224	TUMBLE-N-KIDS. INC	567.97	0.00	567.97
50499	05/09/2013	57989	U S BANK	2,500.00	0.00	2,500.00
50500	05/09/2013	1437	U.S. BANK NATIONAL ASSOCIATION	19,199.77	0.00	19,199.77
50501	05/09/2013	519	UNIVAR USA	437.56	0.00	437.56
50502	05/09/2013	1436	USA MOBILITY WIRELESS INC.	6.78	0.00	6.78
50503	05/09/2013	4406	VARELA. JOSE MAYORGA	300.00	0.00	300.00
50504	05/09/2013	60430	VERIZON CALIFORNIA INC	1,872.95	0.00	1,872.95
50505	05/09/2013	3967	VIDIFLO. INC	1,303.60	0.00	1,303.60
50506	05/09/2013	57135	VISION SERVICE PLAN	4,151.50	0.00	4,151.50
50507	05/09/2013	61019	CHRISTMAN. WILLIAM B	175.00	0.00	175.00
50508	05/09/2013	17640	WAXIE ENTERPRISES INC	272.09	0.00	272.09
50509	05/09/2013	36166	WEGENER. KATHY	2,053.35	0.00	2,053.35
50510	05/09/2013	50172	PRIMUS INC	351.41	0.00	351.41
50511	05/09/2013	4030	ZASLOFF. DAVID	800.00	0.00	800.00
50512	05/09/2013	3699	BRADLEY. KIM & JOHNSON. LESLIE	87.37	0.00	87.37
50513	05/09/2013	3699	BRADLEY. KIM & JOHNSON. LESLIE	24.39	0.00	24.39
50514	05/09/2013	3699	ALAS. MARCO	250.00	0.00	250.00
50515	05/09/2013	3699	ALLEN-WOODS. COLLEEN	250.00	0.00	250.00
50516	05/09/2013	3699	BENNETT. NAKIVIA	15.00	0.00	15.00
50517	05/09/2013	3699	BENOSA. REGIBEL	250.00	0.00	250.00
50518	05/09/2013	3699	BETANCOURT. DONNA	29.00	0.00	29.00
50519	05/09/2013	3699	BORBA. MATTHEW	250.00	0.00	250.00
50520	05/09/2013	3699	BUELL. OLIVIA	23.00	0.00	23.00
50521	05/09/2013	3699	CABRAL ROOFING & WATERPROOFING CRP	467.20	0.00	467.20
50522	05/09/2013	3699	CASIANO. MANUEL	250.00	0.00	250.00
50523	05/09/2013	3699	CORNETT. AMANDA	500.00	0.00	500.00
50524	05/09/2013	3699	DEMONET. CANDY	28.00	0.00	28.00
50525	05/09/2013	3699	GAVERO. JESSICA	250.00	0.00	250.00

CITY OF LAKEWOOD

SUMMARY CHECK REGISTER

CHECK #	CHECK DATE	VEND #	VENDOR NAME	GROSS	DISC.	CHECK AMOUNT
50526	05/09/2013	3699	GOODMAN. KIMBERLEY	15.00	0.00	15.00
50527	05/09/2013	3699	GUINDAZOLA. MARIA	250.00	0.00	250.00
50528	05/09/2013	3699	GURROLA. MIGUEL	250.00	0.00	250.00
50529	05/09/2013	3699	HENRY. STACY	28.00	0.00	28.00
50530	05/09/2013	3699	INGRAM. BEVERLY	250.00	0.00	250.00
50531	05/09/2013	3699	JANSSEN. MARIDITH A ED.D	250.00	0.00	250.00
50532	05/09/2013	3699	JAURIGUE. SAMANTHA	290.00	0.00	290.00
50533	05/09/2013	3699	JOHNBAPTISTE. CARLTON	250.00	0.00	250.00
50534	05/09/2013	3699	JONES. BOB	250.00	0.00	250.00
50535	05/09/2013	3699	LARA. PHILLIP	250.00	0.00	250.00
50536	05/09/2013	3699	LEATHERWOOD. SAUNDRA	250.00	0.00	250.00
50537	05/09/2013	3699	LICON. ROSANGELA	250.00	0.00	250.00
50538	05/09/2013	3699	LOPEZ. ISABEL	250.00	0.00	250.00
50539	05/09/2013	3699	MAGALLON. NOEMI	250.00	0.00	250.00
50540	05/09/2013	3699	MASON. MEAGAN	250.00	0.00	250.00
50541	05/09/2013	3699	MATTHEWS. JAZMINE	250.00	0.00	250.00
50542	05/09/2013	3699	MEDRANO. LEOBARDO	250.00	0.00	250.00
50543	05/09/2013	3699	MEJIA. MARIA	250.00	0.00	250.00
50544	05/09/2013	3699	MONTERO. LENI	250.00	0.00	250.00
50545	05/09/2013	3699	MORGAN. JENNIFER	23.00	0.00	23.00
50546	05/09/2013	3699	MUHAMMAD. LAWANDA	250.00	0.00	250.00
50547	05/09/2013	3699	MUSSER. NATHAN MICHAEL	10.00	0.00	10.00
50548	05/09/2013	3699	PANGANIBAN. ANTOINETTE	250.00	0.00	250.00
50549	05/09/2013	3699	PELZL. IWALANI	15.00	0.00	15.00
50550	05/09/2013	3699	REA. JO ANNIE	250.00	0.00	250.00
50551	05/09/2013	3699	RIVERARUANO. EDWIN JOSE	66.00	0.00	66.00
50552	05/09/2013	3699	SAMANIEGO. CARLOS	250.00	0.00	250.00
50553	05/09/2013	3699	SANTIAGO. JULIE	250.00	0.00	250.00
50554	05/09/2013	3699	SHUEMAKE. BETTY	250.00	0.00	250.00
50555	05/09/2013	3699	URBANO. MICHELLE	250.00	0.00	250.00
50556	05/09/2013	3699	URTIS. TRINA	250.00	0.00	250.00
50557	05/09/2013	3699	VERDIN. MONICA	250.00	0.00	250.00
50558	05/09/2013	3699	VILCHEZ. MARIA INEZ	250.00	0.00	250.00
50559	05/09/2013	3699	VILLASENOR. NEREIDA	250.00	0.00	250.00
50560	05/09/2013	3699	WILLIAMSON. BRUCELLE	23.00	0.00	23.00
50561	05/09/2013	3699	ZHENG. JASON	250.00	0.00	250.00
Totals:				<u>368,102.49</u>	<u>4.49</u>	<u>368,098.00</u>

**CITY OF LAKEWOOD
FUND SUMMARY 5/16/2013**

In accordance with section 2521 of the Lakewood Municipal Code there is presented herewith a summary of obligations to be paid by voucher 50562 through 50687. Each of the following demands has been audited by the Director of Administrative Services and approved by the City Manager.

1010	GENERAL FUND	149,226.93
1020	CABLE TV	150.00
1030	CDBG CURRENT YEAR	882.50
1050	COMMUNITY FACILITY	290.03
1621	LA CNTY MEASURE R	9,460.00
3070	PROPOSITION "C"	1,278.00
5010	GRAPHICS AND COPY CENTER	3,186.60
5020	CENTRAL STORES	3,547.14
5030	FLEET MAINTENANCE	6,425.97
7500	WATER UTILITY FUND	342,077.41
8030	TRUST DEPOSIT	3,207.21
		<hr/>
		519,731.79

Council Approval

Date

City Manager

Attest

City Clerk

Director of Administrative Services

CITY OF LAKEWOOD

SUMMARY CHECK REGISTER

CHECK #	CHECK DATE	VEND #	VENDOR NAME	GROSS	DISC.	CHECK AMOUNT
50562	05/16/2013	4260	SBC GLOBAL SERVICES. INC	65.78	0.00	65.78
50563	05/16/2013	36901	ADVANCED INC.	565.00	0.00	565.00
50564	05/16/2013	2701	AIRE RITE A/C & REFRIGERATION. INC	262.00	0.00	262.00
50565	05/16/2013	4208	AIRGAS INC	9.01	0.00	9.01
50566	05/16/2013	60819	AIRGAS SAFETY	288.41	2.65	285.76
50567	05/16/2013	1700	ALLIED REFRIGERATION INC	72.71	0.00	72.71
50568	05/16/2013	4382	AMERICAN PAPER PLASTIC SERVICES. INC.	193.48	0.00	193.48
50569	05/16/2013	4050	B&K ELECTRIC WHOLESALE	124.85	0.00	124.85
50570	05/16/2013	59683	MAC MILLAN ENTERPRISE INC.	1,094.43	0.00	1,094.43
50571	05/16/2013	66012	BARTKUS. KRISTIN	1,246.06	0.00	1,246.06
50572	05/16/2013	63567	BAUMAN. ALEX	250.00	0.00	250.00
50573	05/16/2013	43808	BELLFLOWER AUTO TRIM & UPHOLSTERY	198.30	0.00	198.30
50574	05/16/2013	52244	BELLFLOWER. CITY OF	178.58	0.00	178.58
50575	05/16/2013	48108	BERG. APRIL	392.00	0.00	392.00
50576	05/16/2013	59748	BIG STUDIO. INC	2,047.57	0.00	2,047.57
50577	05/16/2013	65443	BIO CLEAN ENVIRONMENTAL SERVICES INC	1,117.60	0.00	1,117.60
50578	05/16/2013	4236	MANHATTAN STITCHING CO INC.	362.88	0.00	362.88
50579	05/16/2013	66457	BRENNTAG PACIFIC. INC	4,924.80	0.00	4,924.80
50580	05/16/2013	48469	BURWELL. MICHAEL RAY	1,005.00	0.00	1,005.00
50581	05/16/2013	307	CALIF. STATE DISBURSEMENT UNIT	380.76	0.00	380.76
50582	05/16/2013	53983	CALIFORNIA ST OF -FRANCHISE TAX BOARD	25.00	0.00	25.00
50583	05/16/2013	7300	CARSON SUPPLY CO	265.53	0.00	265.53
50584	05/16/2013	988	CDW. LLC	106.81	0.00	106.81
50585	05/16/2013	7600	CENTRAL BASIN WATER ASSN	921.32	0.00	921.32
50586	05/16/2013	62163	CHAN. ANNA	150.00	0.00	150.00
50587	05/16/2013	45894	CINTAS CORPORATION	155.80	0.00	155.80
50588	05/16/2013	50988	CITY CLERKS ASSN OF CALIFORNIA	200.00	0.00	200.00
50589	05/16/2013	64932	CJ CONSTRUCTION. INC	8,201.24	0.00	8,201.24
50590	05/16/2013	4263	CORCORAN. JAMES	2,047.50	0.00	2,047.50
50591	05/16/2013	4380	CAPITAL ONE NATIONAL ASSOCIATION	75.61	0.00	75.61
50592	05/16/2013	57602	DATA OUICK INFORMATION SYSTEMS. INC	265.00	0.00	265.00
50593	05/16/2013	4043	DIAMOND ENVIRONMENTAL SERVICES LP	652.70	0.00	652.70
50594	05/16/2013	27200	DICKSON. R F CO INC	76.77	0.00	76.77
50595	05/16/2013	43597	DIVE/CORR. INC	24,610.00	0.00	24,610.00
50596	05/16/2013	53283	EBERHARD EOUIPMENT	316.43	0.00	316.43
50597	05/16/2013	53706	F & A FEDERAL CREDIT UNION	10,388.50	0.00	10,388.50
50598	05/16/2013	52316	FEDERAL EXPRESS CORP	214.30	0.00	214.30
50599	05/16/2013	876	INTERNATIONAL PROMOTIONS. INC	5,125.00	0.00	5,125.00
50600	05/16/2013	4289	FRAZIER. ROBERT C	130.00	0.00	130.00
50601	05/16/2013	4412	FULLERTON. CITY OF	30.00	0.00	30.00
50602	05/16/2013	64215	GOLD COAST AWARDS. INC	1,590.58	0.00	1,590.58
50603	05/16/2013	65779	GOLDEN STATE WATER COMPANY	5,328.02	0.00	5,328.02
50604	05/16/2013	33150	GRAINGER. W W INC	279.12	0.00	279.12
50605	05/16/2013	65575	HAP'S AUTO PARTS	132.64	0.00	132.64

CITY OF LAKEWOOD

SUMMARY CHECK REGISTER

CHECK #	CHECK DATE	VEND #	VENDOR NAME	GROSS	DISC.	CHECK AMOUNT
50606	05/16/2013	35477	HARA. M. LAWNMOWER CENTER	363.57	0.00	363.57
50607	05/16/2013	49031	HDL COREN & CONE	4,875.00	0.00	4,875.00
50608	05/16/2013	49520	HINDERLITER. DE LLAMAS & ASSOC	2,207.39	0.00	2,207.39
50609	05/16/2013	42031	HOME DEPOT. THE	671.04	0.00	671.04
50610	05/16/2013	3959	HORIZON MECHANICAL CONTRACTORS OF CALIF	451.30	0.00	451.30
50611	05/16/2013	3807	HAZARDOUS WASTE TRANSPORTATION SVCS. INC	6,951.94	0.00	6,951.94
50612	05/16/2013	66464	HUITT-ZOLLARS. INC	3,426.50	0.00	3,426.50
50613	05/16/2013	65712	IDMODELING. INC	2,320.00	0.00	2,320.00
50614	05/16/2013	4149	INFOSEND. INC	8,259.82	0.00	8,259.82
50615	05/16/2013	49843	INOUE. MICAH EL JOHN	227.50	0.00	227.50
50616	05/16/2013	50740	INTERNAL REVENUE SERVICE	50.00	0.00	50.00
50617	05/16/2013	3652	INTERNATIONAL ENVIRONMENTAL MANAGEMEN	94.12	0.00	94.12
50618	05/16/2013	4392	JDL PACKAGING SYSTEMS. INC.	267.05	0.00	267.05
50619	05/16/2013	2490	JONES & MADHAVAN ARCHITECTURE & ENG	2,200.00	0.00	2,200.00
50620	05/16/2013	65368	LA BELLE-MARVIN. INC	9,460.00	0.00	9,460.00
50621	05/16/2013	2822	LAGERLOF. SENECA L. GOSNEY &	8,630.15	0.00	8,630.15
50622	05/16/2013	55469	LAKEWOOD CITY EMPLOYEE ASSOCIATION	2,000.00	0.00	2,000.00
50623	05/16/2013	40124	GREATER LAKEWOOD CHAMBER OF COMMERCE	740.00	0.00	740.00
50624	05/16/2013	64812	LAKEWOOD OIL CORPORATION	140.46	0.00	140.46
50625	05/16/2013	53849	LAKEWOOD ROTARY CLUB	344.00	0.00	344.00
50626	05/16/2013	18550	LAKEWOOD. CITY OF	100.00	0.00	100.00
50627	05/16/2013	43017	LARSEN. DEBRA	94.09	0.00	94.09
50628	05/16/2013	41075	LERN	395.00	0.00	395.00
50629	05/16/2013	59705	LOPEZ. JORGE	67.60	0.00	67.60
50630	05/16/2013	36844	LOS ANGELES COUNTY DEPT OF PUBLIC WORKS	3,107.21	0.00	3,107.21
50631	05/16/2013	36844	LOS ANGELES COUNTY DEPT OF PUBLIC WORKS	681.09	0.00	681.09
50632	05/16/2013	59113	MACRO AUTOMATICS	2,283.00	0.00	2,283.00
50633	05/16/2013	4055	MANSFIELD GAS EQUIPMENT SYSTEMS CORP	1,515.27	0.00	1,515.27
50634	05/16/2013	46696	MEYER & ASSOCIATES	262.50	0.00	262.50
50635	05/16/2013	45154	MOORE IACOFANO GOLTSMAN. INC.	1,620.00	0.00	1,620.00
50636	05/16/2013	60834	MULTIOUIP. INC	1,385.32	0.00	1,385.32
50637	05/16/2013	61672	MUSCULAR DYSTROPHY ASSOC. INC	20.00	0.00	20.00
50638	05/16/2013	47554	OFFICE DEPOT BUSINESS SVCS	68.96	0.00	68.96
50639	05/16/2013	63708	DY-JO CORPORATION	740.00	0.00	740.00
50640	05/16/2013	65659	PHASE II SYSTEMS. INC	3,925.75	0.00	3,925.75
50641	05/16/2013	50512	PATHWAYS VOLUNTEER HOSPICE	750.00	0.00	750.00
50642	05/16/2013	3888	RP AUTOMOTIVE. UAG CERRITOS 1. LLC	13.06	0.00	13.06
50643	05/16/2013	51171	PERS LONG TERM CARE PROGRAM	265.11	0.00	265.11
50644	05/16/2013	15600	LONG BEACH PUBLISHING CO	849.40	0.00	849.40
50645	05/16/2013	57980	RIVARD. T.A.. INC.	50,464.80	0.00	50,464.80
50646	05/16/2013	56957	SALCO GROWERS INC.	197.84	0.00	197.84
50647	05/16/2013	51723	SCMAF OFFICE	15.00	0.00	15.00
50648	05/16/2013	63347	SHAPIRO-HOGLUND. SUSANNE	227.50	0.00	227.50
50649	05/16/2013	39268	SHARRARD. RICHARD	52.00	0.00	52.00

