



County of Los Angeles CHIEF EXECUTIVE OFFICE OPERATIONS CLUSTER

SACHI A. HAMAI
Chief Executive Officer

DATE: July 26, 2018
TIME: 1:00 p.m. – 2:30 p.m.
LOCATION: Kenneth Hahn Hall of Administration, **Room 864**

AGENDA

Members of the Public may address the Operations Cluster on any agenda item by submitting a written request prior to the meeting.
Two (2) minutes are allowed for each item.

1. **Call to order / Introductions – Kieu-Anh King/Gevork Simdjian**
2. **Public Comment**
(2 minutes each speaker)
3. **INFORMATIONAL ITEM(S):**
(5 minutes total)
 - A) Board Letter:
CUSTODIAL CONTRACT EXTENSION
ISD – Christie Carr, Manager
 - B) Board Letter:
MORATORIUM PROHIBITING MOBILE HOME SPACE RENT INCREASES
ORDINANCE
CDC – Monique King-Viehland, Executive Director and
DCBA – Joseph Nicchitta, Interim Director
 - C) Board Letter:
\$10K GRANT AWARD FOR THE BANK ON PROGRAM
DCBA – Wason Fu, Consumer Affairs Specialist
 - D) Board Letter:
ELECTRONIC RECORDING DELIVERY SYSTEM AGREEMENT
RR/CC – Debbie Martin, Chief Deputy Director
 - E) Board Letter:
TAX-DEFAULTED PROPERTY PURCHASE AGREEMENT AMENDMENT
TTC – Keith Knox, Chief Deputy Director
4. **PRESENTATION/DISCUSSION ITEMS:**
 - A) Board Letter:
CLEAN POWER ALLIANCE LOAN EXTENSION (10 minutes)
CEO – Gary Gero, Chief Sustainability Officer

- B) VISUALIZING LA COUNTY WITH MAPPING TECHNOLOGY (30 minutes)
ISD – Benny Chacko, Manager

5. **Adjournment**

NOTICE OF CLOSED SESSION

- CS-1 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION – 2 CASES
(Paragraph (1) of Subdivision (d) of Government Code section 54956.9)
(40 minutes)

Evangeline Cheshewalla, et al. v. Anthony Sylvester Dean, et al.,
Los Angeles Superior Court Case Number BC620029, Internal Services Department

Sergio Salcedo, et al. v. County of Los Angeles, et al.,
Los Angeles Superior Court Case Number BC625177, Internal Services Department

FUTURE AGENDA TOPICS

CALENDAR LOOKAHEAD:

(5 minutes)

- A) Board Memo:
SOLE SOURCE WITH NC4 FOR OARRS
CEO OEM – Leslie Luke, Manager
- B) Board Letter
EMPLOYEE DRUG AND ALCOHOL TESTING PROGRAM CONTRACT
DHR – Lisa Garrett, Director
- C) COUNTYWIDE PLAN - WORKFORCE DEVELOPMENT UPDATE
Worker Education and Resource Center – Diane Factor, Contractor
- D) PUBLIC FINANCE PRESENTATION
TTC – Keith Knox, Chief Deputy Director
- E) CEO VIDEO PRODUCTION MASTER SERVICES AGREEMENT QUARTERLY
UPDATES
- F) SOLE SOURCE NOTIFICATIONS
CIO – William Kehoe, Chief Information Officer and
Peter Loo, Chief Deputy, CIO

FACT SHEET
Sole Source Extension of Two Custodial Services Contracts
OPS Cluster Date: 7/26/2018
Board of Supervisors Date: 8/14/2018

Current Contracts

- On February 7, 2012, the Board awarded Contract 77731 for custodial services, effective February 21, 2012. The initial term of contract was for three years with three one-year renewal option and six month-to-month extensions. The final six month option period of the current contract term expires on August 20, 2018.
- On December 11, 2012 the Board awarded Contract 77895 for custodial services, effective February 11, 2013. The initial term of contract was for two years with three one-year renewal option and six month-to-month extensions. The final six month option period of the current contract term expires on August 20, 2018.

Solicitation for Replacement Custodial Services Contracts

On July 27, 2017, ISD released a Request for Proposals (RFP) for Custodial Services provided under subject contracts. As required for Proposition A Contracts, in May 2018, ISD sent its cost analyses of the selected vendor's proposals to Auditor Controller (A-C) for review and approval. Pride, the incumbent vendor, was determined to be the highest ranking proposer for all contracts being solicited.

Sole Source Justification

During its review of ISD's Cost Analysis, the A-C requested that ISD provide more detailed information and documentation regarding start-up, non-recurring, and recurring costs. This, in turn, would allow the A-C to make a more accurate determination of true costs of insourcing custodial services. As a result, ISD recognized the need for a more in depth analysis of its outsourced custodial services, and the viability of performing custodial services in-house.

An extension is required to enable continued custodial services for 19 County departments at approximately 128 buildings located thorough the County. Approval of the extension would also provide the County with sufficient time to complete its cost analysis based on the A-C's additional requirements, and to develop a workforce reinvestment plan to determine the feasibility of insourcing custodial services.

To this end, on June 12, 2018 ISD notified the Board of its intent to enter into negotiations with Pride for continued provision of custodial services.

Request to Approve Amendment

ISD is requesting delegated authority to extend two contracts with Pride for six months, for the period of August 21, 2018 through February 20, 2019, with six month-to-month extension options. Aggregate costs for the six months are \$6,165,833. The Board's approval of the request to extend will allow for ISD to complete an in depth analysis of the viability of performing custodial services in-house. The costs were negotiated at the same price as proposed by Pride in its response to the RFP released on July 27, 2017.

CONTACT

Christie Carr, Contracting Division Manager, (323) 267-3101, ccarr@isd.lacounty.gov



County of Los Angeles
INTERNAL SERVICES DEPARTMENT

1100 North Eastern Avenue
Los Angeles, California 90063

SCOTT MINNIX
Director

"Trusted Partner and Provider of Choice"

Telephone: (323) 267-2101
FAX: (323) 264-7135

August 14, 2018

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AUTHORITY TO AMEND CONTRACT NUMBER 77731 AND CONTRACT NUMBER
77895 WITH PRIDE INDUSTRIES ONE, INC. FOR CUSTODIAL SERVICES
(ALL DISTRICTS – 3 VOTES)**

SUBJECT

Request delegated authority to extend two contracts with Pride Industries One, Inc. (Pride) to continue providing custodial services to the Internal Services Department (ISD) and its client departments.

IT IS RECOMMENDED THAT THE BOARD:

1. Delegate authority to the Director of ISD, or his designee, to execute amendments to extend the subject custodial services contracts with Pride for six months with six month-to-month extension options.
2. Delegate authority to the Director of ISD, or his designee, to execute future amendments to the contract to add or delete facilities, approve necessary changes in scope of services, or effectuate amendments should the contracting entity merge, be acquired, or otherwise has a change of entity.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

The extension of the current contracts is imperative to enable ISD to continue providing custodial services to various County departments while ISD performs a comprehensive workforce reinvestment analysis to present the feasibility of insourcing custodial services in the County to the Board.

Implementation of Strategic Plan Goals

The recommended actions support the County's Strategic Plan Strategy III.3 (Operational Effectiveness, Fiscal Responsibility, and Accountability) by maximizing the effectiveness of the County's processes structure and operations to support timely delivery of customer oriented and efficient public service by providing custodial services countywide.

FISCAL IMPACT/FINANCING

Funding for the services is included in ISD's Fiscal Year 2018-19 Adopted Budget. Costs funded under ISD's budget will be recovered through billings to customer departments. Total cost to extend the subject custodial services contracts with Pride for six months is \$6,165,833 (Attachment 1).

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On February 7, 2012, the Board awarded Contract 77731 for custodial services, effective February 21, 2012. The initial term of contract was for three years with three one-year renewal option and six month-to-month extensions. The final six month option period of the current contract term expires on August 20, 2018.

On December 11, 2012 the Board awarded Contract 77895 for custodial services, effective February 11, 2013. The initial term of contract was for two years with three one-year renewal option and six month-to-month extensions. The final six month option period of the current contract term expires on August 20, 2018.

CONTRACTING PROCESS

Under the existing contracts, Pride provides custodial services for 19 County departments at approximately 128 buildings located throughout the County. On July 27, 2017, ISD released a Request for Proposals (RFP) for Custodial Services provided under subject contracts. As required for Proposition A contracts, in May 2018, ISD sent its cost analyses of the selected vendor's proposals to Auditor Controller (A-C) for review and approval.

During its review of ISD's cost analysis, the A-C requested that ISD provide more detailed information and documentation regarding start-up, non-recurring, and recurring costs. This, in turn, would allow the A-C to make a more accurate determination of true costs of in-sourcing custodial services. As a result, ISD recognized the need for a more

The Honorable Board of Supervisors
August 14, 2018
Page 3

in-depth analysis of its outsourced custodial services, and the viability of performing custodial services in-house.

The CEO has approved the Sole Source Contract Checklist (Attachment 2) and recommendations. In accordance with your Board's contract policy requirements for Sole Source Contracts, ISD notified your Board on June 12, 2018 of its intent to extend the contract with Pride. The recommended contract amendments will be executed after County Counsel review and approval as to form.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations is imperative to enable ISD to continue providing custodial services for various County departments throughout the County of Los Angeles, and provide time to perform the workforce reinvestment analysis to present to the Board.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors return two stamped copies of the approved Board letter to the Director, ISD.

Respectfully submitted,

SCOTT MINNIX
Director

SM:SH:JS:CR:CC:ct

Attachment

c: Executive Office, Board of Supervisors
Chief Executive Officer
Chief Operating Officer
County Counsel

COST
CONTRACT #77731 AND #77895

Attachment 1

CONTRACT #	CONTRACTOR	MONTHLY COST EFFECTIVE 01/01/18	MONTHLY COST EFFECTIVE 01/01/19	AMENDMENT 6 MONTHS 8/21/2018-2/20/2019 *
77731	PRIDE	\$ 384,982	\$ 401,252	\$ 2,364,394
77895	PRIDE	\$ 619,194	\$ 644,555	\$ 3,801,440
TOTAL \$				6,165,833

*Daily cost calculated for August 2018 and February 2019.

Includes Living Wage Rate of \$15.00 effective January 1, 2018 and \$15.79 effective January 1, 2019 .

SOLE SOURCE CHECKLIST

Department Name: Internal Services Department

New Sole Source Contract

Existing Sole Source Contract Date Sole Source Contract Approved: _____

Check (✓)	JUSTIFICATION FOR SOLE SOURCE CONTRACTS Identify applicable justification and provide documentation for each checked item.
<input type="checkbox"/>	➤ Only one bona fide source (monopoly) for the service exists; performance and price competition are not available. A monopoly is an "Exclusive control of the supply of any service in a given market. If more than one source in a given market exists, a monopoly does not exist."
<input type="checkbox"/>	➤ Compliance with applicable statutory and/or regulatory provisions.
<input type="checkbox"/>	➤ Compliance with State and/or federal programmatic requirements.
<input type="checkbox"/>	➤ Services provided by other public or County-related entities.
<input type="checkbox"/>	➤ Services are needed to address an emergent or related time-sensitive need.
<input type="checkbox"/>	➤ The service provider(s) is required under the provisions of a grant or regulatory requirement.
<input type="checkbox"/>	➤ Additional services are needed to complete an ongoing task and it would be prohibitively costly in time and money to seek a new service provider.
<input checked="" type="checkbox"/>	➤ Services are needed during the time period required to complete a solicitation for replacement services; provided services are needed for no more than 12 months from the expiration of an existing contract which has no available option periods.
<input type="checkbox"/>	➤ Maintenance and support services are needed for an existing solution/system during the time to complete a solicitation for a new replacement solution/ system; provided the services are needed for no more than 24 months from the expiration of an existing maintenance and support contract which has no available option periods.
<input type="checkbox"/>	➤ Maintenance service agreements exist on equipment which must be serviced by the original equipment manufacturer or an authorized service representative.
<input type="checkbox"/>	➤ It is more cost-effective to obtain services by exercising an option under an existing contract.
<input type="checkbox"/>	➤ It is in the best economic interest of the County (e.g., significant costs to replace an existing system or infrastructure, administrative cost savings and excessive learning curve for a new service provider, etc.) In such cases, departments must demonstrate due diligence in qualifying the cost-savings or cost-avoidance associated with the best economic interest of the County.

Sheel Well
Chief Executive Office

6/12/18
Date

OPERATIONS CLUSTER FACT SHEET
COMMUNITY DEVELOPMENT COMMISSION/HOUSING AUTHORITY AND
DEPARTMENT OF CONSUMER & BUSINESS AFFAIRS
July 26, 2018

**BOARD LETTER RECOMMENDING ADOPTION OF AN INTERIM URGENCY ORDINANCE TO
IMPOSE A MORATORIUM PROHIBITING MOBILEHOME SPACE RENT INCREASES FOR A
PERIOD OF ONE HUNDRED EIGHTY (180) DAYS (ALL DISTRICTS) (4 VOTE)**

BACKGROUND: On February 13, 2018, the Board instructed the Community Development Commission, in consultation with the Director of Planning, the Director of Consumer and Business Affairs (DCBA), the Chief Executive Office, and County Counsel to report back within six months with recommendations that would lead to the establishment of a mobilehome space rent regulation ordinance.

