



# CITY OF MENDOTA

*"Cantaloupe Center Of The World"*

ROBERT SILVA  
Mayor

ROLANDO CASTRO  
Mayor Pro Tem

VICTOR MARTINEZ

JESSE MENDOZA

OSCAR ROSALES

## AGENDA MENDOTA CITY COUNCIL

Regular City Council Meeting  
CITY COUNCIL CHAMBERS

643 QUINCE STREET

January 22, 2019

6:00 PM

CRISTIAN GONZALEZ  
City Manager

JOHN KINSEY  
City Attorney

The Mendota City Council welcomes you to its meetings, which are scheduled for the 2nd and 4th Tuesday of every month. Your interest and participation are encouraged and appreciated. Notice is hereby given that Council may discuss and/or take action on any or all of the items listed on this agenda. **Please turn your cell phones on vibrate/off while in the council chambers.**

Any public writings distributed by the City of Mendota to at least a majority of the City Council regarding any item on this regular meeting agenda will be made available at the front counter at City Hall located at 643 Quince Street Mendota, CA 93640, during normal business hours, 8 AM - 5 PM.

In compliance with the Americans with Disabilities Act, those requiring special assistance to participate at this meeting please contact the City Clerk at (559) 655-3291. Notification of at least forty-eight hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility to the meeting.

### CALL TO ORDER

### ROLL CALL

### FLAG SALUTE

### FINALIZE THE AGENDA

1. Adjustments to Agenda
2. Adoption of final Agenda

### PRESENTATION

1. Public Works Superintendent Bautista to present the Mendota Public Works Department's 2018 Employee of the Year award to Armando Sandoval.
2. Chief of Police Andreotti to present the Mendota Police Department's 2018 Employee of the Year award to Lieutenant Kevin Smith.

### CITIZENS ORAL AND WRITTEN PRESENTATIONS

At this time members of the public may address the City Council on any matter not listed on the agenda involving matters within the jurisdiction of the City Council. Please complete a "request to speak" form and limit your comments to THREE (3) MINUTES. Please give the completed form to City Clerk prior to the start of the meeting. All speakers shall observe proper decorum. The Mendota Municipal Code prohibits the use of boisterous, slanderous, or profane language. All speakers must step to the podium, state their names and addresses for the record. Please watch the time.

## **APPROVAL OF MINUTES AND NOTICE OF WAIVING OF READING**

1. Minutes of the regular City Council meeting of January 8, 2019.
2. Notice of waiving of the reading of all resolutions and/or ordinances introduced and/or adopted under this agenda.

## **CONSENT CALENDAR**

Matters listed under the Consent Calendar are considered to be routine and will be enacted by one motion and one vote. There will be no separate discussion of these items. If discussion is desired, that item will be removed from the Consent Calendar and will be considered separately.

1. DECEMBER 27, 2018 THROUGH JANUARY 16, 2019  
WARRANT LIST CHECKS NO. 44833 THRU 44908  
TOTAL FOR COUNCIL APPROVAL = \$503,473.45
2. Proposed adoption of **Resolution No. 19-03**, authorizing contracting with Provost & Pritchard Consulting Group for final design and construction services related to the reconstruction of the Mowry Bridge.
3. Proposed adoption of **Resolution No. 19-04**, approving and accepting the public improvements constructed for Tract No. 6111 and Tract No. 6146 of the Las Palmas Estates subdivision.
4. Proposed adoption of **Resolution No. 19-05**, authorizing contracting with Provost & Pritchard Consulting Group for design and construction of City Well No. 10 and the extension of the raw water transmission main.
5. Proposed adoption of an agreement with KSA Homes, Inc. authorizing the sale of real property located at 607 De La Cruz Street.

## **BUSINESS**

1. Appointment of Mendota residents to the Mendota Recreation and Planning Commissions.
  - a. *Receive report from Deputy City Clerk Cabrera-Garcia*
  - b. *Inquiries from Council to staff*
  - c. *Mayor opens floor to receive any comment from the public*
  - d. *Mayoral appointment of residents to the Mendota Planning Commission with Council motion of approval*
  - e. *Council motion to appoint residents to the Mendota Recreation Commission*

2. Council discussion and consideration of the proposals received in response to the Request for Proposals for the sale and potential development of City Surplus Real Property.
  - a. *Receive report from City Manager Gonzalez*
  - b. *Receive presentations from RFP respondents*
  - c. *Inquiries from Council to staff*
  - d. *Mayor opens floor to receive any comment from the public*
  - e. *Council takes action as appropriate*

### **PUBLIC HEARING**

1. Council hold a public hearing to consider **Resolution No. 19-07**, adopting the Community Development Block Grant Program Income Reuse Agreement.
  - a. *Receive report from City Manager Gonzalez*
  - b. *Inquiries from Council to staff*
  - c. *Mayor opens the public hearing, accepting comments from the public*
  - d. *Mayor closes the public hearing*
  - e. *Council provide any input and adopt Resolution No. 19-07*

### **DEPARTMENT REPORTS AND INFORMATIONAL ITEMS**

1. Administrative Services
  - a) Monthly Report
2. City Attorney
  - a) Update
3. City Manager

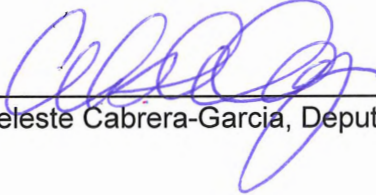
### **MAYOR AND COUNCIL REPORTS AND INFORMATIONAL ITEMS**

1. Council Member(s)
2. Mayor

### **ADJOURNMENT**

## CERTIFICATION OF POSTING

I, Celeste Cabrera-Garcia, Deputy City Clerk of the City of Mendota, do hereby declare that the foregoing agenda for the Mendota City Council Regular Meeting of January 22, 2019, was posted on the outside bulletin board located at City Hall, 643 Quince Street Friday, January 18, 2019 at 4:30 p.m.



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Celeste Cabrera-Garcia, Deputy City Clerk



## MINUTES OF MENDOTA REGULAR CITY COUNCIL MEETING

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**Regular Meeting**

**January 8, 2019**

**Meeting called to order by Mayor Silva at 6:00 p.m.**

### **Roll Call**

**Council Members Present:** Mayor Robert Silva, Mayor Pro Tem Rolando Castro, Councilors Jesse Mendoza and Oscar Rosales

**Council Members Absent:** Councilor Victor Martinez

**Flag salute led by Economic Development Manager Flood**

### **FINALIZE THE AGENDA**

1. Adjustments to Agenda.
2. Adoption of final Agenda.

A motion was made by Mayor Pro Tem Castro to adopt the agenda, seconded by Councilor Mendoza; unanimously approved (4 ayes, absent: Martinez).

### **SWEARING IN**

1. Economic Development Manager Flood to swear in Officers Gabriella Becker and Eddie Luna.

Economic Development Manager Flood swore in Officers Becker and Luna.

Chief of Police Andreotti shared biographical information on the officers; and the Council thanked the officers for joining the Mendota Police Department and admonished them to be safe.

## **CITIZENS ORAL AND WRITTEN PRESENTATIONS**

**None offered.**

## **APPROVAL OF MINUTES AND NOTICE OF WAIVING OF READING**

1. Minutes of the regular City Council meeting of December 11, 2018.
2. Notice of waiving of the reading of all resolutions and/or ordinances introduced and/or adopted under this agenda.

A motion was made by Mayor Pro Tem Castro to approve items 1 and 2, seconded by Councilor Rosales; unanimously approved (4 ayes, absent: Martinez).

## **CONSENT CALENDAR**

1. DECEMBER 11, 2018 THROUGH DECEMBER 27, 2018  
WARRANT LIST CHECKS NO. 44756 THRU 44832  
TOTAL FOR COUNCIL APPROVAL = \$582,898.60

A motion was made by Mayor Pro Tem Castro to adopt item 1 of the Consent Calendar, seconded by Councilor Rosales; unanimously approved (4 ayes, absent: Martinez).

## **BUSINESS**

1. Council discussion and consideration of a modified project alternative for Proposition 1 Grant Technical Assistance for Improved Stormwater Management.

Mayor Silva introduced the item and Assistant City Engineer Osborn reported on the previous discussions that were held with Council; reviewed the different alternative projects that were proposed for selection; the concerns discussed at that meeting; the alternative that staff came up with to have a combined Naples Street and Oller Street Project; the advantages and disadvantages of such a project; the need to maintain as a principal objective of the project the provision of adequate storm drain flow; other project alternatives that would include the Railroad Channel proposal; and staff's request for Council to ask any questions and provide direction.

Discussion was held on any impact to vehicle circulation and parking that such a project would permanently cause; the next steps needed to continue with this project; and the different features that can be implemented, including using recycled materials.

A motion was made by Councilor Rosales to direct staff to continue with the project, seconded by Mayor Pro Tem Castro; unanimously approved (4 ayes, absent: Martinez).

2. Council discussion and consideration of **Resolution No. 19-01**, appointing Council Members to various boards, commissions, and sub-committees.

Mayor Silva introduced the item and Economic Development Manager Flood summarized the various positions that need to be appointed.

Discussion was held and decisions were made on what Council Members would fill what seats.

A motion was made by Mayor Pro Tem Castro to adopt Resolution No. 19-01, seconded by Councilor Rosales; unanimously approved (4 ayes, absent: Martinez).

3. Council discussion and consideration of **Resolution No. 19-02**, approving an updated salary schedule.

Mayor Silva introduced the item and City Manager Gonzalez thanked Director of Administrative Services Lekumberry for her work on this project.

Ms. Lekumberry reported that she conducted a salary survey in anticipation of the minimum wage raising up to \$15 per hour in 2022; the effect that raising wages in past years has had on the viability of Mendota's salary scale; the lack of pay to employees when compared with similar cities; and the need to provide competitive wages.

Discussion was held on the comparisons made with other cities and how Mendota's employees are paid less; the difference between step increases and cost-of-living adjustments; the limitation of step increases; the need to ensure that administrative assistants, police officers, and other employees also receive fair compensation; and the possibility of creating provisions by which employees are incentivized to acquire licensing and certifications.

A motion was made by Mayor Pro Tem Castro to adopt Resolution No. 19-02, seconded by Councilor Rosales; unanimously approved (4 ayes, absent: Martinez).

## **DEPARTMENT REPORTS AND INFORMATIONAL ITEMS**

1. Code Enforcement & Police Department
  - a) Monthly Report

Chief of Police Andreotti provided his report for the Code Enforcement department including staffing levels and issues related to the mobile home park.

Discussion was held on the colors of buildings on the main thoroughfare that are not desirable; and the graphical upgrades that will be put on Code Enforcement vehicles.

Chief Andreotti provided his report for the Police Department, including the department's aggressive response to reports of auto thefts; staffing levels, including reserves; the activity of the School Resource Officers; the status of vehicles in service; an update on the issue at Jack's Resort; and that there have been no written formal complaints at the Police Department in 2 years.

Discussion was held on MS-13 resurgence in the community; and the possibility of looking into establishing a K-9 unit.

2. Economic Development
  - a) Monthly Report

Economic Development Manager Flood reported on an upcoming Cresco job fair; the upcoming Farm Worker Appreciation event; and the infill of empty lots.

4. City Attorney
  - a) Update

City Attorney Kinsey reported that he is working with staff on some ordinances and reminded the Council of the upcoming Ethics (AB1234) and Sexual harassment training.

5. City Manager

City Manager Gonzalez reported on CDBG funds that will need to be allocated depending on how the Council wishes to do the Community Center project; an ATP grant the City applied for that will provide technical support for a Safe Routes to School plan; meetings with AMOR that will happen soon; and that the DMV Kiosk now takes cash.

Discussion was held on potholes and burnt out lights, as well as some issues related to children walking to school.

## **MAYOR AND COUNCIL REPORTS AND INFORMATIONAL ITEMS**

1. Council Member(s)

Mayor Pro Tem Castro requested to bring back invocations to the meetings and to have a joint meeting with the Board of Trustees of the Mendota Unified School District.

Councilor Mendoza provided information on a mattress recycling program and requested that staff look into how much establishing such a program would cost; requested an update on the Sustainable Aviation Program; and an update on the 50 acres that the City wishes to sell.

Councilor Rosales thanked staff for their service.



2. Mayor

Mayor Silva reported on meetings in Fresno that he has attended; and a request to send a letter to TJ Cox to bring funds and projects to our area.

**ADJOURNMENT**

With no more business to be brought before the Council, a motion for adjournment was made at 8:02 p.m. by Mayor Pro Tem Castro, seconded by Councilor Mendoza; unanimously approved (4 ayes, absent: Martinez).

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Robert Silva, Mayor

ATTEST:

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Matt Flood, City Clerk

CITY OF MENDOTA  
 CASH DISBURSEMENTS  
 12/27/2018 - 1/16/2019  
 Check# 44833 - 44908

Date	Check #	Amount	Vendor	Department	Description
December 27, 2018	44833	\$50.00	LOS AMADORES	GENERAL	(1) SYMPATHY FUNERAL ARRANGEMENT (J.GOMEZ)
January 8, 2019	44834	\$2,200.00	ADMINISTRATIVE SOLUTIONS INC	GENERAL	MEDICAL CHECK RUN 1/1/2019
January 8, 2019	44835	\$285.16	ADT SECURITY SERVICES	GENERAL-WATER-SEWER	SECURITY SERVICES 1/13/2019 - 2/12/2019
January 8, 2019	44836	\$350.00	ALL VALLEY ADMINISTRATORS LLC	GENERAL-WATER-SEWER	1ST QUARTER 2019 RETIREMENT PLAN ADMINISTRATION
January 8, 2019	44837	\$4,214.56	AMERITAS GROUP	GENERAL	VISION & DENTAL INSURANCE FOR FEBRUARY 2019
January 8, 2019	44838	\$361.71	AMERIPRIDE SERVICES INC	GENERAL-WATER-SEWER	PUBLIC WORKS UNIFORM WEEK 12/6, 12/13/, 12/20, & 12/27/2018
January 8, 2019	44839	\$1,207.10	AUTOMATED OFFICE SYSTEMS	GENERAL-WATER-SEWER	MAINTENANCE CONTRACT COPIER FOR DECEMBER 2018
January 8, 2019	44840	\$1,197.67	AT&T	GENERAL-WATER-SEWER	CITYWIDE TELEPHONE SERVICES 11/25/18 - 12/24/18
January 8, 2019	44841	\$1,080.00	COLLINS & SCHOETTLER PLANNING CONSULTANTS	GENERAL	PASSTHRU - PROFESSIONAL SERVICES PLANNING CONSULTING AMOR PROJECT LOT LINE ADJUSTMENT
January 8, 2019	44842	\$12,438.19	COOK'S COMMUNICATIONS CORP	GENERAL-WATER-SEWER	OLD M87 - FIELD PATROL CAR EQUIPMENT, RADIO REPEATER (1) KENWOOD TKR750, NEW M87 - VEHICLE PARTS & SERVICE INSTALLATION, DOCK
January 8, 2019	44843	\$337.19	CROWN SERVICES CO	GENERAL-SEWER	(5) TOILET 1XWK RENTALS - AIRPORT BLVD (PD), 1300 2ND STREET, BASS AVE (POOL PARK), & DERRICK AVE (LINDGREN PARK)
January 8, 2019	44844	\$840.00	D&D DISPOSAL INC	GENERAL	ANIMAL DISPOSAL FOR DECEMBER 2018
January 8, 2019	44845	\$434.00	FRESNO MOBILE RADIO INC	GENERAL	(31) RADIO SERVICES FOR PD FOR DECEMBER 2018
January 8, 2019	44846	\$3,955.25	GIERSCH & ASSOCIATES INC	SEWER	PROFESSIONAL SERVICES LOZANO LIFT STATION 11/19/18 - 12/15/18
January 8, 2019	44847	\$3,000.00	GRANTED SOLUTIONS	GENERAL-WATER-SEWER	DECEMBER GRANT WRITING SERVICES
January 8, 2019	44848	\$759.23	GUTHRIE PETROLEUM UNC	GENERAL-WATER-SEWER	(9) BLK PROPANE (1) HUD 6RSA 15-40 OIL QUANTITY 55
January 8, 2019	44849	\$81,740.14	HAYDON CONSTRUCTION INC	SEWER	LOZANO LIFT STATION MODIFICATIONS 10/26/2018 - 11/20/2018
January 8, 2019	44850	\$40,110.00	JIM BRISCO ENTERPRISES INC	SEWER	(684) TONS OF BIOSOLID REMOVAL & SCREEN & MOBILIZATION FEE FOR LOADER & SCREEN
January 8, 2019	44851	\$1,730.32	KOPPEL & GRUBER	MENDOTA - CFD	CFD NO 2006-1 POLCE DEPARTMENT SERVICES & FIRE SERVICES ANNUAL ADMINISTRATION OCTOBER THRU DECEMBER 2018
January 8, 2019	44852	\$600.00	LEXIS NEXIS	GENERAL-WATER-SEWER	SUBSCRIPTION SERVICES FOR NOVEMBER & DECEMBER 2018
January 8, 2019	44853	\$264.10	AT&T	GENERAL-WATER-SEWER	MONTHLY SERVICE 559-266-6456 12/26/18 - 1/25/19
January 8, 2019	44854	\$19.95	SEBASTIAN	GENERAL	SECURITY SERVICES 12/21/2018 - 1/20/2019 (PD)
January 8, 2019	44855	\$149.00	SKILLPATH	GENERAL	REGISTRATION FOR THE CONFERENCE FOR WOMAN (PD)
January 8, 2019	44856	\$9,188.50	STATE WATER RESOURCE CONTROL BOARD	WATER	WATER SYSTEM FEES FOR 7/1/18 - 6/30/19 COMMUNITY WATER SYSTEM
January 8, 2019	44857	\$2,040.50	THE BANK OF NEW YORK MELLON	SEWER	MENDOTA JPFA 2010-1 CERT WW SYSTEM ADMINISTRATION FEE FOR JANUARY THRU DECEMBER 2019
January 8, 2019	44858	\$47.24	MIEKE J MARTINEZ	WATER	MQ CUSTOMER REFUND FOR BAN0013

CITY OF MENDOTA  
CASH DISBURSEMENTS  
12/27/2018 - 1/16/2019  
Check# 44833 - 44908

January 8, 2019	44859	\$20.61	ROSA MARIA SORTO	WATER	MQ CUSTOMER REFUND FOR SOR0018
January 8, 2019	44860	\$91,554.00	WESTAMERICA BANK	GENERAL	PAYROLL TRANSFER 12/24/18 - 1/6/2019
January 9, 2019	44861	\$464.32	LIFE INSURANCE FOR DECEMBER 2018	GENERAL	LIFE INSURANCE FOR DECEMBER 2018
January 9, 2019	44862	\$1,321.00	BANKCARD CENTER	GENERAL	CREDIT CARD EXPENSES 11/27/18 - 12/17/18
January 16, 2019	44863	\$600.00	LORIE ANN ADAMS	GENERAL	PORTFOLIO MGT DECEMBER 2018 HOME-CDBG
January 16, 2019	44864	\$94.59	AG & INDUSTRIAL SUPPLY INC.	WATER-STREETS	BOBCAT- ( 8.5 ) HYD HOSE 3/4 2WIRE GLOBAL ONE
January 16, 2019	44865	\$29.75	AIRGAS USA, LLC	WATER	RENT CYL IND SMALL CARBON DIOXIDE DECEMBER
January 16, 2019	44866	\$383.95	ALEX AUTO DIAGNOSTICS & SMOG	GENERAL	UNIT# 83 - SYNTHETIC ENGINE OIL & OIL FILTER. REPLACE FRONT BRAKE PAD/ROTORS-UNIT M82
January 16, 2019	44867	\$52.00	TEOFILO BAUTISTA	WATER-SEWER	( 4 ) PANTS - UNIFORM
January 16, 2019	44868	\$419.26	BSK ASSOCIATES	WATER-SEWER	MONTHLY WASTEWATER (2). WEEKLY TREATMENT & DISTRI. (WATER) GENERAL EDT WEEKLY TREATMENT (WATER)
January 16, 2019	44869	\$130.00	CCAC	GENERAL-WATER-SEWER	CITY CLERK MEMBERSHIP RENEWAL POPULATION 10K-49K THRU
January 16, 2019	44870	\$1,333.11	COMCAST	GENERAL-WATER-SEWER	CITYWIDE XFINITY SERVICES 1/6/19 2/5/19
January 16, 2019	44871	\$705.65	COOK'S COMMUNICATIONS CORP	WATER-SEWER	2019 RAM - LED AMBER W/ INLINE FLASH & INSTALL
January 16, 2019	44872	\$154.50	CORELOGIC INFORMATION	GENERAL-WATER-SEWER	REALQUEST SERVICES FOR DECEMBER 2018
January 16, 2019	44873	\$4,035.32	DAVID'S EQUIPMENT REPAIR	SEWER-STREETS	GRADER REPAIRS - STREET REPAIRS/PONDING
January 16, 2019	44874	\$923.68	DEPT. OF CONSERVATION	GENERAL	STRONG MOTION INST. & SEISMIC HAZARD 10/1 - 1, 7/1/18
January 16, 2019	44875	\$199.75	EINERSON'S PREPRESS	GENERAL	(1000) LETTERHEAD ENVELOPES (PD)
January 16, 2019	44876	\$11,250.00	FIREBAUGH POLICE DEPARTMENT	GENERAL	DISPATCH SERVICE DECEMBER 2018 (PD)
January 16, 2019	44877	\$137.99	FRESNO COUNTY SHERIFF BUSINESS OFFICE	GENERAL	RMS JMS ACCESS FEE FOR DECEMBER 2018
January 16, 2019	44878	\$98,644.76	FRESNO COUNTY FIRE PROTECTION DISTRICT	FIRE PROTECTION IMPACT	FY 18/19 FIRE PROTECTION SERV. & ADMIN. 7/1/18 - 12/31/18
January 16, 2019	44879	\$1,000.93	GONZALEZ TRANSPORT, INC.	STREETS	(46.35) TON BASE ROCK - STREET REPAIRS
January 16, 2019	44880	\$960.00	KERWEST NEWSPAPER	GENERAL	PUBLIC HEARING CDBG PUBLIC INPUT 1/8/19 & 1/22/19
January 16, 2019	44881	\$404.58	LC ACTION	GENERAL	(12) SIDE SADDLE 870 REMINGTON 6RD HOLDER (PD)
January 16, 2019	44882	\$100.00	JENNIFER LEKUMBERRY	GENERAL	EDUCATIONAL REIMBURSEMENT PROG FY 18/19
January 16, 2019	44883	\$55,622.10	MID VALLEY DISPOSAL, INC.	STREETS-REFUSE	ROLL OFF BIN EXCHANGE 10 YARD & 40 YARD. SANITATION CONTRACT SERVICES FOR DECEMBER 2018