CITY OF LAKEWOOD

SUMMARY CHECK REGISTER

CHECK #	CHECK DATE	VEND #	VENDOR NAME	GROSS	DISC.	CHECK AMOUNT
50650	05/16/2013	34471	SKATE DEPOT	65.00	0.00	65.00
50651	05/16/2013	52279	SMART & FINAL. INC	258.26	0.00	258.26
50652	05/16/2013	29400	SOUTHERN CALIFORNIA EDISON CO	35,740.74	0.00	35,740.74
50653	05/16/2013	29500	SOUTHERN CALIFORNIA GAS CO	725.18	0.00	725.18
50654	05/16/2013	4026	SPASEFF. TED C	262.50	0.00	262.50
50655	05/16/2013	49529	SPICERS PAPER INC.	450.92	4.14	446.78
50656	05/16/2013	48274	STANDARD TEL NETWORKS. LLC	67.50	0.00	67.50
50657	05/16/2013	66215	SUPERIOR COURT OF CALIFORNIA	13,257.00	0.00	13,257.00
50658	05/16/2013	66215	SUPERIOR COURT OF CALIFORNIA	10,399.50	0.00	10,399.50
50659	05/16/2013	4212	SYN-TECH SYSTEMS. INC.	2,599.00	0.00	2,599.00
50660	05/16/2013	2732	TANNEN. MITCH	395.20	0.00	395.20
50661	05/16/2013	59212	TETRA TECH. INC	16,941.50	0.00	16,941.50
50662	05/16/2013	2372	TGIS CATERING SVCS. INC	195.76	0.00	195.76
50663	05/16/2013	65737	U S BANK NATIONAL ASSOCIATION	2,739.82	0.00	2,739.82
50664	05/16/2013	47854	TRUESDAIL LABORATORIES INC	3,791.44	0.00	3,791.44
50665	05/16/2013	61282	TRUGREEN LANDCARE GENERAL PARTNERSHIP	7,184.28	0.00	7,184.28
50666	05/16/2013	65224	TUMBLE-N-KIDS. INC	680.68	0.00	680.68
50667	05/16/2013	60685	TURF STAR	86.01	0.00	86.01
50668	05/16/2013	66245	TYLER TECHNOLOGIES MUNIS DIVISION	427.83	0.00	427.83
50669	05/16/2013	4356	U.S. BANK PARS ACCT #6746022400	2,142.92	0.00	2,142.92
50670	05/16/2013	4216	U.S. DEPARTMENT OF HUD	125.00	0.00	125.00
50671	05/16/2013	53760	UNITED WAY OF GREATER LOS ANGELE	262.00	0.00	262.00
50672	05/16/2013	4336	VILLA-REAL. WILHELMINA C	249.60	0.00	249.60
50673	05/16/2013	46659	VOX PRINTING INC.	856.16	0.00	856.16
50674	05/16/2013	7400	WATER REPLENISHMENT DISTRICT OF	200,609.48	0.00	200,609.48
50675	05/16/2013	33350	WATER WELL SUPPLY	8,236.48	0.00	8,236.48
50676	05/16/2013	3943	WATERLINE TECHNOLOGIES. INC.	69.52	0.00	69.52
50677	05/16/2013	17640	WAXIE ENTERPRISES INC	2,727.84	0.00	2,727.84
50678	05/16/2013	37745	WESTERN EXTERMINATOR CO	910.00	0.00	910.00
50679	05/16/2013	35146	WILLDAN ASSOCIATES	2,201.25	0.00	2,201.25
50680	05/16/2013	3837	WORTHINGTON FORD	23.05	0.00	23.05
50681	05/16/2013	3699	SANTANA. CITLALLI	250.00	0.00	250.00
50682	05/16/2013	3699	WOLFSON. H A & A L	112.73	0.00	112.73
50683	05/16/2013	3699	COHEN. KAREN	150.00	0.00	150.00
50684	05/16/2013	3699	KECKEISEN. DEBBIE	250.00	0.00	250.00
50685	05/16/2013	3699	OH. SANDIE	29.00	0.00	29.00
50686	05/16/2013	3699	RINDEN. NICOLE	58.00	0.00	58.00
50687	05/16/2013	3941	NIELSEN DECORATIVE IRON	5,360.00	0.00	5,360.00
Totals:				<u>519,738.58</u>	<u>6.79</u>	<u>519,731.79</u>

D I V I D E R S H E E T

May 28, 2013

TO: The Honorable Mayor and City Council

SUBJECT: Loan Agreement between the City of Lakewood and the Successor Agency to the Lakewood Redevelopment Agency

INTRODUCTION

Health and Safety Code Section 34173(h) authorizes the City to loan funds to the Successor Agency for payment of administrative costs and enforceable obligations, and Health and Safety Code Sections 34178 and 34180 also authorize the City and the Successor Agency to enter into certain types of contracts. Under this authority, the City proposes a temporary loan from the City to the Successor Agency.

STATEMENT OF FACT

The Department of Finance (DOF) has performed reconciliations of ROPS I and ROPS II to verify that the funds received from the County were used or unspent and made the following adjustments:

ROPS 11-12B (I)	\$2,553,873
ROPS 12-13A (II)	\$ 451,484
ROPS 12-13B (III)	\$(1,120,989)
ROPS 13-14A	\$(1,432,884)
ROPS 13-14A	\$ (451,484)

Property tax appropriated to the Successor Agency to cover costs determined to be enforceable obligations in ROPS III and ROPS 13-14A was reduced to offset the adjustments. These offsets resulted in the Successor Agency not receiving any Redevelopment Property Tax Trust Fund (RPTTF) funds from the Los Angeles County Auditor-Controller in January 2013 and a reduction in RPTTF funds from the Los Angeles County Auditor-Controller for June 2013.

The DOF approved enforceable obligations of \$3,215,761 and admin allowance of \$125,000 for ROPS 13-14A however, only \$1,456,393 will be distributed to the Successor Agency. Accordingly, the Successor Agency anticipates a budget shortfall of \$1,884,368.00 for the July to December 2013 ROPS period (ROPS 13-14A), comprised of \$1,759,368.00 in approved enforceable obligations, and \$125,000.00 in approved administrative costs.

The City Loan to the Successor Agency will be listed in ROPS 13-14B, January through June, 2013 as an enforceable obligation. The Oversight Board has been made aware of this situation and is anticipating the addition of the City Loan on ROPS 13-14B to be presented for their approval at the June 11, 2013 meeting.

RECOMMENDATION

It is respectfully recommended that the Council approve the Loan Agreement between the City of Lakewood and the Successor Agency to the Lakewood Redevelopment Agency.



Diane Perkin
Director of Administrative Services

Howard L. Chambers
City Manager

How for HLC

**LOAN AGREEMENT BETWEEN THE CITY OF LAKEWOOD
AND THE SUCCESSOR AGENCY
TO THE LAKEWOOD REDEVELOPMENT AGENCY**

This Agreement is made and entered into as of May 28, 2013, by and between the City of Lakewood (the "City"), a municipal corporation, and the Successor Agency to the Lakewood Redevelopment Agency (the "Successor Agency"), a public entity.

Recitals

A. California Health and Safety Code ("H&SC") Section 34177(a) permits the Successor Agency to make payments due for "enforceable obligations".

B. H&SC Section 34177(l) requires the Successor Agency to prepare a Recognized Obligation Payment Schedule ("ROPS") that lists its enforceable obligations, before each six-month period.

C. The Successor Agency prepared ROPS FY 13-14A for the July through December, 2013, period, which ROPS was approved by the Successor Agency's Oversight Board, and which was approved by the State of California Department of Finance ("DOF").

D. The Successor Agency anticipates that the amount of Redevelopment Property Tax Trust Fund ("RPTTF") funds to be received from the Los Angeles County Auditor-Controller will be insufficient to pay the Successor Agency's enforceable obligations and administrative expenses from between July 1 and December 31, 2013. Accordingly, the Successor Agency anticipates a budget shortfall of \$1,884,368.00 between July 1 and December 31, 2013, comprised of \$1,759,368.00 in approved enforceable obligations, and \$125,000.00 in approved administrative costs.

E. H&SC Section 34173(h) authorizes the City to loan funds to the Successor Agency for payment of administrative costs and enforceable obligations, at the City's discretion, and that such loan must be listed on the ROPS, which is subject to approval by the Oversight Board. H&SC Sections 34178 and 34180 also authorize the City and the Successor Agency to enter into certain types of contracts.

F. Relying on the aforesaid authority, the City is prepared to make a temporary loan (the "Loan") to the Successor Agency in the amount of \$1,884,368.00, to be used to pay enforceable obligations and administrative costs listed on ROPS FY 13-14A.

G. The Successor Agency shall list the repayment of the Loan as an enforceable obligation on ROPS FY 13-14B, for the period from January through June, 2014.

Based on the Recitals set forth above and in consideration of the mutual covenants set forth below, the parties agree as follows:

1. The parties represent and warrant to each other that each of the Recitals set forth above is true and correct.

2. Subject to the approval of the Oversight Board as set forth below, the City shall use City general funds to provide the Successor Agency with the Loan in the amount of \$1,884,368.00, on or before December 31, 2013.

3. The Successor Agency shall use the proceeds of the Loan only to pay enforceable obligations and administrative costs listed on ROPS FY 13-14A.

4. This Agreement shall not be deemed effective, and the City shall not make the Loan, until this Agreement has been approved by the Oversight Board, pursuant to H&SC Section 34179(h) and 34180.

5. Except as provided in Section 6, below, the Loan shall be repaid on par with any enforceable obligations falling within H&SC Section 34183(a)(2)(C) (debts not qualifying as tax allocation bonds and certain revenue bonds).

6. The City hereby agrees to defer repayment of the Loan during a six-month period covered by a ROPS to the extent that repayment during that period would leave the Successor Agency with insufficient funds to satisfy other enforceable obligations covered by H&SC Section 34183(a)(2)(C) which: (a) Are due in that six-month period; and (b) were in existence as of the date of this Agreement.

7. Provided that this Agreement is approved by the Oversight Board, the Successor Agency shall list its obligation under this Agreement as an enforceable obligation on ROPS FY 13-14B. Such enforceable obligation shall be included on each successive ROPS until the Loan has been repaid to the City in full.

8. This Agreement shall be in full force and effect upon its approval by the Oversight Board, and shall remain in full force and effect until the Loan has been repaid to the City in full.

9. This Agreement constitutes the entire agreement by and between the parties with respect to the subject matter hereof, and may be amended only in writing.

10. In the event of a default, either party may avail itself of any and all remedies available at law or equity under California law for the purpose of enforcing the terms and conditions of this Agreement.

Intending to be legally bound, the parties' authorized representatives have executed this Agreement, below, as of May 28, 2013.

City of Lakewood

Mayor

ATTEST:

City Clerk

Approved as to form:

City Attorney

Successor Agency to
the Lakewood Redevelopment Agency

Chairman

ATTEST:

Board Clerk

D I V I D E R S H E E T

COUNCIL AGENDA

May 28, 2013

TO: The Honorable Mayor and City Council

SUBJECT: Loan Agreement between the City of Lakewood and the Successor Agency to the Lakewood Redevelopment Agency

INTRODUCTION

Health and Safety Code Section 34173(h) authorizes the City to loan funds to the Successor Agency for payment of administrative costs and enforceable obligations, and Health and Safety Code Sections 34178 and 34180 also authorize the City and the Successor Agency to enter into certain types of contracts. Under this authority, the City proposes a temporary loan from the City to the Successor Agency.

STATEMENT OF FACT

AB 1x 26 provided the State Controller's Office (SCO) the authority to review asset transfers that occurred after January 1, 2011. AB 1484 extended the authority to review asset transfers to the Department of Finance (DOF) by incorporating it into the Due Diligence Review (DDR) of Successor Agencies' Non-housing Funds.

The DOF in its review of the Lakewood Successor Agency Non-housing DDR invalidated a 2011 transaction in which the former Lakewood Redevelopment Agency (LRA) had made debt service payments on loans previously made by the City to the LRA by asserting the debt service payments were an unallowable asset transfer.

In June 2010, the City carried multiple loans made to the LRA that were consolidated through the adoption of Resolution No. LRA 2010-7. The LRA's debt service payment schedule to the City was memorialized by Resolution No. LRA 2011-3, adopted on February 2, 2011. Both resolutions were in effect prior to the dissolution of redevelopment on February 1, 2012. The LRA made the scheduled debt service payment to the City in June 2011 for \$7,849,600 which was based on the adopted debt service payment schedule.

The Successor Agency's stance is that city loan debt service payments are not asset transfers. Because the City carried the loans, which means the loans are an asset owned by the City, the debt service payments of these loans cannot be considered an asset transfer in that they do not increase the total assets of the City. On April 16, 2013, through the meet and confer process staff voiced its opposition to the DOF's initial decision received on April 1, 2013. The DOF maintained its position as stated in its letter dated May 2, 2013.

Now having exhausted available administrative remedies and believing strongly that the decision of the DOF is incorrect and unlawful, staff recommended the Successor Agency commence litigation to avoid the loss of such funds. Accordingly, the firm of Colantuono & Levin was retained as legal counsel for such litigation. However, the Successor Agency does not have any funds with which to pay the expenses of such litigation, and, for that reason, staff is recommending a loan from the City for such purposes.

Loan Agreement between
the City and the Successor Agency
May 28, 2013
Page 2

The City Loan to the Successor Agency will be listed in ROPS 13-14B, January through June, 2013 as an enforceable obligation and presented to the Oversight Board on June 11, 2013, for their approval.

RECOMMENDATION

It is respectfully recommended that the Agency approve the Loan Agreement between the City of Lakewood and the Successor Agency to the Lakewood Redevelopment Agency.



Diane Perkin
Director of Administrative Services



Howard L. Chambers
City Manager

**LOAN AGREEMENT BETWEEN THE CITY OF LAKEWOOD
AND THE SUCCESSOR AGENCY
TO THE LAKEWOOD REDEVELOPMENT AGENCY**

This Agreement is made and entered into as of May 28, 2013, by and between the City of Lakewood (the "City"), a municipal corporation, and the Successor Agency to the Lakewood Redevelopment Agency (the "Successor Agency"), a public entity.

Recitals

A. In its review of the Due Diligence Review of the Successor Agency's Other Funds and Accounts, the State of California Department of Finance (the "DOF") has invalidated a 2011 transaction in which the former Redevelopment Agency had made a repayment in that amount of loans previously made by the City to the Redevelopment Agency. Such decision was memorialized in a letter dated May 2, 2013, a copy of which is attached hereto as Exhibit "A".

B. The DOF will seek to recover those funds from the Successor Agency and/or the City, which would have drastic consequences.

C. The Successor Agency, having exhausted its administrative remedies and believing strongly that the decision of the DOF is incorrect and unlawful, has no choice but to commence litigation to avoid the loss of such funds. Accordingly, the Successor Agency has engaged the firm of Colantuono & Levin as its legal counsel for such litigation, in an agreement attached hereto as Exhibit "B".

D. The Successor Agency does not have any funds with which to pay the extraordinary expenses of such litigation, and, accordingly, seeks a loan from the City for such purposes.

E. H&SC Section 34173(h) authorizes the City to loan funds to the Successor Agency for such purposes, at the City's discretion, and provides that such loan must be listed on the ROPS, which is subject to approval by the Oversight Board. H&SC Sections 34178 and 34180 also authorize the City and the Successor Agency to enter into certain types of contracts.

F. Relying on the aforesaid authority, the City is prepared to make a temporary loan (the "Loan") to the Successor Agency in the full amount necessary to pay the expenses of the litigation described above. The City shall advance funds to the Successor Agency periodically in order to pay the expenses of such litigation as such expenses are due.

G. The Successor Agency shall list the repayment of the Loan as an enforceable obligation on future ROPS.

Based on the Recitals set forth above and in consideration of the mutual covenants set forth below, the parties agree as follows:

1. The parties represent and warrant to each other that each of the Recitals set forth above is true and correct.

2. Subject to the approval of the Oversight Board as set forth below, the City shall use City general funds to provide the Successor Agency with the Loan as litigation expenses become due.

3. The Successor Agency shall use the proceeds of the Loan only to pay the expenses of such litigation.

4. This Agreement shall not be deemed effective, and the City shall not make the Loan, until this Agreement has been approved by the Oversight Board, pursuant to H&SC Section 34179(h) and 34180.

5. Except as provided in Section 6, below, the Loan shall be repaid on par with any enforceable obligations falling within H&SC Section 34183(a)(2)(C) (debts not qualifying as tax allocation bonds and certain revenue bonds).

6. The City hereby agrees to defer repayment of the Loan during any six-month period covered by a ROPS to the extent that repayment during that period would leave the Successor Agency with insufficient funds to satisfy other enforceable obligations covered by H&SC Section 34183(a)(2)(C) which: (a) Are due in that six-month period; and (b) were in existence as of the date of this Agreement.

7. Provided that this Agreement is approved by the Oversight Board, the Successor Agency shall list its obligation under this Agreement as an enforceable obligation on its next available ROPS. Such enforceable obligation shall be included on each successive ROPS until the Loan has been repaid to the City in full.

8. This Agreement shall be in full force and effect upon its approval by the Oversight Board, and shall remain in full force and effect until the Loan has been repaid to the City in full.

9. This Agreement constitutes the entire agreement by and between the parties with respect to the subject matter hereof, and may be amended only in writing.

10. In the event of a default, either party may avail itself of any and all remedies available at law or equity under California law for the purpose of enforcing the terms and conditions of this Agreement.

Intending to be legally bound, the parties' authorized representatives have executed this Agreement, below, as of May 28, 2013.