Additionally, the Board instructed County Counsel to report to the Board on the County's ability to freeze space rents for mobilehomes as an interim measure to prevent unreasonable space rent increases that might be imposed during the time in which a space rent regulation ordinance is being developed. This draft Board Letter is a recommendation to adopt the interim ordinance prior to the presentation of a permanent mobilehome rent regulation ordinance.

JUSTIFICATION: Mobilehomes can be difficult to relocate and therefore residents, who are often elderly and low-income, are at risk of losing their homes should their mobilehome space rent increase to unaffordable levels. This represents a potential exacerbation of the ongoing housing affordability crisis in Los Angeles County. Additionally, there is a concern that mobilehome park owners may begin to raise space rents in anticipation of the County adopting a comprehensive mobilehome space rent regulation ordinance.

INTERIM URGENCY ORDINANCE: This Board Letter recommends adoption of an interim urgency ordinance to impose a moratorium that would limit mobilehome space rent increases. This ordinance would take effect immediately upon adoption and would prohibit rent increases of 3% or more per year for 180 days and would apply to all mobilehome park spaces that are leased for a period of 12 months or less and located in unincorporated Los Angeles County. The proposed ordinance also provides that mobilehome park owners and mobilehome residents may petition the County to address issues related to enforcement of the ordinance. The ordinance would remain in effect for 180 days, unless extended or replaced with a mobilehome rent regulation ordinance.

FISCAL IMPACT: DCBA will be responsible for implementation of the ordinance including receipt and tracking of complaints, mediation services, and designating a hearing officer to conduct administrative hearings. The estimated cost for a hearing officer during the interim ordinance period, is \$60,000.

DEPARTMENT CONTACTS:

Larry Newnam, Manager
Community Development Commission/Housing Authority
626-586-1812

Wason Fu, Senior Policy Analyst
Department of Consumer & Business Affairs
213-974-9771



**COMMUNITY DEVELOPMENT COMMISSION/
HOUSING AUTHORITY**

of the County of Los Angeles

700 W. Main Street • Alhambra, CA 91801

Tel: 626.262.4511 • TDD: 626.943.3898 • lacdc.org • hacola.org

Hilda L. Solis
Mark Ridley-Thomas
Sheila Kuehl
Janice Hahn
Kathryn Barger
Commissioners

Monique King-Viehland
Executive Director

August 14, 2018

The Honorable Board of Supervisors
County of Los Angeles
B96 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**INTERIM URGENCY ORDINANCE TO IMPOSE A MORATORIUM PROHIBITING
MOBILEHOME SPACE RENT INCREASES FOR A PERIOD OF ONE HUNDRED
EIGHTY (180) DAYS**

(All Supervisorial Districts) (4 Votes)

SUBJECT

This Board Letter recommends that your Board adopt an interim urgency ordinance to impose a 180-day moratorium on rent increases in excess of three percent (3%) per year for mobilehome spaces that are leased for a period of 12 months or less in all mobilehome parks in the unincorporated areas of Los Angeles County.

IT IS RECOMMENDED THAT THE BOARD:

1. Adopt an interim urgency ordinance to impose a 180-day moratorium on rent increases in excess of three percent (3%) per year for mobilehome spaces that are leased for a period of 12 months or less.
2. Find that approval of this ordinance is exempt from the California Environmental Quality Act, for the reasons stated in this letter and in the record.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On February 13, 2018, your Board instructed the Community Development Commission of the County of Los Angeles (Commission), in consultation with the Director of Planning, Director of Consumer and Business Affairs, the Chief Executive Office, and County Counsel to report back within six months with recommendations for a Mobilehome Space Rent Regulation Ordinance informed by appropriate legal analysis, existing conditions

surveys, market analysis, best practices from other jurisdictions, and stakeholder engagement.

Additionally, the Board instructed County Counsel to report on the County's ability to freeze space rents for mobilehomes as an interim measure to prevent unreasonable space rent increases that might be imposed during the development of a space rent regulation ordinance.

The departments above formed a working group to prepare the Mobilehome Space Rent Regulation Ordinance. The ordinance is in development and is expected to be provided to your Board at a later date. Because development of the ordinance requires additional time to research and study appropriate regulations and finalize surveys, the working group determined that an interim temporary mobilehome space rent moratorium is appropriate to maintain the status quo and prevent unreasonable rent increases in response to your Board's February 2018 directive.

The attached interim urgency ordinance imposes a 180-day moratorium on rent increases in excess of three percent (3%) per year for mobilehome spaces that are leased for a period of 12 months or less in all mobilehome parks in unincorporated Los Angeles County. Prior to the expiration of the period, the Mobilehome Space Rent Regulation Ordinance will be presented to your Board for your consideration.

This recommended action is permitted pursuant to Section 25123(d) of the California Government code, which provides that an urgency ordinance may be adopted to preserve the public peace, health, and/or safety, which shall contain a declaration of facts constituting the urgency and shall be effective immediately upon its adoption. The facts supporting this urgency are set forth in Section 9 of the interim ordinance.

This action is also permitted by the State Mobilehome Residency Law, (California Civil Code Sections 798 - 798.14), which expressly contemplates that the setting and/or increasing of rent for the use and occupancy of a mobilehome space may be regulated by cities and counties throughout the State.

Following this analysis, it is being recommended that this interim urgency ordinance be adopted in order to protect the owners and occupiers of mobilehomes from unreasonable space rent increases, while at the same time recognizing the need for park owners to receive a fair return on their property and rental income sufficient to cover increases in costs of operation.

FISCAL IMPACT/FINANCING

DCBA will need a \$60,000 in one-time Net County Cost during the Supplemental FY 2018-2019 budget to pay for as-needed hearing officers and/or temporary workers in order to provide support services to constituents affected by the six-month emergency moratorium.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

This is an interim urgency ordinance (interim ordinance), which temporarily imposes a moratorium prohibiting any space rent increase related to mobilehomes for a period of one hundred eighty (180) days on all properties located in the unincorporated areas of Los Angeles County.

The interim ordinance requires that, unless expressly exempt under the State Mobilehome Residency law, no mobilehome park owner in the unincorporated areas of the Los Angeles County may request or receive a space rent increase for the monthly use and occupancy of a mobilehome in excess of the amounts permitted under the interim ordinance. The interim ordinance does allow mobilehome park owners to increase the space rent by three percent (3%) per year, while it is in effect.

The interim ordinance authorizes the Director of DCBA (Director) to administer and enforce the interim ordinance and permits a mobilehome park owner and mobilehome homeowner to file petitions for relief or noncompliance before a hearing officer appointed by the Director. A mobilehome park owner may file a Petition for Relief if the park owner contends that the limitations on rent increases will prevent the park owner from receiving less than a fair and reasonable return with respect to the mobilehome space. A mobilehome homeowner may file a Petition for Noncompliance if the homeowner contends that a proposed or actual space rent increase is not in compliance with the interim ordinance.

The County, at its sole discretion, may choose to enforce provisions of this interim ordinance through administrative fines or other administrative procedures set forth in Chapter 1.25 of the County Code. Each violation of this interim ordinance may be subject to an administrative fine of up to \$1,000. The County's decision to pursue or not pursue enforcement of any kind shall not affect a mobilehome homeowner's right to pursue civil remedies.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Adopting of this interim ordinance will address the immediate threat of unreasonable space rent adjustments faced by mobilehome park tenants.

This interim ordinance expires on the one hundred eightieth (180th) day following its adoption, unless extended or replaced by the Board of Supervisors with a Mobilehome Space Rent Regulation Ordinance.

ENVIRONMENTAL DOCUMENTATION

By adoption of this interim ordinance, the Board finds that the adopting and implementation of this interim ordinance are exempt from the provisions of California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines 15061(b)(3) in that the Board finds there is no possibility that the implementation of this interim ordinance

may have significant effects on the environment.

CONCLUSION

Upon Board approval, please return one adopted copy of this letter to the Department of Consumer and Business Affairs.

Respectfully submitted,

Monique King-Viehlend
Executive Director
Community Development Commission

Joseph Nicchitta
Interim Director
Department of Consumer and Business Affairs

DRAFT

ANALYSIS

This interim ordinance temporarily imposes a moratorium prohibiting rent increases in excess of three percent (3%) per year related to mobilehome space rent for a period of one hundred eighty (180) days on all properties located in the unincorporated territory of the County of Los Angeles.

This interim ordinance is an urgency measure that would have immediate effect and requires a four-fifths vote by the Board of Supervisors for adoption.

This interim ordinance expires upon the expiration of the one hundred eightieth (180th) day following its adoption, unless extended or replaced by the Board of Supervisors with a Mobilehome Rent Regulation Ordinance.

MARY C. WICKHAM
County Counsel

By

BEHNAZ TASHAKORIAN
Senior Deputy County Counsel

BT:gjh

Requested: 2/13/18
Revised: 7/9/18

ORDINANCE NO. _____

An interim ordinance temporarily imposing a moratorium prohibiting rent increase in excess of three percent (3%) related to certain mobilehome space rent for a period of one hundred eighty (180) days on all mobilehome parks located in the unincorporated area of the County of Los Angeles for the immediate preservation of the public peace, health, and safety.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Interim Prohibition.

Unless expressly exempt under the state Mobilehome Residency Law, no Park Owner in the unincorporated area of the County of Los Angeles may request or receive Rent for the monthly use and occupancy of a Mobilehome Space in excess of the monthly amount of Rent due and payable for the use and occupancy of the same Mobilehome Space allowed under this interim ordinance.

SECTION 2. Authority.

Subdivision (d) of Section 25123 of the Government Code provides that an ordinance in the form of an urgency ordinance may be adopted to immediately preserve the public peace, health, and/or safety by a four-fifths vote of the Board of Supervisors, which shall contain a declaration of the facts constituting the urgency and shall be immediately effective upon its adoption.

SECTION 3. Definitions.

For purposes of this interim ordinance, the following definitions shall apply:

- A. "Code" means the Los Angeles County Code.

B. "DCBA" means the Department of Consumer and Business Affairs of the County of Los Angeles.

C. "Director" means the Director of Department of Consumer and Business Affairs.

D. "Hearing Officer" means that person designated by the Director of the Department of Consumer and Business Affairs to conduct a review hearing under Section 5 of this interim ordinance. The Hearing Officer shall not be the enforcement officer that investigated the matter and/or issued the notice of administrative fine that is the subject of the administrative hearing or the immediate supervisor of that enforcement officer.

E. "Mobilehome" shall have the definition set forth in Civil Code section 798.3.

F. "Mobilehome Homeowner" is the persons(s) who owns a Mobilehome and has a tenancy in a Mobilehome Park under a rental agreement with the Park Owner.

G. "Mobilehome Park" shall have the definition set forth in Civil Code section 798.4.

H. "Mobilehome Residency Law" or "MRL" means Civil Code sections 798 through 799.11.

I. "Mobilehome Space" means the lot or space of land in a Mobilehome Park, where a Mobilehome is or may be located, as well as the right or license to access that space or lot and any other communal facilities in the Mobilehome Park.

J. "Park Owner" means the person(s) or entity that lawfully owns and/or operates a Mobilehome Park, including each manager, agent, and representative authorized to act on behalf of the owner or operator, as well as the predecessor, and any successor, in interest to the owner.

K. "Rent(s)" is the sum of all periodic payments and all nonmonetary consideration provided for the use or occupancy of a Mobilehome Space, access to and from the Mobilehome Space, and any communal facilities, including but not limited to the fair market value of goods accepted, labor performed, or services rendered. Rent excludes:

1. any incidental reasonable charges for services actually rendered in accordance with Civil Code sections 798.31 and 798.32; and
2. any separately billed utility fees and charges, which shall not be deemed to be Rent charged for a Mobilehome Space in accordance with Civil Code section 798.41; and
3. any fee, assessment, or charge paid pursuant to Civil Code section 798.49(a), including any actual fee or cost imposed by a local government pursuant to Civil Code section 798.37.

L. "Responsible Person" is a person responsible for, or alleged to be responsible for, a violation of this ordinance.

SECTION 4. Rent Increases.

Mobilehome Park Rents may be increased three percent (3%) per year, while this interim ordinance is in effect. For any Mobilehome Park in which Rent for a

particular Mobilehome Owner has been increased three percent (3%) or more since February 13, 2018, Rent for that particular Mobilehome Owner shall be capped at its existing level for the twelve (12) months following the effective date of such a rent increase. For any Mobilehome Park in which Rent for a particular Mobilehome Owner has been increased less than three percent (3%) since February 13, 2018, the Rent for that particular Mobilehome Owner may only be increased following the effective date of this interim ordinance by a percentage, when added to the previous percentage Rent increase, that would not exceed a cumulative three percent (3%) increase in Rent until the date which is twelve (12) months following the effective date of the subsequent Rent increase.