CITY OF MENDOTA  
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January 16, 2019	44884	\$2,118.97	MUNICIPAL MAINTENANCE EQUIPMENT	STREETS	(2) STREET SWEEPER - MOTOR GUTTER BROOM
January 16, 2019	44885	\$3,278.59	NORTHSTAR CHEMICAL	WATER	SODIUM HYPOCHLORITE - 12.5% MILL (428 GAL) & (745 GAL). SODIUM BISULFITE (188 GAL)-25%
January 16, 2019	44886	\$858.23	OFFICE DEPOT	GENERAL-WATER-SEWER	MULTIPLE DEPARTMENT OFFICE SUPPLIES FOR DECEMBER 2018 THRU JANUARY 2019
January 16, 2019	44887	\$27,747.00	PROVOST & PRITCHARD	GENERAL-WATER-SEWER-STORM DRAIN IMPACT-SEWER	PASSTHRU - LAS PALMAS REVIEW & PLAN CHECK NOVEMBER 2018. STORM DRAIN MASTER PLAN SERVICES FOR NOVEMBER 2018
January 16, 2019	44888	\$4,315.08	QUINN COMPANY	WATER-SEWER-STREETS	WATER PLANT GENERATOR MAINTENANCE. PLATE-GRADER REPAIRS.
January 16, 2019	44889	\$227.25	R&B COMPANY	WATER-SEWER	(1) 4 FLEXIBLE WYE SADDLE W/2 SS STRAPS, (3) FL 12P FIBRELYTE LYD MK
January 16, 2019	44890	\$207.00	THE RADAR SHOP	GENERAL	RECERTIFIED RADAR UNITS - 3 RADAR UNITS (PD)
January 16, 2019	44891	\$654.26	RAMON'S TIRE & AUTO SERVICE	GENERAL-WATER-STREETS	VEH#4 & BACKHOE#11 - RADIAL REPAIR KIT. FORD F-350 TIRE REPAIR.
January 16, 2019	44892	\$4,131.76	SAN JOAQUIN RIVER GROUNDWATER SUSTAINABILITY AGENCY	WATER	GROUNDWATER SUSTAINABILITY PLAN-JAN-JULY 2018, AUG-SEPT 2018
January 16, 2019	44893	\$183.56	SIGNMAX	STREETS	(20) CROSS PIECE BRACKETS FOR STREET NAME SIGNS
January 16, 2019	44894	\$326.72	UNION PACIFIC RAILROAD COMPANY	STREETS	PUBLIC ROADWAY ENCROACHMENT-FEBRUARY 2019
January 16, 2019	44895	\$200.00	STATE WATER RESOURCE CONTROL BOARD	WATER	ANNUAL PERMIT FEE-PHASE II SMALL MS4 1/1/19-12/31/19
January 16, 2019	44896	\$194.85	TCM INVESTMENTS	GENERAL	MPC3503 LEASE PAYMENT FOR COPIER (PD)
January 16, 2019	44897	\$1,000.00	MARK ANTHONY DUARTE, TECH MASTER PEST MANAGEMENT	GENERAL-WATER-SEWER	PEST CONTROL SERVICE NOVEMBER - DECEMBER 2018
January 16, 2019	44898	\$2,399.93	THE WATER CONNECTION	WATER	(37) BACKFLOW TESTS & (2) REPAIRS 11/20/2018 (23) BACKFLOW TESTS & (4) REPAIRS 11/21/2018
January 16, 2019	44899	\$101.28	THE SHERWIN-WILLIAMS CO.	GENERAL-WATER-SEWER	(2) GAL OF SUPERIOR BRONZE PAINT
January 16, 2019	44900	\$59.86	THOMASON TRACTOR COMPANY	STREETS	BACKHOE- (2) FILTER ELEMENT
January 16, 2019	44901	\$1,207.09	TIREHUB, LLC	GENERAL	(12) TIRES POLICE DEPARTMENT
January 16, 2019	44902	\$8.00	MIGUEL ANGEL TREJO	GENERAL	REFUND-TICKET NOT CORRECTABLE SENT IN ERROR
January 16, 2019	44903	\$86.76	UNIFIRST CORPORATION	GENERAL-WATER-SEWER	JANITORIAL SERVICES FOR DECEMBER 2018
January 16, 2019	44904	\$322.85	VULCAN MATERIALS COMPANY	STREETS	COLD MIX 3/8SC8 ASPHALT (4.90) STREET PATCHING
January 16, 2019	44905	\$12,859.89	WANGER JONES HELSLEY PC ATTORNEYS	GENERAL-WATER-SEWER	SPECIAL LEGAL SERVICES OCTOBER THRU NOVEMBER 2018; GENERAL RETAINER DECEMBER 2018
January 16, 2019	44906	\$65.10	WECO	GENERAL-WATER-SEWER	RENT CYL ACETYLENE 34, OXYGEN D&K DECEMBER 2018
January 16, 2019	44907	\$405.45	ZEE MEDICAL SERVICE	GENERAL-WATER-SEWER	FIRST AID KIT SUPPLIES FOR WATER PLANT, PUBLIC WORKS YARD, CITY HALL, & PD
January 16, 2019	44908	\$1,372.31	SORENSEN MACHINE WORKS	GENERAL-WATER-SEWER-STREETS	MULTIPLE DEPARTMENT SUPPLIES FOR DECEMBER 2018

CITY OF MENDOTA  
CASH DISBURSEMENTS  
12/27/2018 - 1/16/2019  
Check# 44833 - 44908

		\$503,473.45			
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## AGENDA ITEM

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**TO:** HONORABLE MAYOR AND COUNCILMEMBERS

**FROM:** CRISTIAN GONZALEZ, CITY MANAGER

**SUBJECT:** APPROVAL OF CONTRACT WITH PROVOST & PRITCHARD  
FOR FINAL DESIGN AND CONSTRUCTION SERVICES RELATED TO  
RECONSTRUCTION OF THE MOWRY BRIDGE

**DATE:** JANUARY 22, 2019

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### **ISSUE**

Should the City Council approve the attached resolution to authorize entering into the attached proposal and agreement with Provost & Pritchard Consulting Group for final design, planning, permitting and construction services related to replacement of the Mowry Bridge?

### **BACKGROUND**

Following approval of the funding agreement with the US Department of the Interior, Bureau of Reclamation (Reclamation) at your regular meeting of December 11, 2018, the City is now authorized and obliged to reconstruct the Mowry Bridge. The Provost & Pritchard design team which prepared the preliminary design in early 2018 has presented the attached proposal for the design and construction services needed to carry that project to completion.

Specifically, the proposal includes taking the bridge design from its preliminary status through completion of construction documents, performing the necessary environmental analysis, applying for and pursuing four necessary permits, managing the bid process through award of a construction contract, setting construction stakes, administering the construction contract, and providing construction observation services including materials testing during construction.

The design schedule would begin in January. Construction could begin as early as October, but numerous Federal and State permits are needed before construction can start. If those are not in hand by late summer, bidding will be delayed until spring, 2020 since construction cannot take place during the winter and spring months when the river flows may be high. If that delay occurs, construction would start in May, 2020 with completion by December.

### **ANALYSIS**

The City Manager has reviewed the proposal and agreement and is satisfied that it adequately covers the necessary services, and that the work is needed to push the Mowry Bridge project forward on a timely basis.

**FISCAL IMPACT**

No direct financial impact. The entire cost of this agreement will be paid out of the funds received from the funding agreement with Reclamation. There will be no impact to the General Fund.

**RECOMMENDATION**

Staff recommends that the City Council adopt the attached resolution authorizing approval of the attached agreement with Provost & Pritchard Consulting Group for final design, planning, permitting and construction services related to reconstruction of the Mowry Bridge, in the amount of \$826,400.



286 W. Cromwell Avenue  
 Fresno, CA 93711-6162  
 (559)449-2700  
 FAX (559)449-2715  
[www.ppeng.com](http://www.ppeng.com)

## CONSULTANT SERVICES AGREEMENT

CSA No: 19-02

<b>Client</b>	<u>City of Mendota</u>	<b>Proposal No.</b>	<u>19-02</u>
<b>Attention</b>	<u>Cristian Gonzalez</u>	<b>Telephone</b>	<u>(559) 655-3291 x105</u>
<b>Bill To</b>	<u>City of Mendota</u>	<b>Fax</b>	<u>(559) 655-4064</u>
<b>Billing Address</b>	<u>643 Quince Street</u>	<b>E-Mail</b>	<u>cristian@cityofmendota.com</u>
<b>City, Zip Code</b>	<u>Mendota, CA 93640</u>		
<b>Project Title</b>	<u>Final Design and Construction Services for the Mowry Bridge</u>	<b>Location</b>	<u>Mendota, CA</u>

### Description of Services:

Proposal for Engineering, Surveying, Planning and Construction Management Services Reconstruction and Replacement of the Mowry Bridge Over the Fresno Slough, Mendota, CA

The provisions set forth below and on the following paragraphs 1 through 42 are incorporated into and made a part of this Agreement. In signing, the Client acknowledges that they have read and approved all such terms and hires Provost & Pritchard Engineering Group, Inc., dba Provost & Pritchard Consulting Group, (Consultant) to perform the above described services.

### TERMS AND CONDITIONS

Client and Consultant agree that the following terms and conditions shall be part of this agreement:

1. In providing services under this Agreement, the Consultant shall perform in a manner consistent with that degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances at the same time and in the same or similar locality. The Consultant makes no warranty, express or implied, as to its professional services rendered under this Agreement.
2. Client acknowledges that Consultant is not responsible for the performance of work by third parties including, but not limited to, the construction contractor and its subcontractors.
3. Client agrees that if Client requests services not specified in the scope of services described in this agreement, Client will pay for all such additional services as extra services, in accordance with Consultant's billing rates utilized for this contract.

### DOCUMENTS

4. Client acknowledges that all reports, plans, specifications, field data and notes and other documents, including all documents on electronic media, prepared by Consultant (collectively Work Product) are instruments of service which shall remain the property of Consultant and may be used by Consultant without the consent of Client. Consultant shall retain all common law, statutory law and other rights, including copyrights. Consultant grants Client a perpetual, royalty-free fully paid-up, nonexclusive and irrevocable license to copy, reproduce perform, dispose of, use and re-use the Work Product in connection with the Project, in whole or in part, and to authorize others to do so for the benefit of Client. Client acknowledges that its right to utilize Work Product pursuant to this agreement will continue only so long as Client is not in default, pursuant to the terms and conditions of this agreement, and Client has performed all its obligations under this agreement.



5. Client agrees not to reuse Work Product, in whole or in part, for any project other than the project that is the subject of this agreement. Client further agrees to waive all claims against Consultant resulting in any way from any unauthorized changes or unauthorized reuse of the Work Product for any other project by anyone on Client's behalf. Client agrees not to use or permit any other person to use versions of Work Product which are not final and which are not signed and stamped or sealed by Consultant. Client shall be responsible for any such use of non-final Work Product. Client hereby waives any claim for liability against Consultant for use of non-final Work Product. If a reviewing agency requires that check prints be submitted with a stamp or seal, those shall not be considered final for purposes of this paragraph.
6. In the event Client (1) makes, agrees to, authorizes, or permits changes in Work Product, or (2) makes, agrees to, authorizes, or permits construction of such unauthorized changes, which changes are not consented to in writing by Consultant, or (3) does not follow recommendations prepared by Consultant pursuant to this agreement, resulting in unauthorized changes to the project, Client acknowledges that the unauthorized changes and their effects are not the responsibility of Consultant. Client agrees to release Consultant from all liability arising from such unauthorized changes, and further agrees to defend, indemnify and hold harmless Consultant, its officers, directors, employees and subconsultants from and against all claims, demands, damages or costs, including attorneys' fees, arising from such changes.
7. Under no circumstances shall delivery of Work Product for use by the Client be deemed a sale by the Consultant, and the Consultant makes no warranties, either express or implied, of merchantability and fitness for any particular purpose. In no event shall the Consultant be liable for indirect or consequential damages as a result of the Client's unauthorized use or reuse of the Work Product.
8. The Client is aware that differences may exist between electronic files delivered and the printed hard-copy construction documents. In the event of a conflict between the signed construction documents prepared by the Consultant and electronic files, the signed sealed hard-copy documents shall govern.

#### **LIMITATIONS**

9. Consultant makes no representations concerning soils or geological conditions unless specifically included in writing in this agreement, or by amendments to this agreement. If Consultant recommends that Client retain the services of a Geotechnical Engineer and Client chooses to not do so, Consultant shall not be responsible for any liability that may arise out of the making of or failure to make soils or geological surveys, subsurface soils or geological tests, or general soils or geological testing.
10. Client acknowledges that, unless specifically stated to the contrary in the proposal's description of services to be provided, Consultant's scope of services for this project does not include any services related in any way to asbestos and/or hazardous or toxic materials. Should Consultant or any other party encounter such materials on the job site, or should it in any other way become known that such materials are present or may be present on the job site or any adjacent or nearby areas which may affect Consultant's services, Consultant may, at its option, suspend or terminate work on the project until such time as Client retains a qualified contractor to abate and/or remove the asbestos and/or hazardous or toxic materials and warrant that the job site is free from any hazard which may result from the existence of such materials.

#### **INDEMNIFICATION**

11. To the fullest extent allowed by law, Consultant will indemnify and hold harmless, but shall have no duty to defend Client, its officers, directors, employees and agents (collectively, the "Client Indemnitees") from, for and against any and all claims, demands, damages, losses, expenses, liabilities and penalties arising out of or relating to the Project, but only to the extent caused by the negligent or other wrongful acts or omissions of Consultant, its subconsultants, or any person or entity for whose acts or omissions any of them are responsible, or by the failure of any such party to perform as required by this Agreement. To the fullest extent allowed by law, Client will indemnify and hold harmless, but shall have no duty to defend Consultant and its officers, directors, employees and agents from, for and against any and all claims, demands, damages, losses, expenses, liabilities and penalties arising out of or relating to the Project, but only to the extent caused by the negligent or other wrongful acts or omissions of Client or any person or entity for whose acts or omissions it is responsible, or by the failure of any such party to perform as required by this Agreement. The obligations and rights of this Section are in addition to other obligations and rights of indemnity provided under this Agreement or applicable law.

## FINANCIAL

12. All fees and other charges due Consultant will be billed monthly and shall be due at the time of billing unless specified otherwise in this agreement. If Client fails to pay Consultant within sixty (60) days after invoices are rendered, Consultant shall have the right in its sole discretion to consider such default in payment a material breach of this entire agreement, and, upon written notice, Consultant's duties, obligations and responsibilities under this agreement may be suspended or terminated for cause pursuant to Sections 26 through 31. In such event, Client shall promptly pay Consultant for all outstanding fees and charges due Consultant at the time of suspension or termination including all costs and expenses incurred in the performance of services up to suspension or termination.
13. Consultant shall not be liable to Client for any costs or damages that may result from the termination or suspension of services under this agreement due to Client's failure to pay Consultant invoices in accordance with the terms of this paragraph. In the event that Consultant agrees to resume terminated or suspended services after receiving full payment of all late invoices, Client agrees that time schedules and fees, as applicable, related to the services will be equitably adjusted to reflect any delays or additional costs caused by the termination or suspension of services.
14. In all cases where the proposal calls for payment of a retainer, that payment shall be made by Client to Consultant prior to commencement of services under this agreement. Upon receipt of retainer payment, the Consultant shall commence services as provided for under this Agreement. Unless otherwise provided for in the project proposal, such retainer shall be held by Consultant throughout the duration of the contract, and shall be applied to the final project invoice, and to any other outstanding AR, including late payment charges, on the project. Any amount of said retainer in excess of the final invoice and other outstanding AR shall be returned to the Client within 30 days of issuance of the final project invoice.
15. Client agrees that all billings from Consultant to Client will be considered correct and binding on Client unless Client, within ten (10) days from the date of receipt of such billing, notifies Consultant in writing of alleged inaccuracies, discrepancies, or errors in billing. In the event of a dispute over any billing or portion of billing, Client agrees to pay the undisputed portion of any billings in accordance with the payment terms set forth in Section 18.
16. Client agrees to pay a monthly late payment charge, which will be the lesser of one and one half percent (1-1/2%) per month or a monthly charge not to exceed the maximum legal rate, which will be applied to any unpaid balance commencing thirty (30) days after the date of the billing. Client acknowledges that payments applied first to unpaid late payment charges and then to unpaid balances of invoices.
17. In the event Consultant's fee schedule changes due to any increase of costs such as the granting of wage increases and/or other employee benefits to field or office employees or any taxes or fees imposed by local, state, or federal government on consultants' fees during the lifetime of this agreement, the new fee schedule shall apply to all subsequent work on time-and-materials contracts.
18. If payment for Consultant's services is to be made on behalf of Client by a third party lender, Client agrees that Consultant shall not be required to indemnify the third party lender, in the form of an endorsement or otherwise, as a condition to receiving payment for services. Client agrees to reimburse Consultant for all collection agency fees, legal fees, court costs, reasonable consultant staff costs and other expenses paid or incurred by Consultant in the event that collection efforts become necessary to enforce payment of any unpaid billings due to Consultant in connection with the services provided in this agreement.
19. Not Used

## DISPUTE RESOLUTION

20. In an effort to resolve any conflicts or disputes that arise regarding performance under this agreement by either party, Client and Consultant agree that all such disputes shall be submitted to nonbinding mediation, using a mutually agreed upon mediation services experienced in the resolution of construction disputes. Unless the parties mutually agree otherwise, such mediation shall be a pre-condition to the initiation of any litigation. The parties further agree to include a similar mediation provision in their agreements with other independent contractors and consultants retained for the project and require them to similarly agree to these dispute resolution procedures. This provision shall not be interpreted to restrict the right of either party to file an action in a court of law, in the County of Fresno, State of California, having appropriate jurisdiction or to preclude or limit the Consultant's right to record, perfect or to enforce any applicable lien or Stop Notice rights.

## **CONSTRUCTION PROJECTS**

21. If the scope of services contained in this agreement does not include construction phase services for this project, Client agrees that such construction phase services will be provided by Client or by others. Client assumes all responsibility for interpretation of the contract documents and for construction observation and supervision and waives any claim against Consultant that may in any way be connected thereto. In addition, Client agrees to indemnify and hold Consultant harmless from any loss, claim, or cost, including reasonable attorneys' fees and costs of defense, arising or resulting from the performance of such services by other persons or entities and from any and all claims arising from the modification, clarification, interpretation, adjustments or changes made to the contract documents to reflect changed field or other conditions, except for claims arising from the negligence or other wrongful acts of Consultant, its employees, its subconsultants, or any other person or entity for which Consultant is responsible.
22. Client agrees to include provisions in its contract with the construction contractor to the effect that in accordance with generally accepted construction practices, the construction contractor will be required to assume sole and complete responsibility for job site conditions during the course of construction of the project, including safety of all persons and property, and that this requirement shall apply continuously and not be limited to normal working hours. Neither the professional activities of Consultant nor the presence of Consultant or its employees or subconsultants at a construction site shall relieve the contractor and its subcontractors of their obligations, duties and responsibilities including, but not limited to, construction means, methods, sequence, techniques or procedures necessary for performing, superintending or coordinating all portions of the work of construction in accordance with the contract documents and applicable health or safety requirements of any regulatory agency or of state law.
23. Client agrees to require its contractor and subcontractors to review the plans, specifications and documents prepared by Consultant prior to the commencement of construction phase work. If the contractor and/or subcontractors believe there are deficiencies, conflicts, errors, omissions, code violations, or other deficiencies in the plans, specifications and documents prepared by Consultant, contractors shall notify Client so those deficiencies may be corrected or otherwise addressed by Consultant prior to the commencement of construction phase work.
24. If, during the construction phase of the project, Client discovers or becomes aware of changed field or other conditions which necessitate clarifications, modifications or other changes to the plans, specifications, estimates or other documents prepared by Consultant, Client agrees to notify Consultant and, at Client's option, retain Consultant to prepare the necessary changes or modifications before construction activities proceed. Further, Client agrees to require a provision in its construction contracts for the project which requires the contractor to promptly notify Client of any changed field or other conditions so that Client may in turn notify Consultant pursuant to the provisions of this paragraph.
25. If, due to the Consultant's error, omission or negligence, a required item or component of the Project is omitted from the Consultant's construction documents, the Consultant shall not be responsible for paying the cost required to add such item or component to the extent that such item or component would have been required and included in the original construction documents. The Consultant will not be responsible for any cost or expense that enhances the value of the Project.

## **SUSPENSION AND TERMINATION**

26. If the Project or the Consultant's services are suspended by the Client for more than thirty (30) consecutive calendar days, the Consultant shall be compensated for all services performed and reimbursable expenses incurred prior to the receipt of notice of suspension. In addition, upon resumption of services, the Client shall compensate the Consultant for expenses incurred as a result of the suspension and resumption of its services, and the Consultant's schedule and fees for the remainder of the Project shall be equitably adjusted.
27. If the Consultant's services are suspended for more than ninety (90) days, consecutive or in the aggregate, the Consultant may terminate this Agreement upon giving not less than five (5) calendar days' written notice to the Client.
28. If the Client is in breach of the payment terms or otherwise is in material breach of this Agreement, the Consultant may suspend performance of services upon five (5) calendar days' notice to the Client. The Consultant shall have no liability to the Client, and the Client agrees to make no claim for any delay or damage as a result of such suspension caused by any breach of this Agreement by the Client. Upon receipt of payment in full of all outstanding sums due from the Client, or curing of such other breach

that caused the Consultant to suspend services, the Consultant shall resume services, and there shall be an equitable adjustment to the remaining project schedule and fees as a result of the suspension.

29. Client acknowledges Consultant has the right to complete all services included in this agreement. In the event this agreement is terminated before the completion of all services, unless Consultant is responsible for such early termination, Client agrees to release Consultant from all liability for services not performed or completed by Consultant and from liability for any third-party reliance, use, interpretation or extrapolation of Consultant's work product. In the event all or any portion of the services by Consultant are suspended, abandoned, or otherwise terminated, Client shall pay Consultant all fees and charges for services provided prior to termination, not to exceed the contract limits specified herein, if any. Client acknowledges if the project services are suspended and restarted, there will be additional charges due to suspension of the services which shall be paid for by Client as extra services pursuant to Section 26. Client acknowledges if project services are terminated for the convenience of Client, Consultant is entitled to reasonable termination costs and expenses, to be paid by Client as extra services pursuant to Section 28.
30. The Client may terminate this Agreement for the Client's convenience and without cause upon giving the Consultant not less than seven (7) calendar days' written notice.
31. In the event of termination of this Agreement by either party, Consultant shall invoice Client for all outstanding services and expenses reasonably incurred by the Consultant in connection with the orderly termination of this Agreement, including but not limited to demobilization, reassignment of personnel, associated overhead costs and all other expenses directly resulting from the termination. The Client shall within thirty (30) calendar days of termination pay the Consultant for all services rendered and all reimbursable costs incurred by the Consultant up to the date of termination, in accordance with the payment provisions of this Agreement.

#### **OTHER**

32. This agreement shall be binding upon the heirs, executors, administrators, successors and assigns of Client and Consultant.
33. This agreement shall not be assigned by either Client or Consultant without the prior written consent of the other.
34. Consultant's or Client's waiver of any term, condition or covenant shall not constitute the waiver of any other term, condition or covenant. Consultant's or Client's waiver of any breach of this agreement shall not constitute the waiver of any other breach of the Agreement.
35. Client and Consultant agree that if any term or provision of this Agreement is determined to be illegal, in conflict with any law, void or otherwise unenforceable, and if the essential terms and provisions of this Agreement remain unaffected, then the validity of the remaining terms and provisions will not be affected and the offending provision will be given the fullest meaning and effect allowed by law.
36. This agreement shall be governed by and construed in accordance with the laws of the State of California.
37. Within the limits of the approved scope and fee, Consultant may engage the services of any subconsultants when, in the Consultant's sole opinion, it is appropriate to do so. Such subconsultants may include testing laboratories, geotechnical engineers and other specialized consulting services deemed necessary by the Consultant to carry out the scope of the Consultant's services.
38. Consultant shall be entitled to immediately, and without notice, suspend the performance of any and all of its obligations pursuant to this agreement if Client files a voluntary petition seeking relief under the United States Bankruptcy Code or if there is an involuntary bankruptcy petition filed against Client in the United States Bankruptcy Court, and that petition is not dismissed within fifteen (15) days of its filing. Any suspension of services made pursuant to the provisions of this paragraph shall continue until such time as this agreement has been fully and properly assumed in accordance with the applicable provisions of the United States Bankruptcy Code and in compliance with final order or judgment issued by the Bankruptcy Court.
39. This agreement shall not be construed to alter, affect or waive any design professional's lien, mechanic's lien or stop notice right, which Consultant may have for the performance of services pursuant to this agreement. Client agrees to provide to Consultant the current name and address of the record owner of the property upon which the project is to be located. Client also agrees to provide Consultant with the name and address of any and all lenders who may loan money on the project and who are entitled to receive a preliminary notice.



January 2, 2019

Cristian Gonzalez, City Manager  
City of Mendota  
643 Quince Street  
Mendota, CA 93640

**RE: Proposal for Engineering, Surveying, Planning  
and Construction Management Services  
Reconstruction and Replacement of the Mowry Bridge  
Over the Fresno Slough, Mendota, CA**

Dear Cristian:

Following the City's acceptance of an agreement with the US Department of the Interior, Bureau of Reclamation (Reclamation) for reconstruction of the Mowry Bridge over the Fresno Slough, we are pleased to present this proposal for final design, permitting, and construction management services.

This proposal includes the final design of the bridge replacement, to be based directly on the preliminary design completed in March 2018. It also includes additional topographic surveying, environmental clearance and agency permitting services to grant the project all necessary permissions for construction. The structural engineering will be performed by our subconsultant Cornerstone Structural Engineering Group (CSEG) and the geotechnical engineering will be performed by Parikh Consultants. Following approval of the final design, we will assist the City with seeking construction bids, administer the construction contract and provide on-site field representation throughout the construction period.

The services we propose to include are listed and described in more detail below, along with our assumptions and the associated fees.

### **Topographical Surveying**

While most of the survey information needed was developed as part of the preliminary design process, we will need additional location and elevation information particularly at the bridge approach locations and where the B&B Ranch canals and canal headwalls will be relocated. Accordingly, we propose the following tasks:

- Extend the topographic survey of the existing ground at both ends of the bridge, to include the existing canals east of the bridge, including existing headwalls, pipe locations, depths and sizes.
- Meet with Bill Ward to understand the operational needs of the canals, so that existing underground facilities can be correctly mapped.

We propose to complete the Topographical Survey Phase for the lump sum of **\$3,500**.