City of Lakewood

Mayor

ATTEST:

City Clerk

Approved as to form:

City Attorney

Successor Agency to
the Lakewood Redevelopment Agency

Chairman

ATTEST:

Board Clerk



**DEPARTMENT OF
FINANCE**

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

May 2, 2013

Ms. Diane Perkin, Director of Administrative Services
City of Lakewood
5050 Clark Avenue
Lakewood, CA 90712

Dear Ms. Perkins:

Subject: Other Funds and Accounts Due Diligence Review

This letter supersedes the California Department of Finance's (Finance) original Other Funds and Accounts (OFA) Due Diligence Review (DDR) determination letter dated March 15, 2013. Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of Lakewood Successor Agency (Agency) submitted an oversight board approved OFA DDR to Finance on January 14, 2013. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. Finance issued an OFA DDR determination letter on March 15, 2013. Subsequently, the Agency requested a Meet and Confer session on one or more items adjusted by Finance. The Meet and Confer session was held on April 16, 2013.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of those specific items being disputed. Specifically, the following adjustments were made:

- Transfers totaling \$11,188,582 are disallowed. The Agency claims the transfers are payments to the City of Lakewood (City) in the amounts of \$7.8 million and \$3.3 million made in June 2011 and January 2012, respectively. Per the Agency, the payments were made in accordance with a loan repayment schedule adopted through Resolution No. LRA 2010-7 on June 2010 wherein the City and the former Redevelopment Agency consolidated multiple loans.

Per HSC section 34179.5 (c) (2), the dollar value of assets and cash transferred by the former redevelopment agency or successor agency to the city, county, or city and county that formed the former RDA between January 1, 2011 through June 30, 2012 must be evidenced by documentation of the enforceable obligation that required the transfer. HSC section 34179.5 states "enforceable obligation" includes any of the items listed in subdivision (d) of section 34171, contracts detailing specific work that were entered into by the former redevelopment agency prior to June 28, 2011 with a third party other than the city, county, or city and county that created the former RDA. Therefore, the transfers were not made pursuant to an enforceable obligation and are not permitted.

In addition, the Agency claims the \$3.3 million transfer was reconciled through the prior period adjustment process by the County Auditor Controller pursuant to HSC section

34186 (a) because the payments were denied by Finance on the Recognized Obligation Payment Schedule (ROPS) for the January through June 2012 period (ROPS I). Our review indicates that while the County Auditor Controller adjusted the Agency's distribution, the adjustments made were necessary because the Agency did not expend all Redevelopment Property Tax Trust Funds (RPTTF) disbursed for the ROPS I period. Therefore, the OFA balance available for distribution will be increased by \$11,188,582.

The Agency did not object to the following adjustments made by Finance during the Meet and Confer process. HSC section 34179.6 (d) authorizes Finance to make adjustments. We maintain that the following adjustment is appropriate:

- Your request to retain OFA balances for fiscal year 2012-13 in the amount of \$4.6 million is partially denied. Although Finance approved \$3.5 million for other obligations during the July through December 2012 ROPS II period, the County Auditor Controller distributed only \$1.8 million on June 1, 2012. Therefore, the Agency is limited to retaining \$1.8 million for ROPS II enforceable obligations. As such, the OFA balance available for distribution to the taxing entities will be adjusted by \$2.8 million.

To the extent these constitute enforceable obligations, the Agency should request funding for these in a future ROPS.

Should a deficit occur in the future, HSC provides successor agencies with various methods to address short term cash flow issues. These may include requesting a loan from the city pursuant to HSC section 34173 (h), requesting the accumulation of reserves on the Recognized Obligation Payment Schedule (ROPS) when a future balloon or uneven payment is expected, or subordinating pass-through payments pursuant to HSC section 34183 (b). The Agency should seek counsel from their oversight board to determine the solution most appropriate for their situation if a deficiency were to occur.

- Finance noted the county auditor controller adjusted the ROPS III January 2, 2013 distribution by \$1,120,989 pursuant to HSC section 34186 (a). Therefore, Finance is allowing the retention of these funds in order to adequately fund approved ROPS III expenditures.

The Agency's OFA balance available for distribution to the affected taxing entities is \$9,332,888 (see table below).

OFA Balances Available For Distribution To Taxing Entities	
Available Balance per DDR:	\$ (3,486,857)
Finance Adjustments	
Add:	
Disallowed transfers:	11,188,582
Requested retained balance not supported:	2,752,152
HSC section 34186 (a) adjustment:	(1,120,989)
Total OFA available to be distributed:	\$ 9,332,888

This is Finance's final determination of the OFA balances available for distribution to the taxing entities. HSC section 34179.6 (f) requires successor agencies to transmit to the county auditor-controller the amount of funds identified in the above table within five working days, plus any interest those sums accumulated while in the possession of the recipient. Upon submission of payment, it is requested you provide proof of payment to Finance within five business days.

If funds identified for transmission are in the possession of the successor agency, and if the successor agency is operated by the city or county that created the former redevelopment agency, then failure to transmit the identified funds may result in offsets to the city's or the county's sales and use tax allocation, as well as its property tax allocation. If funds identified for transmission are in the possession of another taxing entity, the successor agency is required to take diligent efforts to recover such funds. A failure to recover and remit those funds may result in offsets to the other taxing entity's sales and use tax allocation or to its property tax allocation. If funds identified for transmission are in the possession of a private entity, HSC 34179.6 (h) (1) (B) states that any remittance related to unallowable transfers to a private party may also be subject to a 10 percent penalty if not remitted within 60 days.

Failure to transmit the identified funds will also prevent the Agency from being able to receive a finding of completion from Finance. Without a finding of completion, the Agency will be unable to take advantage of the provisions detailed in HSC section 34191.4. Specifically, these provisions allow certain loan agreements between the former redevelopment agency (RDA) and the city, county, or city and county that created the RDA to be considered enforceable obligations. These provisions also allow certain bond proceeds to be used for the purposes in which they were sold and allows for the transfer of real property and interests into the Community Redevelopment Property Trust Fund once Finance approves the Agency's long-range property management plan.

In addition to the consequences above, willful failure to return assets that were deemed an unallowable transfer or failure to remit the funds identified above could expose certain individuals to criminal penalties under existing law.

Pursuant to HSC sections 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter do not in any way eliminate the Controller's authority.

Please direct inquiries to Evelyn Suess, Supervisor or Danielle Brandon, Analyst at (916) 445-1546.

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Ms. Edianne Sapinoso, Senior Accountant, City of Lakewood
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor Controller
California State Controller's Office

DIVIDER SHEET

COUNCIL AGENDA

May 28, 2013

TO: The Honorable Mayor and City Council

SUBJECT: Southeast Los Angeles County Workforce Investment Board (SELACO WIB)

INTRODUCTION

The City of Lakewood has two private sector representatives serving on the Workforce Investment Board of Southeast Los Angeles County. The Workforce Investment Board (WIB) members' terms are fixed and staggered and each year on June 30th one member's term expires.

STATEMENT OF FACTS

John Kelsall has been the Lakewood Business Representative serving on the Workforce Investment Board since August of 2009. As required under the WIB Policy Board Agreement, the selected representative must be approved by the City Council.

Mr. Kelsall is the President and Chief Executive Officer of the Greater Lakewood Chamber of Commerce. He has a broad background in commerce, and, coupled with his experience and knowledge, he is a valuable asset on the SELACO WIB.

RECOMMENDATION

It is recommended that the City Council approve the reappointment of John Kelsall to the Southeast Los Angeles County Workforce Investment Board of Directors.



Lisa G. Novotny
Assistant City Manager



Howard L. Chambers
City Manager

D I V I D E R S H E E T

COUNCIL AGENDA

May 28, 2013

TO: The Honorable Mayor and City Council**SUBJECT:** Monthly Report of Investment Transactions**INTRODUCTION**

In accordance with California Government Code Section 53607, the City Council has delegated to the City Treasurer the responsibility to invest or to reinvest funds, or to sell or exchange securities so purchased.

The California Government Code Section 53607 requires that, if such responsibility has been delegated, then the Treasurer "shall make a monthly report of those transactions to the legislative body." In compliance with this requirement, the Monthly Report of Investment Transactions is being rendered to be received and filed.

STATEMENT OF MONTHLY ACTIVITY

<u>Date</u>	<u>Amount at Cost</u>	<u>Vehicle</u>	<u>Transaction</u>
03-04-2013	\$ 853,920.18	CD	Sell
03-04-2013	\$ 430.21	CORP	Interest ^{0.7%}
03-04-2013	\$ 850,000.00	CD	Purchase
03-04-2013	\$ 339,799.40	CORP	Purchase
03-05-2013	\$ 619,144.57	TREAS	Sell
03-05-2013	\$ 269,840.70	CORP	Purchase
03-15-2013	\$ 3,468.75	TREAS	Interest ^{0.375%}
03-15-2013	\$ 1,187.50	TREAS	Interest ^{0.25%}
03-15-2013	\$ 225.00	TREAS	Interest ^{0.375%}
03-18-2013	\$ 852,731.81	CD	Matured
03-18-2013	\$ 850,000.00	CD	Purchase
03-22-2013	\$ 1,612.50	FHLMC	Interest ^{0.75%}
03-22-2013	\$ 6,187.50	FHLMC	Interest ^{0.75%}
03-22-2013	\$ 1,000,000.00	LAIF	Withdrawal
03-26-2013	\$ 408,371.64	CORP	Purchase
03-27-2013	\$ 453,985.89	MUNI	Sell
03-27-2013	\$ 699,373.87	FNMA	Sell
03-27-2013	\$ 408,254.00	CORP	Purchase
03-27-2013	\$ 317,382.73	TREAS	Purchase
03-28-2013	\$ 400,000.00	LAIF	Withdrawal
03-30-2013	\$ 381.25	FNMA	Interest ^{0.5%}
03-31-2013	\$ 5.25	CAMP	Interest ^{0.14%}
03-31-2013	\$ 81.34	CAMP	Interest ^{0.14%}
04-03-2013	\$ 833,043.87	CD	Sell
04-03-2013	\$ 50,653.73	TREAS	Sell
04-03-2013	\$ 874,866.75	CD	Purchase
04-11-2013	\$ 500,000.00	LAIF	Withdrawal
04-15-2013	\$ 7,949.19	LAIF	Interest ^{0.28%}

Monthly Report of Investment Transactions

May 28, 2013

Page Two

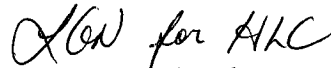
04-17-2013	\$	1,093.75	CORP	Interest 0.875%
04-18-2013	\$	265.84	CD	Interest 0.36%
04-23-2013	\$	692.22	CORP	Interest 0.7%
04-25-2013	\$	900,000.00	CD	Purchase
04-29-2013	\$	910,181.50	FNMA	Sell
04-30-2013	\$	339,384.60	CORP	Purchase
04-30-2013	\$	3,096.84	CD	Interest 1.476%
04-30-2013	\$	3,000.00	TREAS	Interest 2.0%
04-30-2013	\$	4.60	CAMP	Interest 0.13%
04-30-2013	\$	71.28	CAMP	Interest 0.13%

STAFF RECOMMENDATION

It is recommended that the City Council receive and file the Monthly Report of Investment Transactions rendered for the months of March and April 2013.



Diane Perkin
Director of Administrative Services



Howard L. Chambers
City Manager

D I V I D E R S H E E T

COUNCIL AGENDA

May 28, 2013

TO: The Honorable Mayor and City Council

SUBJECT: Agreement with White Nelson Diehl Evans LLP for Audit Services

INTRODUCTION

Annually, the City contracts with White Nelson Diehl Evans LLP to audit its general purpose financial statements.

STATEMENT OF FACT

The proposed cost of this year's audit is as follows:

City of Lakewood (including review of GANN Appropriations Limit)	\$ 30,500
City CAFR Presentation	\$ 4,000
<u>Single Audit of Federal Grants</u>	<u>\$ 5,000</u>
Total	\$ 39,500

STAFF RECOMMENDATION

It is respectfully recommended that the City Council approve the Agreement with White Nelson Diehl Evans LLP in the amount of \$39,500 for auditing services and direct the Mayor to sign.



Diane Perkin
Director of Administrative Services



Howard L. Chambers
City Manager



May 22, 2013

The Honorable Mayor and
Members of City Council
City of Lakewood
5050 North Clark Avenue
Lakewood, CA 90712

We are pleased to confirm our understanding of the services we are to provide City of Lakewood (the City) for the year ending June 30, 2013. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of the City as of and for the year ending June 30, 2013. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Budgetary Comparison Schedules - General and Major Special Revenue Funds.
- 3) Schedules of Funding Progress - CalPERS Defined Benefit Plan, Retiree Enhancement Defined Benefit Plan and Retiree Health Benefit Plan.

We have also been engaged to report on supplementary information other than RSI that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

- 1) Combining and individual other governmental fund financial statements
- 2) Schedule of expenditures of federal awards

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information:

- 1) Introductory Section
- 2) Statistical Section

Audit Objective

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with Government Auditing Standards.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Audit Objective (Continued)

The reports on internal control and compliance will each include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. If our opinions on the financial statements or the Single Audit compliance opinions are other than unqualified (unmodified), we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133. As part of the audit, we will assist with preparation of your financial statements, schedule of expenditures of federal awards, and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements, schedule of expenditures of federal awards, and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the written representation letter our assistance with preparation of the financial statements and schedule of expenditures of federal awards and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management Responsibilities (Continued)

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City and the respective changes in financial position and, where applicable, cash flows in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review.

Management Responsibilities (Continued)

You are responsible for preparation of the schedule of expenditures of federal awards in conformity with OMB Circular A-133. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with OMB Circular A-133; (2) that you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, Government Auditing Standards do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and Government Auditing Standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Government Auditing Standards.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, Government Auditing Standards, and OMB Circular A-133.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to Government Auditing Standards.

Audit Procedures—Compliance (Continued)

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the OMB Circular A 133 Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Engagement Administration, Fees, and Other

Noted below is a listing of work required by City staff to assist in the audits.

1. Preparation of trial balances for all funds, after posting of all year end journal entries.
2. Preparation of supporting schedules for all material balance sheet accounts, and selected revenue and expenditure accounts.
3. Typing of all confirmation requests.
4. Pulling and refileing of all supporting documents required for audit verification.

Our annual fees for the year ending June 30, 2013 will be as follows:

City of Lakewood (including review of GANN Appropriations Limit)	\$ 30,500
City CAFR Preparation	4,000
Successor Agency Private-Purpose Trust Fund (to be included in City's CAFR)	4,500
Single Audit of Federal Grants	<u>5,000</u>
	<u>\$ 44,000</u>

The maximum annual fees stipulated herein contemplate that conditions satisfactory to the normal progress and completion of the examination will be encountered and the City accounting personnel will furnish the agreed upon assistance in connection with the audit. However, if unusual circumstances are encountered which make it necessary for us to do additional work; we shall report such conditions to the responsible City officials and provide the City with an estimate of the additional accounting fees involved. You may terminate our services or we may withdraw from this engagement at any time. Any disputes arising under this agreement shall be mediated under the rules of the American Arbitration Association.

Engagement Administration, Fees, and Other (Continued)

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 3 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The workpapers for this engagement are the property of White Nelson Diehl Evans LLP and constitute confidential information. However, we may be requested to make certain workpapers available to grantor agencies pursuant to authority given to it by law or regulation. If requested, access to such workpapers will be provided under the supervision of our personnel. Furthermore, upon request, we may provide photocopies of selected workpapers to the grantor agencies. The grantor agencies may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies.

In accordance with our firm's current record retention policy, all of your original records will be returned to you at the conclusion of this engagement. Our audit workpaper files will be kept for a period of seven years after the issuance of the audit report. All other files will be kept for as long as you retain us as your auditors. However, upon termination of our service, all records will be destroyed after a period of seven years. Physical deterioration or catastrophic events may further shorten the life of these records. The working papers and files of our firm are not a substitute for your original records.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our most recent peer review reports accompany this letter.

The Honorable Mayor and
Members of City Council
City of Lakewood
May 22, 2013
Page 10

We appreciate the opportunity to be of service to the City of Lakewood and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign below and return a signed copy to us.

Very truly yours,

WHITE NELSON DIEHL EVANS LLP

Robert J. Callanan, CPA
Engagement Partner

RESPONSE:

This letter correctly sets forth the understanding of the City of Lakewood.

By: _____

Title: _____

Date: _____

DIVIDER SHEET

Public Hearings

TO: Lakewood City Council

SUBJECT: Ordinance Pertaining to Cottage Food Operations

INTRODUCTION

The State of California legislature passed the Homemade Food Act (AB1616), and it became effective on January 1, 2013. This State law mandates that cities and counties permit cottage food operations in any residential dwelling. This law amended the California Government Code to add Chapter 6.1, commencing with Section 51035 to read (underlining added for emphasis):

CHAPTER 6.1. Cottage Food Operations

51035.

(a) A city, county, or city and county shall not prohibit a cottage food operation, as defined in Section 113758 of the Health and Safety Code, in any residential dwellings, but shall do one of the following:

(1) Classify a cottage food operation as a permitted use of residential property for zoning purposes.

(2) Grant a nondiscretionary permit to use a residence as any cottage food operation that complies with local ordinances prescribing reasonable standards, restrictions, and requirements concerning spacing and concentration, traffic control, parking, and noise control relating to those homes. Any noise standards shall be consistent with local noise ordinances implementing the noise element of the general plan. The permit issued pursuant to this paragraph shall be granted by the zoning administrator, or, if there is no zoning administrator, by the person or persons designated by the planning agency to grant these permits, upon the certification without a hearing.

(3) Require any cottage food operation to apply for a permit to use a residence for its operation. The zoning administrator, or, if there is no zoning administrator, the person or persons designated by the planning agency to handle the use permits, shall review and decide the applications. The use permit shall be granted if the cottage food operation complies with local ordinances, if any, prescribing reasonable standards, restrictions, and requirements concerning the following factors: spacing and concentration, traffic control, parking, and noise control relating to those homes.