SECTION 5. Petitions.

A. Petitions for Relief from Moratorium

If a Park Owner desires to increase the Rent for a Mobilehome Space in an amount greater than allowed in Section 4, above, and the Park Owner contends that the limitations on Rent increases in Section 4 above will prevent the Park Owner from receiving a fair and reasonable return with respect to the operation of the Mobilehome Park, the Park Owner may file a petition with DCBA requesting a hearing, which will be heard by a Hearing Officer appointed by the Director. The Park Owner shall mail a copy of the petition by first class mail, postage prepaid, to all Mobilehome Homeowners whose Rents are the subject of the petition within five (5) calendar days of the date the petition is filed. The Park Owner shall file a proof of service signed under penalty of perjury stating that a copy of the petition was mailed to all such Mobilehome

Homeowners within ten (10) calendar days of the date the petition is filed. The petition shall include a statement indicating the basis on which the Park Owner contends that the limitations of this interim ordinance on Rent increases will prevent the Park Owner from receiving a fair and reasonable return, together with any evidence that the Park Owner wants the Hearing Officer to consider. The Park Owner shall bear the burden of proving by a preponderance of the evidence at the hearing that because of the implementation of this interim ordinance, the Park Owner is unable to obtain a fair and reasonable return.

B. Petitions for Noncompliance

If a Mobilehome Homeowner contends that a proposed or actual Rent increase is not in compliance with this interim ordinance, the Mobilehome Homeowner may file a petition with DCBA requesting a hearing, which will be heard before a Hearing Officer appointed by the Director. The Mobilehome Homeowner shall mail a copy of the petition by first class mail, postage prepaid, to the appropriate Park Owner whose Rents are the subject of the petition within five (5) calendar days of the date the petition is filed. The Mobilehome Homeowner shall file a proof of service signed under penalty of perjury stating that a copy of the petition was mailed to all such Park Owners within ten (10) calendar days of the date the petition was filed. The petition shall include a statement indicating the basis on which the Mobilehome Homeowner contends that a proposed or actual Rent increase is in violation of this interim ordinance, together with any evidence that the Mobilehome Homeowner wants the Hearing Officer to consider. The Mobilehome Homeowner shall bear the burden of proving by a preponderance of

the evidence at the hearing that the proposed Rent increase is not in compliance with this interim ordinance. A Park Owner who is not in compliance with this interim ordinance may be subject to an administrative fine of up to \$1,000. Each separate day, or any portion thereof, during which any violation of such interim ordinance occurs or continues constitutes a separate violation.

C. Hearing Procedure

1. A hearing before the Hearing Officer shall be set for a date no sooner than fifteen (15) days and no later than sixty (60) days after receipt of the request and proof of service on any request complying with the requirements of this Section 5, unless the Hearing Officer determines that the matter is urgent or that good cause exists for an extension of time.

a. In the instance of a Park Owner's petition, upon setting the hearing, the Hearing Officer shall send written notice to the Park Owner of the time and place set for the hearing. Upon receipt, the Park Owner shall post such notice in a conspicuous place at the affected Mobilehome Park. Such notice shall be at least eleven (11) inches in width and seventeen (17) length in length, and shall be placed not less than four (4) feet above ground level. Within five (5) calendar days of receipt of the notice of hearing, the Park Owner shall personally deliver a copy of the notice to each Mobilehome Homeowner in the affected Mobilehome Park.

b. In the instance of a Mobilehome Homeowner's petition, upon setting the hearing, the Hearing Officer shall send written notice to the Mobilehome

Homeowner of the time and place set for the hearing, and shall provide written notice to the Park Owner.

2. At the hearing, the party filing the petition shall be given the opportunity to testify, call witnesses and to present evidence concerning the petition.

3. In the instance of a Park Owner's petition, the Hearing Officer may hear testimony from the Mobilehome Homeowners in the affected Mobilehome Park.

4. In the instance of a Mobilehome Owner's petition, the Hearing Officer may hear testimony from the Park Owner.

5. The Hearing Officer may continue the hearing and request additional information from the Park Owner or Mobilehome Homeowner prior to issuing a written decision.

6. The Hearing Officer shall have the power to issue orders to keep order and decorum during an administrative hearing. No person shall fail to comply with any such order.

7. All review hearings conducted by the Hearing Officer shall be open to the public.

D. The Hearing Officer may, in his or her discretion, grant a continuance of the hearing date upon a request and a showing of good cause by the Park Owner or Mobilehome Homeowner. The request must be made in writing and be received by the Hearing Officer at least five (5) business days prior to the hearing date. In the instance of a Park Owner's continuance request, the Park Owner must personally deliver a copy of the request to the Mobilehome Homeowner(s). In the instance of a Mobilehome

Homeowner's continuance request, the Mobilehome Homeowner must personally deliver a copy of the request to the Park Owner. In no event shall the continuance be longer than fifteen (15) calendar days from the originally scheduled hearing date.

E. In evaluating the petitions from a Park Owner or Mobilehome Homeowner, the Hearing Officer shall consider all relevant factors that may potentially impact a Park Owner's ability to obtain a fair and reasonable return and shall consider the basis for the calculation of any increase in Rent. Relevant factors may include, but are not limited to, changes in costs to the Park Owner attributable to increased utility rates, property taxes, insurance, advertising, variable mortgage interest rates, governmental assessments and fees, incidental services, employee costs, normal repair and maintenance, upgrading and addition of amenities or services, rent rolls, financial statements, expert analysis, and relevant studies.

F. Hearing Officer Decision

1. After considering all of the testimony and evidence submitted at the hearing, within twenty (20) calendar days after the conclusion of the hearing, the Hearing Officer shall issue a written decision denying or affirming the petition and shall adopt written findings in support of that decision. In the instance of a Park Owner's petition, the written decision shall be served by first-class mail, postage prepaid on the Park Owner and Park Owner shall post such notice in a conspicuous place at the affected Mobilehome Park. Within five (5) calendar days of receipt of the written decision, the

Park Owner shall personally deliver a copy of the written decision to each Mobilehome Homeowner in the affected Mobilehome Park. In the instance of a Mobilehome Homeowner's petition, the Hearing Officer shall send a copy of the written decision to the Mobilehome Homeowner and the Park Owner. The Hearing Officer's decision shall be final, unless an administrative penalty has been assessed.

2. If the Hearing Officer determines that a Park Owner is not in compliance with this interim ordinance and assesses an administrative penalty, the Park Owner may file a request with DCBA for an administrative hearing before a Hearing Officer appointed by the Director to contest the imposition and/or the amount of the administrative penalty in accordance with Section 1.25.080 of the Code. Unless a Park Owner requests an administrative hearing to contest the imposition of the administrative penalty, pursuant to Section 1.25.080, the assessment of the administrative penalty shall constitute the final administrative order of the County with respect to said administrative penalty, and the penalty shall be due and payable by the Park Owner(s) to the DCBA within ten (10) calendar days following assessment of the administrative penalty.

G. Judicial Review of Hearing Officer Decision

Any person directly aggrieved by an administrative decision of a Hearing Officer's decision pertaining to a Petition for Relief from Moratorium or Petition for Noncompliance or assessment of an administrative penalty may seek judicial review by filing an appeal with the Superior Court.

SECTION 6. Enforcement And Administrative Fines.

A. The DCBA is authorized to take appropriate steps to enforce this interim ordinance, including conducting investigations of possible violations by a Park Owner. The DCBA, at its sole discretion, may choose to enforce the provisions of this interim ordinance through administrative fines and any other administrative procedure set forth in Chapter 1.25 of the Code. Each violation of any provision of this interim ordinance may be subject to an administrative fine of up to \$1,000. Each separate day, or any portion thereof, during which any violation of such interim ordinance occurs or continues constitutes a separate violation. The DCBA's decision to pursue or not pursue enforcement of any kind shall not affect a Mobilehome Homeowner's rights to pursue civil remedies.

B. Administrative Appeals and Judicial Review.

1. Administrative Appeal. Any person who receives a Notice of Administrative Fine may request an administrative hearing before a Hearing Officer in accordance with Chapter 1.25 of the Code.

2. Judicial Review of Hearing Officer Decision. Any responsible person may seek judicial review of a Hearing Officer's decision pertaining to the imposition of an administrative fine in accordance with Chapter 1.25 of the Code.

C. County Counsel is authorized to bring a civil action and/or proceeding for violation of this interim ordinance or any rule or guideline promulgated pursuant to Section 8 of this interim ordinance for civil penalties, injunctive, declaratory and other

equitable relief, restitution and reasonable attorneys' fees and costs and may take such other steps as necessary to enforce this interim ordinance.

SECTION 7. Civil Remedies.

Any Mobilehome Homeowner aggrieved by a violation of this interim ordinance may bring a civil suit in the courts of the state alleging a violation of this interim ordinance. In a civil suit, a Park Owner found to violate this interim ordinance shall be liable to the aggrieved Mobilehome Homeowner. A prevailing Mobilehome Homeowner in a civil action shall be awarded attorneys' fees and costs. No administrative remedy need be exhausted prior to filing suit pursuant to this Section.

SECTION 8. Implementation; Rulemaking, and Subpoena Authority.

The Director, or his or her designee, is authorized to administer and enforce this interim ordinance, which may include promulgating guidelines and rules consistent with the provisions of this interim ordinance. Guidelines and rules promulgated by the Director, or his or her designee, pursuant to the authority provided under this interim ordinance shall have the force and effect of law and may be relied upon by parties to determine their rights and responsibilities under this interim ordinance. In administering and enforcing this interim ordinance, the Director may also issue subpoenas and may report noncompliance thereof to the judge of the Superior Court, pursuant to Government Code section 53060.4.

SECTION 9. Determination Of An Immediate Threat.

A. There are over 8500 Mobilehome Spaces in the unincorporated area of the County of Los Angeles, a great number of which serve as the primary residences for

senior citizens on fixed incomes and low and moderate income households. Rents across the County are at an all-time high and a recent study of the County's rental housing market by the University of Southern California conducted in 2017 projected that average rents would increase by \$136 per month by 2019 with the County's estimated overall rental vacancy rate at just three point ninety-four percent (3.94%).

B. At its October 17, 2017 meeting, the Board of Supervisors directed the County's Department of Regional Planning to explore Mobilehome rent stabilization policies protecting Mobilehome Homeowners from unreasonable Rent adjustments while ensuring Park Owners may earn a fair and reasonable return on their property. The Board of Supervisors recognizes the unique characteristics of mobilehome tenancies, and the need to provide protection for tenants against actual or constructive eviction, resulting from the high cost of moving mobilehomes, the potential damage resulting from moves, the requirements for installation, and the cost of landscaping and lot preparation for a mobilehome.

C. At its February 13, 2018 meeting, the Board of Supervisors directed the County to amend the Code to establish a Mobilehome Rent Regulation Ordinance in addition to an interim ordinance temporarily imposing a moratorium prohibiting any Rent increases related to Mobilehome Spaces.

D. The economic conditions and the recognized housing crisis gripping the County and all of Southern California detrimentally impacts a substantial number of Mobilehome Homeowners and constitutes a threat to the public health, safety, and welfare, and a particular hardship for seniors, persons living on fixed-incomes, families

with school-age children, and other vulnerable persons who reside in Mobilehome Parks in the unincorporated areas of the County.

E. Based on a study commissioned by the Community Development Commission of the County of Los Angeles, over seventy-five percent (75%) of Mobilehome Homeowners are subject to annual Mobilehome Space rent increases and well over fifty percent (50%) of Mobilehome Homeowners have short term leases of 12 months or less, which potentially subjects these Mobilehome Homeowners to unrestricted rent increases.

F. The State of California recognized the unique relationship among certain Mobilehome Homeowners and Park Owners when the State Legislature adopted the state MRL, establishing a comprehensive framework of the rights and responsibilities of Mobilehome Park Owners and Mobilehome Homeowners. The MRL does not, however, specifically regulate the setting and/or increasing of Rent for the use and occupancy of a Mobilehome Space. The MRL expressly contemplates that the setting and/or increasing of Rent for the use and occupancy of a Mobilehome Space may be regulated by cities and counties across the State.

G. Effective January 1988, the Board of Supervisors enacted a Mobilehome regulation ordinance (County Code, Chapter 8.57), which regulated increases of Rent for Mobilehome Spaces. Based on the sunset date included in the initial enactment of the ordinance, the ordinance ceased effect in January 1995.

H. Since January 1995, the setting and increasing of Rent for a Mobilehome Space in unincorporated Los Angeles County has not been subject to local regulation.

I. The foregoing housing and economic conditions detrimentally impact a substantial number of Mobilehome Homeowners, which impact constitutes a threat to the public health, safety, and welfare, and a particular hardship for seniors, persons living on fixed-incomes, families with school-age children, and other vulnerable persons who reside in Mobilehomes in the unincorporated areas.