## Environmental Planning Services

Reclamation has included the bridge replacement in their environmental documents for the River Restoration Program, allowing the City to rely on that analysis rather than starting over. However, some more-specific on-site field review is believed necessary to assure a complete understanding of the environmental setting. Reclamation has requested the City to complete this work, and has included the cost in the reimbursement agreement. Following is that scope of work:

- Through our subconsultant, Applied Earthworks, prepare an additional historical resources study within the project's designated Area of Potential Impact (APE), in accordance with Reclamation guidelines. See Appendix C.
- Submit the study report to Reclamation and process to achieve acceptance.
- Prepare resolutions for consideration by the Mendota City Council taking action necessary to adopt the project environmental document incorporating the additional historical resources study.

We propose to complete the Environmental Planning Phase for the lump sum of **\$34,500**.

## Permitting Services

A number of permits from both State and Federal agencies will be required before construction may proceed. Under this phase, P&P staff will prepare and submit applications for each required permit. We will respond to comments received and make timely resubmittals, working diligently to achieve permit approval. However, agency conditions and processing times are beyond our control and we make no assurances of either approval dates or even achieving approval. The permits known at this time to be needed include:

- Central Valley Flood Protection Board (CVFPB) Encroachment Permit
- State Lands Commission (SLC) Encroachment Permit
- Regional Water Quality Control Board 401c Water Quality Certification
- State Department of Fish and Wildlife Streambed Alteration Permit

There are other agencies who are sometimes involved in permitting similar projects. At this time we understand that the following agencies are satisfied by the work already completed by Reclamation for the San Joaquin River Restoration Program, and that we will not have to seek additional permitting from them for this project.

- San Luis and Delta Mendota Water Authority – No effect on their downstream facilities
- Reclamation – This project is in support of their larger project and is included in their own project descriptions
- Kings River Water Association (KRWA) – While Kings river water flows beneath the Mowry Bridge, the project will not affect KRWA operations nor does KRWA have jurisdiction over any of the affected facilities.
- US Army Corps of Engineers (ACOE) – We understand the Corps is satisfied by Reclamation's prior work and will not require anything further from the City

We propose to work on the Permitting Phase on a time-and-materials basis in accordance with our 2019 Standard Schedule of Fees. We are proposing an initial budget of **\$45,800** to process the four permits listed above. We will bill only for the time actually expended on this portion of

the scope of work. If it appears we will need to exceed the budget to secure the four permits, or if we later learn of additional permits that may be required, we will propose an amendment in scope and budget before our billings exceed this initial budget.

## Final Design Phase

This phase includes preparation of the final plans, specifications and opinions of probable construction cost for the bridge and transition approach roads, including supporting geotechnical investigation, as detailed below:

- Meet with City staff to discuss the final design parameters as received from Reclamation, and how the preliminary design will be shown on the final drawings. No substantial alterations from the submitted preliminary design are expected.
- Commission Parikh Consultants to carry out the geotechnical investigation. A detailed scope of their planned work is attached as Appendix A.

### 60-Percent Design Plans, Specifications and Estimate

- Working from the Preliminary Plans, the design team will prepare 60-percent drawings for the project, together with preliminary technical specifications. Plans will include a refinement of the east and west transitions to the bridge, and will also illustrate necessary realignment of the City's raw water line east and west of the new bridge.
- New plans will be prepared for relocation of the B&B canals, headwalls and pipelines east of the bridge, as required to accommodate the easterly road transition to the bridge. Detail drawings will be included for bridge and other project aspects as required.
- Our structural engineering subconsultant, Cornerstone Structural Engineering Group (CSEG) will prepare 60-percent design drawings and supporting documentation based on the Preliminary design. A detailed description of these tasks is included in Appendix B.
- 60-percent design tasks will include the following:
  - Grading Plans (two sheets)
  - Design of approaches including vertical and horizontal curves (two sheets)
  - Alignment and location of metal beam guard rails (one sheet)
  - Cover sheet and detail sheets (2 sheets)
  - Coordination between civil and structural plans
  - Incorporation of geotechnical engineering findings and recommendations into the design solutions.
  - Preparation of preliminary Civil and Structural technical specifications, subject to final customization for the project.
  - Prepare Preliminary Engineer's Opinion of Probable Construction Costs (PEOPCC) for the project scope. CSEG will prepare the 60-percent PEOPCC for the bridge structure, and will provide it to P&P for integration with the rest of the PEOPCC.
  - Participation in up to five meetings with the City and/or design team to review and comment on 60% design and critical design issues.



- P&P and CSEG staff will meet with City staff and review the 60-percent plans for conformance with the Preliminary plans and City's supplemental direction. Plans will be corrected as required, within the intent of the initial directions. Changes in City design direction at this time may or may not be able to be accommodated within the available schedule, and may be considered as additional services.

#### Final Design Plans, Specifications and Estimate

- Working from the 60-percent Plans, the design team will prepare final drawings for the project, together with final bid documents, front-end and technical specifications. Plans will include the same sheets as the 60-percent submittal.
- Final design tasks will include the following:
  - Finalize Cover sheet to include pertinent contact information, general notes, references to outside documents and other details.
  - Finalize alignment control for structural plans, annotate plans with control points, coordinates, dimensions and construction notes.
  - Finalize design of approaches including vertical and horizontal curves including all geometric information required for construction, and complete construction notes with references to relevant details.
  - Finalize approach grading with complete elevations and construction notes.
  - Complete construction notes for metal beam guard rails including details
  - Coordination between civil and structural plans
- CSEG will prepare final design drawings and technical specifications for inclusion in the overall Contract Documents. A detailed description of these tasks is also included in Appendix B.
- Preparation of final Civil and Structural bidding documents, front end and technical specifications, with all necessary customization and incorporation of proprietary product information if applicable.
- Prepare revised Engineer's Opinion of Probable Construction Costs (EOPCC) for the project scope, updated and refined from the PEOCC as required.
- Participation in up to three meetings with the City and/or design team to review and comment on final design plans and specifications.

The fee for the Final Design Phase will be the lump sum of **\$372,400**.

#### Bid Phase Services

- Prepare bid package for advertisement. Bid package will include plans, specifications and a separate bidder's package including all necessary documents to be submitted at time of bid opening. We will provide two (2) copies of the full-size plan set and the project manual, one for review at City Hall and the other for review at our office.
- Notify Builders' Exchanges and provide electronic project documents for use by Contractors at those locations.
- Attendance at the pre-bid meeting and job walk.
- Prepare any necessary clarifications and issue an Addendum during the bid time to provide additional information resulting from bidder questions.

- Attend and run the bid opening, to be held at the City of Mendota.
- Prepare bid canvass and make recommendation of the lowest responsible, responsive bidder to the City Council. Prepare Notice of Award to successful bidder.

We propose to provide the Bid Phase services for the lump sum of **\$12,700**.

## **Construction Support Services**

### **1. Construction administration and observation activities include:**

- Act as the City's primary point of contact with contractor
- Coordinate efforts of the City, Engineer, Contractor, and subcontractors
  - Additional coordination with operation staff and utility companies
- Review signed Contract Documents submitted by the Contractor prior to construction.
- Prepare a Notice to Proceed for approval and issuance by the City.
- Prepare Conformed Contract Documents for City and Contractor
- Meetings with Contractor (includes the pre-construction meeting).
- Submittal review and processing
- RFI review and processing
- Construction schedule review and processing
  - Actual progress vs. planned progress schedule monitoring and reporting
- Progress payment application review and processing, including coordination with DIR
- Project closeout activities include:
  - Prepare and submit final punch list and project closeout checklist to the City and Contractor
    - Monitor and update final punch list and project closeout checklist, and provide updated copies to the City and Contractor
    - Make recommendations to the City when all items have been completed in conformance with Contract Documents
  - Prepare final Record Drawings based on information received from Contractor
  - Final payment application review and processing

### **2. Engineering support services activities include:**

Secondary construction management and periodic site visits (up to 8 site visits are included in the scope of services) by the resident engineer for items of work listed under the above referenced "Construction administration and observation activities", such as clarifications of the construction documents and addressing Contractor requests for information throughout the duration of the project in a timely manner.

### **3. Administrative support services include:**

Project setup, paper and electronic filing, invoicing, coordinating with the City's labor compliance efforts, and completing and submitting required documentation to satisfy the funding agreement requirements.

We propose to provide the Construction Support services for the lump sum of **\$78,300**.

## Construction Observation Services

- Construction Observation
  - Review of the Contractor and subcontractors' work for compliance with Contract Documents on a mutually agreeable basis. See time assumptions below.
  - Communication with the Contractor and subcontractors regarding acceptability of work product
  - Monitoring of corrective action taken by the Contractor needed to fix work that is not in compliance with contract documents
  - Additional observation of bridge construction will be provided by CSEG. See Appendix B.
- Construction Observation Reports and Photos
  - Keep field inspection diaries that include: *report number, date, weather conditions, location and description of operations, and labor and equipment documentation.*
  - Take digital photos of work in progress
- Change Order Review and Comments
- Concrete and Soils Testing to be provided by Parikh Consultants

We propose to work on the Construction Observation Service on a time-and-materials basis in accordance with our 2019 Standard Schedule of Fees. We are proposing an initial budget of **\$296,600**, assuming a 7-month construction window. See the Assumptions below. We will bill only for the time actually expended on this portion of the scope of work.

## Construction Staking Services

- Prior to construction start, and prior to start of aestivation season, set construction stakes for the Giant Garter Snake exclusion fencing required by Reclamation in accordance with their EIR/S mitigation measures.
- Prior to construction start, set on-site horizontal and vertical control monuments for use by the construction contractor in establishing detailed project control stakes.

We propose to provide the Construction Staking services for the lump sum of **\$9,600**.

## Fee Summary:

The proposed fees for each of the phases are summarized in the table on the following page.

Phase		Fee
<b>Fixed Fee Phases</b>		
	Topo Survey	\$3,500
	Environmental Planning	\$34,500
	Final Design	\$372,400
	Bidding Services	\$12,700
	Construction Administration	\$78,300
	Construction Staking	\$9,600
<b>Time and Materials Phases (Fee Budgets)</b>		
	Permitting	\$45,800
	Construction Observation	\$269,600
<b>Total Budgeted Fee:</b>		<b>\$826,400</b>

**Schedule:**

Once we are authorized to proceed, we will move forward with the above scope of services. The initial goal is to have the project ready to go to bid by August 1, 2019, to aim for an October 1, 2019 start of construction in order to be able to complete the portion of the project located within the Fresno Slough before river flows rise due to winter rains and spring runoff. However, there is a reasonable likelihood that one or more of the required permits will not be secured by that time. In particular, the CVFPB has indicated its permit process may take as much as a year to complete.

Should the permits not all be secured by August 1, 2019, we propose that bids be delayed until late Spring, 2020, aiming for a July start of construction after spring runoff has receded. We anticipate that construction will require six to seven months from commencement.

**Assumptions:**

- P&P will coordinate Labor Compliance with DIR.
- The Contractor will be required to obtain all permits discussed in the Contract Documents and pay all fees associated with said permits.
- The Contractor will prepare and submit a traffic control plan to the City and obtain approval prior to the start of construction.
- Wages paid for field services shall be based on the State prevailing wage, or Davis Bacon wage rates; whichever is greater.
- Construction Observation Fee is based on an average of two trips per week, with eight hours on site per trip, over a 7-month calendar day construction period per Contract Documents. If construction contract is extended to more than seven months, either by City or due to Contractor delay, additional inspection hours will be required and additional compensation for construction administration services may be requested.
- Fee does not include overtime, weekend or holiday construction observation services.

- Additional assumptions listed in Appendix B

If this proposal is acceptable, please sign and date below, and on the attached Consultant Services Agreement. The signed documents will be our notice to proceed. We look forward to continuing our work on this important project.

**Client:** City of Mendota

Provost & Pritchard Engineering Group, Inc. dba  
Provost & Pritchard Consulting Group

**By:**

**By:**



**Name/Title:** Cristian Gonzalez,  
City Manager

**Name/Title:** Matthew W. Kemp, PE, PLS  
C66088

**Date Signed:**

**Date Signed:** January 2, 2019

**Attest:**

**By:**



**Name/Title:** Matt Flood  
City Clerk

**Name/Title:** David McGlasson, PE, PLS  
Principal in Charge

**Date Signed:**

**Date Signed:** January 2, 2019

## **Appendix A**

### **Parikh Consultants – Geotechnical Investigation and Engineering**

#### **TASK 1.1 – Geotechnical Investigation (35% Type Selection)**

##### **Task 1.1.1 - Pre-field Activities**

Prior to the field work, perform a site reconnaissance to review project limits and mark the exploratory boring locations for utility clearance. It is anticipated an encroachment permit will be provided by others. At this time borings will be drilled at each end of the existing bridge.

##### **Task 1.1.2 - Field Exploration Program**

The field exploration will include two (2) test borings to depths of about 100 to 120 feet below existing grade. The soil cuttings and drilling fluid will be contained in 55-gallon drums and removed from the site (as necessary). Samples will be obtained from the test borings at frequent intervals. Upon completion, test borings will be backfilled with cement grout.

##### **Task 1.1.3 - Laboratory Testing**

Selected soil samples obtained during the field exploration will be tested in the laboratory to evaluate certain physical properties that will be necessary to complete the engineering analysis. Strength tests may include unconfined compression, Atterberg limits, gradation, consolidation and general classification tests.

##### **Task 1.1.4 - Analysis and Draft Foundation Report (35%)**

- After the field and laboratory phases are complete and based on engineering evaluation and analysis of field and laboratory data, a draft Foundation Report will be prepared which is based on 35% plans. The report will follow Caltrans guidelines for Foundation Report Preparation for Bridge Foundations. The FR will present comments and recommendations to aid in 35% design of the bridge.

It is anticipated that the following specific items will be included in the Foundation Report:

- Discussion of the field and laboratory testing programs, including results of the laboratory tests.
- Comments on the regional geology, and site engineering seismology, including the potential for liquefaction and associated effects (seismically induced settlement and lateral spreading.)
- Recommended peak ground acceleration and ARS curve based on current Caltrans Seismic Design Criteria.
- Recommended design and specified tip elevations for selected pile foundation types (limited to the 35% design).
- Recommended parameters for LPILE profile and lateral load versus deflection curve for selected pile foundations.
- Recommended lateral loading on piles due to lateral spread, if determined appropriate by CSEG

- Comments on the corrosion potential of foundation soil.
- Settlement evaluation and potential mitigation measures for settlement such as wick drains.
- Log of Test Boring drawings suitable for inclusion into the contract drawings.

**Deliverables:**

- Draft Foundation Report (35% design)
- Log of Test Borings (LOTB)

**Task 1.1.5 - Final Foundation Report through 100% design:**

- Final Foundation Report: PARIKH will prepare a final Foundation Report based on any design updates between 35% and 100% and the comments made by the County and other agencies on the draft Foundation Report.
- The updated final report will include any design updates after the draft report preparation. PARIKH will provide final boring logs using the standard Caltrans Log of Test Borings (LOTB) sheets and use the general plan as a base map.
- Design Review and Consultation.

**CONSTRUCTION SUPPORT SERVICES**

- Assist design team in responding to Contractor RFIs. No construction monitoring or field visits are included at this time. These can be provided upon request. Estimated man-hours will be based on a T&M schedule.
- Assist design team in providing limited construction support services for foundation observations and Materials Testing. Estimated man-hours will be based on a T & M schedule.

## **Appendix B**

### **Cornerstone Structural Engineering Group**

#### **SCOPE OF WORK – FINAL DESIGN AND BIDDING SERVICES**

##### **65% PLANS, SPECIFICATIONS & ESTIMATE (PS&E)**

- A. Administration, coordination and project management
- B. Prepare draft structure specifications
- C. Prepare structure design calculations based on AASHTO LRFD Design Code and the Caltrans SDC
- D. Develop and draft unchecked details
- E. Develop unchecked detail quantities
- F. Prepare Construction Cost Estimate

##### **95% PLANS, SPECIFICATIONS & ESTIMATE (PS&E)**

- A. Administration, coordination and project management
- B. Address 65% submittal comments from Agency and/or Others
- C. Perform Independent in-house check of structure calculations
- D. Perform in-house check of details
- E. Perform in-house check of draft structure specifications
- F. Perform in-house check of quantities and prepare draft itemized Bid Documents in Excel Format
- G. Address check comments
- H. Update construction cost estimate and prepare draft itemized Bid Documents in Excel Format

##### **100% PLANS, SPECIFICATIONS & ESTIMATE (PS&E)**

- A. Administration, coordination and project management
- B. Address 95% submittal comments from Agency and/or Others
- C. Provide approved bid set of Bridge Plans and Specifications, for inclusion in the Civil Engineer's contract document set.



**PRELIMINARY ESTIMATE OF INDEX TO STRUCTURE PLAN SHEETS**

**MOWRY BRIDGE AT FRESNO SLOUGH**

1. General Plan
2. General Notes
3. Foundation Plan
4. Abutment 1 Layout
5. Abutment 2 Layout
6. Abutment Details
7. Pier Layout
8. Pier Details
9. Typical Section
10. Prestressed Concrete Slab Layout
11. Prestressed Concrete Slab Details
12. Utility Details
13. Structural Specifications

**DELIVERABLES**

**65% PLANS, SPECIFICATIONS & ESTIMATE (PS&E)**

- A. One complete reproducible set of plans with unchecked details
- B. Design Calculations
- C. Draft Specifications
- D. Preliminary Quantities and Estimate, including Draft Itemized Bid Documents in Excel Format

**95% PLANS, SPECIFICATIONS & ESTIMATE (PS&E)**

- A. One complete reproducible set of plans with checked details
- B. Updated Specifications
- C. Updated Quantities and Estimate, including:
  1. Construction Cost Estimate
  2. Quantities calculations
- D. Responses to 65% submittal comments by Agency and/or Others

**100% PLANS, SPECIFICATIONS & ESTIMATE (PS&E)**

- A. One set of reproducible final structure plans
- B. Final Specifications
- C. Final Quantities and Estimate, including:
  1. Construction Cost Estimate

2. Quantities calculations
3. Final itemized bid documents in Excel Format

D. Responses to 95% submittal comments by Agency and/or Others

## **SCHEDULE**

<b><u>Milestone</u></b>	<b><u>Time Required</u></b>
65% Plans, Specifications & Estimate (PS&E)	8 weeks from Type Selection Meeting
95% Plans, Specifications & Estimate (PS&E)	4 weeks from receipt of 65% Submittal comments
100% Plans, Specifications & Estimate (PS&E)	2 weeks from receipt of 95% Submittal comments
	<b>14 weeks total</b> (not including Agency review time)

## **ASSUMPTIONS**

The following assumptions were made in generating this design proposal. Deviations from these assumptions could result in additional work by Cornerstone Structural Engineering Group, which is not included in this proposal.

1. Final bridge span, span arrangement, and bridge width are approximately as described in this proposal. Should bridge geometry or span arrangement change, this may require additional budget.
2. The geotechnical investigation will be conducted with a draft report to be submitted to Cornerstone Structural Engineering Group before the start of the 65% Design phase. The geotechnical report shall include the following:
  - Soil Unit Weight
  - Lateral "at rest" equivalent fluid pressure for "drained" and "undrained" conditions
  - Lateral "active" equivalent fluid pressure for "drained" and "undrained" conditions
  - Allowable and Nominal soil bearing pressure
  - LPILE Criteria
  - Foundation recommendations, including pile recommendations
  - Pile corrosion protection recommendations as required
  - Groundwater elevation
  - Allowable and nominal passive pressure and friction coefficient for sliding of retaining walls and bridge footings
  - Structural backfill recommendations
  - Seismic Design ARS Curve
3. The Design Team will provide Cornerstone Structural Engineering Group with complete utility location data before the start of the 65% Design phase.

4. Utility design and/or relocation is to be performed by others.
5. All electrical design, including footlights, wiring diagrams, pull boxes, etc. is to be by others if required. Anchor bolts and attachment of footlights to the bridge (if required) will be designed by Cornerstone Structural Engineering Group.
6. All required permit applications and environmental documentation will be prepared and filed by others.
7. Hydraulic analysis, including the design of any scour protection measures and determination of design scour envelope, is to be designed by others. It is assumed that if required any rock slope protection design will be shown on the Civil Drawings.
8. The roadway approaches to the bridge, including approach embankment fill, metal beam guard railing, etc. shall be designed by the Civil Engineer. Civil Engineer to provide topographic contour base sheet showing existing ground conditions in the vicinity of the bridges at 2-foot contour intervals.

### **SCOPE OF WORK – CONSTRUCTION STRUCTURAL SUPPORT SERVICES**

- A. Review and approve shop drawings
- B. Written responses to Contractor RFIs, only after providing copies to Design Team and then copies of responses, upon approval by Design Team
- C. Review of contractor designed falsework drawings, concrete mix designs, and other submittals required by the bridge specifications
- D. One full-size set of Bridge Record Drawings

### **SCOPE OF WORK – CONSTRUCTION STRUCTURAL OBSERVATION SERVICES**

Cornerstone proposes to provide a certified ACI Field Testing Technician – Grade I and/or a licensed Civil Engineer to act as Structure Representative to perform part time, on-site bridge construction observation in accordance with the following:

A. Verification of Grades

Survey verification requests will be made by Cornerstone Structural Engineering Group during construction to verify structure layout and grades determined by the Contractor. The survey requests will include, but shall not be limited to, surveys during construction of the following structure elements, prior to placement of concrete:

- Formwork for Abutment/Retaining Wall Pile Caps/Footings
- Formwork for Abutment/Retaining Wall Stems
- Formwork for Abutment Wingwalls
- Formwork for Barrier Rails
- Top of Pile Extensions
- Formwork for Pier Caps

Per the Project Specifications, the Contractor will be responsible for submitting proposed grades to Cornerstone for review. Following completion of the forms and prior to concrete placement, Cornerstone will submit survey verification requests to Provost & Pritchard Consulting Group, who will perform the field surveys. Cornerstone's requests for survey verification will include an exhibit with the locations of where grade verifications will be required.

B. Temporary Trestle

Cornerstone will provide periodic observation of the installation and removal of the temporary trestle for conformance with the submitted and reviewed temporary trestle shop drawings.

C. Driven Steel Wide Flange Piles

Cornerstone will review steel mill certifications for conformance with the project specifications. Cornerstone will provide continuous observation during construction of the driven steel wide flange piles including during predrilling of holes, if required, and driving of steel wide flange piles.

In addition to the proposed structure observation to be provided by Cornerstone outlined above, it is assumed that full-time inspection during construction of the driven steel wide flange piles will be provided by the project geotechnical engineer. Cornerstone will only be responsible for structural compliance. The project geotechnical engineer will be responsible for geotechnical aspects of the pile installation, including verification of pile specified tip elevation.

D. Cast-in-Steel Shell Concrete Piles

Cornerstone will witness job control tests for reinforcing steel splices required by the specifications including longitudinal mechanical bar couplers and welded hoop splices. Cornerstone will provide continuous observation during construction of the cast-in-steel shell piles including during driving and cleaning out of the shells and during installation of bar reinforcing steel cages and placement of concrete.

In addition to the proposed structure observation to be provided by Cornerstone outlined above, it is assumed that full-time inspection during construction of the cast-in-steel shell concrete piles will be provided by the project geotechnical engineer. Cornerstone will only be responsible for structural compliance. The project geotechnical engineer will be responsible for geotechnical aspects of the pile installation, including verification of pile specified tip elevation and nominal driving resistance. Quality assurance testing of mechanical bar couplers and welded splices in hoops will be provided by others. Cornerstone's Structure Representative will coordinate with the project geotechnical engineer and materials testing consultant during construction.

E. Reinforcing Steel

Cornerstone will review reinforcing steel mill certifications for conformance with the project specifications and provide periodic observation of the placement of all reinforcing steel during construction.

F. Cast-in-Place Concrete

Cornerstone will provide periodic observation during the installation of all concrete formwork and clearances to reinforcing steel. Cornerstone will review concrete prequalification for concrete designated by compressive strength of 3,600 psi or greater. This is to include witness of a trial batch and subsequent concrete cylinder testing or review of certified test data. Cornerstone will provide continuous observation during the placement of all structural concrete for conformance with the project specifications during construction.

Please Note: All concrete compression cylinder fabrication and testing (including slump and temperature tests) are to be performed by others under a separate contract.

G. Precast Concrete Slabs

Cornerstone will provide periodic observation of the dimensions of the casting bed and installation of all formwork within the casting bed. Cornerstone will provide periodic observation during the placement of all mild reinforcing steel and prestressing steel and full-time observation during the placement of all concrete. Cornerstone will provide full time observation during tensioning of prestressing steel to observe loads and elongations. A written record of actual elongations compared to theoretical elongations will be prepared by the Precast Contractor and will be reviewed by Cornerstone. Cornerstone will provide continuous observation during erection of precast concrete slabs.

H. Concrete Barrier Rail

Cornerstone will provide periodic observation during installation of concrete barrier rail reinforcing steel and formwork. Cornerstone will provide continuous observation during the placement of all concrete for barrier rails.

I. Handrailing

Cornerstone will provide periodic observation during the installation of handrailing.