The proposed ordinance would use the third method and amend the Lakewood Municipal Code to require a Conditional Use Permit (CUP) for any cottage food operation proposed in a Lakewood residence. The CUP would require a cottage food operation to obtain a business license for a Home Business Occupation with annual renewals. Specifically, this would affect dwellings on land zoned for residential purposes, as: R-1, R-A, A, MHP, M-F-R, PD-SF or PD-MF. The proposed ordinance implements reasonable standards, restrictions, procedures and requirements relating to permitting, spacing and concentration, traffic control, parking, and noise control for the use of a dwelling for cottage food operations.

Ordinance Pertaining to Cottage Food Operations

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A "Cottage Food Operation" is further detailed in the Homemade Food Act. In summary, it is the State mandated use of a residence for the preparation, packaging, labeling, handling, storage and sale of cottage foods. Cottage foods are non-potentially hazardous foods, as listed on an approved product list that is maintained and updated by the State Public Health Officer. The state law allows sales to customers either directly in the house and at other outlets or indirectly through third party outlets. The law also allows at least one full-time equivalent cottage food employee that is not a member of the family or household to work in the operation. In general, no cottage food preparation, packaging, labeling or handling may occur in the home kitchen concurrent with any other domestic activities, such as a family meal preparation, child or pet care, dish or clothes washing, smoking or guest entertainment. All cottage food operators and workers shall be trained by the California Department of Public Health (CDPH), practice proper hygiene and not have a contagious illness.

The provisions allowing customers to purchase cottage foods at a residence and allowing a maximum of one employee, who is not a member of the household at the residence, are contrary to the normal requirements of a business license for a home business occupation. Therefore, these provisions are proposed to be modified in the ordinance to allow such uses only for cottage food operations.

STATEMENT OF FACTS

The Homemade Food Act also establishes standards regulating cottage food operations. Prior to operation in Lakewood a cottage food operator shall also do the following:

- Obtain approval of a CUP from the Lakewood Planning and Environment Commission.
- Obtain a business license for a cottage food operation as a home business occupation and maintain the business license with timely and valid annual renewals of the license.
- Obtain a Cottage Food Operation Permit from the Los Angeles County Public Health Department. This permit shall be either "Class A" (i.e. direct sales only with no inspection) or "Class B" (i.e. both direct and indirect sales with annual inspection).
- Provide proof that the cottage food operator and any employee or household worker has successfully completed a course in food preparation, processing, handling, labeling and proper storage methods as instructed by the California Department of Public Health.

During operation, the cottage food operator shall do the following:

- Operate in accordance with the Homemade Food Act, CDPH regulations, Los Angeles Department of Public Health regulations and procedures, the provisions of the Lakewood Municipal Code and the implementing conditions, procedures and regulations.
- Label cottage food products in accordance with local, state and federal regulations.
- Limit sales so as not to exceed the gross annual maximum sales amount, established by the State (currently that amount in the first year is \$35,000).

“Class A” and “Class B.” Cottage Food Permit Classifications – The Homemade Food Act creates two classifications of cottage food operations:

- “Class A” cottage food operations can only sell cottage food directly to the consumer. Direct sales includes the sales of products to customers from the residence, from a holiday bazaar, temporary event, bake sale or food swap, at a farm stand or Certified Farmer’s Market, or through a community-supported agriculture subscription. “Class A” cottage food operators must register with the Los Angeles County Public Health Department and submit a self-certification check list which demonstrates that the cottage food operation conforms to the statutory requirements for cottage food operations. No Los Angeles County Public Health Department inspection is required for a “Class A” cottage food operation.
- “Class B” cottage food operations may engage in both direct and indirect sales of cottage food products from the cottage food operation, from off-site events, or from a third party retail food facility. “Class B” cottage food operators must register with Los Angeles County Public Health Department. One inspection, prior to the commencement of the “Class B” cottage food operations is required and one inspection annually thereafter, with the exception that a representative from the Los Angeles County Public Health Department may conduct additional inspections if that agency receives a complaint related to unsafe food or other violations of the Homemade Food Act.

Food Processor Course - All persons preparing or packaging cottage food products shall complete a four-hour food processor course instructed by the California Department of Public Health (CDPH) within three months of becoming registered.

Approved Products List - The State Public Health officer maintains an approved products list of non-potentially hazardous foods, including foods that may be prepared for sale in the kitchen of a cottage food operation. The State Public Health Officer may add or delete food products to, or from, the list. Currently, the list includes, but is not limited to, the following items:

- 1) Baked goods without cream, custard, or meat fillings, such as bread, biscuits, churros, cookies, pastries, and tortillas.
- 2) Candy, such as brittle and toffee.
- 3) Chocolate-covered nonperishable foods, such as nuts and dried fruit.
- 4) Dried fruit.
- 5) Dried pasta.
- 6) Dry baking mixes.
- 7) Fruit pies, fruit empanadas, and fruit tamales.
- 8) Granola, cereals, and trail mixes.
- 9) Herb blends and dried mole paste.
- 10) Honey and sweet sorghum syrup.
- 11) Jams, jellies, preserves, and fruit butter.
- 12) Nut mixes and nut butters.

Ordinance Pertaining to Cottage Food Operations

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- 13) Popcorn.
- 14) Vinegar and mustard.
- 15) Roasted coffee and dried tea.
- 16) Waffle cones and pizelles.

Preparation and Sanitation Requirements - The State requires that each cottage food operation be registered or have a permit issued by the Los Angeles County Public Health Department. The permit shall be subject to all of the following requirements:

- 1) A person with a contagious illness shall refrain from work in the registered or permitted area of the cottage food operation.
- 2) A person involved in the preparation or packaging of cottage food products shall keep his or her hands and exposed portions of his or her arms clean and shall wash his or her hands before any food preparation or packaging activity in a cottage food operation.
- 3) Water used during the preparation of cottage food products shall meet potable drinking water standards, except that a cottage food operation shall not be required to have an indirect sewer connection. Water used during the preparation of cottage food products includes all of the following:
 - a) The washing, sanitizing, and drying of any equipment used in the preparation of a cottage food product.
 - b) The washing, sanitizing, and drying of hands and arms.
 - c) Water used as an ingredient.
- 4) No cottage food preparation, packaging, or handling may occur in the home kitchen concurrent with any other domestic activities, such as family meal preparation, dishwashing, clothes washing or ironing, kitchen cleaning, or guest entertainment.
- 5) No infants, small children, or pets may be in the home kitchen during the preparation, packaging, or handling of any cottage food products.
- 6) Kitchen equipment and utensils used to produce cottage food products shall be clean and maintained in a good state of repair.
- 7) All food contact surfaces, equipment, and utensils used for the preparation, packaging, or handling of any cottage food products shall be washed, rinsed, and sanitized before each use.
- 8) All food preparation and food and equipment storage areas shall be maintained free of rodents and insects.
- 9) Smoking shall be prohibited in the portion of a private home used for the preparation, packaging, storage, or handling of cottage food products and related ingredients or equipment, or both, while cottage food products are being prepared, packaged, stored, or handled.

Food Labeling - The State law requires each cottage food operation to properly label all cottage food products in compliance with the Federal Food, Drug, and Cosmetic Act. Additionally, the label shall include, but is not limited to, all of the following:

- 1) The words "Made in a Home Kitchen" in 12-point type on the cottage food product's primary display panel.
- 2) The name commonly used for the food product or an adequately descriptive name.
- 3) The name of the cottage food operation which produced the cottage food product.
 - The proposed Lakewood ordinance adds a requirement to list the cottage food operator's address, phone number and electronic mail address.
- 4) The registration or permit number of the "Class A" or "Class B" cottage food operation, respectively, which produced the cottage food product and, in the case of a "Class B" cottage food operation, the name of the county of the local enforcement agency that issued the permit number.
- 5) The ingredients of the cottage food product, in descending order of predominance by weight, if the product contains two or more ingredients.

Gross Annual Sales - State law specifies that each cottage food operation earn a gross annual income of not more than: \$35,000 for calendar year 2013; \$45,000 for calendar year 2014 and \$50,000 in 2015 and each subsequent year thereafter.

PROPOSED ORDINANCE

Staff is recommending that a Conditional Use Permit (CUP) be required for a proposed cottage food operation in Lakewood with specific requirements that addresses spacing and concentration, traffic control, parking, and noise control. The CUP will provide notice to property owners within a 300-foot radius of a public hearing regarding the proposed use, and it will allow the Planning and Environment Commission to impose site specific conditions. This could include a requirement for a six-month or annual review of the permit. Staff is also recommending that a business license for a home business occupation be required, subject to the normal requirements, except that there would be an allowance for on-site sales to customers and one employee as stipulated by the Homemade Food Act.

Definitions - The proposed ordinance will amend Lakewood Municipal Code (LMC) to reword Section 9302.17e to add a definition of "Cottage Food Operations" and to add Section 9302.17f to keep the definition for "Dance, Public" in alphabetical order.

The definition for cottage food operations also defines “Cottage food operator,” “Cottage food employee,” “Cottage food products,” “Direct sale,” “Indirect sale,” “Private Home,” “Registered or permitted area” and lists specific cottage food requirements for operation, training and labeling. Staff also added provisions that would require:

- 1) Annual proof that workers are properly trained before issuing a business license renewal; and
- 2) Adding to the labeling requirements the address, phone number and e-mail address of the cottage food operator.

The definitions and requirements are consistent with the Homemade Food Act.

R-1 Zone Conditional Use Permit – The proposed ordinance will amend LMC Section 9320 regarding the R-1 (Single-Family Residential) Zone to add subsection C.13 to require a CUP for a proposed cottage food operation and subject that operation to the following Lakewood requirements:

1. Home Business Occupation. A business license for the cottage food operation as a home business occupation shall be obtained and maintained with annual renewals.
2. Public Health Permits. Proof of Public Health Permits for both business and workers shall be provided before the business license is issued or renewed annually.
3. Inspections. City code enforcement staff will investigate any complaint about the cottage food operation.
4. Spacing. Each cottage food operation parcel shall be no less than 300 feet from another parcel with an approved cottage food operation.
5. Parking. One temporary paved parking space for an employee shall be provided, not in the required front yard or encroaching into the right-of-way, but may be in the driveway.
6. Product Pickup. Cottage food products are to be available only for pickup after purchase with no onsite customer eating area.
7. Hours of Operation. Cottage food operations are limited to one customer at a time and only one non-resident employee. Both can only be at the cottage food operation between the hours of 7:00 a.m. and 7:00 p.m. daily.
8. Rental Property. Written permission to operate must be signed by the landlord for any leased or rented residence and then provided to the City prior to operation.

R-1 Zone Home Business Occupation - The proposed ordinance will amend LMC Section 9320 J. of the R-1 (Single-Family Residential) Zone to clarify the provisions for Home Business Occupation and to add provisions for Cottage Food Operation that are consistent with the Homemade Food Act. The rewrite of the Home Occupation Business section clarified existing provisions, stating that a home business occupation is an accessory use to the primary residential use and that it shall:

- 1) Not impact the residential character of the home or neighborhood.
- 2) Not have activities that are inconsistent with a residence.
- 3) Not have employees or customers (except as allowed by the State for cottage food operations and only between the hours of 7 a.m. and 7 p.m.).
- 4) Not have unusual traffic for a residence.

- 5) Not have unusual use of commercial vehicles (delivery or shipping) for a residence.
- 6) Not have excessive storage of materials or equipment for a residence.
- 7) Not have any on-site advertising.
- 8) Not have an unusual consumption of utilities for a residence.

Other Zones - The proposed ordinance will also amend LMC Sections 9326, 9328.1, 9331, and 9471, which are respectively the code sections for uses permitted in the R-A, MHP, M-F-R, and PD zones. These amendments add clarifications that cottage food operations require both a CUP and a business license for a home business occupation in all other zones allowing residences. Section 9338 regarding uses permitted in the A zone does not require an amendment as it currently allows by reference the uses and provisions of the R-A zone. The PD zone includes properties zoned PD-SF or PD-MF.

CEQA

An Initial Study has been prepared for the proposed ordinance, pursuant to Section 15063 of the California Environmental Quality Act (CEQA) Guidelines, as amended. The proposed ordinance was found to have no significant effect on the environment. The Planning and Environment Commission found, on the basis of the Initial Study, that there is no substantial evidence the project will have a significant effect on the environment. Based on these findings, the Planning and Environment Commission recommends that the City Council approve the Negative Declaration for the proposed ordinance, pursuant to Section 15070 et seq., of the Guidelines.

PUBLIC NOTICE

Pursuant to Section 9422 of the Lakewood Municipal Code and State Law, notice of the public hearing for this amendment was posted on the City's website on April 18, 2013, published in the Press Telegram on April 20, 2013, and posted in three places within the City on April 22, 2013.

SUMMARY

The proposed Cottage Food Operation Ordinance is prepared in response to the mandates of the Homemade Food Act (AB 1616), a State law requiring cities and counties to allow cottage food operations in the kitchens of residential properties throughout California. The law provides cities and counties three review options to allow these operations. These options are: 1) a permitted use by right, 2) a use granted by a nondiscretionary permit, or 3) a use granted by a discretionary permit. Staff recommends that the Lakewood Municipal Code be amended to require that both a Conditional Use Permit and a Business License for a home business occupation be required for such operations. The ordinance also prescribes the establishment of reasonable standards, restrictions, procedures, and requirements relating to permitting, spacing and concentration, traffic control, parking, and noise.

The Planning and Environment Commission reviewed the proposed Cottage Food Operation

Ordinance Pertaining to Cottage Food Operations
May 28, 2013
Page 8

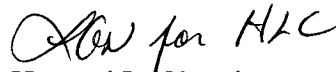
Ordinance on May 2, 2013 and recommended to the City Council that the City Council adopt the proposed ordinance along with the related Negative Declaration.

RECOMMENDATION

Staff recommends that the Planning and Environment Commission hold a public hearing, and following the hearing, move to adopt the attached resolution of approval recommending that the City Council adopt the proposed ordinance along with the related Negative Declaration.



Sonia Dias Southwell, AICP
Director of Community Development



Howard L. Chambers
City Manager

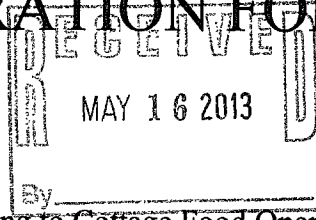


NOTICE OF INTENT TO ADOPT A NEGATIVE DECLARATION FOR:

THIS NOTICE WAS POSTED

ON April 11 2013UNTIL May 13 2013

Removed 5.14.13
REGISTRAR - RECORDER/COUNTY CLERK



Project Address: Citywide
Proponent: The City of Lakewood
Project Name: Proposed Ordinance Pertaining to Cottage Food Operations in Residential Zones.

Description of the Proposed Project:

A proposed ordinance pertaining to Cottage Food Operations in residential zones as mandated by Assembly Bill 1616 which allows a cottage food operator to use his or her residence as a place of business to prepare specified food items for direct and indirect sales. The proposed ordinance would introduce definitions, regulations, development standards, and other criteria for Cottage Food Operations. This does not affect any specific real property within the City of Lakewood and applies to the City's residential zones.

I declare that I have examined the proposal for the above-captioned project, and on the basis of the "Assessment of Environmental Impact Questionnaire" on file in my office as a public document, it is my opinion that this project will have no significant impact upon the environment within the meaning of the California Environmental Quality Act of 1970, as amended. Further, the project site is not on any list enumerated under Section 65962.5 of the California Government Code.

Any person may file comments to the Negative Declaration with the Department of Community Development prior to the issuance of the permit or approval of the project. The comments must be in writing and must state the environmental factors on which the comments are based. The comments shall be reviewed by the Director of Community Development or his/her agent. If he/she finds that the comments are based on one or more significant environmental factors not previously considered, or which, in the opinion of the reviewer, should be reconsidered and which may have a substantial adverse effect on the environment, the permit shall be suspended and an EIR shall be processed. All persons interested in reviewing the Negative Declaration and submitting written comments may find a copy of the document on file in the Community Development Department, Lakewood City Hall, 5050 Clark Avenue, Lakewood, California. The review period will be April 11, 2013 to May 2, 2013.

April 11, 2013

Date

Sonia Dias Southwell, AICP
Director of Community Development

REMOVE POSTED NOTICE ON May 3, 2013

2013 073836



FILED

Apr 11 2013

Dean C. Logan, Registrar - Recorder/County Clerk

Electronically signed by FELICIA HARRIS

**Proposed Ordinance Pertaining to Cottage Food Operations
in Residential Zones.**

Lakewood, California

Initial Study and Environmental Checklist

April 11, 2013

**City of Lakewood
Community Development Department**

5050 Clark Avenue
Lakewood, California 90712
(562) 866-9771

I. INTRODUCTION

A. Background

Project title: Ordinance Pertaining to Cottage Food Operations

Agency requiring checklist: City of Lakewood
5050 N. Clark Avenue
Lakewood, California 90712

Agency contact person: Carolyn Kolb, Assistant Planner
(562) 866-9771, extension 2341

Project location: Citywide, Lakewood, California

Name of proponent: City of Lakewood

Proponent's address and phone: 5050 N. Clark Avenue
Lakewood, California 90712
(562) 866-9771

B. Introduction to the Environmental Review Process

California Environmental Quality Act (CEQA) Guidelines Section 15152 permits tiering of environmental analyses for separate but related projects including plans and development projects. According to Guidelines Section 15152(b), tiering is appropriate when the sequence of analysis is from an EIR prepared for a General Plan, policy or program to a site specific EIR or negative declaration. In the case of this project, the environmental analysis was tiered off of the City's November 1996 Final Master EIR for its Comprehensive General Plan (the "Master EIR"). The analysis and conclusion the Master EIR were validated in the Master Environmental Assessment ("MEA") prepared in accordance with Section 15169 of the CEQA Guidelines as amended and approved by the Lakewood City Council in September 25, 2007.