J. With the lack of current regulation and the recent public discussion of the potential adoption of new policies to stabilize Rents charged to Mobilehome Homeowners, it is reasonable to conclude that Park Owners may seek to increase Rents in anticipation of imminent regulation, and which increases in Rent would exacerbate the housing and economic conditions, increasing economic hardship for individual Mobilehome Homeowners leading to increased household displacement and homelessness, which effects constitute a threat to the public health, safety, and welfare of the residents of the County.

K. This interim ordinance allows annual increase in Rent during the period this interim ordinance is in effect, and such figure, is found and determined to provide a fair and reasonable return, and has been calculated to encourage good management, reward efficiency, and discourage the flight of capital, to be commensurate with returns on comparable investments, but not so high as to defeat the purpose of preventing excessive rents.

L. Unless this interim ordinance takes immediate effect as provided herein, there is a high likelihood that Mobilehome Homeowners will be subject to economic hardship and potential displacement to the detriment of the public health, safety and

welfare. Accordingly, the Board of Supervisors finds there is a current and immediate threat to the public health, safety or welfare and that increases in Rent to Mobilehome Homeowners would result in that threat to the public health, safety or welfare absent implementation of the restrictions contained in this interim ordinance.

SECTION 10. Environmental Determination.

The Board of Supervisors finds that the adoption and implementation of this interim ordinance are exempt from the provisions of the California Environmental Quality Act under Section 15061(b)(3) in that the Board of Supervisors find there is no possibility that the implementation of this interim ordinance may have significant effects on the environment.

SECTION 11. Severability.

If any provision of this interim ordinance or the application thereof to any person, property, or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this interim ordinance which can be given effect without the invalid provisions or application, and to this end, the provisions of this interim ordinance are hereby declared to be severable.

SECTION 12. Urgent Need.

This interim ordinance is urgently needed for the immediate preservation of the public health, safety, and welfare, and it shall take effect immediately upon adoption, and it shall be of no further force and effect on the expiration of the one hundred eightieth (180th) day following the date of its adoption unless extended or replaced by an affirmative vote of the Board of Supervisors.

Department of Consumer and Business Affairs
Accept a \$10,000 Grant Award from the Cities for Financial Empowerment
Fund, Inc. for the Bank On Program

PURPOSE

Authorize the Department of Consumer and Business Affairs (DCBA) to accept a \$10,000 grant award from and enter into a grant agreement with Cities for Financial Empowerment Fund, Inc., (CFE Fund) to support DCBA's Bank On program. CFE Fund is the national administrator of the Bank On program.

BACKGROUND

In 2016 the Board of Supervisors created the Center for Financial Empowerment (CFE) within DCBA to improve the financial security of low-to-moderate-income individuals and families. The CFE, launched the Bank On LA County program in 2016 to ensure consumers have access to mainstream banking accounts and not rely on alternative financial services.

- Bank On coalitions are partnerships between municipal officials; city, state, and federal government agencies; financial institutions; and community organizations that work to improve the financial stability of unbanked and underbanked residents
- CFE Fund has worked with researchers, regulators, and other key stakeholders to develop the Bank On National Account Standards which address cost, functionality, and consumer safety.
- The partnership will advance the CFE's mission to coordinate cross-sector efforts that improve the financial wellbeing of low-to-middle-income residents by supporting CFE events in communities with high numbers of unbanked residents.
- Bank On provides accessible asset building opportunities for the 10% of County residents who are unbanked.

FISCAL IMPACT/FINANCING

The CFE Fund grant will provide \$10,000.00 in funding for the Bank On program. There will be no impact to the County General Fund.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of this action will help support DCBA's CFE services and connect consumers to safe banking products. The grant funds will help fund CFE events in communities with high numbers of unbanked residents. At the events, DCBA staff will host educational workshops to provide information on the benefits of traditional banking services, and other personal finance topics.

CONTACT INFORMATION

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Joseph M. Nicchitta
Interim Director

**COUNTY OF LOS ANGELES
DEPARTMENT OF
CONSUMER AND BUSINESS AFFAIRS**

Members of the Board

Hilda L. Solis
Mark Ridley-Thomas
Sheila Kuehl
Janice Hahn
Kathryn Barger

"To Enrich Lives Through Effective and Caring Service"

August 14, 2018

The Honorable Board of Supervisors
County of Los Angeles
B96 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**AUTHORIZATION FOR THE DEPARTMENT OF CONSUMER AND BUSINESS
AFFAIRS TO ACCEPT A \$10,000 GRANT AWARD FROM AND ENTER INTO A
GRANT AGREEMENT WITH CITIES FOR FINANCIAL EMPOWERMENT FUND, INC
FOR THE BANK ON PROGRAM**

(All Supervisorial Districts) (3 Votes)

SUBJECT

The Department of Consumer and Business Affairs (DCBA) requests your Board's approval to accept a \$10,000 grant award from and enter into a grant agreement with Cities for Financial Empowerment Fund, Inc., (CFE Fund) to support DCBA's Bank On program.

IT IS RECOMMENDED THAT THE BOARD:

1. Delegate authority to the Director of DCBA (Director), or his designee, to accept a grant award in the amount of \$10,000 from CFE Fund for the grant period from July 31, 2018, to July 30, 2019, and execute and submit all documents necessary for DCBA to receive the grant funds.
2. Delegate authority to the Director, or his designee, to accept an additional grant award in an amount not to exceed \$50,000 from CFE Fund for the grant period from July 31, 2019, to July 30, 2020, and execute and submit all documents necessary for DCBA to receive the additional grant funds.
3. Approve and authorize the Director to sign the enclosed agreement or substantially similar agreements with CFE Fund to receive grant funds for DCBA's Bank On program for the grant period from July 31, 2018, to July 30, 2019.

4. Delegate authority to and authorize the Director to negotiate and execute future grant agreements with CFE Fund substantially similar to the attached agreement, upon approval as to form by County Counsel, and provided that any future grant agreements will assist in meeting the program needs, and the Director, or his designee, notifies your Board and the CEO of the new agreement within 30 days after execution of any agreement.
5. Delegate authority to the Director, or his designee, to negotiate and execute amendments to the agreements described in paragraphs 3 and 4 to make technical changes and extend the agreement terms as may be needed to implement and sustain efficacy of programs, upon approval as to form by County Counsel, with the requirement that DCBA report to your Board and CEO within 30 days of execution of any amendment.
6. Delegate authority to the Director, or his designee, to apply for and submit a grant application to CFE Fund in future fiscal years, and to execute all required grant application documents, including assurances and certifications when and if such future funding becomes available.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

DCBA has been assisting citizens of Los Angeles County since 1976. Our core competency has always been providing County residents with the tools necessary to be well-informed and empowered consumers in the marketplace. Providing consumers with the tools to access safe and affordable financial products is a vital part of helping consumers improve their financial wellbeing.

In 2016, the Board of Supervisors created the Center for Financial Empowerment (CFE) within DCBA to improve the financial security of low-to-moderate-income individuals and families. The CFE launched the Bank On LA County program in 2016 with strong support from the Board and philanthropic partners. On a national level, the Bank On program works to ensure that consumers have access to mainstream banking accounts because consumers should not be forced to rely on alternative financial services. The program works on the guiding principles that financial institutions should provide accounts that meet the National Account Standards, and that financial institutions and policy makers should minimize barriers to banking access. Locally, Bank On coalitions are partnerships between municipal officials; city, state, and federal government agencies; financial institutions; and community organizations that work to improve the financial stability of unbanked and underbanked residents in their communities.

CFE Fund leads a national movement that supports local coalition efforts to expand banking access for consumers outside the financial mainstream, including through municipal infrastructure. The grant will help fund CFE events in communities with high numbers of unbanked residents. At the events, DCBA staff will host educational workshops to provide information on the benefits of traditional banking services and other personal finance topics.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This request supports the Countywide Strategic Plan as follows:

Goal 1 - Make Investments that Transform Lives:

By accepting these funds for the Bank On program, the County will increase the services offered to the public. The program will aid in the development of additional services to help clients resolve major issues that affect their credit, their housing, and their quality of life.

Goal 2 – Foster Vibrant and Resilient Communities:

The target audience for this program includes low-to-moderate-income residents that have barriers to accessing traditional banking institutions. The grant funding received will bring additional resources to the public to foster vibrant and resilient communities by connecting consumers to education and assistance that will increase the financial health and development of individuals and the community.

FISCAL IMPACT/FINANCING

The partnership with CFE Fund will not result in any costs to the County. The County will receive \$10,000.00 in grant funding for the Bank On program. The funds will be used during FY 2018-19. DCBA will submit a Budget Adjustment to increase its appropriation by \$10,000 and revenue by \$10,000.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The approval of this recommendation will not reduce services currently provided by DCBA. Approval of this request would help support additional services to the community.

As a Bank On program participant, DCBA:

- Connects residents to low-cost, low-fee transactional bank accounts without overdraft through raising community awareness and engagement of such accounts, including account access and openings, through promotional activities and programmatic integrations.
- Shares accomplishments, best practices, and lessons learned with the broader field through a variety of national learning opportunities among Bank On coalitions led by the CFE Fund. Such activities include attendance at the National Bank On Conference and participation in ad-hoc webinars and conference calls with other local Bank On coalitions.

- Collects data that demonstrates robust Bank On through an established data collection process with financial institutions and partners that allows Bank On Coalition members to report on number of accounts opened.
- Produces three reports for the CFE Fund during the course of the grant.

LEGAL CONSIDERATIONS:

The agreement between CFE Fund and DCBA has been reviewed and approved by County Counsel. DCBA will oversee the work of all partner organizations, in particular, monitor and manage vendors to ensure proper implementation of the CFE. Additionally, any prospective changes in the use of this grant totaling over five percent (5%) of the total grant amount or over twenty-five percent (25%) of any individual budget line must be submitted in writing to and approved by the CFE Fund. DCBA will also be responsible for meeting milestones and outcomes stated in its proposal.

CONCLUSION

Upon Board approval, please return one adopted copy of this letter to the Department of Consumer and Business Affairs.

Respectfully submitted,

Joseph M. Nicchitta
Interim Director

JMN:RC:SEP



DEAN C. LOGAN
Registrar-Recorder/County Clerk

FACT SHEET

APPROVE AN AGREEMENT WITH ORANGE, RIVERSIDE AND SAN DIEGO COUNTIES FOR OWNERSHIP AND MAINTENANCE OF THE ELECTRONIC RECORDING DELIVERY SYSTEM

BOARD AGENDA DATE: 8/07/2018

RECOMMENDATION:

- Authorize Department Head to execute the five (5) year Multi-County agreement (Agreement) for Los Angeles County to continue participation with the counties of Orange, Riverside and San Diego in the ownership and ongoing maintenance of existing Electronic Recording Delivery System. The Agreement term is August 20, 2018 – August 19, 2023.
- Delegate authority to Department Head to negotiate and execute amendments or terminate the contract as necessary provided County Counsel approval is obtained.

JUSTIFICATION:

- In 2008, your Board authorized the County to enter into the Multi-County Agreement which provided Los Angeles County with an equal ownership of an electronic recording system. The 2008 Multi-County Agreement expires on August 19, 2018.
- The attached Agreement ensures continued equal ownership of the System with shared maintenance costs and will maintain a proven level of efficiency ushered in by the 2008 Multi-County Agreement.

FISCAL IMPACT:

- The agreement will be funded via the Multi-County e-Recording Project Special Revenue Fund.
- Each owner County will pay an annual base fee of \$50,000 plus \$0.30 per recorder document for the ownership, maintenance, and support of SECURE.
- The RRCC estimates approximately 1,500,000 recordings per year for the next three years at a projected annual cost of \$500,000.
- All owner counties have agreed to an overall not to exceed aggregate amount of \$10 million.

DEPARTMENTAL
REPRESENTATIVE:

Dean Logan
Registrar-Recorder/County Clerk
12400 Imperial Highway, Room 7001
Norwalk, CA 90650
(562) 462-2716



DEAN C. LOGAN
Registrar-Recorder/County Clerk

August 7, 2018

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVE AN AGREEMENT WITH
ORANGE, RIVERSIDE AND SAN DIEGO COUNTIES FOR ONGOING OWNERSHIP
AND MAINTENANCE OF THE ELECTRONIC RECORDING DELIVERY SYSTEM
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

The Registrar-Recorder/County Clerk (RR/CC) requests approval of a five (5) year agreement (Attachment I) with the counties of Orange, Riverside, and San Diego (Owners) for the continued ownership and maintenance of the Statewide Electronic Courier Universal Recording Environment Electronic Recording Delivery System (hereinafter "SECURE" and "ERDS"). SECURE enhanced the County's recording process by eliminating a manual paper based recording process and made it more efficient and effective through automated web based technology for Title Companies and Government Agencies.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Department Head, or designee, to execute the attached five (5) year Multi-County agreement ("Agreement") (Attachment I) for Los Angeles County ("County") to continue its participation with the counties of Orange, Riverside and San Diego in the ownership and maintenance of SECURE beginning on August 20, 2018 and expiring on August 19, 2023.
2. Delegate authority to the Department Head, or designee, to negotiate and execute amendments provided that County Counsel approval is obtained.