J. Welding (General)

Cornerstone will provide periodic oversight of special inspection activities performed by others during all structural welding. Cornerstone will provide periodic oversight to ensure the submitted and reviewed Welding Quality Control Plan is being followed.

K. Reports and Statements

Cornerstone will prepare Structural Observation Reports for the days that on-site observations are provided. These reports will include:

- Construction activities observed
- Deficiencies found
- Corrections performed

All discrepancies shall be brought to the immediate attention of the contractor for correction, then, if uncorrected, to the proper design authority, Provost & Pritchard Consulting Group, and to the City of Mendota, County of Fresno, and USBR Construction Inspectors. Reports will be prepared and signed by the Structure Representative and sent to the City of Mendota, County of Fresno, and USBR Construction Inspector, the owner or owner's designated representative, the structural engineer of record, and other persons designated by the owner or owner's designated representative at the completion of major activities.

The Structure Representative shall submit a Statement of Structural Observation at specific stages of construction as described below.

## **ASSUMPTIONS**

The following assumptions were made in generating this design proposal. Deviations from these assumptions could result in additional work by Cornerstone Structural Engineering Group, which is not included in this proposal.

1. Construction is assumed to begin on October 1, 2019 and will be completed by April 30, 2020. Should construction continue beyond the assumed end date, additional budget may be required.
2. Cornerstone Structural Engineering Group assumes that observation of all earthwork and foundation installation will be performed by the project soils engineer under a separate contract.
3. Our proposed scope of work does not include the following:
  - Processing contractor payment requests (although we will review quantities claimed each month to confirm reasonableness if requested).
  - Contract management, including monitoring contractor daily equipment and labor records, apprenticeship requirements, worker & civil rights interviews, etc.

- Monitoring contractor's construction schedule
- Oversight of construction site safety
- Processing contractor submittals, maintaining project files, etc.
- Welding inspections (assumed to be provided by the City's Special Inspector)
- Earthwork inspections including materials and compaction (assumed to be provided by the Geotechnical Engineer)
- Other duties normally performed by the project Construction Manager

4. The Client understands and agrees to the following roles and responsibilities:

**Inspection:** The building official or his/her designated building inspectors typically perform what is generally known as inspections. These inspections are pursuant to Section 110, Chapter 1 of the 2016 CBC. The specific required inspections and their frequency are generally at the discretion of the building official and/or building inspector. These required tasks are neither performed by the agency conducting Special Inspection nor the engineer-of-record. Client understands that Client's contractor(s) must cooperate with the building official and/or building inspector to meet all their requirements. Inspection is not to be construed as Special inspection or Structural observation.

**Special Inspection:** Pursuant to the 2016 California Building Code, Special Inspection is defined Inspection of construction requiring the expertise of an approved special inspector in order to ensure compliance with this code and the approved construction documents. These required tasks are neither performed by the building official nor the engineer-of-record. The Owner is responsible for retaining an independent special-inspection-agency recognized by the building jurisdiction to carry out all required Special Inspections as required by (1) the 2016 CBC and (2) as outlined in the approved structural construction documents prepared by the Consultant. Special Inspections are carried out only by specific special-inspection-agencies, recognized by the building department or building jurisdiction, to perform such Special Inspections. Special Inspection is not to be construed as Inspection or Structural observation.

**Structural Observation:** Pursuant to the 2016 California Building Code, Structural Observation is defined as the visual observation of the structural system by a registered design professional for general conformance to the approved construction documents. Structural Observation does not include or waive the responsibility for the inspection required by Sections 110, 1705 or other sections of this code. This type of construction review is exclusively performed by the Project's engineer-of-record. Structural observation is not to be construed as Inspection or Special inspection.

**Consultant's Statement of Structural Observation:** The Client understands that Inspection, Special Inspection, and Structural Observation are three mutually independent building code requirements as stipulated by law. None may serve or fulfill the requirements of the other. The Client agrees to assist the Consultant to perform his required duties during the Construction Support Phase of the project. Client also understands that Structural Observation is required at specific critical stages of construction and that the failure of the Client's contractor to provide opportunity for the Consultant to observe specific construction may preclude the ability of the Consultant to perform his professional duties. Client further understands that the successful completion of Structural Observation is critical to the Consultant's ability to issue a statement, at specific stages of construction when requested by the Building Official and at the conclusion of the structural portion of the project, to the building department indicating that Structural Observation has been performed and that said construction is in general conformance with the construction

documents approved by the building jurisdiction and as prepared by the Consultant. Without such statements, Client understands that subsequent stages of construction may be delayed and an occupancy permit will likely not be issued by the building department.

5. Client agrees that in accordance with generally accepted construction practices, construction contractor and his subcontractors will be required to assume sole and complete responsibility for job site conditions during the course of construction of the project, including safety of all persons and property, and that this requirement shall be made to apply continuously and not be limited to normal working hours.



## **Appendix C**

### **Applied Earthworks – Historical Resources Survey**

#### **SCOPE OF WORK**

1. Confirm the APE: In consultation with Reclamation, Æ will confirm the APE for the Project which has been previously defined by Reclamation. The APE will be defined both horizontally and vertically and will take into consideration both direct and indirect effects. The Project-specific APE will be determined in coordination with Reclamation's San Joaquin River Restoration Program and will exist within the previously established APE for the Reach 2B/Mendota Pool Bypass project.

We have budgeted a total of eight hours for Æ's project manager and GIS technician to coordinate with Reclamation and prepare the APE map.

2. Native American Tribal Coordination: We assume that Reclamation, as Lead Federal Agency, will initiate consultation with the Native American groups and individuals as required for Section 106 compliance. However, we have included time to assist the City with Assembly Bill 52 requirements for CEQA compliance. This may include reaching out to the Native American Heritage Commission, drafting consultation letters that the City can send to tribes who have requested consultation, as well as upkeep of an outreach log.

We have budgeted a total of eight hours to our project manager and 10 hours to our staff archaeologist/ GIS technician to facilitate Native American consultation on behalf of the City. We assume that no responses will be received requesting further consultation. If responses are received, we assume the City will follow up on such consultation.

3. Records Search and Background Research: Upon receiving notice to proceed, Æ will request a records search from the Southern San Joaquin Valley Information Center (SSJVIC) of the California Historical Resources Information System at California State University, Bakersfield. The SSJVIC will review its files, base maps, and other sources to identify previously recorded archaeological and built-environment sites and prior cultural resource surveys within a one-half mile radius of the Project boundaries. Our budget includes three hours for our GIS technician to obtain and review the records search, and digitize the results. We assume that the Information Center fees will not exceed \$350.00

Concurrent with the SSJVIC request, Æ will review previous cultural resource research designs, treatment plans, and reports prepared for the Reach 2B/Mendota Pool Bypass project to become familiar with the Project background. However, Æ will also review historical topographic maps and aerial photographs, as well as sources on-line and in their own library, to determine the site specific history of the APE and changes in land use over time. We have allocated 12 hours to our architectural historian to conduct the historical research; four hours are allocated to the Project Manager to guide the research and coordinate with Reclamation to obtain previously prepared reports.

4. BOR ARPA Permit. Prior to entering the field, Æ will prepare an Archaeological Resource Protection Act (ARPA) permit application to conduct work on Reclamation land. The application will provide a description of purpose, nature, and extent of the work proposed.

We have allocated six hours to the staff archaeologist and 1 hour to our project manager to prepare and transmit the permit application to Reclamation.

5. Pedestrian Survey. AË will conduct a pedestrian survey of the Project APE for archaeological and built-environment resources. AË's Field Supervisor will cover the terrain using parallel transects spaced no more than 15–20 meters apart. Any newly discovered cultural resources will be documented on the appropriate Department of Parks and Recreation record form(s) (DPR 523 series). All resources will be photographed using a digital camera, and their locations will be recorded using a Global Positioning System (GPS) unit.

For budgeting purposes, we assume that given the sensitivity of the area for archaeological resources, we included labor to identify and record one archaeological resource. We further assume that additional documentation or updates to the site records may be needed for the Mowry Bridge, Canal, and Ranch within the APE. Thus, we anticipate that the survey and site recordation can be completed in eight hours, including travel time, by our field supervisor and a field technician. All work will be supervised by Dr. Mary Baloian who meets the Secretary of Interior's Standards and Guidelines for Archaeology, and by Ms. Colleen Hamilton who meets the Secretary of Interior's Standards and Guidelines for Archaeology and Historic Preservation as published at 36 CFR Part 61. We have allocated two hours to each for quality control, guidance, and oversight.

6. Historic Property Identification and Assessment of Effects: It appears that the Mowry Canal and Mowry Ranch (if near the APE) have been identified as cultural resources, but both are determined "not eligible" for the National Register of Historic Places and the California Register of Historical Resources. Thus, they do not meet the eligibility criteria of a historic property for the purposes of Section 106. The National Register eligibility status of the Mowry Bridge is unclear. If the bridge has not been evaluated, AË's architectural historian will prepare an evaluation that can be used to determine whether it is a historic property. If the bridge is found not eligible, there will be no further studies necessary.
7. If the Mowry Bridge is found eligible, AË's architectural historian will conduct a finding of adverse effect on the bridge and develop appropriate avoidance, minimization, or mitigation measures. AË will assist Reclamation in the development of a Memorandum of Agreement (MOA), if necessary, by making recommendations to be incorporated into the draft MOA. This task will be carried out in close coordination with Reclamation's San Joaquin River Restoration Program.

For budgeting purposes we have provided costs for three possible scenarios:

- a. Evaluate the Mowry Bridge and find it is not eligible for listing. We have allocated a total of 60 hours divided between our staff architectural historian, senior architectural historian, and GIS technician to prepare the evaluation and preparation requisite DPR forms 523 A and B.<sup>1</sup>
- b. Evaluate the Mowry Bridge, find it eligible, and conduct an assessment of effects. In addition to the costs in scenario a, we have allocated six hours of our senior architectural historian's time to conduct the assessment of effects and document the findings.

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<sup>1</sup> P&P believes that, since the Bridge was apparently built in the 1980s, that there is little chance that the bridge will be found eligible, and this is the most probable scope.

- c. Evaluate the Mowry Bridge, find it eligible, conduct an assessment of effects, and determine adverse effect. In addition to the costs in scenarios a and b, we have allocated 28 hours of for *AE*'s senior architectural historian to develop appropriate avoidance, minimization, or mitigation measures. Ms. Hamilton and her staff will further assist Reclamation in the development of an MOA, if necessary, by making recommendations to be incorporated into the draft MOA.
8. Technical Report. Following the completion of fieldwork, eligibility evaluation, and assessment of effects (if necessary), *AE* will prepare a technical report discussing the methods and findings of the records search, Native American consultation, pedestrian survey, cultural resource evaluation, and effects assessment. The report will be prepared according to the professional standards outlined in Archaeological Resource Management Reports (ARMR): Recommended Contents and Format and will satisfy the requirements of CEQA and Section 106 of the NHPA. It will include sections on environmental setting, potential Project impacts, and mitigation recommendations (if any), and will be suitable for use as a technical appendix to subsequent environmental compliance document(s). Survey coverage maps, DPRs, and other technical data will be included in the report.

We have allocated 74 person hours for the production of the draft report, including preparation of the text, figures, and maps; technical and copy editing; formatting and layout; final production and duplication; and quality assurance. This task includes time for one round of comments prior to finalizing the report.

We anticipate the following schedule of deliverables:

- Draft cultural resources report and site records (as applicable): three hard copies and one CD or DVD, unless otherwise notified in writing by Reclamation of an acceptable alternative.
- Copies of digital data, including but not limited to GIS shapefiles, photographs, and maps on CD or DVD.
- Revised and Final Report. The revised report will address the specific comments sent to the *AE* by Reclamation on the draft report. *AE* will be notified by Reclamation in writing that the revised report is accepted as is.
- Once final, *AE* will submit all relevant documentation to the SSJVIC for inclusion in the California Historical Resources Information System.

**BEFORE THE CITY COUNCIL  
OF THE  
CITY OF MENDOTA, COUNTY OF FRESNO**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MENDOTA AUTHORIZING  
CONTRACTING WITH PROVOST &  
PRITCHARD CONSULTING GROUP FOR  
FINAL DESIGN AND CONSTRUCTION  
SERVICES RELATED TO RECONSTRUCTION  
OF THE MOWRY BRIDGE**

**RESOLUTION NO. 19-03**

**WHEREAS**, the City of Mendota (City) operates certain municipal infrastructure utilities, including the Mowry Bridge over the Fresno Slough; and

**WHEREAS**, the US Department of the Interior, Bureau of Reclamation (Reclamation) and the City have entered into a funding agreement which, in part, requires the City to reconstruct the Mowry Bridge; and

**WHEREAS**, Provost & Pritchard Consulting Group, along with their subconsultant team, has prepared preliminary plans for the reconstruction, which were submitted to and approved by Reclamation as part of an funding application earlier in 2018; and

**WHEREAS**, Provost & Pritchard has prepared a supplementary proposal offering final design, bidding and construction services to take the project through to completion; and

**WHEREAS**, staff has reviewed the proposed Contract and found its provisions to be appropriate and reasonable;

**NOW, THEREFORE, BE IT RESOLVED** by the Council of the City of Mendota that the City enter into agreement with Provost & Pritchard Consulting Group to provide engineering, planning, permitting and construction services in accordance with Provost & Pritchard Consulting Group's proposal dated January 2, 2019, in the amount of \$826,400, and

**BE IT FURTHER RESOLVED** that the City Manager is hereby authorized and directed to sign the necessary agreement with Provost & Pritchard Consulting Group.

---

Robert Silva, Mayor

ATTEST:

I, Matt Flood, City Clerk of the City of Mendota, do hereby certify that the foregoing resolution was duly adopted and passed by the City Council at a regular meeting of said Council, held at the Mendota City Hall on the 22<sup>nd</sup> day of January, 2019, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

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Matt Flood, City Clerk

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**AGENDA ITEM**

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**TO:** HONORABLE MAYOR AND COUNCILMEMBERS

**FROM:** CRISTIAN GONZALEZ, CITY MANAGER

**SUBJECT:** ACCEPTANCE OF THE PUBLIC IMPROVEMENTS CONSTRUCTED FOR TRACT NO. 6111 AND TRACT NO. 6146

**DATE:** JANUARY 22, 2019

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**ISSUE**

Should the City Council approve the attached resolution to accept the public improvements constructed for the four subject tracts, which are Phases VI and VII of the Las Palmas Estates subdivision?

**BACKGROUND**

The original Vesting Tentative Map for Las Palmas Estates (Tract 5483) was approved by the City Council on March 22, 2005. Since that time, the developer has been proceeding in phases to build out the subdivision and the associated public improvements. With completion of Phase IX, now under construction, the subdivision will be complete.

The City continues to have bond security for the earlier phases, including the subject Tracts. These securities are held throughout construction to give the City a way to complete the work should the developer fail to do so for any reason. Since the work on the subject Tracts is complete and has been approved by the City Engineer, it is now appropriate to formally accept the work and release the bonds.

**ANALYSIS**

The City Manager has reviewed the work and the City Engineer's recommended approval and agrees that acceptance is now appropriate.

**FISCAL IMPACT**

No direct financial impact. There will be incremental maintenance costs for the completed improvements over time, which will be offset by increased property tax and water and sewer fee revenues. There will be no direct impact to the General Fund.

**RECOMMENDATION**

Staff recommends that the City Council adopt the attached resolution accepting the public improvements constructed for Tract No. 6111 and Tract No. 6146, and authorizing the City Manager to release the associated bond securities.

**BEFORE THE CITY COUNCIL  
OF THE  
CITY OF MENDOTA, COUNTY OF FRESNO**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MENDOTA TO APPROVE  
AND ACCEPT THE PUBLIC IMPROVEMENTS  
CONSTRUCTED FOR TRACT NO. 6111 AND  
TRACT NO. 6146**

**RESOLUTION NO. 19-04**

**WHEREAS**, Vesting Tentative Map No. 5483 for Las Palmas Estates was approved by the City Council on March 22, 2005; and

**WHEREAS**, Tract No. 6111 is Phase VI of Vesting Tentative Map No. 5483; and

**WHEREAS**, Tract No. 6146 is Phase VII of Vesting Tentative Map No. 5483; and

**WHEREAS**, all work within the public right-of-way and all street improvements required by the conditions of approval of each of the above tracts have been completed by the Owner in accordance with Title 16, Chapter 16.32 of the Municipal Code of the City of Mendota, the City of Mendota Standard Specifications, the State of California Department of Transportation Standard Specifications and the approved construction plans as stipulated in the Subdivision Agreements for each tract, and

**WHEREAS**, all such construction has been approved by the City Engineer and satisfactorily tested by approved testing laboratories; and

**WHEREAS**, Performance and Labor and Materials bond securities were furnished to the City in accordance with the Subdivision Agreements for each tract; and

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Mendota that the public improvements constructed for Tract No. 6111 and Tract No. 6146 are approved and accepted, and authorization is given to the City Manager to release the bond securities for said improvements in accordance with the conditions and rules of Government Code 66499.7.

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Robert Silva, Mayor

ATTEST:

I, Matt Flood, City Clerk of the City of Mendota, do hereby certify that the foregoing resolution was duly adopted and passed by the City Council at a regular meeting of said Council, held at the Mendota City Hall on the 22<sup>nd</sup> day of January, 2019, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

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Matt Flood, City Clerk



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**AGENDA ITEM**

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**TO:** HONORABLE MAYOR AND COUNCILMEMBERS

**FROM:** CRISTIAN GONZALEZ, CITY MANAGER

**SUBJECT:** APPROVAL OF CONTRACT WITH PROVOST & PRITCHARD FOR DESIGN AND CONSTRUCTION SERVICES RELATED TO REPLACEMENT OF WELL NO. 7 AND EXTENSION OF THE RAW WATER TRANSMISSION MAIN, ALL RELATED TO THE SAN JOAQUIN RIVER RESTORATION PROJECT

**DATE:** JANUARY 22, 2019

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**ISSUE**

Should the City Council approve the attached resolution to authorize entering into the attached proposal and agreement with Provost & Pritchard Consulting Group for design, planning, permitting and construction services related to replacement of Well No. 7 and extension of the raw water transmission main?

**BACKGROUND**

Following approval of the funding agreement with the US Department of the Interior, Bureau of Reclamation (Reclamation) at your regular meeting of December 11, 2018, the City is now authorized and obliged to relocate Well No. 7, which lies within what will be the southern flood levee of the San Joaquin River after the reconstruction project is completed. Reclamation is required to pay for relocation and replacement of the well so that no burden falls on the City. Provost & Pritchard has presented the attached proposal for the design and construction services needed to complete the project.

Well No. 10, which will replace Well No. 7, will be located farther south on the B&B Ranch, outside of the flood levee. Because of the locations of Well Nos. 8 and 9, the proposed alignment of the flood levee, and the operational needs of the ranch, the new location will be approximately 1,700 feet east of Well No. 9, so the raw water main will have to be extended to connect Well No. 10 to the system. The new well will be designed to perform as close as possible to Well Nos. 7, 8, and 9, which are all virtually identical, so that the water system will continue to operate just as it has in the past.

The project will be constructed under two bid packages. The first one will be the construction of the new well itself, and that package will be aimed at specialty well drilling contractors. The second package will include the well pump, electrical, well site improvements, shade structure, well controls, and the raw water main extension. That package will be of interest to general contractors together with a range of subcontractors. We plan to separate out the well itself

because it is such a large part of the overall construction and we want the well driller to be the prime bidder, so that the City will get the best price possible.

The design schedule would begin in February. Well construction could begin as early as May. Construction and equipping a new well is a very extended process, in part because the lead time for receiving a new well pump once it is ordered is six to eight months, and the correct pump can't be ordered until the actual well has been drilled and is in place. We expect the overall project to be completed in mid-2020.

**ANALYSIS**

The City Manager has reviewed the proposal and agreement and is satisfied that it adequately covers the necessary services, and that the work is needed to push the Mowry Bridge project forward on a timely basis. The form of the agreement has been reviewed and approved by the City Attorney.

**FISCAL IMPACT**

No direct financial impact. As with the Mowry Bridge, the entire cost of this agreement will be paid out of the funds received from the funding agreement with Reclamation. There will be no impact to the General Fund.

**RECOMMENDATION**

Staff recommends that the City Council adopt the attached resolution authorizing approval of the attached agreement with Provost & Pritchard Consulting Group for design, planning, permitting and construction services related to replacement of Well No. 7 and extension of the raw water transmission main, in the amount of \$296,600.



5. Client agrees not to reuse Work Product, in whole or in part, for any project other than the project that is the subject of this agreement. Client further agrees to waive all claims against Consultant resulting in any way from any unauthorized changes or unauthorized reuse of the Work Product for any other project by anyone on Client's behalf. Client agrees not to use or permit any other person to use versions of Work Product which are not final and which are not signed and stamped or sealed by Consultant. Client shall be responsible for any such use of non-final Work Product. Client hereby waives any claim for liability against Consultant for use of non-final Work Product. If a reviewing agency requires that check prints be submitted with a stamp or seal, those shall not be considered final for purposes of this paragraph.
6. In the event Client (1) makes, agrees to, authorizes, or permits changes in Work Product, or (2) makes, agrees to, authorizes, or permits construction of such unauthorized changes, which changes are not consented to in writing by Consultant, or (3) does not follow recommendations prepared by Consultant pursuant to this agreement, resulting in unauthorized changes to the project, Client acknowledges that the unauthorized changes and their effects are not the responsibility of Consultant. Client agrees to release Consultant from all liability arising from such unauthorized changes, and further agrees to defend, indemnify and hold harmless Consultant, its officers, directors, employees and subconsultants from and against all claims, demands, damages or costs, including attorneys' fees, arising from such changes.
7. Under no circumstances shall delivery of Work Product for use by the Client be deemed a sale by the Consultant, and the Consultant makes no warranties, either express or implied, of merchantability and fitness for any particular purpose. In no event shall the Consultant be liable for indirect or consequential damages as a result of the Client's unauthorized use or reuse of the Work Product.
8. The Client is aware that differences may exist between electronic files delivered and the printed hard-copy construction documents. In the event of a conflict between the signed construction documents prepared by the Consultant and electronic files, the signed sealed hard-copy documents shall govern.

#### **LIMITATIONS**

9. Consultant makes no representations concerning soils or geological conditions unless specifically included in writing in this agreement, or by amendments to this agreement. If Consultant recommends that Client retain the services of a Geotechnical Engineer and Client chooses to not do so, Consultant shall not be responsible for any liability that may arise out of the making of or failure to make soils or geological surveys, subsurface soils or geological tests, or general soils or geological testing.
10. Client acknowledges that, unless specifically stated to the contrary in the proposal's description of services to be provided, Consultant's scope of services for this project does not include any services related in any way to asbestos and/or hazardous or toxic materials. Should Consultant or any other party encounter such materials on the job site, or should it in any other way become known that such materials are present or may be present on the job site or any adjacent or nearby areas which may affect Consultant's services, Consultant may, at its option, suspend or terminate work on the project until such time as Client retains a qualified contractor to abate and/or remove the asbestos and/or hazardous or toxic materials and warrant that the job site is free from any hazard which may result from the existence of such materials.

#### **INDEMNIFICATION**

11. To the fullest extent allowed by law, Consultant will indemnify and hold harmless, but shall have no duty to defend Client, its officers, directors, employees and agents (collectively, the "Client Indemnitees") from, for and against any and all claims, demands, damages, losses, expenses, liabilities and penalties arising out of or relating to the Project, but only to the extent caused by the negligent or other wrongful acts or omissions of Consultant, its subconsultants, or any person or entity for whose acts or omissions any of them are responsible, or by the failure of any such party to perform as required by this Agreement. To the fullest extent allowed by law, Client will indemnify and hold harmless, but shall have no duty to defend Consultant and its officers, directors, employees and agents from, for and against any and all claims, demands, damages, losses, expenses, liabilities and penalties arising out of or relating to the Project, but only to the extent caused by the negligent or other wrongful acts or omissions of Client or any person or entity for whose acts or omissions it is responsible, or by the failure of any such party to perform as required by this Agreement. The obligations and rights of this Section are in addition to other obligations and rights of indemnity provided under this Agreement or applicable law.