In accordance with Guidelines Section 15152(f), a negative declaration shall be required when the Initial Study shows that there is no substantial evidence, in light of the whole record before the lead agency, that the project may have a significant effect on the environment or the Initial Study identifies potentially significant effects but revisions in the project plans or proposals would avoid the effects or mitigate the effects to a point where clearly no significant effects would occur and there is no substantial evidence, in light of the whole record before the lead agency, that the project may have a significant effect on the environment. This Initial Study examined whether the project would results in any new project-specific environmental impacts not previously addressed in the General Plan EIR. This Initial Study found that no significant environmental impact would occur due to the proposed action, and thus a Negative Declaration will be circulated for public review for a period of 20 days in accordance with Public Resources Code Section 21091 (b).

C. Project Description and Location

A proposed ordinance pertaining to permitting Cottage Food Operations in residential zones. The proposed ordinance is in response to Assembly Bill 1616 which requires cities to allow Cottage Food Operations within residential zones. The ordinance would introduce definitions, regulations, development standards, permit requirements and other criteria for cottage food operations and home business occupations. This does not affect any specific real property within the City of Lakewood and applies to the City's residential zones.

D. Environmental Findings

While the proposed ordinance may have a significant effect on the environment, there will not be a significant effect in this case because the mitigation measures described herein have been added to the project. The possible impacts and related mitigation are as follows:

Impact: None.

Mitigation Measures:

1. None required.

II. ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" as indicated by the checklist on the following pages.

- | | | | |
|--|---|---|--|
| <input type="checkbox"/> Aesthetics | <input type="checkbox"/> Agriculture and Forestry Resources | <input type="checkbox"/> Air Quality | <input type="checkbox"/> Biological Resources |
| <input type="checkbox"/> Cultural Resources | <input type="checkbox"/> Geology / Soils | <input type="checkbox"/> Greenhouse Gas Emissions | <input type="checkbox"/> Hazards & Hazardous Materials |
| <input type="checkbox"/> Hydrology / Water Quality | <input type="checkbox"/> Land Use / Planning | <input type="checkbox"/> Mineral Resources | <input type="checkbox"/> Noise |
| <input type="checkbox"/> Population / Housing | <input type="checkbox"/> Public Services | <input type="checkbox"/> Recreation | <input type="checkbox"/> Transportation / Traffic |
| <input type="checkbox"/> Utilities / Service | <input type="checkbox"/> Mandatory Findings of Significance | | |

Determination (to be completed by Lead Agency):

On the basis of this initial evaluation:

I find that the proposed project could not have a significant effect on the environment, and that the project is Categorical Exempt of the California Environmental Quality Act guidelines, as amended. ☐

I find that the proposed project could not have a significant effect on the environment, and a Negative Declaration will be prepared. ☒

I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A Mitigated Negative Declaration will be prepared. ☐

I find that the proposed project may have a significant effect on the environment, and an Environmental Impact Report (EIR) is required. ☐

I find that the proposed project may have a "potentially significant impact" or "potentially significant unless mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An EIR Report is required, but it must analyze only the effects that remain to be addressed. ☐

I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or Negative Declaration pursuant to applicable legal standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or Negative Declaration, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required. ☐

Sonia Dias Southwell, AICP, Director of Community Development

April 25, 2013
Date

ENVIRONMENTAL CHECKLIST AND DISCUSSION OF CHECKLIST ISSUES

I. AESTHETICS. *Would the project:*

a) *Have a substantial adverse effect on a scenic vista? (Source #(s): 1, 6)* ☐ ☐ ☒ ☐

b) *Substantially damage scenic resources, including, but not limited to, trees rock outcroppings, and historic buildings within a state scenic highway? (1, 6)* ☐ ☐ ☒ ☐

c) *Substantially degrade the existing visual character or quality of the site and its surroundings? (1, 6)* ☐ ☐ ☒ ☐

d) *Create a new source of substantial light or glare, which would adversely affect day or nighttime views in the area? (1, 6, 8)* ☐ ☐ ☒ ☐

The proposed ordinance will not have a substantial adverse effect on any scenic vistas nor will it substantially damage scenic resources. There are no historic buildings identified within the City of Lakewood. The proposed ordinance will not substantially degrade the existing visual quality of the subject site or the surrounding area nor will it create new sources of substantial light or glare that would adversely affect day or nighttime views in the area.

e) *Have economic changes associated with the proposed project which may result in physical changes to the environment that would result in a substantial degradation to the existing character or quality of its surroundings, or which would otherwise result in significant urban decay? (1)* ☐ ☐ ☒ ☐

The proposed ordinance will not result in any physical changes to the environment that might otherwise have the potential to impact the character of the city, its surroundings, or which might otherwise result in significant urban decay. The Conditional Use Permits and Business license applications for home business occupation proposed under this ordinance will be reviewed on a case-by-case basis to evaluate the potential impacts of those projects under the California Environmental Quality Act, as amended.

Mitigation Measures

1. None required.

Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
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II. AGRICULTURE AND FORESTRY RESOURCES. *Would the project:*

a) *Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland) as shown on the maps pre-paired pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency to non-agriculture use? (2, 3)* ☐ ☐ ☒ ☐

The proposed ordinance includes provisions that would allow a Cottage Food Operation in the A (Agriculture) zone. There are two such sites designated as "A" in Lakewood. One parcel serves as a high voltage transmission line easement and the other is part of the City's equestrian center. There is no farmland on or near the vicinity of the City, of Statewide Importance or otherwise. The proposed ordinance will not result in the conversion of any farmland to a non-agricultural use. This determination was made pursuant to the Farmland Mapping and Monitoring Program of the California Department of Conservation.

b) *Conflict with existing zoning for agricultural use or a Williamson Act contract? (2, 3, 6)* ☐ ☐ ☒ ☐

The proposed ordinance includes a provision that would allow Cottage Food Operations in the A (Agriculture) zone. Single-family residences are allowed in the A (Agriculture) zone, and the cottage food ordinance is an ancillary use of a single-family residence. There are two such sites designated as "A" in Lakewood. One parcel serves as a high voltage transmission line easement and the other is part of the City's equestrian center. There will be no conflict with any contracts entered into pursuant to Section 51200 et seq. of the California Government Code (also known as the Williamson Act) because there are no properties in Lakewood under contract pursuant to the Williamson Act.

c) *Conflict with existing zoning for, or cause rezoning of forest land (as defined in Public Resources Code Section 12220(g)), timberland (as defined by Public Resources Code Section 4526), or timberland zoned Timberland Production (as defined by Government Code Section 51104(g))? (1, 6, 10)* ☐ ☐ ☒ ☐

There is no forest land and no timberland within, or adjacent to, the City of Lakewood. The proposed ordinance will not conflict with zoning or rezoning of any land designated for timberland production.

Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
--------------------------------------	--	------------------------------------	--------------

d) *Result in the loss of forest land or conversion of forest land to non-forest use? (1, 6, 10)* ☐ ☐ ☒ ☐

There is no forest land and no timberland within, or adjacent to, the City of Lakewood. The proposed ordinance will not result in the loss of forest land or the conversion of forest land to a non-forest use.

e) *Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use or conversion of forest land to non-forest use? (1, 6, 10)* ☐ ☐ ☒ ☐

Since there is no farmland or agricultural land in the City to begin with, the proposed ordinance will not result in the conversion of any farmland or agricultural land to a non-agricultural use.

Mitigation Measures

1. None required.

III. AIR QUALITY. *Would the project:*

a) *Conflict with or obstruct implementation of the applicable air quality plan? (1, 6)* ☐ ☐ ☒ ☐

The proposed ordinance will not result in a level of development exceeding what is anticipated by the General Plan and MEIR for the city, therefore the ordinance will not conflict or obstruct the implementation of any applicable air quality plan.

b) *Violate any air quality standard or contribute substantially to an existing or projected air quality violation? (1, 6)* ☐ ☐ ☒ ☐

The proposed ordinance will not violate any air quality standard or contribute substantially to an existing or projected air quality violation. Thresholds of significance for air quality standards are contained in the General Plan MEIR of the General Plan MEA.

	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
c) <i>Result in cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)? (1, 6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

The proposed ordinance does not have the characteristics to result in a considerable cumulative net increase of any criteria-pollutant that would exceed any applicable federal or state air quality standard.

d) <i>Expose sensitive receptors to substantial pollutant concentrations? (1, 6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not result in the exposure of sensitive receptors to substantial pollutant concentrations.

e) <i>Create objectionable odors affecting a substantial number of people? (1, 6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not create any objectionable odors that might otherwise affect a substantial number of people. AB 1616 limits the products a cottage food operator to items normally found in residential dwellings. Furthermore, the ordinance requires that a cottage food operation be a minimum of 300 feet from another cottage food operation.

Mitigation Measures

1. None required.

IV. BIOLOGICAL RESOURCES: *Would the project:*

a) <i>Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service? (1, 6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not adversely affect, either directly or indirectly, any species that has been identified as a candidate, sensitive, or special status species in local or regional plans, or by the California Department of Fish and Game or the U.S. Fish and Wildlife Service.

	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
b) <i>Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service? (1, 6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Lakewood is located in a highly urbanized portion of Los Angeles County. The proposed ordinance will not have a substantial impact on any riparian habitat or other sensitive natural community, nor will it impede or alter the flow of any waterways.

c) <i>Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, march, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means? (1, 6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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There are no federally protected wetlands that would be impacted by the proposed ordinance, as defined by Section 404 of the Clean Water Act, within Lakewood.

d) <i>Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native nursery sites? (1, 6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not interfere with the movement of any native resident or migratory fish or wildlife species, nor will it affect any established wildlife corridors or impede the use of native nursery sites.

e) <i>Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance? (1, 6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not conflict with any policy or ordinance protecting biological resources.

Mitigation Measures

1. None required.

Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
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V. CULTURAL RESOURCES. *Would the project:*

- a) *Cause a substantial adverse change in the significance of a historical resource as defined in Section 15064.5? (1, 6)* ☐ ☐ ☒ ☐

The proposed ordinance will not create a substantial adverse change to any historical resource.

- b) *Cause a substantial adverse change in the significance of an archaeological resource pursuant to Section 15064.5? 1, 6)* ☐ ☐ ☒ ☐

There will be no substantial adverse changes to any archaeological resources, as a result of the proposed ordinance.

- c) *Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature? (1, 6)* ☐ ☐ ☒ ☐

The proposed ordinance will neither directly nor indirectly destroy any paleontological resources, site characteristics, or unique geological features.

- d) *Disturb any human remains, including those interred outside of formal cemeteries? (1, 6)* ☐ ☐ ☒ ☐

The proposed ordinance will not disturb the location of any known human remains.

Mitigation Measures

1. None required.

VI. GEOLOGY AND SOILS. *Would the project:*

- a) *Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:* ☐ ☐ ☒ ☐

	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
(i) <i>Rupture of a known earthquake Fault as Delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? (1, 6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(ii) <i>Strong seismic ground shaking? (1, 6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(iii) <i>Seismic-related ground failure, including liquefaction? (4)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(iv) <i>Landslides? (1, 6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

The region has many active and potentially active faults, however, Lakewood is not within an Alquist-Priolo Special Study zone. There are no known active faults in the City of Lakewood. The closest active fault is the Newport-Inglewood Fault Zone, located about four miles southwest of the City. The proposed ordinance will not result in persons or buildings being threatened by seismic activity, landslides, nor mudflows.

b) <i>Result in substantial soil erosion or the loss of topsoil? (1, 6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not result in substantial erosion or the loss of topsoil.

c) <i>Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on-or off-site landslide, lateral spreading, subsidence, liquefaction or collapse? (1, 6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance is not located on a geological unit or soil in such a way that would cause the soil to become unstable, or result in any other geologic defect.

d) <i>Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property? (1, 6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Although Lakewood is within a part of Los Angeles County recognized as having expansive soil, the proposed ordinance will not cause review for Building Code requirements by itself as a cottage food operation will take place in an existing structure.

	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
e) <i>Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water? (1, 6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

The proposed ordinance will not involve residential properties in Lakewood to install or to connect to any septic tank or alternative waste water disposal system. Lakewood's residential properties are connected to the public sewer system operated by the Los Angeles County Sanitation District.

Mitigation Measures

1. None required.

VII. GREENHOUSE GAS EMISSIONS. *Would the project:*

a) <i>Generate greenhouse emissions, either directly or indirectly, that may have a significant impact on the environment? (1, 6, 7)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not directly result in significant levels of greenhouse gas emissions.

b) <i>Conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases? (1,6,7)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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In September 2006, the California legislature approved Assembly Bill 32 (AB 32) thereby adopting the California Global Warming Solutions Act (CGWSA) by amending Section 38500 of the Health and Safety Code. The central goal of AB 32 is to reduce greenhouse gas (GHG) emissions to 1990 levels by the year 2020. The proposed ordinance will not directly conflict with applicable plans, policies, or regulations adopted for the purpose of reducing greenhouse gas emissions.

Mitigation Measures

1. None required.

Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
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VIII. HAZARDS AND HAZARDOUS MATERIALS. *Would the project:*

a) *Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials? (1, 6)*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance does not have the characteristics which would otherwise result in the transport, use, or disposal of significant amounts of hazardous materials.

b) *Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment? (1, 6)*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance does not involve the handling of any hazardous materials.

c) *Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile into the environment? (1, 6)*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not emit any hazardous emissions, nor will it involve the handling of hazardous or acutely hazardous materials, substances or waste.

d) *Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result would it create a significant hazard to the public or the environment? (1, 6)*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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There are no hazardous materials sites within the City of Lakewood pursuant to data compiled to Government Code Section 65962.5.

e) *For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area? (1, 6, 9)*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
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The proposed ordinance will not require persons residing or working within an area designated as an airport influence area to be exposed to potential safety hazards.

f) *For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area? (1, 5, 9)*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not require persons residing or working in the vicinity of a private airstrip to be exposed to potential safety hazards.

g) *Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan? (1, 6)*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not interfere with an adopted emergency response plan or emergency evacuation plan.

h) *Expose people or structures to a significant risk of loss, injury or death involving wild land fires, including where wild lands are adjacent to urbanized areas or where residences are intermixed with wild lands? (1, 6, 10)*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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There are no brush lands or forest lands within the City. Therefore, there will not be an increased risk of loss, injury or death from wildfires as a result of the proposed ordinance.

Mitigation Measures

1. None required.

IX. HYDROLOGY AND WATER QUALITY. *Would the project:*

a) *Violate any water quality standards or waste discharge requirements? (1, 6)*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance by itself will not impact water quality standards.

	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
b) <i>Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g. the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses or which permits have been granted? (1, 6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

The proposed ordinance by itself will not impact groundwater supply standards.

c) <i>Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on-or off-site? (1, 6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not impact drainage patterns.

d) <i>Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site? (1, 5)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not impact any drainage patterns including the courses of streams and/or rivers, nor will alter the rate of surface runoff in a manner that would result in flooding on- or off-site.

e) <i>Create or contribute runoff water which would exceed the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff? (1, 5)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not impact create, or contribute to, water runoff in a manner that would exceed the capacity of existing or planned storm water drainage systems, nor will the proposed ordinance provide substantial additional sources of polluted runoff.

f) <i>Otherwise substantially degrade water quality? (1, 5)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not otherwise degrade water quality.

Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
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g) *Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map? (1, 5, 6)*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance does not involve the construction or the relocation of any housing. No housing will be placed within a 100-year flood hazard zone.

h) *Place within a 100-year flood hazard area structures which would impede or redirect flood flows? (1, 5, 6)*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not require the placement of any structures within a 100-year flood hazard zone nor will it require any structures to be modified or constructed in a manner that would impede or redirect projected flood flows.

i) *Expose people or structures to a significant risk of loss, injury, or death involving flooding, including flooding as a result of the failure of a levee or dam? (1, 5, 6)*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not require exposure of persons or structures to significant risk of loss, injury, or death involving flooding, including flooding as result of the failure of a levee or dam. The site is not located in a flood hazard area.

j) *Inundation by seiche, tsunami, or mudflow? (1, 5)*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not be impacted by a seiche, tsunami, or mudflow.

Mitigation Measures

1. None required.

X. LAND USE AND PLANNING. *Would the project:*

a) *Physically divide an established community? (1, 6)*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not disrupt or divide the physical arrangement of an established community, including a low income or minority community.

Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
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b) <i>Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the General Plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect? (1, 5, 6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not conflict with any applicable land use plans, policies, or regulations and seeks to bring the Municipal Code into compliance with State law. The proposed ordinance is necessary to ensure that Lakewood's zoning regulations effectively implement The Homemade Food Act (AB 1616).

c) <i>Conflict with any applicable habitat conservation plan or natural community conservation plan? (1, 6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not conflict with any habitat conservation plan or natural community plan.

Mitigation Measures

1. None required.

XI. MINERAL RESOURCES. *Would the project:*

a) <i>Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state? (1, 6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the State of California.

b) <i>Result in the loss of availability of a locally important mineral resource recovery site delineated on a local General Plan, specific plan or other land use plan? (1, 6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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There are no mineral recovery sites delineated by the City of Lakewood General Plan, therefore, the proposed ordinance will not result in the loss of such sites.

Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
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Mitigation Measures

1. None required.

XII. NOISE. *Would the project:*

- | | | | | |
|--|--------------------------|--------------------------|-------------------------------------|--------------------------|
| a) <i>Exposure of persons to or generation of noise levels in excess of standards established in the local General Plan or noise ordinance, or applicable standards of other agencies? (1, 6, 7)</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
|--|--------------------------|--------------------------|-------------------------------------|--------------------------|

The proposed ordinance will not require the exposure of persons to, or the generation of, established noise levels. In residential areas, the Municipal Code restricts sound levels to 65 dB(A) as measured along any point of a residential property line.