3. Delegate authority to the Department Head, or designee, to execute amendments to increase contract sum up to 10% of the contract sum.
4. Delegate authority to the Department Head, or designee, to terminate the contract as necessary provided that County Counsel approval is obtained.

PURPOSE / JUSTIFICATION OF RECOMMENDED ACTION

AB 578 (Gov. Code, §§ 27390-27399), authorized county recorders in California to accept digitized electronic documents and certain digital electronic documents for recordation pursuant to the provisions and regulations developed by the Department of Justice (DOJ). Electronic recording provides authorized submitters (title insurers, underwritten Title Companies, institutional lenders, and government entities) with the ability to submit digitized and certain digital documents electronically through a single portal to various participating counties. The program has enabled the counties to improve and modernize its systems of recording and handling real property documents by permitting the delivery, recording, and return of real property documents electronically. The ability to electronically record documents reduces processing time, staff workload, and material costs associated with managing paper copies and manually maintaining databases

The Orange County Clerk-Recorder purchased the ownership rights to SECURE, an electronic recording delivery system. In 2008, your Board authorized the County to enter into the Multi-County Agreement which provided Los Angeles County with an equal ownership of SECURE. The 2008 Multi-County Agreement was a collaborative effort between the counties of Los Angeles, Orange, Riverside and San Diego to allow authorized statewide and national submitters to record documents electronically via a portal. Owner counties pay an annual base fee of \$50,000 and a \$.30 per document fee and have an equal vote in any decisions, including but not limited to, enhancements, modifications, and maintenance to SECURE. Participating counties pay a sign-up fee and a \$.30 per document fee, but they don't have voting rights.

The attached Agreement ensures continued equal ownership of SECURE with shared maintenance costs, and will maintain a proven level of efficiency ushered in by the 2008 Multi-County Agreement. The benefits of this portal include reduced cost to individual counties, efficient communication between Northern and Southern California title companies and service providers, and quicker, streamlined recording confirmation times for title companies and other submitters.

In 2014, the SECURE V3 Government to Government (G2G) Multi-County Electronic Recording Delivery System (ERDS) was launched to provide additional enhancements and features to the existing program in place for Los Angeles County since 2009. As part of this effort, RRCC technical staff re-architected the software in its entirety. SECURE V3 is an innovative, user-friendly, and cost-effective solution designed to deliver electronic recordable documents. The first of its kind to be implemented in the United States, SECURE provides a convenient, centralized submission point for G2G local, state and federal agencies doing business with Los Angeles and nine other California County

Recorders (including Orange, Riverside, San Diego, Ventura, Santa Barbara, etc.). The G2G platform allows for government agencies to submit documents electronically for recording using a streamlined system that connects multiple Counties to Government Agencies using a single web interface.

To date, SECURE continues to enable customers submitting significant numbers of documents for recording, to do so by computer, receive direct communication from the County Recorder, and monitor recording status' via computer. It also enhances the document recording services provided to financial and real estate customers by making it easier, faster and more cost effective. Further, the SECURE facilitates the recording process by dramatically reducing the processing time, staff workload, and material costs associated with managing paper copies. Continuing to partner with Southern California counties by way of the attached Agreement to share in the ownership and maintenance of SECURE is cost effective and enables a more efficient and timely document recording process.

Implementation of Strategic Plan Goals

This request supports the County Strategic Plan as follows:

Strategy III.2.3 – Prioritize and Implement Technology Initiatives That Enhance Service Delivery and Increase Efficiency: Ensure that service delivery systems are efficient, effective, and goal-oriented. SECURE provides users a technologically sound means to record real property documents electronically and facilitates information sharing with other participating counties.

FISCAL IMPACT / FINANCING

This agreement will be funded via the Multi-County e-Recording Project Special Revenue Fund. Pursuant to AB 578, a county recorder implementing an electronic recording delivery system may assess an additional fee of up to \$1.00 to defray the cost of SECURE. On November 12, 2008, your Board approved the establishment of a \$1.00 fee for recorded real property documents. In December 2008, the RR/CC began collecting the aforementioned fee. The revenue collected is accounted for in the Multi-County e-Recording Project Special Revenue Fund with all related program expenses charged to the dedicated fund. Annual maintenance cost, and any future cost will be offset by revenue from the \$1.00 statutory surcharge which will be assessed on recorded real property documents. The RR/CC anticipates collecting approximately \$1.5 million in revenue per fiscal year.

The Agreement requires each County to pay an annual base fee of \$50,000. In addition, there is a \$.30 per recorded document fee for the ownership, maintenance and support of SECURE. RRCC currently estimates approximately 1.5 million recordings per year at a cost of \$450,000. Total annual cost of the Agreement is \$500,000 with an overall not to exceed aggregate amount for all Owners of \$10 million.

FACTS AND PROVISIONS / LEGAL REQUIREMENTS

The Electronic Recording Delivery Act of 2004 (AB 578) was signed into law on September 21, 2004. The act added Article 6 (commencing with Section 27390) to Chapter 6 of Division 2 of Title 3 of the Government Code relating to county recorders, making an appropriation therefore, and declaring the urgency thereof, to take effect immediately. The legislative action authorized county recorders to establish electronic recording systems for the electronic recording of digitized and certain digital real property documents and requires the Department of Justice (DOJ) to develop regulations for review, approval, and oversight of the program. AB 578 required a Memorandum of Understanding (MOU) with the State; approval by resolution of the Board of Supervisors; and required interested counties to submit a Letter of Intent to the DOJ. The RR/CC submitted the Letter of Intent to the DOJ on June 17, 2005 and upon Board authorization on August 30, 2005, executed the MOU with the DOJ on November 3, 2005. The MOU with the DOJ was for one year and automatically renews in one-year increments unless terminated by either party.

CONTRACTING PROCESS

The Agreement was developed in collaboration between the respective county counsels for each Owner county. This is a government to government collaboration. There was no additional contracting process associated with the recommended Agreement.

The Chief Executive Office has reviewed and approved this Board letter. County Counsel has reviewed this Board letter and approved the Multi-County Agreement as to form. The Chief Information Office (CIO) has reviewed and approved this Board Letter. The CIO determined this recommended action contains no new Information Technology (IT) specifics. Therefore, no formal CIO Analysis is required.

The Living Wage Program (County Code Chapter 2.201) does not apply to the recommended Agreement.

IMPACT ON CURRENT SERVICES

County's participation in the Agreement provides Los Angeles County with a cost effective means to electronically record real property documents. Electronic recording is paperless to the County. The delivery, recording, document maintenance, and return to the submitter, is all done electronically. It reduces cost to the County by transferring responsibility for mailing the recorded documents to real property owners back to the submitter.

Respectfully submitted,

DEAN C. LOGAN
Registrar-Recorder/County Clerk

DCL:RF:FP
VW:cp

Attachment

c: Executive Office, Board of Supervisors
Chief Executive Office
County Counsel

**AGREEMENT BETWEEN THE COUNTIES OF ORANGE, LOS ANGELES, RIVERSIDE AND
SAN DIEGO FOR THE SHARED OWNERSHIP AND ONGOING MAINTENANCE OF THE
STATEWIDE ELECTRONIC COURIER UNIVERSAL RECORDING ENVIRONMENT
ELECTRONIC RECORDING DELIVERY SYSTEM**

This Multi-County Agreement (hereinafter referred to as “Agreement”) is made and entered into by and between the Counties of Orange, Los Angeles, Riverside and San Diego (hereinafter collectively referred to as “OWNERS”) for Shared Ownership and Ongoing Maintenance of the Statewide Electronic Courier Universal Recording Environment Electronic Recording Delivery System (hereinafter “SECURE” and “ERDS”).

RECITALS

WHEREAS, the OWNERS entered into a Multi-County Agreement dated, August 19, 2008, for shared ownership and ongoing maintenance for SECURE (“the 2008 Multi-County Agreement”); and

WHEREAS, the 2008 Multi-County Agreement designated Orange County as the “LEAD COUNTY” in developing and supporting this multi-county system, and is responsible for negotiating and executing any contract relating to the support and maintenance of SECURE; and

WHEREAS, the SECURE system allows for the integration of a California State certified ERDS and of a Government to Government (hereinafter, “G2G”) Portal within the security framework of the system; and

WHEREAS, the OWNERS designated the LEAD COUNTY to administer the G2G Memorandum of Understandings; and

WHEREAS, the OWNERS desire to establish a new five-year multi-county agreement; and

NOW, THEREFORE, the OWNERS mutually agree as follows:

I. PURPOSE

The purpose of this Agreement is to establish the terms and conditions necessary to allow the OWNERS to continue to share in the ownership, cost and maintenance of SECURE.

II. DEFINITIONS

- A. “OWNERS” means the Counties of Orange, Los Angeles, Riverside, and San Diego.
- B. “LEAD COUNTY” means the County of Orange as the designated lead in developing and supporting the multi-county system and responsible for handling the administrative functions, negotiating and executing any contract relating to the support and maintenance of SECURE.
- C. “PARTNERS” means non-owner counties that have contracted to use SECURE.
- D. “GOVERNMENT AGENCY” means the departments within the counties of OWNERS or other government entity that submits package(s) of documents electronically to an OWNER or PARTNER using the SECURE Government to Government Portal for the purpose of electronic recording.
- E. “SUBMITTERS” means title companies or other entities in the State of California that are authorized to submit documents through SECURE.

- F. **“SECURE”** means the Statewide Electronic Courier Universal Recording Environment used by multiple participating counties to electronically receive and return documents for recording.
- G. **“SECURE G2G Portal”** means the SECURE Government to Government Portal.
- H. **“Government to Government”** means the act of a county recorder recording a document for a government entity through the SECURE G2G Portal.

III. TERMS AND CONDITIONS

- A. **Term of Contract:** The term of this Agreement shall be for five years, commencing on August 19, 2018 and ending on August 18, 2023, unless earlier terminated by the terms of this Agreement.
- B. **Cost:** This is a fixed rate agreement for all related services. LEAD COUNTY agrees to accept the specified compensation set forth in Attachment B, Compensation and Payment, as full remuneration for providing all equipment, performing all services, furnishing all staffing and materials necessary, and performing all its duties and obligations hereunder.

In the event that LEAD COUNTY anticipates the cost for services in excess of the authorized amounts, the OWNERS shall be notified immediately in writing. LEAD COUNTY shall not be required to expend for services in excess of the authorized amounts stated in Attachment B unless the OWNERS otherwise agree through an executed amendment.

C. Administration:

1. OWNERS agree to assign Orange County as the LEAD COUNTY. The powers, duties and responsibilities of the LEAD COUNTY (the “Scope of Services”) are set forth in Attachment A.
2. This Agreement shall be administered by each of the OWNERS through their appointed representative as follows: the Orange County Clerk-Recorder for the County of Orange, the Los Angeles County Registrar-Recorder/County Clerk for the County of Los Angeles, the Riverside County Assessor-County Clerk-Recorder for the County of Riverside, and the San Diego County Assessor/Recorder/County Clerk for the County of San Diego.
3. OWNERS shall each have an equal vote in any decision, including but not limited to enhancements, modifications and maintenance to the system. The appointed representative of each OWNER or his/her designee shall exercise each OWNER’s vote under this Agreement.
4. Each OWNER shall have an equal share of all rights, title and ownership interest(s), including but not limited to copyright in the SECURE system.
5. The original and any copies of the SECURE software (including the source code), in whole or in part, are and will remain the property of the OWNERS, and this will be reflected in any contract with third party vendors.
6. Unless otherwise agreed upon by the OWNERS, all software and related work provided by any vendor shall be the sole property of the OWNERS. Any vendor hired to modify, enhance and maintain the software shall have no ownership interest in any software or related work.