## **FINANCIAL**

12. All fees and other charges due Consultant will be billed monthly and shall be due at the time of billing unless specified otherwise in this agreement. If Client fails to pay Consultant within sixty (60) days after invoices are rendered, Consultant shall have the right in its sole discretion to consider such default in payment a material breach of this entire agreement, and, upon written notice, Consultant's duties, obligations and responsibilities under this agreement may be suspended or terminated for cause pursuant to Sections 26 through 31. In such event, Client shall promptly pay Consultant for all outstanding fees and charges due Consultant at the time of suspension or termination including all costs and expenses incurred in the performance of services up to suspension or termination.
13. Consultant shall not be liable to Client for any costs or damages that may result from the termination or suspension of services under this agreement due to Client's failure to pay Consultant invoices in accordance with the terms of this paragraph. In the event that Consultant agrees to resume terminated or suspended services after receiving full payment of all late invoices, Client agrees that time schedules and fees, as applicable, related to the services will be equitably adjusted to reflect any delays or additional costs caused by the termination or suspension of services.
14. In all cases where the proposal calls for payment of a retainer, that payment shall be made by Client to Consultant prior to commencement of services under this agreement. Upon receipt of retainer payment, the Consultant shall commence services as provided for under this Agreement. Unless otherwise provided for in the project proposal, such retainer shall be held by Consultant throughout the duration of the contract, and shall be applied to the final project invoice, and to any other outstanding AR, including late payment charges, on the project. Any amount of said retainer in excess of the final invoice and other outstanding AR shall be returned to the Client within 30 days of issuance of the final project invoice.
15. Client agrees that all billings from Consultant to Client will be considered correct and binding on Client unless Client, within ten (10) days from the date of receipt of such billing, notifies Consultant in writing of alleged inaccuracies, discrepancies, or errors in billing. In the event of a dispute over any billing or portion of billing, Client agrees to pay the undisputed portion of any billings in accordance with the payment terms set forth in Section 18.
16. Client agrees to pay a monthly late payment charge, which will be the lesser of one and one half percent (1-1/2%) per month or a monthly charge not to exceed the maximum legal rate, which will be applied to any unpaid balance commencing thirty (30) days after the date of the billing. Client acknowledges that payments applied first to unpaid late payment charges and then to unpaid balances of invoices.
17. In the event Consultant's fee schedule changes due to any increase of costs such as the granting of wage increases and/or other employee benefits to field or office employees or any taxes or fees imposed by local, state, or federal government on consultants' fees during the lifetime of this agreement, the new fee schedule shall apply to all subsequent work on time-and-materials contracts.
18. If payment for Consultant's services is to be made on behalf of Client by a third party lender, Client agrees that Consultant shall not be required to indemnify the third party lender, in the form of an endorsement or otherwise, as a condition to receiving payment for services. Client agrees to reimburse Consultant for all collection agency fees, legal fees, court costs, reasonable consultant staff costs and other expenses paid or incurred by Consultant in the event that collection efforts become necessary to enforce payment of any unpaid billings due to Consultant in connection with the services provided in this agreement.
19. Not Used

## **DISPUTE RESOLUTION**

20. In an effort to resolve any conflicts or disputes that arise regarding performance under this agreement by either party, Client and Consultant agree that all such disputes shall be submitted to nonbinding mediation, using a mutually agreed upon mediation services experienced in the resolution of construction disputes. Unless the parties mutually agree otherwise, such mediation shall be a pre-condition to the initiation of any litigation. The parties further agree to include a similar mediation provision in their agreements with other independent contractors and consultants retained for the project and require them to similarly agree to these dispute resolution procedures. This provision shall not be interpreted to restrict the right of either party to file an action in a court of law, in the County of Fresno, State of California, having appropriate jurisdiction or to preclude or limit the Consultant's right to record, perfect or to enforce any applicable lien or Stop Notice rights.

## **CONSTRUCTION PROJECTS**

21. If the scope of services contained in this agreement does not include construction phase services for this project, Client agrees that such construction phase services will be provided by Client or by others. Client assumes all responsibility for interpretation of the contract documents and for construction observation and supervision and waives any claim against Consultant that may in any way be connected thereto. In addition, Client agrees to indemnify and hold Consultant harmless from any loss, claim, or cost, including reasonable attorneys' fees and costs of defense, arising or resulting from the performance of such services by other persons or entities and from any and all claims arising from the modification, clarification, interpretation, adjustments or changes made to the contract documents to reflect changed field or other conditions, except for claims arising from the negligence or other wrongful acts of Consultant, its employees, its subconsultants, or any other person or entity for which Consultant is responsible.
22. Client agrees to include provisions in its contract with the construction contractor to the effect that in accordance with generally accepted construction practices, the construction contractor will be required to assume sole and complete responsibility for job site conditions during the course of construction of the project, including safety of all persons and property, and that this requirement shall apply continuously and not be limited to normal working hours. Neither the professional activities of Consultant nor the presence of Consultant or its employees or subconsultants at a construction site shall relieve the contractor and its subcontractors of their obligations, duties and responsibilities including, but not limited to, construction means, methods, sequence, techniques or procedures necessary for performing, superintending or coordinating all portions of the work of construction in accordance with the contract documents and applicable health or safety requirements of any regulatory agency or of state law.
23. Client agrees to require its contractor and subcontractors to review the plans, specifications and documents prepared by Consultant prior to the commencement of construction phase work. If the contractor and/or subcontractors believe there are deficiencies, conflicts, errors, omissions, code violations, or other deficiencies in the plans, specifications and documents prepared by Consultant, contractors shall notify Client so those deficiencies may be corrected or otherwise addressed by Consultant prior to the commencement of construction phase work.
24. If, during the construction phase of the project, Client discovers or becomes aware of changed field or other conditions which necessitate clarifications, modifications or other changes to the plans, specifications, estimates or other documents prepared by Consultant, Client agrees to notify Consultant and, at Client's option, retain Consultant to prepare the necessary changes or modifications before construction activities proceed. Further, Client agrees to require a provision in its construction contracts for the project which requires the contractor to promptly notify Client of any changed field or other conditions so that Client may in turn notify Consultant pursuant to the provisions of this paragraph.
25. If, due to the Consultant's error, omission or negligence, a required item or component of the Project is omitted from the Consultant's construction documents, the Consultant shall not be responsible for paying the cost required to add such item or component to the extent that such item or component would have been required and included in the original construction documents. The Consultant will not be responsible for any cost or expense that enhances the value of the Project.

## **SUSPENSION AND TERMINATION**

26. If the Project or the Consultant's services are suspended by the Client for more than thirty (30) consecutive calendar days, the Consultant shall be compensated for all services performed and reimbursable expenses incurred prior to the receipt of notice of suspension. In addition, upon resumption of services, the Client shall compensate the Consultant for expenses incurred as a result of the suspension and resumption of its services, and the Consultant's schedule and fees for the remainder of the Project shall be equitably adjusted.
27. If the Consultant's services are suspended for more than ninety (90) days, consecutive or in the aggregate, the Consultant may terminate this Agreement upon giving not less than five (5) calendar days' written notice to the Client.
28. If the Client is in breach of the payment terms or otherwise is in material breach of this Agreement, the Consultant may suspend performance of services upon five (5) calendar days' notice to the Client. The Consultant shall have no liability to the Client, and the Client agrees to make no claim for any delay or damage as a result of such suspension caused by any breach of this Agreement by the Client. Upon receipt of payment in full of all outstanding sums due from the Client, or curing of such other breach that caused the Consultant to suspend services, the Consultant shall resume services, and there shall be an equitable adjustment to the remaining project schedule and fees as a result of the suspension.

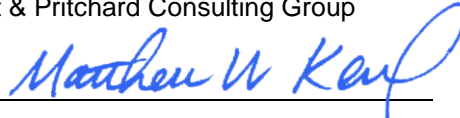
29. Client acknowledges Consultant has the right to complete all services included in this agreement. In the event this agreement is terminated before the completion of all services, unless Consultant is responsible for such early termination, Client agrees to release Consultant from all liability for services not performed or completed by Consultant and from liability for any third-party reliance, use, interpretation or extrapolation of Consultant's work product. In the event all or any portion of the services by Consultant are suspended, abandoned, or otherwise terminated, Client shall pay Consultant all fees and charges for services provided prior to termination, not to exceed the contract limits specified herein, if any. Client acknowledges if the project services are suspended and restarted, there will be additional charges due to suspension of the services which shall be paid for by Client as extra services pursuant to Section 26. Client acknowledges if project services are terminated for the convenience of Client, Consultant is entitled to reasonable termination costs and expenses, to be paid by Client as extra services pursuant to Section 28.
30. The Client may terminate this Agreement for the Client's convenience and without cause upon giving the Consultant not less than seven (7) calendar days' written notice.
31. In the event of termination of this Agreement by either party, Consultant shall invoice Client for all outstanding services and expenses reasonably incurred by the Consultant in connection with the orderly termination of this Agreement, including but not limited to demobilization, reassignment of personnel, associated overhead costs and all other expenses directly resulting from the termination. The Client shall within thirty (30) calendar days of termination pay the Consultant for all services rendered and all reimbursable costs incurred by the Consultant up to the date of termination, in accordance with the payment provisions of this Agreement.

#### **OTHER**

32. This agreement shall be binding upon the heirs, executors, administrators, successors and assigns of Client and Consultant.
33. This agreement shall not be assigned by either Client or Consultant without the prior written consent of the other.
34. Consultant's or Client's waiver of any term, condition or covenant shall not constitute the waiver of any other term, condition or covenant. Consultant's or Client's waiver of any breach of this agreement shall not constitute the waiver of any other breach of the Agreement.
35. Client and Consultant agree that if any term or provision of this Agreement is determined to be illegal, in conflict with any law, void or otherwise unenforceable, and if the essential terms and provisions of this Agreement remain unaffected, then the validity of the remaining terms and provisions will not be affected and the offending provision will be given the fullest meaning and effect allowed by law.
36. This agreement shall be governed by and construed in accordance with the laws of the State of California.
37. Within the limits of the approved scope and fee, Consultant may engage the services of any subconsultants when, in the Consultant's sole opinion, it is appropriate to do so. Such subconsultants may include testing laboratories, geotechnical engineers and other specialized consulting services deemed necessary by the Consultant to carry out the scope of the Consultant's services.
38. Consultant shall be entitled to immediately, and without notice, suspend the performance of any and all of its obligations pursuant to this agreement if Client files a voluntary petition seeking relief under the United States Bankruptcy Code or if there is an involuntary bankruptcy petition filed against Client in the United States Bankruptcy Court, and that petition is not dismissed within fifteen (15) days of its filing. Any suspension of services made pursuant to the provisions of this paragraph shall continue until such time as this agreement has been fully and properly assumed in accordance with the applicable provisions of the United States Bankruptcy Code and in compliance with final order or judgment issued by the Bankruptcy Court.
39. This agreement shall not be construed to alter, affect or waive any design professional's lien, mechanic's lien or stop notice right, which Consultant may have for the performance of services pursuant to this agreement. Client agrees to provide to Consultant the current name and address of the record owner of the property upon which the project is to be located. Client also agrees to provide Consultant with the name and address of any and all lenders who may loan money on the project and who are entitled to receive a preliminary notice.
40. Consultant shall not be liable for damages resulting from the actions or inactions of governmental agencies including, but not limited to, permit processing, environmental impact reports, dedications, general plans and amendments thereto, zoning matters, annexations or consolidations, use or conditional use permits, project or plan approvals, and building permits. Client agrees that it is the

responsibility of Client to maintain in good standing all governmental approvals or permits and to timely apply for any necessary extensions thereof.

41. Consultant and Client each agree to waive consequential damages for claims, disputes or other matters in question arising out of or relating to this Agreement to the extent that such damages exceed the amount of Consultant's compensation for performing services under this Agreement. This mutual waiver is applicable, without limitation, to all consequential damages beyond the specified amount due to either party's termination in accordance with paragraphs 26 through 31, except for termination expenses provided for in said paragraph 31. Client further agrees that Consultant shall not be liable to Client for any special, indirect or consequential damages to the extent that such damages exceed the amount of Consultant's compensation for performing services under this Agreement, whether caused by Consultant's negligence, errors, omissions, strict liability, breach of contract, breach of warranty or other cause or causes whatsoever, including but not limited to, loss of use of equipment or facility, and loss of profits or revenue.
42. This Agreement is the entire Agreement between the Client and the Consultant. It supersedes all prior communications, understandings and agreements, whether oral or written. Amendments to this Agreement must be in writing and signed by both the Client and the Consultant.

<b>Client</b>	<u>City of Mendota</u>		Provost & Pritchard Engineering Group, Inc., dba Provost & Pritchard Consulting Group
<b>By</b>	_____	<b>By</b>	
<b>Name/Title</b>	_____	<b>Name/Title</b>	Matthew W. Kemp PE 66088 Vice President
<b>Date Signed</b>	_____	<b>Date Signed</b>	<u>1/16/19</u>



January 16, 2019

Cristian Gonzalez, City Manager  
City of Mendota  
643 Quince Street  
Mendota, CA 93640

**RE: Proposal for Consulting Services  
Construction and Equipping of Replacement Well No. 10  
and Raw Water Line Extension**

Dear Cristian:

In response to your request we have prepared this proposal to provide engineering, surveying, hydrogeology and construction management services for the work required to relocate City water facilities in advance of US Bureau of Reclamation's San Joaquin River Restoration project.

The outcome of this work will be two separate construction projects, bid separately: (1) well drilling and construction, and (2) well site and well equipment construction, including the pump and SCADA system, together with the raw water line extension. We have broken our scope and fee proposals into several parts to correspond to these phases. Each of these are presented below, along with our assumptions and the associated fees.

### **Project Understanding**

The City's wellfield is located east of the Fresno Slough and south of the San Joaquin River, on the B&B Ranch. The City has a long-term lease with the ranch, allowing for water pumping with provision for make-up water to the ranch which is pumped from wells west of the Fresno Slough. Wells 7, 8 and 9 were constructed in the 1990s and currently provide all of the City's domestic water under normal circumstances.

The US Department of Interior, Bureau of Reclamation (Reclamation) is currently planning to construct the San Joaquin River Restoration Program. Reach 2B of this program includes the portion of the river fronting the B&B Ranch. Part of the construction will be expansion of the river's flood levees, and the new levee alignment will take in the location of Well 7. Accordingly, the well must be relocated prior to the start of the Reclamation construction program.

In order to accomplish this purpose, a new well is proposed to replace Well 7. To be known as Well 10, it would be located farther east and south on the B&B Ranch, outside of the south edge of the proposed flood levee and approximately 1,800 feet east of Well 9, which is now the easterly end of the raw water line connecting the wells to the City's Water Treatment Plant at 2<sup>nd</sup> Street and Marie Street. The raw water main will have to be extended to the new well site, and the existing SCADA system relocated and modified to monitor and control Well 10.

## Phase SUR: Field Survey and Legal Descriptions

Under this phase, P&P staff will perform the land surveying office and field work needed for design of the project and for securing the necessary land, as detailed below:

- Perform field survey to locate proposed well site and new raw water pipeline alignment
- Prepare base plans in Civil 3D for use in designing the well site and the new raw water pipeline.
- Prepare one (1) legal description for the easement for the proposed well site
- Prepare one (1) legal description for and easement along the proposed new pipeline alignment
- Prepare a resolution and City Council agenda item for consideration of acceptance of the two easements.

### Assumptions

- No Preliminary Title Report will be required. If it is subsequently determined a PTR is needed, the City will pay the cost.
- No Record of Survey will be required for the easement or well site, as neither will be acquired in fee and no new property lines will be established
- The City will handle all negotiations with property owner to acquire easements

## Phase PD: Preliminary Design Common to Both Bid Packages

This phase of work will include preparing schematic design documents, including a brief basis of design memorandum, schematic design drawings, and engineer's opinion of probable construction cost (EOPCC), for construction of the new well, well site and well equipment, integration of the new well into the City's existing SCADA system and extension of the raw water line. The schematic design documents will be the basis for the final design phases for both the Well Construction package and the Well Equipping and Water Line Package. Our scope of services under this phase will include the following:

- Review findings and recommendations of the hydrogeological report prepared by Kenneth D. Schmidt & Associates for the wells on the subject property.
- Working with City staff, determine necessary well site area and layout.
- Working with Bill Ward of B&B Ranch, determine the new pipeline alignment, well location and point of connection to the existing raw water pipeline alignment prior to the field survey. Locate key control points in the field.
- Prepare a concise basis of design memorandum, including the following items:
  - General description of proposed well site improvements
  - Summary of well site design criteria
  - Preliminary pump and equipment selection, and facility sizing
  - Site utility requirements and proposed service connections
  - General description of well site operation and controls
  - Identification of construction constraints
  - Permit requirements

- Outline of technical specification sections using CSI standard format
- EOPCC
- Prepare schematic design drawings that depict preliminary site layout, equipment, utility services and grading concept. Drawings will be prepared on 22"x34" size sheets using P&P's standard title block. The drawings will include the following:
  - Cover, vicinity map and index sheet (1 sheet)
  - Legend and abbreviations (1 sheet)
  - General notes and design criteria (1 sheet)
  - Site layout and piping plan (1 sheet)
  - Concept grading plan (1 sheet)
  - Test hole/production well details (1 sheet)
  - Shade structure plan view and elevation (1 sheet)
- Our subconsultant Miller-Pezzoni Associates will prepare schematic design electrical and control drawings, including site plan, single line diagram and process diagram.
- Submit draft technical memorandum and schematic design drawings to City and DDW for review and approval.
- Assist with Well Permit Application.
- Prepare and submit PG&E Rule 16 Application for Well 10 service
- Attend one workshop meeting with City staff to discuss comments.
- Address one round of comments and re-submit final technical memorandum and schematic design drawings.

### **Assumptions**

- The new well will be configured to operate in the same fashion and under the same control regimes as Well No. 7.

### **Deliverables**

- Draft and final submittal will include electronic copies (PDF) and two hard copies to both City and DDW.

Once the preliminary design documents are approved, we will split the project into two separate bid packages for design, bidding and construction, as discussed above. Our services are broken into phases corresponding to these two bid packages.

### **Phase WFD: Well Construction Package: Final Design and Bidding**

This phase of work will include preparing the final design documents, including the plans, specifications and EOPCC (PS&E) for the new water supply well, in accordance with the approved basis of design technical memorandum and schematic design drawings. The outcome of this design and construction will be a completed well, fully developed and ready to equip. This phase will not include the well pump or any electrical service, which will all be part of the Well Equipping and Water Line package described below. Our scope of services under this phase will include the following:

- Prepare construction drawings on 22"x34" size sheets using P&P's standard title block. The construction drawings will include the following:
  - Cover, vicinity map and index sheet (1 sheet)
  - Legend and abbreviations (1 sheet)
  - General notes and design criteria (1 sheet)
  - Test hole/production well details (1 sheet)
  - Construction details (1-2 sheets)
    - Front-end specifications in P&P standard format
    - Technical specifications in CSI format
- Prepare EOPCC
- Submit 90% complete PS&E to City and DDW for review and comment.
- Attend one workshop meeting with City to discuss 90% review comments.
- Incorporate comments into 100% PS&E for final submittal. Submit to City and DDW for approval.
- Prepare bidding and contract documents required for the project.
- Attend pre-bid meeting at the project site
- Respond to Requests for Information (RFIs), prepare addenda if required during bid period.
- Conduct bid opening, review bid packages, and prepare a bid summary
- Prepare a recommendation for award, City Council staff report and resolution for awarding the project to the successful bidder.

### **Assumptions**

- A Storm Water Pollution Prevention Plan (SWPPP) will not be required.
- City will pay all agency review, permit, and/or utility services application fees.
- City will pay for advertising the project for bid in a local newspaper in accordance with State contracting requirements.

### **Deliverables**

- 90% and 100% PS&E submittal will include electronic copies (PDF) and two hard copies to both City and DDW.

### **Well Construction Package: Construction Services**

This phase will include providing engineering and hydrogeologic services during pilot hole drilling and zone sampling, and final production well drilling and construction. Oversight of well drilling, zone construction and sampling by a qualified groundwater engineer is critical to properly assess ground water quality at various depths in the aquifer and to ensure proper design of a new well. P&P will perform the following services:

- Prepare conformed contract documents for signature by Contractor and City.

- Schedule, attend and run a pre-construction meeting, to include the City, BB Ranch, and representatives of the Contractor and key subcontractors (if any). Make notes and prepare minutes for circulation to the parties.
- Review and take appropriate action with respect to contractor submittals prior to start of construction
- Review and take appropriate action with respect to RFIs during construction
- Provide construction administration including preparation of pay requests for City approval.
- Act as City's primary point of contact with drilling contractor. Coordinate efforts of City, DDW, contractor and subcontractors.
- Provide periodic onsite visits from the project Geologist during test hole drilling, to log the boring and prepare the zone sampling recommendations. A total of an estimated nine trips to the project site during test hole construction is included in the fee budget. It is anticipated that up to four separate zones will be evaluated.
- Coordinate water quality sampling and testing for up to four zone samples.
- Provide well design recommendations after the test hole work is completed and zone sample water quality data is available. P&P will coordinate review and approval of the well design with City and DDW.
- Participate in a walk-through inspection upon substantial completion of the work. Engineer will prepare a punch-list of items to be corrected prior to filing of Notice of Completion.
- Review final corrective work and recommend filing the Notice of Completion. Prepare NOC form, Council agenda item and staff report for Council action prior to recordation.
- Provide final pump design recommendations after the well is drilled and pump test data is available.

### **Assumptions**

- Based on our understanding and knowledge of the groundwater basin underlying the proposed well site, we anticipate that the well depth will be approximately 500 feet.
- City will pay for all analytical laboratory testing and provide a copy of the results.
- The Contractor will provide a copy of the well driller's completion report to City
- Total duration of this task, including test well and production well drilling, is estimated to be three to four months.

### **Deliverables**

- Provide five copies of conformed contract documents
- Zone Sampling recommendations with e-log in electronic format (PDF).

### **Phase SFD: Well Equipping and Water Line Package: Final Design and Bidding**

This phase of work will include preparing the final design documents, including the plans, specifications and EOPCC (PS&E) for well site improvements, well equipment, extension of electrical power from the City's existing transformer, transfer of City's existing SCADA system to the new well site, and construction of the raw water line extension (approximately 1800 feet in

length) to connect Well No. 10, all in accordance with the approved basis of design technical memorandum and schematic design drawings. This phase also includes providing assistance during bidding, including electrical engineering subconsultant services. Our scope of services under this phase will include the following:

- Coordination of environmental work. This is assumed to include either preparation of a Notice of Exemption for CEQA, since the project is presumed to be Categorically Exempt under Section 15302, Replacement or Reconstruction, or coordination with the State Lands Commission and Reclamation for coverage of the project under their master EIR/EIS for the River Restoration Project, whichever is more appropriate and acceptable to the City.
- Prepare construction drawings on 22"x34" size sheets using P&P's standard title block. The construction drawings will include the following:
  - Cover, vicinity map and index sheet (1 sheet)
  - Legend and abbreviations (1 sheet)
  - General notes and design criteria (1 sheet)
  - Process flow diagram (1 sheet)
  - Site layout and piping plan (1 sheet)
  - Grading plan (1 sheet)
  - Double-window plan and profile of water line, at a scale of 1"=40' (2 sheets)
  - Well equipment details (1 sheet)
  - Shade structure plan, elevation and details (2 sheets)
  - Construction details (2-4 sheets)
  - Electrical and control sheets (sheet counts as determined by electrical engineer)
- Technical specifications in CSI format
- Prepare EOPCC
- Submit 90% complete PS&E's to City and DDW for review and comment.
- Complete processing of Rule 16 application with PG&E
- Coordinate connection to off-site electrical and SCADA communications
- Attend one workshop meeting with City to discuss 90% review comments.
- Incorporate comments into 100% PS&E for final submittal. Submit to City and DDW for approval.
- Prepare bidding and contract documents required for the project.
- Attend pre-bid meeting at the project site
- Respond to Requests for Information (RFIs) and prepare addenda if needed during bid period.
- Conduct bid opening, review bid packages, and prepare a bid summary
- Prepare a recommendation for award, City Council staff report and resolution for awarding the project to the successful bidder.

## Assumptions

- No Storm Water Management Plan will be required, as there is no off-site storm water runoff.
- City will pay all agency review, permit, and/or utility services application fees.
- City will pay for advertising the project for bid in a local newspaper in accordance with State contracting requirements.
- The electrical engineer will provide electrical and control designs as a subconsultant to P&P for the project. Electrical design will be prepared from the existing transformer location into the site.

## Deliverables

- 90% and 100% PS&E submittal will include electronic copies (PDF) and two hard copies to both City and DDW.

## Phase SCS: Well Equipping and Water Line Package: Construction Services

This phase will include providing engineering services during construction of the well site, installation of well and pumping equipment, integration of SCADA equipment, and construction of the raw water line extension. P&P will perform the following services:

- Prepare conformed contract documents for signature by Contractor and City.
- Schedule, attend and run a pre-construction meeting, to include the City, BB Ranch, and representatives of the Contractor and key subcontractors (if any). Make notes and prepare minutes for circulation to the parties.
- Review and take appropriate action with respect to contractor submittals prior to start of construction
- Review and take appropriate action with respect to RFIs during construction
- Provide construction administration including preparation of pay requests for City approval.
- Serve as contact and point of coordination between City, BB Ranch and Contractor for questions, project updates and scheduling.
- Project Engineer will make up to seven periodic site visits during the construction period to observe the progress of work for general conformance with the design intent, including a site visit at well startup, substantial completion and a final walk through, and will be present to observe critical construction milestones including pressure testing, SCADA testing and final operations sign-off.
- Participate in a walk-through inspection upon substantial completion of the work. Engineer will prepare a punch-list of items to be corrected prior to filing of Notice of Completion.
- Review final corrective work and recommend filing the Notice of Completion. Prepare NOC form, Council agenda item and staff report for Council action prior to recordation.
- Prepare record drawings based on markups provided by the Contractor.