- | | | | | |
|---|--------------------------|--------------------------|-------------------------------------|--------------------------|
| b) <i>Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels? (1, 6)</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
|---|--------------------------|--------------------------|-------------------------------------|--------------------------|

The proposed ordinance will not require the exposure of persons to, or the generation of, excessive groundborne vibration or groundborne noise levels.

- | | | | | |
|--|--------------------------|--------------------------|-------------------------------------|--------------------------|
| c) <i>A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project? (1, 6)</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
|--|--------------------------|--------------------------|-------------------------------------|--------------------------|

The proposed ordinance will not result in a permanent increase in ambient noise levels. The proposed ordinance limits the hours an employee or customers can visit the residence to 7:00 a.m. to 7:00 p.m., daily.

- | | | | | |
|--|--------------------------|--------------------------|-------------------------------------|--------------------------|
| d) <i>A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project? (1, 6)</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
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The proposed ordinance will not result in a substantial temporary or periodic increase in ambient noise levels.

	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
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e) *For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels? (1, 6, 9)*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not require persons residing or working within an area designated as an airport influence area to be exposed to excessive noise levels.

f) *For a project within the vicinity of private airstrip, would the project expose people residing or working in the project area to excessive noise levels? (1, 6, 9)*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not require persons residing or working within the vicinity of a private airstrip be exposed to excessive noise levels.

Mitigation Measures

1. None required.

XIII. POPULATION AND HOUSING. *Would the project:*

a) *Induce substantial population growth in an area either directly (for example, by proposing new homes and businesses) or indirectly for example, through extension of roads or other infrastructure? (1, 6)*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not induce significant population growth. Since the City of Lakewood is nearly "built-out," significant increases to current population levels are not expected as a result of the proposed ordinance.

b) *Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere? (1, 6)*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance does not require the displacement of any existing housing. The proposed ordinance requires that cottage food operations be an ancillary use to that of the structure, which will remain a residential unit.

	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
c) <i>Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere? (1, 6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

The proposed ordinance does not require the displacement of any persons.

Mitigation Measures

1. None required.

XIV. PUBLIC SERVICES.

a) <i>Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which would cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services: (1, 8)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
i) Fire Protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ii) Police Protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
iii) Schools?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ii) Parks?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
iii) Other public facilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

The proposed ordinance will not directly impact fire or law enforcement services, nor will it impact schools, parks, or other public facilities.

Mitigation Measures

1. None required.

Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
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XV. RECREATION. *Would the project:*

- a) *Would the project increase the use of existing neighborhood and regional parks such that substantial physical deterioration of the facility would occur or be accelerated? (1, 6)*
- | | | | |
|--------------------------|--------------------------|-------------------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
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The proposed ordinance will not directly impact any existing or proposed park facilities.

- b) *Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment? (1, 6)*
- | | | | |
|--------------------------|--------------------------|-------------------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
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The proposed ordinance will not result in a recreational facility being expanded in a manner that would otherwise have an adverse physical effect on the environment.

Mitigation Measures

1. None required.

XVI. TRANSPORTATION / TRAFFIC. *Would the project:*

- a) *Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads, or congestion at intersections)? (1, 6, 10)*
- | | | | |
|--------------------------|--------------------------|-------------------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|-------------------------------------|--------------------------|

- b) *Exceed, either individually or cumulatively, a level of service (LOS) standards established by the county congestion management agency for designated roads and highways? (1, 6, 10)*
- | | | | |
|--------------------------|--------------------------|-------------------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|-------------------------------------|--------------------------|

a-b) The proposed ordinance will not result in a significant increase in vehicular traffic, nor proposed ordinance result in an individual or cumulative impact to any LOS standards. The proposed ordinance limits cottage food operations to serve one customer at any given time between the hours of 7:00 a.m. and 7:00 p.m., daily. Additionally, the proposed ordinance restricts use of commercial trucks for deliveries and pickups to those that are normal for residential purposes.

Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
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c) *Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks? (1, 6)*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance does not propose to directly or indirectly change air traffic patterns or create any safety risks with regards to air traffic.

d) *Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)? (1, 6)*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance does not require any changes to any driveway aprons, intersections, sharp curves, or incompatible uses.

e) *Result in inadequate emergency access? (1, 6)* ☐ ☐ ☒ ☐

The proposed ordinance will not result in inadequate emergency access.

f) *Result in inadequate parking capacity? (1, 6, 7, 8)* ☐ ☐ ☒ ☐

The proposed ordinance does not require any changes to parking capacity. Parking standards have been included in the proposed ordinance to require at least one on-site parking space in addition to the required on-site parking to accommodate an employee. The off-street parking may be provided on the driveway. Further, the proposed ordinance requires that a cottage food operation be a minimum of 300 feet from another cottage food operation and that only one customer at a time may visit the property. A 300-foot separation will ensure that customer on-street parking will not impact the on-street parking enjoyed by the neighboring properties of a cottage food operation.

g) *Conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks)? (1, 7, 8)*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not conflict with any adopted policies, plans, or programs supporting alternative transportation.

Mitigation Measures

1. None required.

Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
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XVII. UTILITIES AND SERVICE SYSTEMS. *Would the project:*

a) *Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board? (1, 6)* ☐ ☐ ☒ ☐

The proposed ordinance will not result in additional wastewater that might exceed the wastewater treatment requirements of the applicable Regional Water Quality Control Board.

b) *Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects? (1, 6)* ☐ ☐ ☒ ☐

The proposed ordinance does not require the construction or expansion of any water or wastewater treatment facilities.

c) *Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects? (1, 6)* ☐ ☐ ☒ ☐

The proposed ordinance does not identify any particular site which may or may not be developed with mostly impervious surfaces and which may or may not require the construction of new off-site storm water drainage facilities.

d) *Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed? (1, 6)* ☐ ☐ ☒ ☐

The proposed ordinance will not impact the capacity of existing waters systems.

e) *Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments? (1, 6)* ☐ ☐ ☒ ☐

A Master EIR was prepared as part of the 1996 General Plan, and a Master Environmental Assessment was adopted on September 25, 2007. For both documents, comments were solicited from various agencies, including Los Angeles County Sanitation District. The proposed ordinance by itself will not individually or cumulatively exceed the environmental thresholds established by the MIR or the MEA.

	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
f) <i>Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs? (1, 6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

The proposed ordinance will not impact the capacity of solid waste disposal facilities.

g) <i>Comply with federal, state, and local statutes and regulations related to solid waste? (1, 6)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The proposed ordinance will not conflict with any applicable federal, state and local regulations pertaining to solid waste.

Mitigation Measures

1. None required.

XVIII. MANDATORY FINDINGS OF SIGNIFICANCE. *Would the project:*

a) <i>Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory? (1, 2, 3, 4, 5, 6, 7, 8, 9, 10)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The City of Lakewood is within a highly urbanized portion of Los Angeles County. The proposed ordinance will not have a negative impact on any rare or endangered wildlife.

b) <i>Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)? (1, 2, 3, 4, 5, 6, 7, 8, 9, 10)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
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The proposed ordinance will not produce impacts that are individually or cumulatively considerable but will bring the Lakewood's permitted uses on residential properties requirements into compliance with State law.

c) *Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?* (1, 2, 3, 4, 5, 6, 7, 8, 9, 10)

☐ ☐ ☒ ☐

The purpose of the proposed ordinance is to implement the Homemade Food Act as required by State law. The proposed ordinance will not directly or indirectly have substantial adverse effects on human beings. Business licenses applications under the proposed ordinance will be reviewed on a case-by-case basis to ensure that such projects will not directly or indirectly have substantial adverse effects on human beings.

Mitigation Measures

1. None required.

XVIII. EARLIER ANALYSES.

Earlier analyses may be used where, pursuant to the tiering, program EIR, or other CEQA process, one or more effects have been adequately analyzed in an earlier EIR or negative declaration (CEQA Guidelines Section 15063(c)(3)(D)). CEQA Guidelines Section 15152 permits tiering of environmental analyses for separate but related projects including plans and development projects. According to Guidelines Section 15152(b), tiering is appropriate when the sequence of analysis is from an EIR prepared for a General Plan, policy or program to a site specific EIR or negative declaration. In the case of this project, the environmental analysis was tiered from the Master EIR prepared for the Lakewood Comprehensive General Plan. Guidelines Section 15152(h)(1) specifically identifies a General Plan EIR as a type of EIR that can be used for tiering. The City prepared the Master EIR in November, 1996 and approved the MEA on September 25, 2007.

Earlier Analysis

a) Earlier analyses used. Identify earlier analyses and state where they are available for review.

Documents used for this analysis include information provided by the City and the Lakewood General Plan Technical Background Report. Copies of all plans and studies used to prepare this Initial Study, as well as the Master EIR and MEA, are on file and available for public review during normal business hours at the City of Lakewood Community Development Department, 5050 Clark Avenue, Lakewood, California 90712.

- b) Impacts adequately addressed. Identify which effects from the above checklist were within the scope of and adequately analyzed in an earlier document pursuant to applicable legal standards, and state whether such effects were addressed by mitigation measures based on the earlier analysis.

Impacts that reference the environmental documents listed in section a) above, are contained within the scope of those documents and have been adequately analyzed in those documents, pursuant to applicable legal standards.

- c) Mitigation measures. For effects that are “Less than Significant with Mitigation Incorporated,” describe mitigation measures incorporated or refined from the earlier document and the extent to which they address site-specific conditions for the project.

IV. SUPPORTING INFORMATION SOURCES

1. City of Lakewood Comprehensive General Plan. City of Lakewood. This reference includes the Policy Document, the Technical Background Report, and the Final Master EIR, first adopted November, 1996, and the Master Environmental Assessment, which was approved on September 25, 2007.
2. California Government Code Section No. 51200 et seq. State of California (see Section II.a) of this Environmental Checklist).
3. A Guide to the Farmland Mapping and Monitoring Program. California Department of Conservation. 1994.
4. Seismic Hazard Zones, Long Beach Quadrangle Official Map. California Department of Conservation: Division of Mines and Geology. March 25, 1999.
5. National Flood Insurance Program, Flood Insurance Rate Map, Community-Panel Number 060130 0005 A. Federal Emergency Management Agency. Effective January 11, 2002.
6. Official Zoning Map (as amended). City of Lakewood.
7. Municipal Code of the City of Lakewood (as amended). City of Lakewood.
8. Plans and related information submitted by the applicant, if applicable.
9. California Airport Land Use Planning Handbook. State of California Department of Transportation Division of Aeronautics. January, 2002.
10. California Department of Forestry and Fire Protection. Fire Hazard Severity Zone map for Los Angeles County:
http://www.fire.ca.gov/fire_prevention/fhsz_maps/fhsz_maps_losangeles.php June 9, 2010.

ORDINANCE NO. 2013-3

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAKEWOOD AMENDING ARTICLE IX OF THE LAKEWOOD MUNICIPAL CODE TO ALLOW THE ESTABLISHMENT OF COTTAGE FOOD OPERATIONS IN RESIDENTIAL ZONES IN THE CITY OF LAKEWOOD.

THE CITY COUNCIL OF THE CITY OF LAKEWOOD DOES ORDAIN AS FOLLOWS:

SECTION 1. Article IX Planning - Zoning of the Lakewood Municipal Code is hereby amended to allow cottage food operations on residentially zoned properties as provided in this Ordinance pursuant to Public Hearings before the Planning and Environment Commission and the City Council.

SECTION 2. CEQA. The City Council finds that an Initial Study has been prepared for the proposed project, pursuant to Section 15063 of the California Environmental Quality Act Guidelines, as amended. A Negative Declaration has been prepared for the project, pursuant to Section 15070, et. seq., of the Guidelines. The project was found to have no significant effect on the environment. Therefore, said Negative Declaration is hereby approved.

SECTION 3. INTENT. The State of California adopted the Homemade Food Act (AB1616) on January 1, 2013. This State law mandates cities and counties to allow cottage food operations in one of three ways:

- 1) Classify a cottage food operation as a permitted use of residential property for zoning purposes.
- 2) Grant a nondiscretionary permit to use a residence as any cottage food operation that complies with local ordinances prescribing reasonable standards, restrictions, and requirements concerning spacing and concentration, traffic control, parking, and noise control relating to those residences.
- 3) Require any cottage food operation to apply for a permit to use a residence for its operation. The use permit shall be granted if the cottage food operation complies with local ordinances prescribing reasonable standards, restrictions, and requirements concerning spacing and concentration, traffic control, parking, and noise control relating to those residences.

It is the intent of the City of Lakewood to amend the Lakewood Municipal Code to implement the Homemade Food Act to comply with State law and to allow such uses in the City to operate with a Conditional Use Permit on land zoned for residential purposes, including those properties zoned R-1, R-A, MHP, M-F-R, PD-SF or PD-MF. A cottage food operation shall be required to obtain a business license for a home business occupation as a condition of the Conditional Use Permit. This ordinance implements reasonable standards, restrictions, and requirements relating to permitting, spacing and concentration, traffic control, parking, and noise control regarding the use of cottage food operations on properties located in the residential zones.

SECTION 4. Section 9302. Definitions of Chapter 3 Zoning Purposes, Title and Definitions of Article IX of the Lakewood Municipal Code is hereby amended to add a definition of Cottage Food Operations as Subsection 9302.17e and to renumber the definition of Dance, Public as Subsection 9302.17f, to read as follows:

"9302.17e COTTAGE FOOD OPERATIONS "Cottage food operation" means an enterprise that has not more than the amount in gross annual sales that is specified in Section 113758 of the California State Health and Safety Code, is operated by a cottage food operator, and has not more than one full-time equivalent cottage food employee, not including a family member or household member of the cottage food operator, within the registered or permitted area of a private home where the cottage food operator resides and where cottage food products are prepared or packaged for direct, indirect, or direct and indirect sale to consumers. A cottage food operation includes both of the following:

- "Class A" cottage food operations may engage only in direct sales of cottage food products from the cottage food operation or other direct sales venues.
 - "Class B" cottage food operations may engage in both direct sales and indirect sales of cottage food products from the cottage food operation, from direct sales venues from offsite events, or from third-party retail food facilities.
- A. "Cottage food employee" means an individual, paid or volunteer, who is involved in the preparation, packaging, labeling, handling, and storage of a cottage food product, or otherwise works for the cottage food operation. An employee does not include a household member of the cottage food operator.
- B. "Cottage food operator" means an individual who operates a cottage food operation in his or her private home and is the owner of the cottage food operation.
- C. "Cottage food products" means non-potentially hazardous foods, including foods that are prepared for sale in the kitchen of a cottage food operation. A list of non-potentially hazardous foods is maintained and updated by the State Public Health Officer who may add or delete food products to or from the list, which shall be known as the Approved Products List. Cottage food products shall include food products that are defined by the California State Health and Safety Code as non-potentially hazardous foods, in Section 113871, and include foods that are described in Section 114365.5. These foods shall be prepared and packaged for sale in the kitchen of a properly permitted cottage food operation. All food shall be obtained from sources that comply with all applicable laws.
- D. "Direct sale" means a transaction between a cottage food operation operator and a consumer, where the consumer purchases the cottage food product directly from the cottage food operation. Direct sales include, but are not limited to, transactions at holiday bazaars or other temporary events, such as bake sales or food swaps, transactions at farm stands, certified farmers' markets, or through community-supported agriculture subscriptions, and transactions occurring in person in the cottage food operation.

- E. "Indirect sale" means an interaction among a cottage food operation, a third-party retailer, and a consumer, where the consumer purchases cottage food products made by the cottage food operation from a third-party retailer that holds a valid permit issued pursuant to Section 114381 of the California State Health and Safety Code. Indirect sales include, but are not limited to, sales made to retail shops or to retail food facilities where food may be immediately consumed on the premises.
- F. "Private home" means a dwelling, including an apartment or other leased space, where individuals reside.
- G. "Registered or permitted area" means the portion of a private home that contains the private home's kitchen used for the preparation, packaging, labeling, handling or storage of cottage food products and related ingredients or equipment, or both, and attached rooms within the home that are used exclusively for storage.
- H. Cottage Food Products Requirements. All cottage food operations shall be subject to the operational requirements listed in Section 114365 of the California State Health and Safety Code and as follows:
 - 1. In general, no cottage food preparation, packaging, labeling, or handling may occur in the home kitchen concurrent with any other domestic activities, such as a family meal preparation, child or pet care, dish or clothes washing, smoking or guest entertainment. All cottage food operators and workers shall practice proper hygiene and not have a contagious illness.
 - 2. Any person who prepares, handles, packages, labels or stores cottage food products shall successfully complete a Los Angeles County Public Health food processor/handler course. Proof of successful completion of such a course shall be submitted with the annual renewal of the Home Occupation Permit.
 - 3. A cottage food operation shall properly label all cottage food products in compliance with the Federal Food, Drug, and Cosmetic Act (21 U.S.C. Sec. 343 et seq.) and Section 114365.2 of the California State Health and Safety Code. Additionally, to the extent permitted by federal law, the label shall include, but is not limited to, all of the following:
 - a. The name of the Cottage Food Operation which produced the cottage food product and the Cottage Food Operator's address, phone number and electronic mail address (if any). Also any required Public Health permit number shall be listed.
 - b. The name commonly used for the food product, the words "Made in a Home Kitchen" and a list of the ingredients used to make the cottage food product (in descending order of predominance by weight, if the product contains two or more ingredients).