IV. GENERAL TERMS AND CONDITIONS

- A. Governing Law and Venue:** This Agreement has been negotiated and executed in the state of California and shall be governed by and construed under the laws of the state of California. In the event of any legal action to enforce or interpret this Agreement, the OWNERS hereto agree to and do hereby submit to the jurisdiction of such court in which the action is initiated. If the action is initiated by the County of Orange, then the exclusive venue of the court of competent jurisdiction would be Orange County. If the County of Los Angeles initiates an action, then the exclusive venue of the court of competent jurisdiction would be Los Angeles County. If the County of Riverside initiates an action, then the exclusive venue of the court of competent jurisdiction would be Riverside County. If the County of San Diego initiates an action, then the exclusive venue of the court of competent jurisdiction would be San Diego County. The OWNERS hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure section 394. Furthermore, the OWNERS specifically agree to waive any and all rights to request that an action be transferred for adjudication to another county.
- B. Entire Contract:** This Agreement contains the entire agreement between the OWNERS with respect to the matters herein and replaces and supersedes the 2008 Multi-County Agreement. There are no restrictions, promises, warranties or undertakings other than those set forth herein or referred to herein. No exceptions, alternatives, substitutes or revisions are valid or binding on OWNERS unless authorized in writing. Electronic acceptance of any additional terms, conditions or supplemental agreements by any OWNERS' employee or agent, including but not limited to installers of software, shall not be valid or binding unless accepted in writing by OWNERS' Deputy Purchasing Agent or designee.
- C. Amendments:** No alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by the OWNERS; no oral understanding or agreement not incorporated herein shall be binding on any of the OWNERS; and no exceptions, alternatives, substitutes or revisions are valid or binding unless authorized by all OWNERS in writing.
- D. Assignment:** The terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators and assigns of the OWNERS. Furthermore, neither the performance of this Agreement nor any portion thereof may be assigned by OWNERS without the express written consent of all OWNERS. Any attempt by OWNERS to assign the performance or any portion thereof of this Agreement without the express written consent of all OWNERS shall be invalid and shall constitute a breach of this Agreement.
- E. Termination:** In addition to any other remedies or rights it may have by law, each party has the right to withdraw and terminate their participation in this Agreement without penalty after 90 days' written notice. Exercise by LEAD COUNTY of its right to terminate the Agreement shall relieve LEAD COUNTY of all further obligations as outlined in Attachment A. A withdrawing OWNER shall remain liable for and shall pay its proportional share of any indebtedness incurred before withdrawing. The withdrawing OWNER shall not be entitled to a credit or refund for any sums paid under this Agreement. An OWNER that withdraws from the Agreement shall not be entitled to the rights, title and ownership interest, including, but not limited to, copyright in the SECURE system, or to the original SECURE software (including the source code), and any copies of the same—all which will remain the property of the remaining OWNERS. An individual OWNER's withdrawal shall not otherwise affect the validity of this Agreement.
- F. Consent to Breach Not Waiver:** No term or provision of this Agreement shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the party

claimed to have waived or consented. Any consent by any party to, or waiver of, a breach by the other, whether express or implied, shall not constitute consent to, waiver of, or excuse for any other different or subsequent breach.

- G. Changes:** OWNERS acknowledge and agree that LEAD COUNTY is not obligated nor authorized to perform services outside of the Scope of Services. LEAD COUNTY shall make no changes in the Scope of Services without the affirmative written consent of all OWNERS, including the LEAD COUNTY. If LEAD COUNTY believes that a change in the Scope of Services is appropriate, it may propose the changes through a written amendment to OWNERS. The proposed amendment shall detail the change(s) in Scope of Services and compensation, as applicable. LEAD COUNTY shall provide sufficient time for the review and analysis of the proposed amendment by non-proposing Owners. LEAD COUNTY shall be provided sufficient time for review, processing, and acceptance of amendments. OWNERS may reject LEAD COUNTY's proposed amendment, propose a revision to the amendment, or approve such amendment as requested by the LEAD COUNTY. Owners acknowledge and agree that any rejection of a proposed amendment relieves the LEAD COUNTY of any obligation to perform outside of the existing Scope of Services to this the Agreement and in no event, will the LEAD COUNTY perform services that OWNERS have not approved.
- H. Force Majeure:** LEAD COUNTY shall not be assessed with liquidated damages or unsatisfactory performance penalties during any delays due to a disruption of SECURE electronic recording services caused by any act of God, war, civil disorder, employment strike or other cause beyond its reasonable control.
- I. Confidentiality:** OWNERS agree to maintain the confidentiality of all OWNER and OWNER related records and information pursuant to all statutory laws relating to privacy and confidentiality that currently exist or exist at any time during the term of this Agreement. All such records and information shall be considered confidential and kept confidential by OWNERS and OWNERS' staff, agents and employees. OWNERS may disclose confidential records and information if required to do so as a matter of law, regulation, subpoena or court order.
- J. Severability:** If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.
- K. Attorney Fees:** In any action or proceeding to enforce or interpret any provision of this Agreement, each party shall bear their own attorney's fees, costs and expenses.
- L. Interpretation:** This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with in this Agreement. In addition, each party had been represented by experienced and knowledgeable independent legal counsel of their own choosing or has knowingly declined to seek such counsel despite being encouraged and given the opportunity to do so. Each party further acknowledges that they have not been influenced to any extent whatsoever in executing this Agreement by any other party hereto or by any person representing them, or both. Accordingly, any rule or law (including California Civil Code Section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purpose of the OWNERS and this Agreement.

M. Indemnification:

The OWNERS agree that, pursuant to Government Code 895.4, each OWNER ("Indemnitor") shall fully indemnify and hold harmless the other OWNERS and their officers, board members, employees and agents, special districts (individually and collectively hereafter referred to as "Indemnitees") from any claim, expense or cost (including attorney's fees), damage or liability imposed for injury, occurring by reason of the negligent acts, omissions, or willful misconduct of the Indemnitor or its officers, board members, employees or agents, under or in connection with or arising out of any work, authority or jurisdiction delegated to such party relating to this Agreement. This indemnification includes any claim that the SECURE system that is in existence at the time of the execution of this Agreement, in whole or in any part, infringes the intellectual property rights of any third party, including without limitation copyrights, patents, or trademarks.

- N. Audits/Inspections:** OWNERS agree to permit each OWNERS' Auditor-Controller or the Auditor-Controller's authorized representative (including auditors from a private auditing firm hired by the LEAD COUNTY) access during normal working hours to all books, accounts, records, reports, files, financial records, supporting documentation, including payroll and accounts payable/receivable records, and other papers or property of OWNERS for the purpose of auditing or inspecting any aspect of performance under this Agreement. The inspection and/or audit will be confined to those matters connected with the performance of the Agreement including, but not limited to, the costs of administering the Agreement. The OWNERS shall provide reasonable notice of such an audit or inspection.

OWNERS agree to maintain such records for possible audit for a minimum of three years after final payment, unless a longer period of records retention is stipulated under this Agreement or by law. OWNERS agree to allow interviews of any employees or others who might reasonably have information related to such records. Further, LEAD COUNTY agrees to include a similar right to the OWNERS to audit records and interview staff of any subcontractor related to performance of this Agreement.

- O. Contingency of Funds:** OWNERS acknowledge that funding or portions of funding for this Agreement may be contingent upon state budget approval; receipt of funds from, and/or obligation of funds by, the state of California to OWNERS; and inclusion of sufficient funding for the services hereunder in the budget approved by OWNERS' Board of Supervisors for each fiscal year covered by this Agreement. If such approval, funding or appropriations are not forthcoming, or are otherwise limited, OWNERS may terminate or modify this Agreement without penalty.
- P. Expenditure Limit:** The LEAD COUNTY shall notify the OWNERS in writing when the expenditures against the Agreement reach 75 percent of the dollar limit on the Agreement. The LEAD COUNTY will not be responsible for any expenditure overruns and will not pay for work exceeding the dollar limit on the Agreement unless an amendment to cover those costs has been executed as provided in Section IV. C. to this Agreement.
- Q. Exclusion of Liability:** Except in relation to the indemnities expressly provided hereunder, the OWNERS, will not be liable to each other for any indirect, incidental, special or consequential claims of any kind whatsoever and however caused, whether arising under contract, tort (including negligence) or otherwise, including (without limitation, and whether direct or indirect) loss of production, loss of profits or of contracts, loss of business, loss of management or operation time and loss of goodwill or anticipated savings, even if the party has been notified of the possibility thereof or could have foreseen such claims.

V. NOTICES

Any and all notices, requests demand and other communications contemplated, called for, permitted, or required to be given hereunder shall be in writing, except through the course of the OWNERS' routine exchange of information and cooperation during the terms of the work and services. Any written communications shall be deemed to have been duly given upon actual in-person delivery, if delivery is by direct hand, or upon delivery on the actual day of receipt or no greater than four calendar days after being mailed by US certified or registered mail, return receipt requested, postage prepaid, whichever occurs first. The date of mailing shall count as the first day. All communications shall be sent by postage prepaid first-class mail to the respective OWNERS as provided in this paragraph.

The County of Orange: Attn: Dana Ohanesian
Director of Administration
12 Civic Center Plaza, Room 101
Santa Ana, CA 92701
Phone: 714-834-2104
E-Mail: Dana.Ohanesian@rec.ocgov.com

The County of Los Angeles: Attn: Monique Blakely
Assistant Registrar-Recorder/County Clerk
12400 Imperial Highway, Room 503
Norwalk, CA 90650
Phone: 562-462-2073
E-Mail: MBlakely@rrcc.lacounty.com

The County of Riverside: Attn: Michele Martinez-Barrera
Chief Deputy Assessor-County Clerk-Recorder
2724 Gateway Drive
Riverside, CA 92507
Phone: 951-486-7451
E-Mail: Martineb@srclkrec.com

The County of San Diego: Attn: Val Wood
Chief Deputy Recorder/Clerk
1600 Pacific Highway, Room 260
San Diego, CA 92101
Phone: 619-557-4035
E-Mail: Val.Wood@sdcounty.ca.gov

Signature Page

IN WITNESS WHEREOF, the OWNERS hereto have executed this Agreement between the Counties of Orange, Los Angeles, Riverside and San Diego for Shared Ownership and Ongoing Maintenance of an Electronic Recording Delivery System to be executed and attested to by their proper officers thereunto duly authorized, and their official seals to be hereto affixed.

COUNTY OF ORANGE:

By _____ Date _____
Hugh Nguyen
Clerk-Recorder

**APPROVED AS TO FORM:
County Counsel
County of Orange, California**

By _____ Date _____
Deputy

Approved by the County of Orange Board of Supervisors on: _____
Date

Signature Page

IN WITNESS WHEREOF, the OWNERS hereto have executed this Agreement between the Counties of Orange, Los Angeles, Riverside and San Diego for Shared Ownership and Ongoing Maintenance of an Electronic Recording Delivery System to be executed and attested to by their proper officers thereunto duly authorized, and their official seals to be hereto affixed.

COUNTY OF LOS ANGELES:

By _____
Dean Logan
Registrar-Recorder/County Clerk

_____ Date

**APPROVED AS TO FORM:
County Counsel
County of Los Angeles, California**

By _____
Deputy

_____ Date

Approved by the County of Los Angeles Board of Supervisors on: _____
Date

Signature Page

IN WITNESS WHEREOF, the OWNERS hereto have executed this Agreement between the Counties of Orange, Los Angeles, Riverside and San Diego for Shared Ownership and Ongoing Maintenance of an Electronic Recording Delivery System to be executed and attested to by their proper officers thereunto duly authorized, and their official seals to be hereto affixed.

COUNTY OF RIVERSIDE:

By _____ Date _____
Peter Aldana
Assessor-County Clerk Recorder

**APPROVED AS TO FORM:
County Counsel
County of Riverside, California**

By _____ Date _____
Deputy

Approved by the County of Riverside Board of Supervisors on: _____
Date

Signature Page

IN WITNESS WHEREOF, the OWNERS hereto have executed this Agreement between the Counties of Orange, Los Angeles, Riverside and San Diego for Shared Ownership and Ongoing Maintenance of an Electronic Recording Delivery System to be executed and attested to by their proper officers thereunto duly authorized, and their official seals to be hereto affixed.

COUNTY OF SAN DIEGO:

By _____ Date _____
Ernest Dronenburg
Assessor/Recorder/County Clerk

**APPROVED AS TO FORM:
County Counsel
County of San Diego, California**

By _____ Date _____
Deputy

Approved by the County of San Diego Board of Supervisors on: _____
Date

**ATTACHMENT A
SCOPE OF SERVICES**

I. Responsibilities of LEAD COUNTY:

The LEAD COUNTY shall perform the following functions:

1. Ensure SECURE's compliance with current California ERDS regulations and applicable Federal and State laws;
2. Ensure SECURE will support vendor specific connections to county back end users;
3. Provide Electronic Recording Application Program Interface (API) documentation to PARTNERS;
4. Implement, train, host, support and manage ongoing system operations and support activities for SECURE;
5. Work with approved SUBMITTERS to install SECURE client software and provide training;
6. Manage all SECURE user accounts for approval, denial, and or suspension;
7. Coordinate with potential partner counties to join SECURE;
8. Serve as a liaison with the California Department of Justice ERDS Program and the OWNERS and PARTNERS to ensure that all applicable ERDS standards are being met by SECURE;
9. Manage server hosting facility and maintain SECURE network;
10. Coordinate installation, testing and final acceptance of approved SECURE system upgrades, modifications and enhancements;
11. Coordinate activities related to SECURE system certification for approved PARTNERS;
12. Distribute and maintain SECURE system policies and procedures;
13. Administer the SECURE G2G Program: including administration of the SECURE G2G Portal and coordination and administration of all memorandum of understandings with the PARTNERS and GOVERNMENT AGENCIES for use of the electronic recording under the SECURE G2G Portal;
14. Employ third party vendors and employees for administration of SECURE program requirements;
15. Enter into contracts for technical support and maintenance of SECURE network and system;
16. Perform all other acts reasonable and necessary to carry out the purpose of this Agreement within the costs contemplated under Attachment B of this Agreement.
17. Manage and maintain SECURE website and OWNERS portal including posting operating and financial information;
18. Coordinate SECURE technical meetings between SECURE support staff and Los Angeles County development staff;

19. Coordinate meetings to review submitter and agent compliance to ERDs Regulations;
20. Coordinate disciplinary reviews and notify submitter of any proposed disciplinary action.