### **Assumptions**

- City expects the new well and controls to be substantially the same in specification and performance as the existing equivalents.
- City will pay for all materials testing and provide a copy of the results.
- The construction contract will be for an estimated period of 10 months.

### **Deliverables**

- Provide five copies of conformed contract documents
- Provide electronic (PDF) and one hard copy of record drawings.

### **Phase SCO: Well Equipping and Water Line Package: Construction Observation**

This phase will include providing on-site construction observation during construction:

- Provide a Resident Project Representative (RPR), to be on site regularly but not full time during construction, and serve as the on-site point of contact with the Contractor. Because of the intermittent nature of the construction in this package, a number of trips per week can't be estimated. Some weeks may require multiple trips, while there will be many weeks with no ongoing construction at all. We have budgeted for 30 full days of on-site construction observation over the course of this construction.

### **Additional Services**

The following items are not included in our scope of work or fee at this time but may be added at the discretion of the City. If any additional scope is desired, we will prepare a scope and fee proposal as an amendment to this agreement for the City's approval prior to proceeding:

- California Environmental Quality Act analysis or document preparation aside from a presumed preparation of Categorical Exemption and coordination with the Reclamation environmental documentation as discussed above.
- Other services not included in the above Scope of Work.

### **Professional Fees**

We propose to complete the work in the phases above on a fixed fee or Time and Materials basis as shown in the following table. Each phase will be billed monthly. Normally reimbursable expenses, including mileage for all planned site visits, are included in the phase fees shown on the table on the following page.

### **Project Schedule:**

Once we are authorized to proceed, we will move forward with the above scopes. We will develop a schedule for the work collaboratively with the City. Actual timelines and durations of the tasks above will vary due to factors outside of the control of Provost & Pritchard.



Summary of Professional Fees	
Proposal Task	Phase Fee
<b>Fixed Fee Tasks</b>	
Phase SUR: Field Survey and Legal Descriptions	\$5,800
Phase PD: Well and Well Equipping Common Design	\$46,400
Phase WFD: Well Construction: Final Design and Bidding	\$46,700
Phase SFD: Well Equipping and Water Line: Final Design and Bidding	\$65,600
Phase SCS: Well Equipping and Water Line: Construction Services	\$32,600
<b>Time &amp; Materials Tasks</b>	
Phase WCS: Well Construction: Construction Services	\$56,500
Phase SCO: Well Equipping and Water Line: Construction Observation	\$43,000
<b>Total Fees:</b>	<b>\$296,600</b>

**Overall Contract Assumptions:**

- City and B&B Ranch will reach agreement as to the location of the new well site and the new water line by the end of January 2019.
- This project will be completed in advance of the start of the Reach 2B River Restoration Program and construction work will not be hindered by that work.

This project will be subject to the terms and conditions in the attached Consultant Services Agreement, which has been previously reviewed and approved by the City Attorney. If this proposal is acceptable, please sign below and on the attached agreement and return copies of each to our office. As always, we thank you for the opportunity to be of service.

**City of Mendota**

**By:**

**Name/Title:** Cristian Gonzalez,  
 City Manager

**Date Signed:**

**Provost & Pritchard Consulting Group**

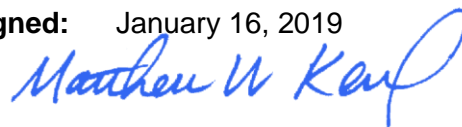
**By:**



**Name/Title:** David McGlasson, PE, PLS  
 Principal Engineer

**Date Signed:** January 16, 2019

**By:**



**Name/Title:** Matthew W. Kemp, PE  
 Vice-President

**Date Signed:** January 16, 2019

**BEFORE THE CITY COUNCIL  
OF THE  
CITY OF MENDOTA, COUNTY OF FRESNO**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MENDOTA AUTHORIZING  
CONTRACTING WITH PROVOST &  
PRITCHARD CONSULTING GROUP  
FOR DESIGN AND CONSTRUCTION  
SERVICES RELATED TO CONSTRUCTION  
OF CITY WELL NO. 10 AND EXTENSION OF  
THE RAW WATER TRANSMISSION MAIN,  
RELATED TO THE SAN JOAQUIN RIVER  
RESTORATION PROJECT**

**RESOLUTION NO. 19-05**

**WHEREAS**, the City of Mendota (City) operates certain municipal infrastructure utilities, including a municipal water well field east of the Fresno Slough, on the B&B Ranch; and

**WHEREAS**, the US Department of the Interior, Bureau of Reclamation (Reclamation) and the City have entered into a funding agreement which, in part, requires the City to relocate the existing Well No. 7, which is within that well field; and

**WHEREAS**, relocation of Well No. 7 will require extension of the existing raw water main to connect the new well to the existing water system; and

**WHEREAS**, Provost & Pritchard Consulting Group, along with their subconsultant team, has prepared preliminary plans for this project, which were submitted to and approved by Reclamation in 2018, as part of a General Plan for the Restoration-related work; and

**WHEREAS**, Provost & Pritchard has prepared a proposal offering planning, permitting, engineering design, bidding and construction services necessary to complete the project; and

**WHEREAS**, staff has reviewed the proposed Proposal and Contract and found its provisions to be appropriate and reasonable;

**NOW, THEREFORE, BE IT RESOLVED** by the Council of the City of Mendota that the City enter into agreement with Provost & Pritchard Consulting Group to provide planning, permitting, engineering design, bidding and construction services in accordance with Provost & Pritchard Consulting Group's proposal dated January 16, 2019, in the amount of \$296,600, and

***BE IT FURTHER RESOLVED*** that the City Manager is hereby authorized and directed to sign the necessary agreement with Provost & Pritchard Consulting Group.

\_\_\_\_\_  
Robert Silva, Mayor

ATTEST:

I, Matt Flood, City Clerk of the City of Mendota, do hereby certify that the foregoing resolution was duly adopted and passed by the City Council at a regular meeting of said Council, held at the Mendota City Hall on the 22<sup>nd</sup> day of January, 2019, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

\_\_\_\_\_  
Matt Flood, City Clerk

## **REAL ESTATE PURCHASE AGREEMENT**

**This Real Estate Purchase Agreement** is entered into on \_\_\_\_\_, 2019, by and between, **the City of Mendota**, a municipal corporation, hereinafter referred to as ("Seller") and **KSA Homes, Inc.**, a California Corporation, hereinafter collectively referred to as ("Buyer").

### **Agreement**

1. **Agreement to Buy and Sell.** Seller agrees to sell and Buyer agrees to buy the following described property (the "Real Property") located in the City of Mendota, County of Fresno, California:

Lot 20 of "Tract No. 5230, Hacienda Gardens, Phase II", in the City of Mendota, County of Fresno, State of California, according to the map thereof recorded in Volume 59 of Plats, at Page 25 to 28, inclusive, Fresno County Records.

A.P.N. 013-391-15ST, 607 De La Cruz Street, Mendota, CA 93640

2. **Consideration.** Buyer agrees to pay a total purchase price of **\$40,000.00** to be paid by Buyer to Seller as follows:

- a. Within five (5) days of opening of the escrow described in Paragraph 3 below, Buyer shall deposit **\$4,000.00** with the Escrow Holder.
- b. Before the close of escrow, Buyer shall deposit the remaining **\$36,000** with the Escrow Holder.

3. **Escrow.** An escrow relating to this sale shall be opened within seven (7) days after execution of this Agreement with **Fidelity National Title Company of California** ("Escrow Holder"). Escrow Instructions signed by Buyer and Seller shall be delivered to Escrow Holder no later than ten (10) days after acceptance. Escrow shall close within ten (10) days after Buyer deposits the total purchase price with Escrow Holder.

4. **Condition of Title.** Promptly following the opening of escrow, Escrow Holder shall obtain a preliminary title report on the real property and deliver copies thereof to all parties hereto. Buyer shall have five (5) business days after receipt of said preliminary title report to disapprove of any exceptions to title noted therein. In the event Buyer disapproves of any exceptions to title, Buyer shall communicate such disapproval in writing to Escrow Holder and to Seller within said five (5)

day period. Seller shall have ten (10) business days thereafter to attempt to eliminate any such objected to items. In the event Seller is unable to eliminate such objected to items, Buyer shall then have the option of waiving Buyer's objections or terminating the escrow. In the event Buyer elects to terminate the escrow, this Agreement shall be deemed rescinded by the parties hereto, and Escrow Holder shall return to the parties all sums and documents deposited with Escrow Holder. In the event Escrow Holder does not receive written objection from Buyer to any items of said preliminary title report within the said five (5) day period, then all such exceptions to title noted in said preliminary title report shall be deemed approved by Buyer. As of the close of escrow, the condition of title to the real property shall be free and clear of all liens and encumbrances except those disclosed to Buyer, and general and special taxes or water district assessments for the current fiscal year, a lien not yet due and payable, and shall be as set forth in said preliminary title report, except for items so objected to by Buyer under the foregoing procedure.

5. **Title Insurance.** When Escrow Holder has received all monies and instruments required to be deposited by the parties hereto, and when Escrow Holder is otherwise in position to do so, Escrow Holder shall issue its standard form CLTA Title Insurance Policy with liability equal to the purchase price showing title to the real property vested in Buyer and in the condition of title described in Paragraph 4, above. The close of escrow and the obligations of Seller and Buyer hereunder are expressly conditioned upon Escrow Holder's ability to issue such policy of title insurance.

6. **Vesting Title.** Exact vesting shall be specified in writing by Buyer to Escrow Holder prior to the close of escrow (See Acknowledgements under Paragraph 22).

7. **Escrow Charges, Closing Costs, Cultural Costs and Prorations.** Prorations shall be made in escrow as of the date of recordation of Grant Deed, on the basis of a thirty (30) day month for all real and personal property based on the latest available tax bill applicable to the fiscal year in which the proration date occurs. Seller shall pay costs of documentary transfer tax stamps on Grant Deed, CLTA policy of title insurance, recordation of Grant Deed, and half of Escrow Holder's fees. Buyer shall pay half of Escrow Holder's fees.

8. **Possession.** Possession of the Property shall be delivered to Buyer upon close of escrow.

9. **Agreements Affecting Property.** Seller warrants that there are no leases, co-ownership agreements, crop sale agreements or other contracts, or other rights of possession either oral or written affecting the Property other than those approved by Buyer in writing.

10. **Defaults.** Should Seller materially default under this Agreement, then any monies on deposit with the Broker or in escrow shall, upon demand of Buyer, be returned forthwith to Buyer and the parties shall have no further obligations under this Purchase Agreement. Should Buyer default, both parties agree that it would be extremely difficult and impractical to ascertain the actual damages sustained by the Seller resulting from Buyer's failure to complete the purchase, and it is therefore agreed in the event of Buyer's default, Seller shall be entitled to retain as liquidated damages in full satisfaction of any claim for damages which Seller might otherwise have by reason of Buyer's default, the entire deposit made by Buyer to the Broker or into escrow as hereinabove described in Paragraph 2.a.

11. **Entire Agreement.** This Agreement contains the entire agreement of the parties hereto and supersedes any prior agreement respecting the matters covered. No other agreement, statement, or promise made by any party or to any employee, officer, or agent of any party that is not in writing and signed by both Seller and Buyer shall be binding.

12. **Construction of Agreement.** This Agreement shall be construed as a whole and in accordance with its fair meaning. Captions and organization are for convenience only and are not to be used in construing the meaning.

13. **Time of Essence.** Time is of the essence of this Agreement.

14. **Binding on Successors.** Each provision of this Agreement shall be binding upon, and shall inure to the benefit of, the parties to this Agreement and their respective heirs, personal representatives, successors, and assigns.

15. **Counterparts.** This Agreement may be executed in one or more counterparts, and, each counterpart shall be considered an original as to the party whose signature is contained thereon once the Agreement has been executed by all parties.

16. **Attorneys' Fees.** Should any litigation be commenced between the parties concerning the Property, this Agreement or the rights or duties of either party in relation thereto, the prevailing party in such litigation shall be entitled, in addition to such other relief as may be granted, to recover from the losing party a reasonable sum for attorneys' fees and costs in litigation as determined by the Court in such litigation or in a separate action brought for that purpose.

17. **Waiver.** The waiver of any breach of any provision of this Agreement by either party hereto shall not constitute a continuing waiver or a waiver of any breach either of the same or another provision of this Agreement.

18. **Notices.** Any notices or other communications permitted or required pursuant to this Agreement shall be made in writing and shall be delivered personally or sent by an overnight delivery or courier service, by certified or registered mail (postage prepaid), by telegraph, by telex or by facsimile transmission to the parties at the addresses set forth below their signatures. Notices shall be deemed given when personally served, telegraphed, telexed or sent by facsimile transmission, or, if sent by overnight delivery or courier service, the day after sent from within the United States, or if mailed, two days after date of deposit in the United States Mail.

19. **Liquidated Damages.** If Buyer defaults upon this Agreement and fails to purchase the Property, Seller will be damaged in an amount which, while substantial, is difficult to determine at this time. The parties agree that a reasonable estimate of such damage is \$4,000.00. In addition, Buyer desires to limit its potential liability to Seller and to induce Seller to waive all remedies it may have in the event of Buyer's default, other than Seller's right to retain such amount as liquidated damages. Therefore, by initialing below, both parties agree that the sum of \$4,000.00, will be paid to, accepted, and retained by Seller as its sole and exclusive remedy in equity and in law for Buyer's default and Escrow Holder is hereby authorized and directed to pay to Seller such liquidated damages, if Buyer breaches its obligation to purchase the Property pursuant to this Agreement.

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SELLER

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BUYER

20. **Offer.** Buyer's signature hereon constitutes an offer to Seller to purchase the Property described above on the terms and conditions herein specified. Unless this Agreement is signed by Seller and a signed copy hereof is delivered to Buyer within five (5) days after the date of Buyer's signature, the offer herein contained shall be deemed revoked.

21. **Seller's Acknowledgments.** Seller does not warrant this Real Property or any structure or improvements thereon as to habitability or suitability for any use, and the Real Property is being sold to Buyer in "as-is-where is" condition. Buyer shall make an independent determination that the Real Property conforms to any and all existing local, state, or federal building codes, requirements, regulations, statutes, ordinances, or other authorities or enactments.

22. **Buyer's Acknowledgement.**

a. Buyer acknowledges for Buyer and Buyer's successors, heirs, and assignees, that Buyer has been given a reasonable opportunity to inspect and investigate the Real Property, either independently or through agents of Buyer's choosing, and that in purchasing the Real Property,

the Buyer is not relying on Seller, or its agents, as to the condition or safety of the Real Property and/or any improvements thereon. Any reports, repairs, or work required by Buyer are to be the sole responsibility of the Buyer.

b. Buyer further states that Buyer is relying solely upon its own inspection of the Real Property and not upon any representation made to Buyer by any person whomsoever and is purchasing said Real Property in the condition in which it now is, without any obligation on the part of the Seller to make any changes, alterations, or repair thereto.

c. Buyer holds Seller and its officers, agents, insurers, heirs, personal representatives, successors, and assigns harmless from fiscal or legal responsibility arising from any defect in this Real Property or structures thereon.

d. Buyer does hereby release Seller, and Seller's officers, agents, insurers, successors and assigns, of and from, any and all manner of action or actions, suits, claims, damages, judgments, or penalties, whether known or unknown, liquidated or unliquidated, fixed, contingent, direct or indirect, against Seller, Seller's officers, agents, insurers, heirs, personal representatives, successors and assigns for, upon or by reason of any death or bodily injury to any person, destruction or damage to any property, contamination or adverse effects on the environment, or any violation of governmental laws, regulations or orders, to the extent that such damage was caused by the environmental conditions of the Real Property or the treatment or remediation of the environmental conditions of the Real Property.

23. **Tests and Inspections.** Buyer shall have fifteen (15) days from Seller's acceptance to perform any and all tests or inspections of the Real Property that he deem necessary to ensure that the Real Property is suitable for his intended use. This offer is contingent upon Buyer deeming such tests satisfactory, in Buyer's sole and absolute discretion. Buyer shall bear the costs of performing such tests. In the event Buyer elects to terminate the escrow pursuant to this Section 24, this Agreement shall be deemed rescinded by the parties hereto, and Escrow Holder shall return to the parties all sums and documents deposited with Escrow Holder. In the event Escrow Holder does not receive written notice that Buyer is terminating this Agreement pursuant to this Section 24 within the said fifteen (15) day period, then the condition of the Real Property shall be deemed approved by Buyer.

24. **Hazardous Material.** To the best of Seller's knowledge there are no underground tanks on the Property. Seller has never caused or permitted any Hazardous Material (as hereinafter defined) to be placed, held, located or disposed of on, under or at the Property, and to the best knowledge of Seller, the Property has never been used (whether by Seller or any other person) as a treatment, storage or disposal site (whether permanent or temporary) for any Hazardous Material. For



purposes of this Agreement, "Hazardous Material" means and includes any hazardous substance or any pollutant or contaminant defined as such in (or for the purposes of) the Comprehensive Environmental Response, Compensation, and Liability Act, the Hazardous Materials Transportation Act, the Resource Conservation and Recovery Act, any so-called "Superfund" or "Superlien" law, the Toxic Substances Control Act, the Hazardous Waste Control Act, the Carpenter-Presley-Tanner Hazardous Substance Account Act, the Hazardous Materials Release Response Plans and Inventory Law, or any other Federal, state, or local statute, law, ordinance, code, rule, regulation, order or decree, regulating, relating to, or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereafter in effect, asbestos, or any other hazardous, toxic, or dangerous, waste, substance or material. Further, Seller will not, between the date hereof and the date of delivery of possession to Buyer, place, locate or dispose of on, under or at the Property any Hazardous Material, nor will Seller knowingly permit or cause any other person to do any of the aforesaid during such period. Notwithstanding the foregoing, Buyer is aware that the Property has been used for many years for agriculture, and further acknowledges that certain chemicals have been applied to the Real Property.

*In Witness Whereof*, the parties hereto have executed this Agreement effective as of the date first written above.

**Seller:**

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Cristian Gonzalez  
City Manager  
City of Mendota

**Buyer:**

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Stephen Hair  
KSA Homes, Inc.

**RECORDING REQUESTED BY**  
City of Mendota

**AND WHEN RECORDED MAIL DOCUMENT  
TO:**

John P. Kinsey  
WANGER JONES HELSLEY PC  
265 E. River Park Circle, Suite 310  
Fresno, CA 93720

Space Above This Line for Recorder's Use Only

A.P.N.: 013-391-15ST

## GRANT DEED

The Undersigned Grantor(s) Declare(s): DOCUMENTARY TRANSFER TAX \$ -0-; CITY TRANSFER TAX \$**0.00**;

SURVEY MONUMENT FEE \$**0.00**

- computed on the consideration or full value of property conveyed, OR  
 computed on the consideration or full value less value of liens and/or encumbrances remaining at time of sale,  
 unincorporated area;  City of **Mendota**, and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, **THE CITY OF MENDOTA, A MUNICIPAL CORPORATION**

hereby GRANTS to **KSA HOMES INC., A CALIFORNIA CORPORATION**

the following property described in Exhibit "A" in the City of **Mendota**, County of **Fresno**, State of **California** ("Property") subject to the following restriction:

Grantor hereby reserves unto itself a ten (10) foot wide easement along the portion of Property described in Exhibit "B" for access, maintenance, and repair of the sewer line located thereunder, as well as any and all acts necessary or appropriate to ensure the continued use of the sewer line for the public's benefit. Grantee shall not permit any temporary or permanent structures to be maintained along the easement area, and shall not otherwise unreasonably interfere with Grantor's use thereof.

Dated: \_\_\_\_\_

\_\_\_\_\_  
**Cristian Gonzalez**  
**City Manager**  
**City of Mendota**

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

\_\_\_\_\_

*This area for official notarial seal*

## **Exhibit A**

Lot 20 of "Tract No. 5230, Hacienda Gardens, Phase II", in the City of Mendota, County of Fresno, State of California, according to the map thereof recorded in Volume 59 of Plats, at Page 25 to 28, inclusive, Fresno County Records.

A.P.N. 013-391-15ST, 607 De La Cruz Street, Mendota, CA 93640

**Exhibit B**

[Legal description of the easement to be added]

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**AGENDA ITEM – STAFF REPORT**

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**TO:** HONORABLE MAYOR AND COUNCILORS  
**FROM:** CELESTE CABRERA-GARCIA, DEPUTY CITY CLERK  
**VIA:** CRISTIAN GONZALEZ, CITY MANAGER  
**SUBJECT:** APPOINTMENTS TO THE RECREATION AND PLANNING COMMISSIONS  
**DATE:** JANUARY 22, 2019

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**ISSUE**

Which Mendota residents shall the City Council appoint to the Planning and Recreation Commissions?

**BACKGROUND**

Two members of the Mendota Planning Commission, and two members of the Recreation Commission, a seven member board, will have their terms expire at the end of January. Additionally, there are also two existing vacancies on the Recreation Commission.

Pursuant to the Mendota Municipal Code (MMC) section 2.36.020, the Mayor selects individuals to appoint to the Planning Commission and Council approves them. Pursuant to section 2.32.020, the City Council selects individuals to appoint to the Recreation Commission. Moreover, the Council previously delegated two seats of the Recreation Commission to be filled by a representative of the City Council and a representative of the Planning Commission.

A notice (attached to this report) was posted on December 26, 2018 notifying the public of the vacancies, the term of the offices for appointment, the location of the application that is required to be filled out, and a deadline (which was Wednesday, January 16<sup>th</sup>) by which the application must be turned in to the office of the City Clerk.

**ANALYSIS**

The terms of Planning Commissioners Juan Luna and Jose Gutierrez expire January 31, 2019. Messrs. Luna and Gutierrez submitted applications to be considered for re-appointment. Applications were also submitted by Josue Urias and Jose Alonso. All applications received are attached to this report.

For the Recreation Commission, the terms of Commissioners Robert Silva and John Sanchez will expire on January 31, 2019. Mr. Sanchez did not submit an application to be re-appointed. Mr. Silva is currently the City Council representative on the Commission and, due to his seat expiring at the end of the month, a new City Council representative

must be appointed. The seat of the Planning Commission representative is also vacant and a new member must be appointed as well.

In summary, four individuals applied for the two positions in the Planning Commission, and no applications were received for the two non-delegated positions on Recreation Commission. These two remaining unfilled vacancies on the Recreation Commission can be open until filled, with interested residents applying by filling out an application at City Hall.

**FISCAL IMPACT**

None.

**RECOMMENDATION**

Council take two separate actions: 1) Mayor appoints Mendota residents to the Planning Commission with the approval of the City Council and 2) City Council appoints a member of the City Council and a member of the Planning Commission to serve as representatives on the Recreation Commission.



# CITY OF MENDOTA

“Cantaloupe Center Of The World”

## NOTICE OF COMMISSION VACANCY MENDOTA LOCAL APPOINTMENT LIST PUBLIC NOTICE

*Maddy Act Compliance - California Government Code Section 54970-54974*

Notice is hereby given that the City of Mendota encourages residents to apply for positions on city boards, commission and committees that will have vacancies in 2019.

The City publishes a list of expiring appointed terms for the coming year, names of incumbents and the dates of their appointments.

### RECREATION COMMISSION

**(Application Deadline is Wednesday, January 16, 2018 at 5 p.m.)**

Commissioner Robert Silva	Appointed: January, 2015	Expires: January 31, 2019
Commissioner Paul Ochoa	Appointed: January, 2017	Expires: January 31, 2021
Commissioner Jessica Barron	Appointed: March, 2018	Expires: January 31, 2021
Commissioner Angela Gonzalez	Appointed: February, 2018	Expires: January 31, 2021
Commissioner John Sanchez	Appointed: January, 2015	Expires: January 31, 2019
Commissioner – VACANT		Expires: January 31, 2019
Commissioner – VACANT		Expires: January 31, 2019

### Qualifications

1. Applicants must be a Mendota resident; and
2. Applicants shall not be a salaried employee of the City; and
3. Applicants must submit a completed **Application for Membership on a City of Mendota Board or Commission** to the City Clerk (*Applications are available at City Hall, 643 Quince Street, Mendota, CA 93640*).
4. Applicants will complete the term of the vacant seat on the Commission.