9302.17e-f. DANCE, PUBLIC. Public dance and public dance halls are those places and activities defined in Section 6103.17 and 6103.18 of Article VI. (Added by Ord.98-9)

SECTION 5. Section 9320. Uses Permitted of Part 2 R-1 (Single-Family Residential) Zone Regulations of Chapter 3 Zoning Purposes, Title and Definitions of Article IX Planning – Zoning of the Lakewood Municipal Code, is hereby amended to add Subsection C.13 Cottage Food Operations to read as follows:

C. The following uses provided that in each instance a Conditional Use Permit has been obtained and continues in full force and effect:-

...

13. Cottage Food Operations. As defined in Section 9302.17e and provided the following requirements are conditions of approval for the conditional use permit:

a. **Business License.** A cottage food operation shall obtain and maintain a valid business license for a Home Business Occupation, as specified in Section 9320. J., including a timely and valid annual renewal of the business license.

b. **Public Health Permits.** Prior to issuance of the business license for a home business occupation and any annual renewal of the business license, the cottage food operator shall submit a copy of all required Public Health permits, registrations and certifications required to operate the business and those required for any employees or household workers of the business.

c. **Inspection.** The cottage food operation shall be subject to inspection by City officials, if the City receives a complaint related to potential non-compliance with related provisions of the Municipal Code, unsafe food or a possible violation of the Homemade Food Act.

d. **Spacing.** Cottage food operations shall only be approved for operation, where each property line of the lot or parcel of the proposed Cottage Food Operation is located more than 300 feet from another property line that is the site of an existing and properly permitted cottage food operation.

e. **Parking.** A minimum of one temporary parking space shall be provided on-site to accommodate an employee of the cottage food operation, in addition to the required parking for the residence. Temporary parking spaces shall only be occupied by an employee during operating hours. The temporary parking space shall be paved, shall not encroach into the public right of way, and shall not be located within the required front yard with the exception that temporary parking may be provided on a driveway.

f. **Product Pickup.** The cottage food operation shall provide cottage food products only for pickup. There shall be no on-site consumption of cottage food products by customers, except samples, and there shall be no customer dining area provided on the premises of a cottage food operation.

g. **Hours of Operation.** A cottage food operation shall only serve one customer at a time and only between the hours of 7:00 a.m. to 7:00 p.m. daily. A cottage food operation shall only have one full-time or full-time equivalent non-resident employee and only between the hours of 7:00 a.m. to 7:00 p.m. daily.

h. **Rental Property.** In the case where a cottage food operation is proposed to be located in a dwelling unit that is either leased or rented by a tenant, an original wet-signed written authorization from the property owner or property manager shall be provided with the annual business license request and renewal.

SECTION 6. Section 9320. Uses Permitted of Part 2 R-1 (Single-Family Residential) Zone Regulations of Chapter 3 Zoning Purposes, Title and Definitions of Article IX Planning – Zoning of the Lakewood Municipal Code, is hereby amended to reword Subsection J to read as follows:

J. **Home bBusiness oOccupations.**—A resident may obtain a business license for a Home Business Occupation, including a Cottage Food Operation, provided the business license holder abides by the following restrictions. Any failure of the business license holder to observe the following restrictions may be cause for the revocation of the business license:

1. **Accessory Use.** The business use of ~~the~~ a residential premises for a home occupation must be only be an accessory use that is incidental and secondary to the primary use of the residence as a home for residential purposes.
2. **Appearance.** ~~There shall be no change in the residential character of the residence. In no way shall the residential character of the main building or premises be altered by the home business occupation use.~~
3. **Activities.** There shall be no activity upon the premises, causing unusual noise or disturbance, other than would be common to residential property, or otherwise interfering with the public health, safety and welfare.
4. **Employees.** There shall be no employment of help other than members of the residential family or other household member. In the case of a cottage food operation, there may be no more than one employee who is not a member of the subject household. Employee work hours at a cottage food operation shall be limited to the hours between 7:00 a.m. to 7:00 p.m. daily.
65. **Customers.** There shall be no sale of products to customers on the premises or customer activity on the premises, except, in the case of a cottage food operation. A cottage food operation shall allow no more than one customer at anytime on the cottage food operation site and only between the hours of 7:00 a.m. to 7:00 p.m. daily.
5. ~~There shall be no use of materials or mechanical equipment not recognized as being a part of normal household or hobby use.~~

76. **Traffic.** The use shall not create pedestrian or vehicular traffic other than that normal for ~~single-family~~ residential activity.
87. **Commercial Vehicles.** The use shall not involve commercial vehicles for delivery of materials to or from the premises, other than those normally allowed in a residential district.
98. **Storage.** The use shall not involve excessive or unsightly storage of materials or supplies indoors or outdoors.
9. **Equipment and Supplies.** There shall be no use of materials or mechanical equipment not recognized as being a part of normal household or hobby use.
10. **Advertising.** The use shall not involve any advertising signs or structures on the premises.
- ~~11. In no way shall the residential character of the main building or of said premises be altered by said use or occupancy.~~
- ~~1211.~~ **Utility Consumption.** There shall be no use of utility or community facilities beyond that normal to the use of the property for residential purposes.

SECTION 7. Section 9326. Uses Permitted of Part 2a R-A (Single-Family Residential-Limited Agriculture) Zone Regulations of Chapter 3 Zoning Purposes, Title and Definitions, of Article IX Planning - Zoning of the Lakewood Municipal Code, is hereby amended to add Subsection D.12 to read as follows:

- D. The following uses provided that in each instance a Conditional Use Permit has been obtained and continues in full force and effect:

...

- 12. Cottage Food Operations.** Provided the requirements listed in Section 9320.C.13 are required as conditions of approval for the Conditional Use Permit.

SECTION 8. Section 9328.1. Uses Permitted of Part 2b MHP (Mobilehome Park) Residential Zone of Chapter 3 Zoning Purposes, Title and Definitions, of Article IX Planning - Zoning of the Lakewood Municipal Code, is hereby amended to add Subsection G.6 and Subsection K to read as follows:

- G. The following uses provided that in each instance a Conditional Use Permit has been obtained and continues in full force and effect:

...

- 6. Cottage Food Operations.** These are subject to the conditions and restrictions listed in Section 9320.C.13

...

K. Home Business Occupations, subject to the conditions and restrictions listed in Section 9320.J.

SECTION 9. Section 9331. Uses Permitted of Part 3 M-F-R (Multiple-Family Residential) Zone Regulations of Chapter 3 Zoning Purposes, Title and Definitions, of Article IX Planning - Zoning of the Lakewood Municipal Code, is hereby amended to add Subsection D.8 to read as follows:

D. The following uses provided that in each instance a Conditional Use Permit has been obtained and continues in full force and effect:

...

8. Cottage Food Operations. These are subject to the conditions and restrictions listed in Section 9320.C.13.

SECTION 10. Section 9471. Uses Permitted of Part 17 PD (Planned Development) Zone Regulations of Chapter 3 Zoning Purposes, Title and Definitions, of Article IX Planning - Zoning of the Lakewood Municipal Code, is hereby amended to add Subsection E.1 to read as follows:

E. The following uses provided that in each instance a Conditional Use Permit has been obtained and continues in full force and effect:

1. Cottage Food Operations. These are subject to the conditions and restrictions listed in Section 9320.C.13.

SECTION 11. **SEVERABLE.** The City Council hereby declares it would have passed this Ordinance sentence by sentence, paragraph by paragraph and section by section, and does hereby declare the provisions of this Ordinance are severable, and if for any reason any section of this Ordinance should be held invalid, such decision shall not affect the validity of the remaining parts of this Ordinance.

SECTION 12. **PUBLIC NOTICE.** The City Clerk shall certify to the adoption of this Ordinance. The City Council hereby finds and determines there are no newspapers of general circulation both published and circulated within the City and, in compliance with Section 36933 of the Government Code, directs the City Clerk to cause said Ordinance within fifteen (15) days after its passage to be posted in at least three (3) public places within the City as established by ordinance.

ADOPTED AND APPROVED THIS ____ DAY OF _____, 2013, BY THE
FOLLOWING ROLL CALL VOTE:

	AYES	NAYS	ABSENT
Council Member Rogers	_____	_____	_____
Council Member Piazza	_____	_____	_____
Council Member DuBois	_____	_____	_____
Council Member Wood	_____	_____	_____
Mayor Croft	_____	_____	_____

Mayor

ATTEST:

City Clerk

I, DENISE R. HAYWARD, do hereby certify that I am the City Clerk of the City of Lakewood, and the foregoing Ordinance was adopted and approved by the City Council of the City of Lakewood voting for and against the Ordinance as above set forth at a regular meeting thereof on the ____ day of _____, 2013.

City Clerk

D I V I D E R S H E E T

COUNCIL AGENDA

May 28, 2013

TO: The Honorable Mayor and City Council

SUBJECT: Six 2012 Honda Civic Natural Gas

INTRODUCTION

The Director of Administrative Services and the Director of Public Works have determined and approved to replace two CSO cars, three for Code Enforcement, and one for Parking Control by utilizing available AQMD grant funds to purchase the vehicles.

STATEMENT OF FACT

The Fleet Manager has identified the 2012 Honda Civic NGV (Natural Gas Vehicle) equipped with necessary lighting and hardware as the appropriate vehicle. The Honda Civic NGV has proven to be reliable and easily serviceable by our Fleet Management Division.

The Purchasing Officer was requested to solicit bids for this vehicle. Required legal notices were posted and bid packages were distributed to six potential bidders. Of the total packages distributed, four were received by the established deadline.

On May 16, 2013, the Purchasing Officer, in the presence of the City Clerk, opened four sealed responses. The Purchasing Officer and the Fleet Manager reviewed the four bids to determine that specifications had been successfully met and the bid totals were accurate.


Following is a summary of the bids. The bid totals include sales tax and all other charges.

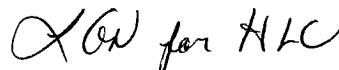
- | | |
|------------------------------|--------------|
| 1. Long Beach Honda | \$134,815.74 |
| 2. Fladeboe Automotive Group | \$153,744.01 |
| 3. Norm Reeves Honda | \$157,079.79 |
| 4. Penske Honda | \$148,972.50 |

The apparent responsible and responsive low bidder meeting specifications is Long Beach Honda, CA.

STAFF RECOMMENDATION

That the City Council authorize the purchase of six (6) 2012 Honda Civic NGV vehicles, complete with all necessary lighting and hardware, from Long Beach Honda for a total price of \$134,815.74.


Diane Perkin
Director – Administrative Services


Howard L. Chambers
City Manager

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*Successor
Agency*

SUCCESSOR AGENCY AGENDA

May 28, 2013

TO: The Members of the Successor Agency

SUBJECT: Loan Agreement between the City of Lakewood and the Successor Agency to the Lakewood Redevelopment Agency

INTRODUCTION

Health and Safety Code Section 34173(h) authorizes the City to loan funds to the Successor Agency for payment of administrative costs and enforceable obligations, and Health and Safety Code Sections 34178 and 34180 also authorize the City and the Successor Agency to enter into certain types of contracts. Under this authority, the City proposes a temporary loan from the City to the Successor Agency.

STATEMENT OF FACT

The Department of Finance (DOF) has performed reconciliations of ROPS I and ROPS II to verify that the funds received from the County were used or unspent and made the following adjustments:

ROPS 11-12B (I)	\$2,553,873
ROPS 12-13A (II)	\$ 451,484
ROPS 12-13B (III)	\$(1,120,989)
ROPS 13-14A	\$(1,432,884)
ROPS 13-14A	\$ (451,484)

Property tax appropriated to the Successor Agency to cover costs determined to be enforceable obligations in ROPS III and ROPS 13-14A was reduced to offset the adjustments. These offsets resulted in the Successor Agency not receiving any Redevelopment Property Tax Trust Fund (RPTTF) funds from the Los Angeles County Auditor-Controller in January 2013 and a reduction in RPTTF funds from the Los Angeles County Auditor-Controller for June 2013.

The DOF approved enforceable obligations of \$3,215,761 and admin allowance of \$125,000 for ROPS 13-14A however, only \$1,456,393 will be distributed to the Successor Agency. Accordingly, the Successor Agency anticipates a budget shortfall of \$1,884,368.00 for the July to December 2013 ROPS period (ROPS 13-14A), comprised of \$1,759,368.00 in approved enforceable obligations, and \$125,000.00 in approved administrative costs.


The City Loan to the Successor Agency will be listed in ROPS 13-14B, January through June, 2013 as an enforceable obligation. The Oversight Board has been made aware of this situation and is anticipating the addition of the City Loan on ROPS 13-14B to be presented for their approval at the June 11, 2013 meeting.

RECOMMENDATION

It is respectfully recommended that the Agency approve the Loan Agreement between the City of Lakewood and the Successor Agency to the Lakewood Redevelopment Agency.



Diane Perkin
Director of Administrative Services



Howard L. Chambers
City Manager

**LOAN AGREEMENT BETWEEN THE CITY OF LAKEWOOD
AND THE SUCCESSOR AGENCY
TO THE LAKEWOOD REDEVELOPMENT AGENCY**

This Agreement is made and entered into as of May 28, 2013, by and between the City of Lakewood (the "City"), a municipal corporation, and the Successor Agency to the Lakewood Redevelopment Agency (the "Successor Agency"), a public entity.

Recitals

A. California Health and Safety Code ("H&SC") Section 34177(a) permits the Successor Agency to make payments due for "enforceable obligations".

B. H&SC Section 34177(l) requires the Successor Agency to prepare a Recognized Obligation Payment Schedule ("ROPS") that lists its enforceable obligations, before each six-month period.

C. The Successor Agency prepared ROPS FY 13-14A for the July through December, 2013, period, which ROPS was approved by the Successor Agency's Oversight Board, and which was approved by the State of California Department of Finance ("DOF").

D. The Successor Agency anticipates that the amount of Redevelopment Property Tax Trust Fund ("RPTTF") funds to be received from the Los Angeles County Auditor-Controller will be insufficient to pay the Successor Agency's enforceable obligations and administrative expenses from between July 1 and December 31, 2013. Accordingly, the Successor Agency anticipates a budget shortfall of \$1,884,368.00 between July 1 and December 31, 2013, comprised of \$1,759,368.00 in approved enforceable obligations, and \$125,000.00 in approved administrative costs.

E. H&SC Section 34173(h) authorizes the City to loan funds to the Successor Agency for payment of administrative costs and enforceable obligations, at the City's discretion, and that such loan must be listed on the ROPS, which is subject to approval by the Oversight Board. H&SC Sections 34178 and 34180 also authorize the City and the Successor Agency to enter into certain types of contracts.

F. Relying on the aforesaid authority, the City is prepared to make a temporary loan (the "Loan") to the Successor Agency in the amount of \$1,884,368.00, to be used to pay enforceable obligations and administrative costs listed on ROPS FY 13-14A.

G. The Successor Agency shall list the repayment of the Loan as an enforceable obligation on ROPS FY 13-14B, for the period from January through June, 2014.

Based on the Recitals set forth above and in consideration of the mutual covenants set forth below, the parties agree as follows:

1. The parties represent and warrant to each other that each of the Recitals set forth above is true and correct.

2. Subject to the approval of the Oversight Board as set forth below, the City shall use City general funds to provide the Successor Agency with the Loan in the amount of \$1,884,368.00, on or before December 31, 2013.

3. The Successor Agency shall use the proceeds of the Loan only to pay enforceable obligations and administrative costs listed on ROPS FY 13-14A.

4. This Agreement shall not be deemed effective, and the City shall not make the Loan, until this Agreement has been approved by the Oversight Board, pursuant to H&SC Section 34179(h) and 34180.

5. Except as provided in Section 6, below, the Loan shall be repaid on par with any enforceable obligations falling within H&SC Section 34183(a)(2)(C) (debts not qualifying as tax allocation bonds and certain revenue bonds).

6. The City hereby agrees to defer repayment of the Loan during a six-month period covered by a ROPS to the extent that repayment during that period would leave the Successor Agency with insufficient funds to satisfy other enforceable obligations covered by H&SC Section 34183(a)(2)(C) which: (a) Are due in that six-month period; and (b) were in existence as of the date of this Agreement.

7. Provided that this Agreement is approved by the Oversight Board, the Successor Agency shall list its obligation under this Agreement as an enforceable obligation on ROPS FY 13-14B. Such enforceable obligation shall be included on each successive ROPS until the Loan has been repaid to the City in full.

8. This Agreement shall be in full force and effect upon its approval by the Oversight Board, and shall remain in full force and effect until the Loan has been repaid to the City in full.

9. This Agreement constitutes the entire agreement by and between the parties with respect to the subject matter hereof, and may be amended only in writing.

10. In the event of a default, either party may avail itself of any and all remedies available at law or equity under California law for the purpose of enforcing the terms and conditions of this Agreement.

Intending to be legally bound, the parties' authorized representatives have executed this Agreement, below, as of May 28, 2013.

Loan Agreement
May 28, 2013

City of Lakewood

Mayor

ATTEST:

City Clerk

Approved as to form:

City Attorney

Successor Agency to
the Lakewood Redevelopment Agency

Chairman

ATTEST:

Board Clerk

DIVIDER SHEET

SUCCESSOR AGENCY AGENDA

May 28, 2013

TO: The Members of the Successor Agency

SUBJECT: Loan Agreement between the City of Lakewood and the Successor Agency to the Lakewood Redevelopment Agency

INTRODUCTION

Health and Safety Code Section 34173(h) authorizes the City to loan funds to the Successor Agency for payment of administrative costs and enforceable obligations, and Health and Safety Code Sections 34178 and 34180 also authorize the City and the Successor Agency to enter into certain types of contracts. Under this authority, the City proposes a temporary loan from the City to the Successor Agency.