**ATTACHMENT B
COMPENSATION AND PAYMENT**

A. Not-To-Exceed Compensation:

LEAD COUNTY, shall annually collect fees from OWNERS, and record in a separate fund designated for SECURE. OWNERS shall pay to LEAD COUNTY for performance of this Agreement the not-to-exceed amount of **\$10,000,000** for LEAD COUNTY’s approved work in accordance with the Scope of Services and as calculated under Section B, below. LEAD COUNTY shall only be entitled to payment for work as directed by OWNERS and completed by LEAD COUNTY within its Scope of Services as set forth in Attachment A. In no event shall LEAD COUNTY be entitled to compensation and reimbursement that would result in the total payment by the OWNERS under this Agreement exceeding **\$10,000,000** unless an amendment to this Agreement is approved by OWNERS, pursuant to the Section G. (“Changes”) to this Agreement.

B. Calculation of Fees and Charges:

<u>Description</u>	<u>Rate</u>	<u>Total 5-year Contract Amount Not to Exceed</u>
Base Fee – Per Recorded Document	\$0.30	\$9,000,000.00
OWNERS Annual Fee – Per Year	\$50,000.00	\$1,000,000.00
Total Contract Amount – Five Year Term		\$10,000,000.00

“Base Fee – Per Recorded Documents” means what the counties reported to the Office of the Insurance Commissioner pursuant to Section 27296 of the Government Code, for the previous calendar year. The amounts will be transcribed from the annual letter issued by the State of California Department of Justice Electronic Recording Delivery System Program.

1. In the event SECURE’s annual revenues exceed annual expenditures, the surplus shall be applied to any previous year’s shortfall.
 - a. If there is no “carry over” shortfall, the surplus revenue amount will be proportionally split (the percentages derived from an OWNER county’s annual recordings divided by the total annual recordings of all four OWNERS) between the OWNERS and credited to their subsequent year’s invoices.
 - b. Any surplus at the end of the final year of the contract will be proportionally split (the percentages derived from an OWNER county’s annual recordings divided by the total annual recordings of all four OWNERS) between the OWNERS and returned to each OWNER.
2. In the event SECURE’s annual expenditures exceed annual revenues, any prior year surpluses will be used to offset the revenue shortfall.

- a. If a revenue shortfall cannot be offset by previous a year's revenue surplus, the amount of the shortfall will be proportionally split (the percentages derived from an OWNER county's annual recordings divided by the total annual recordings of all four OWNERS) between the OWNERS and assessed on a supplemental invoice.
3. In the event the not to exceed amount is reached during the term of the Agreement LEAD COUNTY shall notify OWNERS. LEAD COUNTY shall not invoice OWNERS for any amounts that would be in excess of the not to exceed amount.
 - a. Any surplus remaining shall be proportionally split between the OWNERS based on the percentages derived from an OWNER county's annual recordings divided by the total annual recordings of all four OWNERS and multiplied by the surplus.
 - b. If there is a shortfall, LEAD COUNTY will not be responsible for any expenditure overruns and will not pay for work in excess of the not to exceed amount unless an amendment to cover those costs has been executed by the OWNERS.

C. Request for Payment:

LEAD COUNTY shall submit electronic invoices to each OWNER for services under this Agreement no later than March 31st of each year. The invoices shall include customary information including, but not limited to:

1. Signed Invoice cover sheet
2. Up-to-date total accounting of hours and annual cost for the project.
3. Up-to-date total accounting of revenue for the project
4. Report of overages and shortages relating to expenditures and revenue
5. Progress report for each activity.
6. List of employees who worked on the Scope of Services during the time covered by the Request for Payment, including their names, job titles, hourly rates, and assignments.

Payment(s) shall be submitted to LEAD COUNTY no later than 30 days following receipt of the invoice. LEAD COUNTY shall disburse from SECURE funds all approved sums payable on outstanding bills, and provide to the OWNERS copies of all billings submitted by and all payments made to any provider of services under this Agreement.

<p>SUMMARIZE BOARD ACTION IN CONTEXT</p>	<p>This is a request to amend Chapter 8 Purchase Agreement Number 2712 (Agreement) between the purchaser, Alta Public Schools (APS), and the seller, County of Los Angeles (County), which your Board previously approved on September 8, 2015. This amendment is allowable under the law and is within your Board's authority.</p>
<p>RELEVANT HISTORY (WHY DOES BOARD NEED TO ACT NOW?)</p>	<p>In 2017, subsequent to your Board's approval of the Agreement, the State Controller's Office (SCO) released a revised Non-Profit Sample Agreement template for use by County Treasurers and Tax Collectors. In this revised template, the SCO, among other revisions, clarified the default and breach provisions to more clearly identify requirements for counties to ensure non-profits' compliance with any Chapter 8 Purchase Agreement. APS has requested an amendment to the September 8, 2015 Agreement, to incorporate the default and breach provisions, as well as language regarding its ability to encumber the property. APS made the request so that it could obtain financing to expand its existing Charter School, its stated purpose in the Agreement.</p>
<p>COST AND SOURCE OF FUNDING</p>	<p>No financial impact to the County Budget.</p>
<p>WHEN DID YOU BRIEF BOARD OFFICES?</p>	<p>Scheduled for the July 26 Operations Cluster Meeting.</p>
<p>ARE THERE ANY KNOWN CONTROVERSIES?</p>	<p>No.</p>
<p>IF APPLICABLE, PROVIDE ANY PERTINENT BACKGROUND NOT STATED IN THE BOARD LETTER THAT THE CEO SHOULD KNOW ABOUT.</p>	<p>The default and breach sections generally align with the updated language in the SCO's template. Although nothing in SCO's template or the original Agreement prevented APS from encumbering the property for financing purposes, the TTC agreed to APS's request to add an encumbrance provision. The other terms in September 8, 2015, Agreement remain unchanged and will not be affected by this amendment.</p> <p>In negotiating the requested amendment with APS, the TTC was clear that since all Chapter 8 Agreement purchases are parcel, purpose, and purchaser specific, the TTC would not consider an amendment to any term that would impact the parcel, purpose or purchaser. The amendment before your Board does not impact any of these three provisions.</p> <p>The SCO advised the TTC that the County does not need to seek approval from the SCO for this amendment.</p>



COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 437, Los Angeles, California 90012
Telephone: (213) 974-2101 Fax: (213) 626-1812
ttc.lacounty.gov and lacountypropertytax.com

JOSEPH KELLY
TREASURER AND TAX COLLECTOR

Board of Supervisors
HILDA L. SOLIS
First District
MARK RIDLEY-THOMAS
Second District
SHEILA KUEHL
Third District
JANICE HAHN
Fourth District
KATHRYN BARGER
Fifth District

August 7, 2018

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

AMENDMENT TO THE SEPTEMBER 8, 2015 CHAPTER 8 PURCHASE AGREEMENT NUMBER 2712 (SECOND SUPERVISORIAL DISTRICT) (3 VOTES)

SUBJECT

This is a request to amend Chapter 8 Purchase Agreement Number 2712 (Agreement) between the purchaser, Alta Public Schools (APS) and the County of Los Angeles (County), the seller, which your Board previously approved on September 8, 2015.

APS has requested an amendment to the September 8, 2015 Agreement, to incorporate default and breach provisions, as well as language regarding its ability to encumber the property. APS made the request so that it could obtain financing to expand its existing Charter School, its stated purpose in the Agreement.

In 2017, subsequent to your Board's approval of the Agreement, the State Controller's Office (SCO) released a revised Non-Profit Sample Agreement template for use by County Treasurers and Tax Collectors. For all Non-Profit Chapter 8 Purchase Agreements the Treasurer and Tax Collector (TTC) currently initiates, the TTC uses the SCO's 2017 Sample Agreement template. In this revised template, the SCO, among other revisions, clarified the default and breach provisions.

The default and breach sections in the amendment generally align with the updated language in the SCO's template, and include in the event of a default that cannot be cured, that one of three actions will occur:

- 1) At the discretion of the County, the property is transferred to a different non-profit organization.
- 2) At the discretion of the County, the property is transferred to the County .
- 3) At the discretion of the County, the County may permit APS to sell the property for costs incurred to a new purchaser (including a for-profit entity) that agrees to operate the facility as a public school pursuant to the terms and conditions of the Agreement.

Nothing in the SCO's template or the original Agreement prevents APS from encumbering the property for financing purposes. Therefore, the TTC agreed to APS's request to add an encumbrance provision. The other terms in the September 8, 2015, Agreement remain unchanged and will not be affected by this amendment.

In negotiating the requested amendment with APS, the TTC was clear that since all Chapter 8 Agreement purchases are parcel, purpose, and purchaser specific, the TTC would not consider an amendment to any term that would impact the parcel, purpose or purchaser. The amendment before your Board does not impact any of these three provisions.

IT IS RECOMMENDED THAT THE BOARD:

Approve and instruct the Chair of the Board to sign the amendment to the Agreement.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

APS sought tax-exempt bond financing through the California School Finance Authority to develop the subject parcel to carry out its stated purpose under the Agreement. However, APS advised the TTC staff that bond investors were requesting additional clarification on what would occur in the event that APS defaulted on the Agreement. Therefore, the TTC is supportive of this amendment. However, this action is precedent setting as this is the first time the Board will amend a previously approved Chapter 8 Purchase Agreement.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Not applicable.

FISCAL IMPACT/FINANCING

None.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

This amendment is allowable under the law and is within your Board's authority. The SCO advised the TTC that the County does not need to seek approval from the SCO for this amendment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Not Applicable.

CONCLUSION

Upon approval of the attached amendment, the TTC requests that the Acting Executive Officer-Clerk of the Board of Supervisors return all original documents to the Secured Property Tax Division at 225 North Hill Street, Room 130, Los Angeles, California 90012 for further processing.

Respectfully submitted,

JOESPH KELLY
Treasurer and Tax Collector

JK:KK:KG:DB:af

Attachments

c: Assessor
County Counsel
Acting Executive Officer, Board of Supervisors
Alta Public Schools

DRAFT

AMENDMENT NUMBER 1

**TO AGREEMENT FOR SALE AND PURCHASE OF TAX-DEFAULTED REAL
PROPERTY AND COVENANTS, CONDITIONS, AND RESTRICTIONS
(APN 6202-038-048)**

CHAPTER 8 SALE AGREEMENT NO. 2712

This Amendment Number 1 (“Amendment”) is entered into by and between the County of Los Angeles (“Seller”) and Alta Public Schools, a nonprofit corporation organized in accordance with provisions of California law (“Purchaser”), effective as of the last date entered below, based on the following recitals:

WHEREAS, as set forth in Purchaser’s Articles of Incorporation (Exhibit A) of the Agreement, Purchaser is organized and existing for the purpose of charitable and public purposes;

WHEREAS, the Property was tax defaulted for nonpayment of taxes and was Subject to the Tax Collector’s Power to Sell pursuant to Division 1, Part 6, Chapter 8 of the California Revenue and Taxation Code;

WHEREAS, the Purchaser agreed to the purchase of that real property described in Exhibit B of the Agreement (the “Property”), and the Purchaser’s Board of Directors authorized said purchase;

WHEREAS, Seller and Purchaser entered into that certain Agreement for the Sale and Purchase of Tax-Defaulted Property APN 6202-038-048, approved by the Los Angeles County Board of Supervisors, effective on September 8, 2015 (together with all exhibits, attachments and schedules thereto, the “Agreement”);

WHEREAS, the State Controller's Office approved the Agreement on October 23, 2015; and

WHEREAS, Subject to approval by the Los Angeles County Board of Supervisors, Seller agrees to amend the Agreement dated September 8, 2015 with Purchaser of the Property, for the purposes of clarifying default and breach provisions.

NOW, THEREFORE, the parties amend the Agreement as follows:

1. **“Paragraph 4. DEFAULT” shall be replaced in its entirety and replaced with the following:**

4. DEFAULT

The following shall constitute events of default:

- a. Any violation of the terms and conditions of this agreement.

- b. Said property ceases to be used exclusively for the expansion of the existing public charter school.
- c. In the event that a petition of bankruptcy shall be filed by or against the Purchaser and the petition has not been dismissed or discharged within 180 days of filing.
- d. Failure to maintain the property and the property improvements pursuant to the applicable legal standards.

2. Paragraph "5. BREACH" shall be added after Paragraph "4. DEFAULT" as follows:

5. BREACH

In the event the Purchaser is in default, the Seller shall give written notice of default to the Purchaser specifying the event of default. The Purchaser must commence to cure, correct, or remedy the default within five days of receipt of notice of default and must fully cure, correct, or remedy the default within 30 days of receipt of notice of default, unless the Seller gives the Purchaser written notice granting the Purchaser more time, as is determined by the Seller to be reasonable under the circumstances, to fully cure, correct, or remedy the default.