### PLANNING COMMISSION

**(Application Deadline is Wednesday, January 16, 2018 at 5 p.m.)**

Commissioner Juan Luna	Appointed: January, 2015	Expires: January 31, 2019
Commissioner Jonathan Leiva	Appointed: January, 2017	Expires: January 31, 2021
Commissioner Albert Escobedo	Appointed: January, 2017	Expires: January 31, 2021
Commissioner Kevin Romero	Appointed: January, 2017	Expires: January 31, 2021
Commissioner Jose Gutierrez	Appointed: September, 2017	Expires: January 31, 2019
Alternate Commissioner Jose Alonso	Appointed: October, 2017	

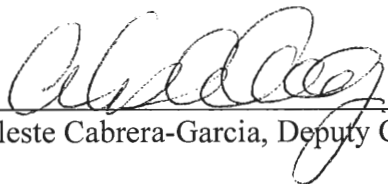


Qualifications

1. Applicants must be a Mendota resident or live within the boundaries of the Mendota Unified School District; and
2. Applicants shall not be a salaried employee of the City; and
3. Applicants must submit a completed **Application for Membership on a City of Mendota Board or Commission** to the City Clerk (*Applications are available at City Hall, 643 Quince Street, Mendota, CA 93640*).
4. Applicants will complete the term of the vacant seat on the Commission.

Dated: December 26, 2018

I, Celeste Cabrera-Garcia, Deputy City Clerk of the City of Mendota, do hereby declare that the foregoing Public Notice, was posted on the outside bulletin board located at City Hall, 643 Quince Street on Wednesday, December 26, 2018 at 1:00 p.m.

  
\_\_\_\_\_  
Celeste Cabrera-Garcia, Deputy City Clerk



CITY OF MENDOTA  
643 QUINCE STREET  
MENDOTA, CA 93640  
(559) 655-3291



APPLICATION FOR MEMBERSHIP ON A CITY OF MENDOTA  
BOARD, COMMISSION OR COMMITTEE

Name of Board or Committee: Planning Commission

Applicants' name: Josue Urias

Address: 1548 10<sup>th</sup> St

Telephone number: (559) 283-5680

Present occupation: Restaurant Manager

Number of years as a Mendota resident: 11

Memberships:

Are you a member of any other community boards, commissions or committees?  Yes  No

If yes please provide list: \_\_\_\_\_

At the initial formation of the committee you have the option of a 2 year or 4 year term, please select which you would like to serve. 2 years \_\_\_\_\_ 4 years \_\_\_\_\_  
(Not Applicable for the Planning Commission. Commissioners serve 4 year terms).

Education:

Please state the highest year of school completed Highschool

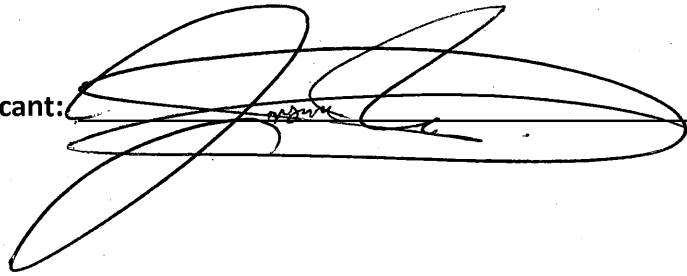
Please state any special areas of study, work experience or special area of interest that may be of value to this committee:

I believe my work experience could be of value to the committee. I have been around restaurants my whole life specifically in Mendota. Being in the restaurant industry has allowed me to build work ethic and communication skills. It has also allowed me to learn about the importance of small businesses in Mendota.

Please give a brief statement of your views related to the business of this committee and why you would like to be a member.

I believe this committee has a very important role in the growth of this community. I have a basic understanding of the committee but just with what I've been told I've wanted to join the team. I hope the committee strongly considers me being apart of it because I would love to be apart of Mendotas growth.

Signature of Applicant:

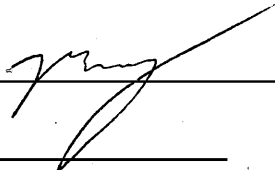


Date:

12-14-18

Accepted:

Signature of City Clerk:



Time:

5:45p

Date:

12/18/18



CITY OF MENDOTA  
643 QUINCE STREET  
MENDOTA, CA 93640  
(559) 655-3291



APPLICATION FOR MEMBERSHIP ON A CITY OF MENDOTA  
BOARD, COMMISSION OR COMMITTEE

Name of Board or Committee: Planning Commission

Applicants' name: Juan Luna

Address: 1648 10th St

Telephone number: (559) 274-7384

Present occupation: Dispatcher

Number of years as a Mendota resident: 40

Memberships:

Are you a member of any other community boards, commissions or committees?  Yes  No.

If yes please provide list: \_\_\_\_\_  
\_\_\_\_\_

At the initial formation of the committee you have the option of a 2 year or 4 year term, please select which you would like to serve. 2 years \_\_\_\_\_ 4years   
(Not Applicable for the Planning Commission. Commissioners serve 4 year terms).

Education:

Please state the highest year of school completed 12 -

Please state any special areas of study, work experience or special area of interest that may be of value to this committee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
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Please give a brief statement of your views related to the business of this committee and why you would like to be a member.

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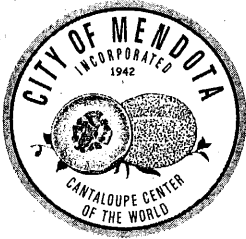
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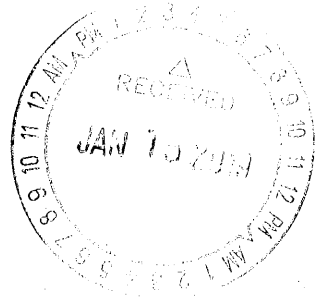
Signature of Applicant:  Date: 1/6/18

**Accepted:**

Signature of City Clerk:  Time: 11:23 am  
Date: 1-7-2019



CITY OF MENDOTA  
643 QUINCE STREET  
MENDOTA, CA 93640  
(559) 655-3291



APPLICATION FOR MEMBERSHIP ON A CITY OF MENDOTA  
BOARD, COMMISSION OR COMMITTEE

Name of Board or Committee: Planning Commission

Applicants' name: Jose L. Gutierrez

Address: 647 Perez St, Apt 9E Mendota, Ca 93640

Telephone number: 559-647-1068

Present occupation: Construction

Number of years as a Mendota resident: 32

Memberships:

Are you a member of any other community boards, commissions or committees?  Yes  No.

If yes please provide list: Planning Commission

At the initial formation of the committee you have the option of a 2 year or 4 year term, please select which you would like to serve. 2 years  4years   
(Not Applicable for the Planning Commission. Commissioners serve 4 year terms).

Education:

Please state the highest year of school completed Some College.

Please state any special areas of study, work experience or special area of interest that may be of value to this committee:

I work in construction and I am seeing Mendota grow. People are wanting new areas to go and have fun in town. I have talked to the people of Mendota and they would like to see more growth.

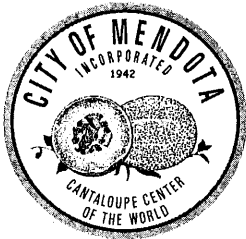
Please give a brief statement of your views related to the business of this committee and why you would like to be a member.

I am delivering homes in Mendota everyday. I'm doing my small part to help Mendota grow. I want to keep Mendota growing in every way possible. And by staying in this committee I will be doing that

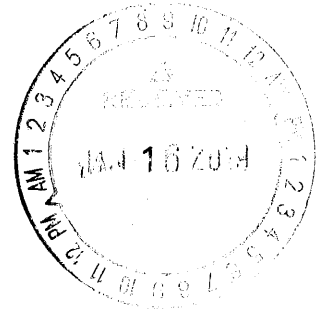
Signature of Applicant: Jared S. Duff Date: 1-15-19

Accepted:

Signature of City Clerk: Celeste Obera Barua Deputy Time: 9:00am  
Date: 1-16-19



CITY OF MENDOTA  
643 QUINCE STREET  
MENDOTA, CA 93640  
(559) 655-3291



APPLICATION FOR MEMBERSHIP ON A CITY OF MENDOTA  
BOARD, COMMISSION OR COMMITTEE

Name of Board or Committee: Planning Commission

Applicants' name: Jose Alonso

Address: 635 Peach Ave

Telephone number: (559) 489-1532

Present occupation: Alternate Commissioner

Number of years as a Mendota resident: 22

Memberships:

Are you a member of any other community boards, commissions or committees?  Yes  No.

If yes please provide list: Fresno westside Mosquito Abatement

At the initial formation of the committee you have the option of a 2 year or 4 year term, please select which you would like to serve. 2 years  4 years   
(Not Applicable for the Planning Commission. Commissioners serve 4 year terms).

Education:

Please state the highest year of school completed some college.

Please state any special areas of study, work experience or special area of interest that may be of value to this committee:

When I was in high school, I was part of the JSA club. I was able to gain insight on how local, county, state, and federal works. Which led me to join the Planning Commission and I was able to serve the Planning Commission as an alternate for over a year. I was able to gain knowledge in how the Planning Commission works.



Please give a brief statement of your views related to the business of this committee and why you would like to be a member.

I would like to be a member of the Planning Commission because I feel like I'm a great team player. I want to help the City of Mendota grow to its full potential that I know it can become. I am open minded to different ideas that the committee may have. I want love to input MY experience and knowledge I gained over a year to the committee. I want to help the Planning Commission grow and serve the community of Mendota.

Signature of Applicant: Rise Dugg Date: 1/16/19

Accepted:

Signature of City Clerk: Celeste Cabrera-Sanchez, Deputy Time: 10:30am  
Date: 1-16-19

# A G E N D A I T E M – S T A F F R E P O R T

**DATE:** January 22, 2019  
**TO:** Honorable Mayor and City Council Members  
**FROM:** Cristian Gonzalez, City Manager  
John P. Kinsey, City Attorney  
**SUBJECT:** Responses to Requests for Proposal to Purchase City-Owned Real Property

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## **BACKGROUND:**

On November 9, 2018 the City issued a Request for Proposals (“RFP”) for the purchase and development of 114-acre parcel, A.P.N. 013-030-68ST. While the 114-acre parcel is currently zoned Public Facilities, the parcel is also subject to the City’s September 12, 2017, Ordinance No. 17-13, An Ordinance of the Council of the City of Mendota Amending Title 17 of the Mendota Municipal Code Creating a Commercial Cannabis Overlay District and Amending Chapter 8.36 for Consistency Therewith (the “Ordinance”). The Ordinance created an overlay district to facilitate the establishment of commercial cannabis businesses in the City. The Ordinance maintains the Zoning Ordinance’s existing use classifications and development standards within the Commercial Cannabis Overlay District (“Overlay District”). It then permits specified uses within the Overlay District that would otherwise be prohibited by the Zoning Ordinance, but only if a Conditional Use Permit (“CUP”) is first obtained. These uses are: (1) indoor cannabis cultivation, (2) cannabis manufacturing, (3) cannabis testing, and (4) cannabis distribution. Outdoor cannabis cultivation and cannabis dispensaries are not permitted in the Overlay District under any circumstances. As the 114-acre parcel is currently unused, the Overlay District presents an opportunity for developers to develop all or portions of the 114-acre parcel for permitted land uses relating to cannabis, which is an emerging industry in the State of California.

## **DISCUSSION:**

After publishing the RFP, the City received responses from Higher Plane Cultivation, Mendota Development Corporation, and the Axiom Group. The key features of each response are outlined in Exhibit “A.”

To facilitate the selection of a proposal, staff developed a scoring system based on the City’s objectives and the criteria set forth in the RFP. Each proposal was scored on a scale of 1-5 across 10 categories. Using this system, the Axiom Group received a score of 47, Mendota Development Corporation received a score of 32, and Higher Plane Cultivation received a score

of 14. Based on these results, staff is recommending that the City Council commence negotiations with Axiom Group. The full results of the scoring are set forth in Exhibit “B.”

**RECOMMENDATION:**

Commence negotiations with Axiom Group for the purchase and development of A.P.N. 013-030-68ST.

**ATTACHMENTS:**

Exhibit “A” (overview of proposals), Exhibit “B” (scoring of proposals)

**Exhibit A**

<b>PROPOSAL REQUIREMENT REVIEW</b>			
<i>Amount offered to lease Property</i>	Not specified, but offered \$50,000 in addition to asking price	\$10,000 per acre (approx. \$1,140,000)	Full appraised value plus \$200,000 “signing bonus” upon close of sale
<i>Narrative Description</i>	5 greenhouses on 3.5 acres	Have operated in medical cannabis industry since 2009; built and manage a 22,000 sq. ft. cannabis cultivation facility in Atwater and seven retail dispensaries in Los Angeles and one in Fresno; no sales to be conducted within Mendota city limits (facility purely to provide wholesale distribution to retailers across the state)	Manufacturing, testing and distribution facility to service entire California market; will utilize hoop-style greenhouses for cultivation; anticipates being operational by July 2019
<i>Square Footage</i>	3.5 acres (152,460 sq. ft.)	770,000 sq. ft.	830,000 sq. ft. of cultivation; will also have an additional 60,000 sq. ft. of “tilt up structure” to be used for manufacturing, testing, and distribution
<i>Phasing Schedule</i>	None provided	Four phase schedule: 1. One acre development of office buildings within 12 months 2. Four acre development of manufacturing, cultivation and greenhouse facilities within 24 months 3. 10 acre development of greenhouse facilities 4. 25 acre development of greenhouse facilities	Two parallel phases: 1. Immediately develop 47 acres of greenhouses to be operational by July 2019 2. Develop remaining 3 acres with 60,000 sq. ft. of concrete tilt-up structures and lease 5,000 sq. ft. to licensed cannabis testing laboratory; to be completed by Q4 of 2019
<i>Number of Individuals</i>	None provided	During Phases 1 and 2:	40 permanent

<i>Employed</i>		65-95 full time jobs During Phases 3 and 4: Up to 700 jobs	employees, and 60 seasonal employees
<i>Incorporation of Local Contractors and Goods</i>	50% of labor workforces will be from Mendota	Will advertise, interview and select Mendota residents ad employees; will offer preference to local businesses for contracts (electric, HVAC, construction, security, waste management)	All employees will be local, with the exception of the executive team and subject matter experts; will contract with local businesses for every service practicable, including for ancillary events (catering, purchasing supplies)
<i>Community Outreach</i>	None provided	Will make charitable contributions to local organizations and civic-minded projects; goal is to transition away from facilities in Atwater and make Mendota the centerpiece	Will host and Open House prior to opening to help residents understand safeguards; provide a site tour for local regulators and City leaders; will donate at least \$120,000 to local charities and nonprofits in addition to nearly \$3,000,000 in annual voluntary revenue sharing payments
<i>Wages</i>	None provided, but states that it will “pay for all training and offer benefits.”	Living wage (200% prevailing minimum wage)	Permanent employees will be paid between \$125,000 and 36,000 per year; seasonal employees will be paid \$15/hour
<i>Estimated Cost</i>	None provided	None provided	\$14,249,050 (not including appraisal price)
<i>Security Plan</i>	Outsourced to Police Science Institute – no plans yet available	Perimeter fencing; controlled gate; biometric technology; Knox-box technology; employee access log; separate employee parking; surveillance system; alarm system; track and trace software/equipment; inventory control protocols; hire security firm	Extensive security plan provided with crime prevention through natural design; access control; intrusion detection system; surveillance system; security training for employees; employee protection; utility controls, electronic information security; internal theft

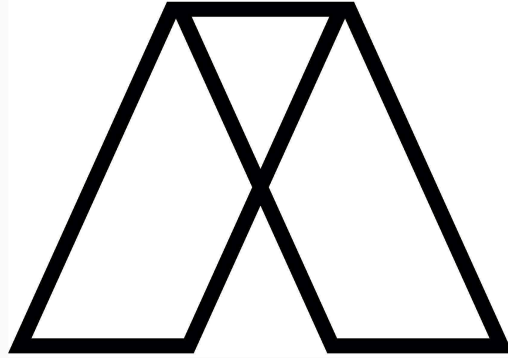
			protection; private security service contracting
<i>Principals and Investors</i>	None provided	Subsidiary of Emerald Spectrum Holdings Inc.	DC Airway Properties, LLC
<i>Project Pro-Forma Demonstrating Due Diligence</i>	None provided	Use a min. of 50% solar energy on-site; sealed greenhouse system with advanced climate control and ventilation; automatic watering system; rain-catcher system; will comply with "Organic" certification requirements; use of compost brewers and recycled materials	Provides three year profit/loss projection accounting for operating expenses, taxes, and anticipated profits; proposes revenue sharing as either a \$3.50/sq. ft. or 2% share of annual revenue
<i>Type of Investment</i>	None provided	None provided	DC Airway Properties, LLC have provided Industrial Integrity Solutions, LLC (contract developer) with \$20,000,000 line for acquisition and development of projects in Southern California
<i>Proposal for Quarterly Cannabis Cultivation Tax</i>	Offer 2.5% of gross sales revenue	Offer \$5.00 per sq. ft. of cultivated cannabis canopy, per year (estimated \$110,000 per year in tax revenue)	Will be responsible for all tax payments to City
<i>References</i>	None provided	None provided	Development Services Director for City of Adelanto; Economic Development Manager for City of Colton; Interim Deputy Director of Community & Economic Development for City of Riverside
<i>Licenses</i>	"Several state and county licenses still required." No currently held licenses identified	None currently held, but specifically identified types and number of permits/licenses sought	Currently holds: 1. Medical cultivation specialty indoor permit 2. Adult-use cultivation

			<p>specialty indoor permit</p> <ol style="list-style-type: none"> <li>3. Medical distributor permit</li> <li>4. Adult-use distributor permit</li> <li>5. Medical retail permit</li> <li>6. Adult-use retail permit</li> <li>7. Medical manufacturer level 1 permit</li> <li>8. Adult-use manufacturer level 1 permit</li> <li>9. Temporary adult-use cannabis cultivation license</li> <li>10. Medicinal and adult use distributor and retailer temporary licenses</li> </ol> <p>Permits issued by Cities of Los Angeles, Adelanto, Perris;  Licenses issued by California Dept. of Food and Agriculture, Bureau of Cannabis Control, and CA Dept. of Public Health</p>
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**Exhibit B**

<b>Criteria</b>	<b>RESPONDENTS</b>		
	<b>Higher Plane Cultivation</b>	<b>Mendota Development Corporation</b>	<b>Axiom Group</b>
<b>SELECTION CRITERIA (1-5)</b>			
<i>Consistency of Development with City Objectives</i>	2	4	5
<i>Design Quality of Prior Similar Projects</i>	1	3	3
<i>Feasibility of Proposal</i>	1	3	5
<i>Experience of Respondent</i>	2	4	5
<i>Financial Capacity</i>	1	3	5
<i>Commitment to Sustainability</i>	1	4	4
<i>Community Engagement</i>	1	3	5
<i>Evaluation of References</i>	1	1	5
<i>Lease Price</i>	3	4	5
<i>Completeness of Response</i>	1	3	5
<b>TOTAL</b>	<b>14</b>	<b>32</b>	<b>47</b>





# **THE AXIOM GROUP**

Response to Request for Proposal  
Sale & Potential Development of City Surplus Real Property  
City of Mendota

January 4, 2018

Mr. Matt Flood, City Clerk  
City of Mendota  
643 Quince Street  
Mendota, CA 93640



RE: Request for Proposal for The Sale and Potential Development of City Surplus Real Property

Dear Mr. Flood:

The Axiom Group is pleased to present to the City of Mendota the attached response to your request seeking a proposal for the sale and potential development of surplus real property in Mendota.

The Axiom Group and its strategic partners, Industrial Integrity Solutions, DC Airway Properties and our best of breed operators have the required credentials, experience, and capacity to survey, entitle, design, construct, finance and operate a state-of-the-art cannabis cultivation, manufacturing, testing and distribution facility as detailed in the enclosed bid package.

In addition to meeting the City of Mendota's goals of selecting a responsible, experienced developer capable of overseeing and implementing all phases of planning and development of the project that would maximize the benefit to the City from a financial perspective, we offer a proposal that will bring immediate revenue and local jobs to the City while maximizing public health and safety.

The enclosed materials demonstrate the breadth of our experience as well as our ability to meet the City's priorities for the redevelopment. Our principals have a long history of successes in developing projects. Key strengths of our team include:

- Entitling and developing over 3 million square feet of cannabis cultivation in California;
- Constructing over 240,000 feet of concrete tilt up infrastructure for cannabis manufacturing, testing and distribution in California;
- Operating numerous cannabis businesses throughout all verticals in the cannabis supply chain; and
- Decades of experience completing projects on time and on budget.

As one of the premier cannabis developers in California, we are proud to be a part of this City's plan to develop a financially viable cannabis project and are committed to helping make this a reality for the City of Mendota. Our extensive knowledge of cannabis assets and compliance measures is unparalleled and our network of connections throughout the business, community, and local government will aid us in the success of this project.

The Axiom Group and its development partners have extensive experience in collaborating with cities and completing complex, desirable development projects such as we are proposing here. We are excited at the prospect of partnering with the City of Mendota.

Our proposal represents the opportunity to generate nearly \$3 million in annual tax revenues – or a 38% increase in City revenues based on the 2016 budget. Additionally, the project will create at least 40 permanent jobs with full benefits that pay a living wage and an additional 60 seasonal jobs.

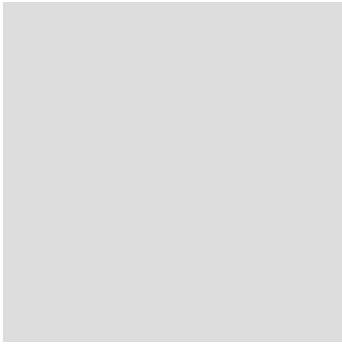
Thank you for the opportunity to submit this proposal. We look forward to continuing to collaborate with you on this important redevelopment.

Should you have any questions regarding this proposal, please do not hesitate to contact me directly.

Sincerely,

A handwritten signature in black ink, appearing to read "Dustin Moore". The signature is fluid and cursive, with the first letter "D" being particularly large and stylized.

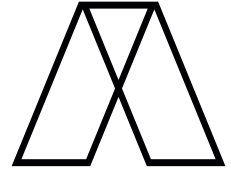
Dustin Moore  
The Axiom Group  
831.917.2533



# Contents

01	Meet Our Team
11	Our Proposal
22	Financial Projections
26	Security Plan
45	References
47	Appendices
47	Site Plan
48	Proof of Funds
49	Letters of Recommendation

# Meet Our Team



Our team represents the coming together of top executive level leadership with over 100 years of combined experience at the highest levels in cannabis, real estate development and other highly regulated industries. We will operate a world class cultivation, manufacturing, testing and distribution facility with core values rooted in our deep respect for the community.

Our team exemplifies the City's desired qualities – a developer who is responsible, experienced, capable of overseeing and implementing all phases of planning and development, and has significant experience developing property for cannabis cultivation and related uses, or for functionally similar purposes. Additionally, our proposal will maximize the benefit to the City from a financial perspective by adding nearly \$3 million in annual revenue as well as creating 40 permanent jobs and 60 seasonal jobs.

We have assembled a world class leadership team that ranges from Fortune 500 executives, proven cannabis operators and seasoned real estate developers that have experience in highly regulated industries. In addition to extensive real estate development experience, the team boasts leading experts in the cannabis compliance field that are actively engaged at both at the State and local level to ensure regulations are developed and implemented that provide for the highest level of public health and safety.

*The overall depth and breadth of our team as well as our knowledge and experience mean we will operate a compliant business with strict adherence to regulations, industry standards and best practices. For these reasons, we are the best fit for the Mendota Community.*

## **To demonstrate our experience, abilities, knowledge and overall qualifications through factual information, our team:**

- Acquired and developed real estate assets valued in excess of \$2.2 Billion.
- Assisted in the drafting and day to day management of Proposition 64, The Adult Use of Marijuana Act, which legalized cannabis in California.
- Shaped the regulations and laws that regulate cannabis in California.
- Worked with then Lieutenant Governor Gavin Newsom to conduct a Blue Ribbon Commission, which led to Proposition 64.
- Currently operate one of the leading cannabis distribution companies in California.
- Responsible for operating over 2 million square feet of cannabis cultivation.
- Successfully operating cannabis businesses in all vertical segments of the supply chain.



## **Overall Qualifications and Breadth of Knowledge**

Our business plan is designed to comply with the Mendota Municipal Code, all applicable rules and regulations and all State laws. It is a realistic model of operations developed through a collaborative process that leverages the expertise of our seasoned leadership team and industry specialists.

Our team brings the most extensive experience managing operational and regulatory compliance plans in the cannabis industry, and over a century of combined expertise in real estate development, business development, operations, and management. This breadth of experience and knowledge uniquely equips our team to fastidiously implement our startup plan, and to begin operations sooner than any other applicant.

We have secured strategic capital substantially beyond necessary, giving our team the ability to focus our time, resources and personnel on facility construction and staffing rather than fundraising.