STATEMENT OF FACT

AB 1x 26 provided the State Controller's Office (SCO) the authority to review asset transfers that occurred after January 1, 2011. AB 1484 extended the authority to review asset transfers to the Department of Finance (DOF) by incorporating it into the Due Diligence Review (DDR) of Successor Agencies' Non-housing Funds.

The DOF in its review of the Lakewood Successor Agency Non-housing DDR invalidated a 2011 transaction in which the former Lakewood Redevelopment Agency (LRA) had made debt service payments on loans previously made by the City to the LRA by asserting the debt service payments were an unallowable asset transfer.

In June 2010, the City carried multiple loans made to the LRA that were consolidated through the adoption of Resolution No. LRA 2010-7. The LRA's debt service payment schedule to the City was memorialized by Resolution No. LRA 2011-3, adopted on February 2, 2011. Both resolutions were in effect prior to the dissolution of redevelopment on February 1, 2012. The LRA made the scheduled debt service payment to the City in June 2011 for \$7,849,600 which was based on the adopted debt service payment schedule.

The Successor Agency's stance is that city loan debt service payments are not asset transfers. Because the City carried the loans, which means the loans are an asset owned by the City, the debt service payments of these loans cannot be considered an asset transfer in that they do not increase the total assets of the City. On April 16, 2013, through the meet and confer process staff voiced its opposition to the DOF's initial decision received on April 1, 2013. The DOF maintained its position as stated in its letter dated May 2, 2013.

Now having exhausted available administrative remedies and believing strongly that the decision of the DOF is incorrect and unlawful, staff recommended the Successor Agency commence litigation to avoid the loss of such funds. Accordingly, the firm of Colantuono & Levin was retained as legal counsel for such litigation. However, the Successor Agency does not have any funds with which to pay the expenses of such litigation, and, for that reason, staff is recommending a loan from the City for such purposes.

The City Loan to the Successor Agency will be listed in ROPS 13-14B, January through June, 2013 as an enforceable obligation and presented to the Oversight Board on June 11, 2013, for their approval.

RECOMMENDATION

It is respectfully recommended that the Agency approve the Loan Agreement between the City of Lakewood and the Successor Agency to the Lakewood Redevelopment Agency.

A handwritten signature in black ink, appearing to be "Diane Perkin", written over a horizontal line.

Diane Perkin
Director of Administrative Services

A handwritten signature in black ink, appearing to be "HLC" or "Howard L. Chambers", written in a cursive style.

Howard L. Chambers
City Manager

**LOAN AGREEMENT BETWEEN THE CITY OF LAKEWOOD
AND THE SUCCESSOR AGENCY
TO THE LAKEWOOD REDEVELOPMENT AGENCY**

This Agreement is made and entered into as of May 28, 2013, by and between the City of Lakewood (the "City"), a municipal corporation, and the Successor Agency to the Lakewood Redevelopment Agency (the "Successor Agency"), a public entity.

Recitals

A. In its review of the Due Diligence Review of the Successor Agency's Other Funds and Accounts, the State of California Department of Finance (the "DOF") has invalidated a 2011 transaction in which the former Redevelopment Agency had made a repayment in that amount of loans previously made by the City to the Redevelopment Agency. Such decision was memorialized in a letter dated May 2, 2013, a copy of which is attached hereto as Exhibit "A".

B. The DOF will seek to recover those funds from the Successor Agency and/or the City, which would have drastic consequences.

C. The Successor Agency, having exhausted its administrative remedies and believing strongly that the decision of the DOF is incorrect and unlawful, has no choice but to commence litigation to avoid the loss of such funds. Accordingly, the Successor Agency has engaged the firm of Colantuono & Levin as its legal counsel for such litigation, in an agreement attached hereto as Exhibit "B".

D. The Successor Agency does not have any funds with which to pay the extraordinary expenses of such litigation, and, accordingly, seeks a loan from the City for such purposes.

E. H&SC Section 34173(h) authorizes the City to loan funds to the Successor Agency for such purposes, at the City's discretion, and provides that such loan must be listed on the ROPS, which is subject to approval by the Oversight Board. H&SC Sections 34178 and 34180 also authorize the City and the Successor Agency to enter into certain types of contracts.

F. Relying on the aforesaid authority, the City is prepared to make a temporary loan (the "Loan") to the Successor Agency in the full amount necessary to pay the expenses of the litigation described above. The City shall advance funds to the Successor Agency periodically in order to pay the expenses of such litigation as such expenses are due.

G. The Successor Agency shall list the repayment of the Loan as an enforceable obligation on future ROPS.

Based on the Recitals set forth above and in consideration of the mutual covenants set forth below, the parties agree as follows:

1. The parties represent and warrant to each other that each of the Recitals set forth above is true and correct.

2. Subject to the approval of the Oversight Board as set forth below, the City shall use City general funds to provide the Successor Agency with the Loan as litigation expenses become due.

3. The Successor Agency shall use the proceeds of the Loan only to pay the expenses of such litigation.

4. This Agreement shall not be deemed effective, and the City shall not make the Loan, until this Agreement has been approved by the Oversight Board, pursuant to H&SC Section 34179(h) and 34180.

5. Except as provided in Section 6, below, the Loan shall be repaid on par with any enforceable obligations falling within H&SC Section 34183(a)(2)(C) (debts not qualifying as tax allocation bonds and certain revenue bonds).

6. The City hereby agrees to defer repayment of the Loan during any six-month period covered by a ROPS to the extent that repayment during that period would leave the Successor Agency with insufficient funds to satisfy other enforceable obligations covered by H&SC Section 34183(a)(2)(C) which: (a) Are due in that six-month period; and (b) were in existence as of the date of this Agreement.

7. Provided that this Agreement is approved by the Oversight Board, the Successor Agency shall list its obligation under this Agreement as an enforceable obligation on its next available ROPS. Such enforceable obligation shall be included on each successive ROPS until the Loan has been repaid to the City in full.

8. This Agreement shall be in full force and effect upon its approval by the Oversight Board, and shall remain in full force and effect until the Loan has been repaid to the City in full.

9. This Agreement constitutes the entire agreement by and between the parties with respect to the subject matter hereof, and may be amended only in writing.

10. In the event of a default, either party may avail itself of any and all remedies available at law or equity under California law for the purpose of enforcing the terms and conditions of this Agreement.

Intending to be legally bound, the parties' authorized representatives have executed this Agreement, below, as of May 28, 2013.

Loan Agreement
May 28, 2013

City of Lakewood

Mayor

ATTEST:

City Clerk

Approved as to form:

City Attorney

Successor Agency to
the Lakewood Redevelopment Agency

Chairman

ATTEST:

Board Clerk



**DEPARTMENT OF
FINANCE**

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

May 2, 2013

Ms. Diane Perkin, Director of Administrative Services
City of Lakewood
5050 Clark Avenue
Lakewood, CA 90712

Dear Ms. Perkins:

Subject: Other Funds and Accounts Due Diligence Review

This letter supersedes the California Department of Finance's (Finance) original Other Funds and Accounts (OFA) Due Diligence Review (DDR) determination letter dated March 15, 2013. Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of Lakewood Successor Agency (Agency) submitted an oversight board approved OFA DDR to Finance on January 14, 2013. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. Finance issued an OFA DDR determination letter on March 15, 2013. Subsequently, the Agency requested a Meet and Confer session on one or more items adjusted by Finance. The Meet and Confer session was held on April 16, 2013.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of those specific items being disputed. Specifically, the following adjustments were made:

- Transfers totaling \$11,188,582 are disallowed. The Agency claims the transfers are payments to the City of Lakewood (City) in the amounts of \$7.8 million and \$3.3 million made in June 2011 and January 2012, respectively. Per the Agency, the payments were made in accordance with a loan repayment schedule adopted through Resolution No. LRA 2010-7 on June 2010 wherein the City and the former Redevelopment Agency consolidated multiple loans.

Per HSC section 34179.5 (c) (2), the dollar value of assets and cash transferred by the former redevelopment agency or successor agency to the city, county, or city and county that formed the former RDA between January 1, 2011 through June 30, 2012 must be evidenced by documentation of the enforceable obligation that required the transfer. HSC section 34179.5 states "enforceable obligation" includes any of the items listed in subdivision (d) of section 34171, contracts detailing specific work that were entered into by the former redevelopment agency prior to June 28, 2011 with a third party other than the city, county, or city and county that created the former RDA. Therefore, the transfers were not made pursuant to an enforceable obligation and are not permitted.

In addition, the Agency claims the \$3.3 million transfer was reconciled through the prior period adjustment process by the County Auditor Controller pursuant to HSC section

34186 (a) because the payments were denied by Finance on the Recognized Obligation Payment Schedule (ROPS) for the January through June 2012 period (ROPS I). Our review indicates that while the County Auditor Controller adjusted the Agency's distribution, the adjustments made were necessary because the Agency did not expend all Redevelopment Property Tax Trust Funds (RPTTF) disbursed for the ROPS I period. Therefore, the OFA balance available for distribution will be increased by \$11,188,582.

The Agency did not object to the following adjustments made by Finance during the Meet and Confer process. HSC section 34179.6 (d) authorizes Finance to make adjustments. We maintain that the following adjustment is appropriate:

- Your request to retain OFA balances for fiscal year 2012-13 in the amount of \$4.6 million is partially denied. Although Finance approved \$3.5 million for other obligations during the July through December 2012 ROPS II period, the County Auditor Controller distributed only \$1.8 million on June 1, 2012. Therefore, the Agency is limited to retaining \$1.8 million for ROPS II enforceable obligations. As such, the OFA balance available for distribution to the taxing entities will be adjusted by \$2.8 million.

To the extent these constitute enforceable obligations, the Agency should request funding for these in a future ROPS.

Should a deficit occur in the future, HSC provides successor agencies with various methods to address short term cash flow issues. These may include requesting a loan from the city pursuant to HSC section 34173 (h), requesting the accumulation of reserves on the Recognized Obligation Payment Schedule (ROPS) when a future balloon or uneven payment is expected, or subordinating pass-through payments pursuant to HSC section 34183 (b). The Agency should seek counsel from their oversight board to determine the solution most appropriate for their situation if a deficiency were to occur.

- Finance noted the county auditor controller adjusted the ROPS III January 2, 2013 distribution by \$1,120,989 pursuant to HSC section 34186 (a). Therefore, Finance is allowing the retention of these funds in order to adequately fund approved ROPS III expenditures.

The Agency's OFA balance available for distribution to the affected taxing entities is \$9,332,888 (see table below).

OFA Balances Available For Distribution To Taxing Entities	
Available Balance per DDR:	\$ (3,486,857)
Finance Adjustments	
Add:	
Disallowed transfers:	11,188,582
Requested retained balance not supported:	2,752,152
HSC section 34186 (a) adjustment:	(1,120,989)
Total OFA available to be distributed:	\$ 9,332,888

This is Finance's final determination of the OFA balances available for distribution to the taxing entities. HSC section 34179.6 (f) requires successor agencies to transmit to the county auditor-controller the amount of funds identified in the above table within five working days, plus any interest those sums accumulated while in the possession of the recipient. Upon submission of payment, it is requested you provide proof of payment to Finance within five business days.

If funds identified for transmission are in the possession of the successor agency, and if the successor agency is operated by the city or county that created the former redevelopment agency, then failure to transmit the identified funds may result in offsets to the city's or the county's sales and use tax allocation, as well as its property tax allocation. If funds identified for transmission are in the possession of another taxing entity, the successor agency is required to take diligent efforts to recover such funds. A failure to recover and remit those funds may result in offsets to the other taxing entity's sales and use tax allocation or to its property tax allocation. If funds identified for transmission are in the possession of a private entity, HSC 34179.6 (h) (1) (B) states that any remittance related to unallowable transfers to a private party may also be subject to a 10 percent penalty if not remitted within 60 days.

Failure to transmit the identified funds will also prevent the Agency from being able to receive a finding of completion from Finance. Without a finding of completion, the Agency will be unable to take advantage of the provisions detailed in HSC section 34191.4. Specifically, these provisions allow certain loan agreements between the former redevelopment agency (RDA) and the city, county, or city and county that created the RDA to be considered enforceable obligations. These provisions also allow certain bond proceeds to be used for the purposes in which they were sold and allows for the transfer of real property and interests into the Community Redevelopment Property Trust Fund once Finance approves the Agency's long-range property management plan.

In addition to the consequences above, willful failure to return assets that were deemed an unallowable transfer or failure to remit the funds identified above could expose certain individuals to criminal penalties under existing law.

Pursuant to HSC sections 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter do not in any way eliminate the Controller's authority.

Please direct inquiries to Evelyn Suess, Supervisor or Danielle Brandon, Analyst at (916) 445-1546.

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Ms. Edianne Sapinoso, Senior Accountant, City of Lakewood
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor Controller
California State Controller's Office

D I V I D E R S H E E T

SUCCESSOR AGENCY AGENDA

May 28, 2013

TO: The Members of the Successor Agency

SUBJECT: Agreement with White Nelson Diehl Evans LLP for Audit Services

INTRODUCTION

Annually, the City contracts with White Nelson Diehl Evans LLP to audit its general purpose financial statements.

STATEMENT OF FACT


The proposed cost of this year's audit is as follows:

Successor Agency to the Lakewood Redevelopment Agency	\$ 4,500
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STAFF RECOMMENDATION

It is respectfully recommended that the Successor Agency approve the Agreement with White Nelson Diehl Evans LLP in the amount of \$4,500 for auditing services and direct the Mayor to sign.


Diane Perkin
Director of Administrative Services


Howard L. Chambers
City Manager



May 22, 2013

The Honorable Mayor and
Members of City Council
City of Lakewood
5050 North Clark Avenue
Lakewood, CA 90712

We are pleased to confirm our understanding of the services we are to provide City of Lakewood (the City) for the year ending June 30, 2013. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of the City as of and for the year ending June 30, 2013. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Budgetary Comparison Schedules - General and Major Special Revenue Funds.
- 3) Schedules of Funding Progress - CalPERS Defined Benefit Plan, Retiree Enhancement Defined Benefit Plan and Retiree Health Benefit Plan.

We have also been engaged to report on supplementary information other than RSI that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

- 1) Combining and individual other governmental fund financial statements
- 2) Schedule of expenditures of federal awards

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information:

- 1) Introductory Section
- 2) Statistical Section

Audit Objective

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with Government Auditing Standards.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Audit Objective (Continued)

The reports on internal control and compliance will each include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. If our opinions on the financial statements or the Single Audit compliance opinions are other than unqualified (unmodified), we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133. As part of the audit, we will assist with preparation of your financial statements, schedule of expenditures of federal awards, and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements, schedule of expenditures of federal awards, and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the written representation letter our assistance with preparation of the financial statements and schedule of expenditures of federal awards and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management Responsibilities (Continued)

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City and the respective changes in financial position and, where applicable, cash flows in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review.

Management Responsibilities (Continued)

You are responsible for preparation of the schedule of expenditures of federal awards in conformity with OMB Circular A-133. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with OMB Circular A-133; (2) that you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, Government Auditing Standards do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and Government Auditing Standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Government Auditing Standards.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, Government Auditing Standards, and OMB Circular A-133.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to Government Auditing Standards.

Audit Procedures—Compliance (Continued)

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the OMB Circular A 133 Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Engagement Administration, Fees, and Other

Noted below is a listing of work required by City staff to assist in the audits.

1. Preparation of trial balances for all funds, after posting of all year end journal entries.
2. Preparation of supporting schedules for all material balance sheet accounts, and selected revenue and expenditure accounts.
3. Typing of all confirmation requests.
4. Pulling and refileing of all supporting documents required for audit verification.

Our annual fees for the year ending June 30, 2013 will be as follows:

City of Lakewood (including review of GANN Appropriations Limit)	\$ 30,500
City CAFR Preparation	4,000
Successor Agency Private-Purpose Trust Fund (to be included in City's CAFR)	4,500
Single Audit of Federal Grants	<u>5,000</u>
	<u>\$ 44,000</u>

The maximum annual fees stipulated herein contemplate that conditions satisfactory to the normal progress and completion of the examination will be encountered and the City accounting personnel will furnish the agreed upon assistance in connection with the audit. However, if unusual circumstances are encountered which make it necessary for us to do additional work; we shall report such conditions to the responsible City officials and provide the City with an estimate of the additional accounting fees involved. You may terminate our services or we may withdraw from this engagement at any time. Any disputes arising under this agreement shall be mediated under the rules of the American Arbitration Association.

Engagement Administration, Fees, and Other (Continued)

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 3 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The workpapers for this engagement are the property of White Nelson Diehl Evans LLP and constitute confidential information. However, we may be requested to make certain workpapers available to grantor agencies pursuant to authority given to it by law or regulation. If requested, access to such workpapers will be provided under the supervision of our personnel. Furthermore, upon request, we may provide photocopies of selected workpapers to the grantor agencies. The grantor agencies may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies.

In accordance with our firm's current record retention policy, all of your original records will be returned to you at the conclusion of this engagement. Our audit workpaper files will be kept for a period of seven years after the issuance of the audit report. All other files will be kept for as long as you retain us as your auditors. However, upon termination of our service, all records will be destroyed after a period of seven years. Physical deterioration or catastrophic events may further shorten the life of these records. The working papers and files of our firm are not a substitute for your original records.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our most recent peer review reports accompany this letter.

The Honorable Mayor and
Members of City Council
City of Lakewood
May 22, 2013
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We appreciate the opportunity to be of service to the City of Lakewood and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign below and return a signed copy to us.

Very truly yours,

WHITE NELSON DIEHL EVANS LLP

Robert J. Callanan, CPA
Engagement Partner

RESPONSE:

This letter correctly sets forth the understanding of the City of Lakewood.

By: _____

Title: _____

Date: _____