If the Purchaser does not cure the default the Purchaser shall take one of the following actions:

- a. Transfer the property to a different Nonprofit Organization that qualifies pursuant to California Revenue and Taxation Code section 3772.5 and that is agreed to by the Seller.
- b. Transfer the property to the Seller at the sole discretion of the Seller.
- c. At the sole discretion of the Seller, the Seller may permit the Purchaser to sell the property for costs incurred to a new Purchaser (including a for-profit entity) that agrees to operate the facility as a public school pursuant to the terms and conditions of the Agreement.

In the event of transfer of the property as a result of inability to fully cure default, the Purchaser shall relinquish any claim to the property without any compensation or refund. The Purchaser shall pay any and all costs required to cure a default including the transfer of property.

In addition to any other rights or remedies, the Seller may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of the purchase agreement. Such legal action must be instituted in the Superior Court of the County of Los Angeles, Central District.

3. Paragraph "6. ENCUMBRANCE" shall be added after Paragraph "5. BREACH" as follows:

6. ENCUMBRANCE

The Seller hereby consents to and agrees that the Purchaser may mortgage the Property as security for the financing improvements on the Property through the execution and delivery of the Deed of Trust or such other security instrument as Purchaser deems necessary or advisable in connection therewith.

4. **Renumber Paragraph “5.” in. BINDING FOR THE BENEFIT OF THE SELLER with Paragraph “7.”**
4. **Renumber Paragraph “6.” in NOTICES with Paragraph “8.”**
5. **Paragraph “13. ENTIRE AGREEMENT” shall be replaced in its entirety and replaced with the following:**

9. ENTIRE AGREEMENT

The Agreement together with this Amendment and Exhibits A through C, constitutes the entire agreement of the parties.

EXHIBIT A	Purchaser’s Articles of Incorporation
EXHIBIT B	Real Property Description and Purchase Price
EXHIBIT C	Resolution by Purchaser’s Board of Directors

APPROVED AS TO FORM:
MARY C. WICKHAM
County Counsel

By _____
Deputy County Counsel

The undersigned hereby agree to the terms and conditions of this Agreement and are authorized to sign for said agencies.

ATTEST: ALTA PUBLIC SCHOOLS

(seal)

By _____

Title

ATTEST:

Board of Supervisors
Los Angeles County

By _____
Clerk of the Board of Supervisors

By _____
Mayor of the Board of Supervisors

By _____
Deputy

(seal)

This Agreement was submitted to me before execution by the board of supervisors and I have compared the same with the records of Los Angeles County relating to the real property described herein.

Los Angeles County Tax Collector

Pursuant to the provisions of Sections 3793.1 and 3795 of the Revenue and Taxation Code, the Controller agrees to the selling price hereinbefore sets forth and approves the foregoing agreement this _____ day of _____, 20____.

EXHIBIT A

PURCHASER'S ARTICLES OF INCORPORATION

EXHIBIT B**REAL PROPERTY DESCRIPTION AND PURCHASE PRICE**

ITEM	DESCRIPTION
Address	8001 SANTA FE AVE, HUNTINGTON PARK, CA 90255 - 6632
Assessor's Parcel No.	6202-038-048
Legal Description:	FLORENCE STATION TRACT EX OF ST LOTS 8 THRU 11
Agreement Number	2712
Supervisorial District	2
Location	COUNTY OF LOS ANGELES
First Year of Delinquency	1987
Default Year	1988
Purchase Price	\$ 475,000*
Purpose of Acquisition	TO EXPAND THE EXISTING PUBLIC CHARTER SCHOOL

*The purchase price quoted on this Exhibit "B" is pursuant to California Revenue and Taxation Code Section 3793.1(b), which states, if the property or property interests have been offered for sale under the provisions of Chapter 7 (commencing with Section 3691) at least once and no acceptable bids therefor have been received, the tax collector may, in his or her discretion and with the approval of the board of supervisors, offer that property or those interests at a minimum price that the tax collector deems appropriate. In addition, all costs related to the sale will be added to this price as follows: Cost of Notification, Cost of Publication, Cost of Postage, STPTS Fees, Title Report Fee and Forfeited State Lands Fee.

EXHIBIT C

RESOLUTION BY PURCHASER'S BOARD OF DIRECTORS



OPERATIONS CLUSTER FACT SHEET

Approval to Extend County Loan Repayment Term to the Clean Power Alliance to September 30, 2020 and Authorization to Amend the MOU between the County and the Clean Power Alliance

Ops Cluster Date: 07/26/2018

Board of Supervisors Date: 08/07/2018

Request: In April 2017, the Board of Supervisors approved a \$10 million loan to the Clean Power Alliance (formerly the Los Angeles Community Choice Energy Authority) to support initial start-up costs for this program. In April 2018, the Board approved a one-year extension of this loan to June 30, 2019. We are now seeking approval of a 15-month extension to September 30, 2020 and authority to amend the MOU between the County and the Clean Power Alliance (CPA) to effectuate this and other administrative changes. This action will result in a non-material loss to the County, in the form of foregone interest on the \$10 million loan, of approximately \$250,000.

Background: The CPA program is a joint powers authority established by the County of Los Angeles and now comprised of 31 members from across Los Angeles and Ventura counties. The program began electric service to 2,000 LA County facilities in the unincorporated area in February 2018 and to 30,000 non-residential customers in the unincorporated area as well as in Rolling Hills Estates and South Pasadena (the original three members who were approved by the CPUC in 2017) in June 2018. All other customers in the remaining 28 jurisdictions will not start electric service until the first half of 2019. The delay in the start of service is the result of a recent CPUC resolution that defers the start of service for new and expanding CCAs until the following calendar year.

Since April 2018, CPA has hired a permanent Executive Director who has thoroughly reviewed and refined the CPA financial model and had it third-party validated. These revisions provide a more accurate and more conservative assessment of CPA's financial position and cash flow. Also, changes in the energy market, including the introduction of competition, have caused a decline in energy rates overall, affecting CPA's revenues. These factors have created the need to extend the term of the County loan to ensure that CPA has adequate cashflow in its first critical start-up years as it becomes financially self-sufficient.

Additionally, CPA, like other utilities, earns most of its annual revenue in the summer months (June-September). This 15-month extension provides CPA with two full summers of revenue collection before repaying the loan thereby ensuring it has adequate cash reserves to operate effectively.

Fiscal Impact: The County offered the loan at no interest so deferral of the \$10 million repayment will result in a foregone interest in the amount of approximately \$250,000, which will not have a material impact on the County's finances. The CPA is estimated to reduce the County's electricity costs by approximately \$450,000 over the period of the loan extension which will offset the loss of interest from the loan.

Contact: Gary Gero, Chief Sustainability Officer, (213) 974-1160, ggero@ceo.lacounty.gov



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

SACHI A. HAMAI
Chief Executive Officer

August 7, 2018

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVE EXTENSION OF LOAN TERM TO THE
CLEAN POWER ALLIANCE UNTIL SEPTEMBER 30, 2020 AND
AUTHORIZE AMENDMENTS TO THE MEMORANDUM OF UNDERSTANDING
BETWEEN THE COUNTY AND THE CLEAN POWER ALLIANCE
(ALL DISTRICTS) (3-VOTES)**

SUBJECT

Approval of a change in the terms of a County loan to the Clean Power Alliance (CPA) of Southern California, which was formerly the Los Angeles Community Choice Energy (LACCE) Authority, that extends the repayment period of the loan from June 30, 2019 to September 30, 2020.

Authorization of amendments to the Memorandum of Understanding (MOU) between the County and the LACCE Authority to reflect the new loan repayment term, LACCE's name change to CPA of Southern California, and other non-substantive technical changes as may be necessary to ensure effective implementation of the community choice energy (CCA) program.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve extending the repayment period for the County's \$10 million loan to CPA until September 30, 2020;

Board of Supervisors
HILDA L. SOLIS
First District

MARK RIDLEY-THOMAS
Second District

SHEILA KUEHL
Third District

JANICE HAHN
Fourth District

KATHRYN BARGER
Fifth District

2. Delegate authority to the Chief Executive Officer, or her designee, to execute amendments to the MOU between the County and CAP to reflect the new loan repayment term, LACCE's name change to CPA of Southern California, and other non-substantive technical changes as may be necessary; and
3. Find that these actions provide a public benefit pursuant to Government Code Section 26227.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On April 18, 2017, the Board of Supervisors (Board) adopted an enabling ordinance and joint powers agreement establishing the LACCE Authority (now known as the "Clean Power Alliance of Southern California" or "CPA") to implement a community choice energy program in Los Angeles. The Board further authorized the Chief Executive Officer (CEO) to negotiate and enter into a Memorandum of Understanding (MOU) with the LACCE Authority to provide initial funding of \$10 million for the program and to authorize County staff and consultants to provide services for the development and implementation of the program. Of this \$10 million, \$9,110,000 is loaned in the form of cash to CPA and the remaining \$890,000 is in-kind staff and consulting services that the County is providing to CPA. On April 10, 2018, the Board approved an extension of the repayment term of this this loan from June 30, 2018 to June 30, 2019.

Improvements and refinements of CPA's financial projections more accurately reflect the timing of revenues and cashflows and show that is necessary to extend the repayment date to the County of its \$10 million loan until after CPA's second full summer of operation, as most program revenues occur during the summer months. In addition, changes in the energy market, including the introduction of competition and choice, are causing overall rates to fall, and thus will reduce CPA revenues in 2019 and 2020. Extending the County loan repayment date will allow CPA to finance the remaining procurement of power for the 2019 launch, provide adequate reserves to allow CPA to fully repay both its private lender and the County, ensure adequate cashflow during the critical first start-up years of operations, and allow CPA to become financially self-sufficient.

Amendments to the MOU will reflect this new repayment term and will provide other administrative revisions as necessary.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended action helps effectuate the County's Strategic Plan Goal II - Foster Vibrant and Resilient Communities, specifically, Strategy II.3 - Make Environmental Sustainability Our Daily Reality.

FISCAL IMPACT/FINANCING

The delay in repaying the County loan will result in a non-material loss to the County of approximately \$250,000 in the form of foregone interest. This will be offset by reduced electricity costs for County facilities of approximately \$450,000 over the extension period.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

CPA was legally established in June 2017 when the City of Rolling Hills Estates became the first city to join the County in approving and executing a joint powers authority (JPA) agreement. Since that time, an additional 29 jurisdictions in Los Angeles and Ventura counties have executed the JPA agreement and are part of the CPA. These 31 jurisdictions represent nearly three million residents making CPA the largest community choice aggregation program in California.

The CPA Board of Directors is comprised of elected representatives from each of the member cities and the JPA allows each representative to have two alternates. On June 20, 2017, the Board appointed Supervisor Kuehl to represent Los Angeles County and appointed Supervisor Ridley-Thomas and Gary Gero, the County's Chief Sustainability Officer, as alternates. Supervisor Kuehl has been elected as one of two Vice Chairs of the CPA Board of Directors (the other is reserved for a representative from Ventura).

CPA began supplying electricity to nearly 2,000 County accounts in the unincorporated areas of the County on February 1, 2018, marking the official launch of the program. On June 25, 2018, CPA began electric service to non-residential customers in the unincorporated areas of the County, as well as in Rolling Hills Estates and South Pasadena. These two cities joined the program prior to changes adopted by the California Public Utilities Commission (CPUC) that governs the timing of when CCAs may begin service and so were the only cities eligible to start service this year. The remaining 28 jurisdictions will begin service in the first half of 2019 because of the CPUC action.

CPA is providing three renewable energy options for its customers (36%, 50%, and 100%) and is currently providing an average of 50% renewable energy at a cost that is between 2% and 3% below Southern California Edison's rates. Service from CPA has proven extremely popular, with over 99% of eligible CPA customers electing to participate in this new program.

To minimize potential financial impacts to CPA during the initial rollout of electric service to residential and business customers in 2019 and to ensure adequate cashflow while

The Honorable Board of Supervisors
August 7, 2018
Page 4

revenues from the sale of electricity to these customers are accumulated, CPA is requesting, and we are recommending, that repayment of the County's loan to CPA be delayed from June 30, 2019 to September 30, 2020.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Delay of the repayment of the County loan is not expected to have an impact on the County's provision of County services or on any project. The CPA program will result in lower costs to the County and its residents and businesses for electric utility services and will significantly reduce greenhouse gas emissions from both the County as an operational entity and communitywide across Southern California.

Please feel free to contact me if you have any questions, or your staff may contact Gary Gero, Chief Sustainability Officer, at 213-974-1160 or ggero@ceo.lacounty.gov.

Respectfully submitted,

Sachi A. Hamai
Chief Executive Officer

SAH:JJ:FAD
GG:jg

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Internal Services Department