### *Background information on Respondent's principals and investors*

#### The Axiom Group

Axiom is the applicant and lead consultant for the project. Axiom understands the policy and political landscape of cannabis policy in California because we helped create it. Our principals have extensive experience working on cannabis regulation in California, including our work at the State Capitol and our day-to-day management of the Proposition 64 campaign. We navigate California's complex political, regulatory and business landscape by utilizing our diverse experience and extensive network to deliver winning outcomes.

Axiom specializes in developing licensed businesses and commercial real estate projects for California's emerging cannabis industry. Our broad experience in business development, public policy, government affairs and political campaigns allows us to develop and implement a broad range of solutions to meet the needs of local jurisdictions.

#### Key individuals:

- *Dustin Moore, Partner*  
Dustin Moore is a trusted consultant and advisor with more than a decade of experience in business development, political strategy, public policy, and government and public affairs. He specializes in the strategic development and implementation of policies at the State and local level including ordinance and revenue measure development, public affairs and legislative efforts.

Dustin provides strategic consulting services to professional cannabis associations, cannabis manufacturers, distributors, testing labs and retailers. Dustin has managed state and local campaigns in California on issues



including cannabis, taxation, education, and healthcare.

Prior to joining Axiom, Dustin was a principal at Main Street Strategies, a legislative and public affairs firm specializing in emerging issues, including cannabis. Dustin served as the Deputy Campaign Manager for the Yes on Proposition 64 campaign – the 2016 ballot measure that legalized the adult use of marijuana in California.

Dustin previously consulted on/managed several successful campaigns at one of the state's leading campaign management firms and served as a Senior Consultant for the Speaker of the California State Assembly.

Prior to his work in the political and cannabis arenas, Dustin owned and operated businesses in California and Colorado.

Dustin graduated from the University of California, Santa Cruz with a degree in political science. He splits his time between Sacramento and Manhattan Beach with his wife, Lauren.

- *Jared Ficker, Partner*

Jared is one of the state's best at bridging the gap between science, policy and politics. His clients benefit from his exceptionally high level of public policy expertise, government and public relations skill and strategic business advice.

Prior to The Axiom Group, Jared led California Strategies' extensive environmental and energy practice for more than fifteen years. His strategies and client services led to Capitol Weekly identifying him as "one to watch" in public affairs, citing his work in developing the firm's renewable energy portfolio. His expertise is deep, with a focus on issues affecting land use, environmental policy, renewable energy, climate change, alternative fuels, development, mitigation, water supply, water quality, and local, state and federal permitting.

By employing his knowledge of government and an understanding of stakeholders' perspectives, Jared is able to consistently guide clients towards successful solutions, including:

- Managing financing and strategic efforts within the energy sector, particularly renewable energy
- Working with the venture capital and private equity community to help realize value and align public policy with company growth
- Attaining critical permits for energy and land development projects
- Assisting emerging technology companies with environmental policy, permitting and business development



Jared previously served in both terms of the Clinton Administration at the Department of the Interior and National Park Service and received numerous recognitions and awards for his work on new wilderness designations and the creation of new national parks and monuments, endangered-species issues, historic preservation and conservation easements, and tax incentives legislation.

Specifically, he worked to pass the California Desert Protection Act and defended Congressional scrutiny of the reintroduction of wolves in Yellowstone National Park, a heralded endangered species recovery.

Jared previously worked with the Conservation Land Group, where he developed support within state and federal agencies and the legislature for conservation acquisitions. Working with local land trusts and conservation organizations, he facilitated a number of conservation easement transactions. Jared also worked on a number of large acquisitions in California, including the Stornetta Ranch on the northern California Coast.

Jared has extensive campaign and political experience that allowed him to tour the state and better understand its issues and policies. He previously ran the California 12th Senate District campaign, where he managed day-to-day activities, including strategy, research, scheduling, and candidate preparation.

His political work includes a number of successful state and local efforts on behalf of presidential and gubernatorial campaigns and key roles on statewide and local ballot initiatives.

Jared completed coursework for a doctorate at the University of California, Davis and has a B.A. in both Political Science and Environmental Studies from the University of California, Santa Barbara, where he was recognized as one of the Environmental Studies Program's outstanding students.

Jared lives in Santa Barbara with his wife and three children. He has offices in both Santa Barbara and Sacramento and works on projects throughout the State of California.

- *Kevin Schmidt, Partner*

Kevin is a partner with The Axiom Group based in Sacramento. Kevin has a multidimensional background in statewide policy and politics. As a fourth generation public servant to California, he has the institutional knowledge needed to navigate the complex political landscape of this state.

Beginning his public service career with the California Senate Majority Leader, Kevin worked on a broad array of topics including agriculture, water, and energy. He provided support for oversight and investigative hearings involving complex policy issues.





Prior to joining Axiom, Kevin spent three years at California Strategies, where he focused on renewable energy and environmental projects. Before joining California Strategies, Kevin spent five years serving as Policy Director for Lieutenant Governor (now Governor-elect) Gavin Newsom, focusing on energy, natural resources, economic development, higher education, and other policy issues.

Kevin also represented Lt. Governor Newsom on the California Coastal Commission, the California State Lands Commission, and the Ocean Protection Council, and in those positions was responsible for decision-making on important statewide policies and multibillion-dollar State Budgets.

A native Californian, Kevin earned a Bachelor's of Science degree in business management from Santa Clara University, and a Master's in Public Administration from the University of Southern California.

### Industrial Integrity Solutions

Industrial Integrity Solutions will be the contract developer for the project. Industrial Integrity Solutions is a Southern California based development firm specializing in the development of real estate specifically for cannabis use. Industrial Integrity Solutions is a subsidiary of Frontier Enterprises. Industrial Integrity Solutions also has subsidiaries that are specific to retail sales, cultivation and processing of cannabis products.

Since it was founded in 2002, Frontier Enterprises/Industrial Integrity Solutions has built homes in Southern California. By 2004, Frontier became the fastest company to reach Builder 100 status in the history of the Professional Builder Magazine. From inception through 2008, Frontier built approximately 3,000 new homes. In 2009, Frontier transitioned from new homebuilding to purchasing distressed assets to help restore communities across Southern California and the nation by transforming vacant and foreclosed properties that attracted crime and blight into beautifully restored owner-occupied homes for families and first-time buyers.

Since its launch into purchasing distressed assets, Frontier has acquired, repaired and sold more than 2,000 previously foreclosed homes valued at more than \$500 million across Southern California, Arizona, Texas and Georgia. When foreclosures began slowing down in late 2012, Frontier quickly shifted back into purchasing land for new homebuilding once again. Again, Frontier became the largest private homebuilding company in the Inland Empire in 2014 and has continued that success through 2018 by delivering approximately 1,600 houses with revenues approaching \$650 million. Since the company's inception in 2002, Frontier has acquired and re-sold more than 6,700 homes valued in excess of \$2.2 Billion.

Frontier is continually focused on providing affordable homes for first-time and first-time move-up buyers. Frontier also looks to align themselves with strategic partners in order to create efficiencies and a win-win scenario. Frontier Enterprises' entrepreneurial spirit



has led them to also own and develop commercial, multi-family and industrial properties throughout southern California. The company owns in excess of 75,000 square feet of office property, currently is building over 150 apartment units, 3 dispensary retail centers and is completing the development of over 630,000 square feet of industrial buildings. Frontier was able to re-zone a 30-acre site within the cannabis designation, develop and build 21-30,000 square foot buildings within a 24-month period.

Frontier Enterprises was originally established in 2003 and has since grown to be the largest private homebuilder in the Inland Empire. In addition to homebuilding, the company also has projects specific to retail development and multi-family development. As developers, Frontier prides itself on specializing in every aspect of the trade.

While many homebuilders of this size focus on acquiring finished lots, which already have been entitled and developed with all the infrastructure in place, Frontier prefers purchasing raw land with no entitlements in place.

#### Key Individuals:

- *James L. Previti, President and CEO*  
James started his first homebuilding company in 2002, Frontier Homes, which was named as one of America's top 100 builders in Professional Builder Magazine's May 2005 edition. A prestigious award based upon revenues for 2004, with Frontier Homes making the list in its second full year of business, showing revenues of almost \$300 million from nearly 800 deliveries.

The Company was the leading homebuilder in the burgeoning High Desert market, with a dominant market share, and one of the top builders in California's Inland Empire. Frontier Homes also enjoyed a position among the top builders in the high-growth Antelope Valley market, the last bastion of affordability in Los Angeles County as well as Phoenix, Arizona.

A veteran of the homebuilding industry and a second-generation homebuilder, Mr. Previti began his career as a construction superintendent, directly supervising new home construction. After honing his skills and expanding his practical knowledge in the field, he moved to other disciplines within the company, including purchasing and entitlements, rapidly progressing to management.

Before founding Frontier Homes in 2002, Mr. Previti was an Area President for one of the nation's top public builders, with full profit-and-loss responsibility for multiple land development, construction and sales for single-family and multi-family projects.

In 2009, Previti established Frontier Enterprises to help restore communities across Southern California and the nation by turning vacant and foreclosed properties that attract crime and blight into beautifully restored homes for families



and first-time buyers. Since its launch, Frontier Enterprises has bought and repaired more than \$500 million in previously foreclosed houses and transformed them into almost 2,000 owner-occupied homes.

In 2013, Previti formed Frontier Communities to re-establish his roots as a new homebuilding company and is once again aiming to become recognized as one of America's leading new homebuilders. Since 2014, Frontier Communities has been the largest private homebuilding company in the Inland Empire.

His vision was to create a company that prided itself in quality-built, affordable entry-level and "move-up" housing in the Inland Empire and other affordable market areas and to lead the company into not only a market position as a premier homebuilder, but as a premier employer as well. Previti and his management team pledge true compassion for each individual and focus on creating a positive work environment with the best employee benefits in the industry, as well as ample opportunity for professional growth.

In addition to homebuilding, Previti has also diversified his portfolio by investing and developing commercial, multi-family and industrial properties.

- *Rich Munkvold, Chief Financial Officer*

Rich joined the Company in May 2005 and oversees all financial functions of the Frontier Enterprises, its affiliates and joint ventures. He is responsible for accounting and related activities, including internal and external financial reporting, capital procurement and lending relationships, as well as the information technology department. Mr. Munkvold is also a member of the executive planning committee. As such, he is intimately involved in the Company's organizational structure as well as all acquisitions.

Prior to joining Frontier, Mr. Munkvold was Chief Financial Officer of the K. Hovnanian Homes Ontario Group, where he provided management and oversight for financial operations for the Southwestern States. His purview included three operating regions producing more than 3,500 deliveries and \$1 billion in annual revenues. He also led due diligence teams during consideration and consummation of a number of corporate acquisitions.

From 1995, Mr. Munkvold was Chief Financial Officer for The Forecast Group, a Builder 100 company, leading that firm's financial and information technology operations until Forecast's acquisition by Hovnanian. He entered the homebuilding industry with Ryland Homes in 1989, where he held several accounting and finance positions, including that of western region financial analyst.

While in his senior management positions, he has been one of the key leaders of overseeing in excess of 25,000 deliveries and \$6 billion in revenue in addition to



the acquisition, development and disposition of commercial, multi-family and industrial properties.

### DC Airway Properties

DC Airway Properties will be the capital source for the project and has been an intuitional lender for decades. DC Airway has committed \$20 million dollars to the project. Please see the enclosed commitment letter.

### Key Individual:

- *Donald D. Christy, President and CEO*  
Mr. Don Christy, Jr. has been President and Chief Executive Officer of NADAguides.com since 1991. Mr. Christy serves as the visionary leader of NADAguides's traditional and online operations. He has nearly 30 years of publishing and business management experience. Prior to studies, he closely worked with his father, the founder of NADAguides and helped to develop the NADAguides's traditional brand, N.A.D.A. Appraisal Guides and its online entity, NADAguides.com, into the unified publishing powerhouse.

After attending college, Mr. Christy joined the NADAguides, where he began his career by assisting in the distribution of hundreds of thousands of vehicle appraisal guidebooks each year. In 1976, Mr. Christy was promoted to the sales department, managing the strategic development of new business alliances in the banking, insurance and automotive industries. Additionally, he established relationships with government regulatory agencies and finance professionals, helping to establish the NADAguides as the respected leader in vehicle valuation information.

In 1980, Mr. Christy transitioned to the editorial department and in 1984, accepted the position of Managing Editor. Four years later, he was appointed to the position of General Manager and Marketing Director. In this role he was responsible for overseeing all daily operations as well as maintaining profitability with the NADAguides's comprehensive client roster.

In total, Mr. Christy's hands on management approach, his intrinsic understanding of traditional business initiatives and his in-depth understanding of technology has helped him steer NADAguides.com to the forefront of the vehicle information publishing marketplace. Under his direction, NADAguides.com has grown from a relatively unknown automotive information website in 2000 to one of the Top 10 Automotive Websites in the U.S. today. In July 2017, NADAguides was sold to JD Power & Company.

For the past two decades, Mr. Christy and his entities, NADAguides and DC Airway Properties, LLC, have been capital providers for the acquisition and development of real estate projects throughout southern California.



## Operations Team

We have assembled a best of breed operations team that includes the CEO of the nation's largest natural foods distributor, a former law enforcement officer and current security consultant for a number of jurisdictions throughout the state, a cannabis manufacturing expert and a master grower with significant cultivation experience.

### Key Individuals:

- *Mike Beaudry, Distribution Advisor*

Mike brings with him extensive distribution experience, having spent most of the past 20+ years achieving the highest-level of understanding in the perishable distribution business, including natural, organic and specialty foods. While President of UNFI, America's leading distributor of Natural and Organic foods, Mike led teams of up to 5,000 members while managing more than \$2 billion dollars in annual revenue. Prior to his role as President, Mike led the operations nationally for UNFI's highly complicated perishable distribution business, with more than 3M sq. ft. of warehouses and 1,000+ trucks across the US.

- *Casey Fenwick, Chief Manufacturing Consultant*

Casey Fenwick is the President of Lifestyle Delivery Systems Inc. Lifestyle Delivery Systems is a state licensed cannabis manufacturer, cultivator, seed genetics lab, and distributor. Casey's background within the cannabis space has primarily been in manufacturing for the last 5 years. In the early stages, Casey has helped build two manufacturing companies from start up to be two of the largest licensed operations in the state – turning over \$8 million dollars in sales in one quarter.

He is a hands-on leader and is involved in the day to day management of the business, from the type of equipment to purchase to streamlining processes to meet state regulations to procuring certain types of manufacturing material needed to make the right product at the right price. All while factoring in the market sale price, and using his long-standing industry relationships to find buyers for the end product. In his spare time, he enjoys outdoor activities with his wife and 3-year old daughter.

- *Matt Ferguson, Chief Cultivation Consultant*

Matt joins the team with nearly a decade of experience in legal cannabis cultivation, site design and operational history. Matt is solely responsible for developing over 2 million square feet of cultivation in Colorado, South Dakota, Washington, Nevada and California.

Matt specializes in designing cultivation sites that maximize production while minimizing costs and inputs.



- *Matt Carroll, Chief Security Consultant*

Matt Carroll holds an A.A. in the Administration of Justice, a B.S. in Criminal Justice, is a practitioner of Crime Prevention Through Environment Design (CPTED) certified through the National Institute of Crime Prevention, is a Tactical Communication Instructor certified through the Verbal Judo Institute, and has worked in both the public law enforcement and private security fields consistently since 1995.

Matt completed three reserve law enforcement training programs in conjunction with the Shasta County Sheriff's Department and Shasta College before attending and graduating from the Sacramento County Sheriff's Department POST Academy in 1998. Matt worked for the Sacramento County Sheriff's Department for four years before changing course and joining the Sacramento-Yolo Port District Police Department in 2001.

Following the terrorist attacks of 9/11, Matt's role with the Port Police Department transitioned from patrol work to compliance and planning relative to the post-9/11 maritime security mandates imposed under 33CFR. Matt's work in developing standards and practices at the Port of Sacramento garnered the attention of the Coast Guard, who ultimately used Matt's plans as templates for other west coast port facility security plans.

In 2003, Matt co-founded Paladin Private Security; an organization widely recognized as northern California's leader in private patrol and response services. Through his work at Paladin, Matt designs and maintains security programs for over 450 customers including Sacramento Regional Transit, the City of Sacramento, public school districts, recreation and park districts, property and business improvement districts and an array of residential and commercial communities throughout the Greater Sacramento Area.

In 2013, Matt Co-Founded Platinum-Archer Holdings, LLC, a commercial real estate holding company and purveyor of compressed natural gas fueling resources for light and heavy-duty fleets. In 2015, Matt co-founded the Sacramento Security Training Center – a state licensed training center providing industry training including first aid, CPR/AED, guard licensing coursework, baton licensing, and firearms training for both the security industry and concealed carriers. In 2017, Matt co-founded Emissary Secure Transport – a DMV/CHP licensed armored carrier created to provide for safe transportation of cannabis-sourced currency.

As the City of Sacramento's cannabis industry took form, Matt worked closely with the Sacramento Police Department to assist them in developing ordinances, standards and practices that would serve to protect the interests of cannabis business operations as well as the general public. To date, Matt has authored over 85% of the security plans relative to Sacramento-based cannabis



businesses. Matt's reputation spread throughout the industry, leading to plan development in over twenty additional cities and across three states.

In late 2017, Matt began providing cannabis security consulting services for municipalities. Matt is currently under contract with the City of Dixon Police Department and the City of Benicia Police Department. Through these consulting contracts, Matt trains City staff including police and code enforcement personnel on the ever-changing cannabis regulations, crime prevention strategies, CPTED strategies, and assists with facility design review, security plan review, site inspections and compliance inspections.

### **Applicant Certification**

Neither the applicant nor the investor has a criminal record of a conviction or no contest plea to a misdemeanor or felony, and has never declared bankruptcy, either in their personal capacity or in connection with their business operations.

## **Our Proposal**

*The total amount Respondent is willing to pay to purchase Property*

Our team is prepared to purchase the property at the full appraised value as soon as the City has completed the appraisal. In addition, we are willing to contribute \$200,000 upon close of the sale to the City above and beyond the purchase price as a signing bonus.

*A narrative description of the proposed project*

The following section details the narrative for the project, the square footage of the proposed project, including a phasing schedule, a planned full buildout timeframe, a description of how the project will comply with local and state laws and use advanced seed to sale compliance software, and a timeline for obtaining state licenses from the California Department of Food and Agriculture, California Department of Public Health and the Bureau of Cannabis Control for all of the necessary licenses to operate the facility.

**Of note, the facility will not store any cash on site. All transactions will be bankable and conducted using checks or wire transfers. Additionally, no transactions will occur at the facility. All distribution loads that originate at the facility will be transferred directly to licensed retail dispensaries throughout the state.**



The project will be a vertically integrated and self-contained cannabis cultivation, manufacturing, testing and distribution facility strategically located in the City of Mendota for logistical efficiencies. The project will service the entire California market, which is anticipated to exceed \$25 billion dollars within 5 years.

After extensive market research, we have determined the most efficient and only financially viable cannabis production method is to harness the sun's energy rather than high intensity discharge lighting. Therefore, we are proposing to develop hoop style greenhouses for cultivation. Other methods of cultivation will not remain viable for the production of cannabis derived products which are the fastest growing consumer product good.

This decision is based on empirical evidence from states such as Colorado, Washington and Oregon as well as market data that substantiates the average price of a pound of cannabis is dropping below \$800 in legal markets. For context, after the cost of electricity for high intensity lighting, HVAC and other infrastructure costs, it costs no less than \$500 to produce a pound of indoor cannabis versus \$150 for cannabis grown in greenhouses.



Additionally, with the modular nature and ease of installation, this plan to use hoop style greenhouses (pictured) will allow us to be operational by July of 2019.

The project will permanently employ 40 Mendotans, will seasonally hire up to 60 additional Mendotans, and will create a substantial financial stimulus for the City both directly and indirectly from ongoing tax revenue as well as economic stimulation from the tangential services the project will require from local contractors and businesses.

Following the proposed business plan, the project will begin operations by the summer of 2019. This will allow for immediate revenue to the City as well as jobs that pay a living wage.

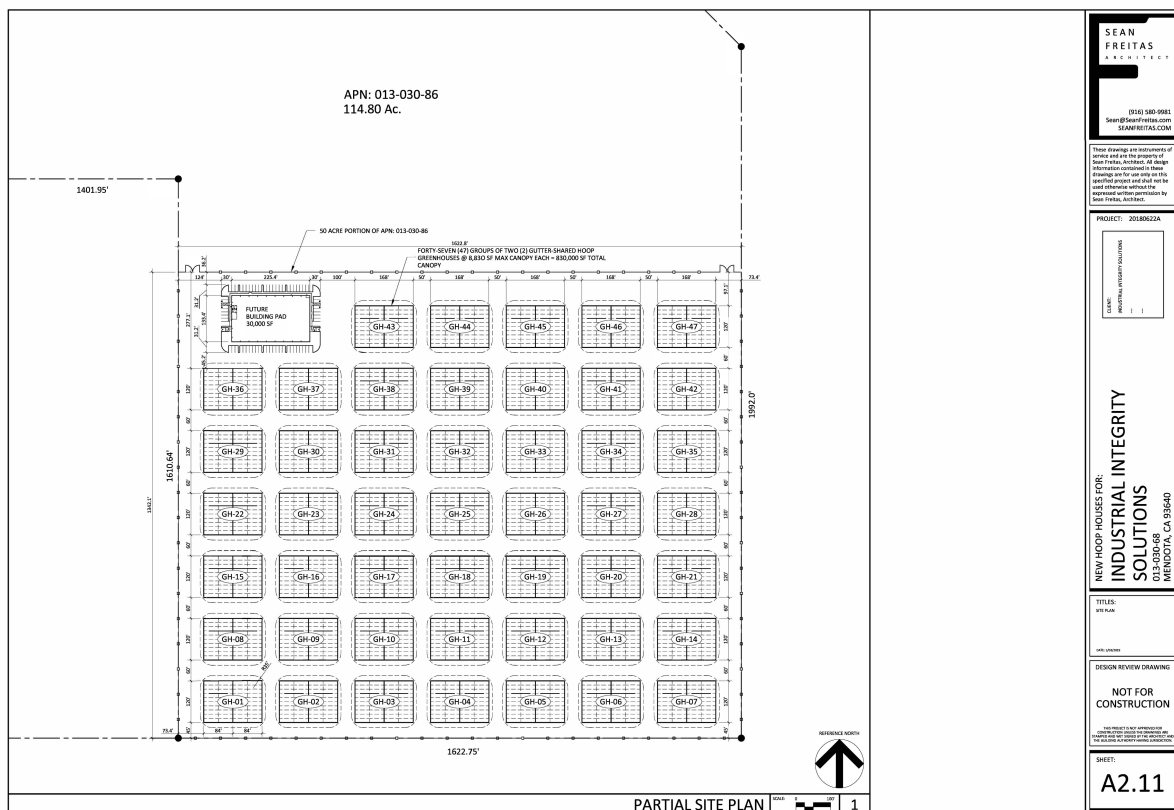




## The square footage of the proposed project, including a phasing schedule and a planned full buildout timeframe

The proposed site plan allows for a total of 47 double greenhouse structures that will each be capable of 8,830 square feet of cultivation, making for a total of 830,000 square feet of cultivation at the site. Additionally, the site will have 1 pad that will accommodate a total of 60,000 square feet of concrete tilt up structure that will be used for the manufacturing, testing and distribution of cannabis goods throughout the State.

## Proposed Site Plan



## Phases

We are seeking to develop the entire 50-acre parcel in 2 parallel phases:

1. Immediately develop 47 acres of cultivation in greenhouses to be operational by July 2019 to allow for one full harvest. This date had been determined based on pre-development study which includes diligence on the availability of water and sewage. Additionally, for storm drainage, we plan to retain on site.

To initiate this process, we will engage several consultants to proceed with all of the required environmental studies needed to successfully address CEQA requirements. In



an effort to proceed in the quickest manner possible, we will concurrently engage a Civil Engineer to begin all the necessary studies (Preliminary grading, Prelim WQMP, Water / Sewer Feasibility studies, Hydrology, etc.) and plans for our initial entitlements that include rezoning the property.

During this process and as we get closer to finalizing our entitlement, we will generally, in a continued effort to proceed at the quickest rate possible, instruct our civil engineer to begin the improvement plans (grading, water, sewer, storm drain & street improvements plans). During this time, we will also engage our utility consultant to begin working with the applicable utility providers for the design of all of the dry utilities. Our utility consultant will work hand in hand with our civil engineer to be sure the gas, electric, cable, etc. has been designed in a fashion not to conflict with any of the wet utilities.

Upon approval of the final improvement drawings and dry utility plans, we will then begin the land development which will simply require the fencing and security measures for the perimeter and access points and the installation of the modular greenhouse structures.

2. Develop the remaining 3 acres with approximately 60,000 square feet of concrete tilt-up structures to house our manufacturing and distribution operations as well as to lease approximately 5,000 square feet to a state licensed cannabis testing laboratory.

The second phase of the project will run parallel and be designed and entitled during phase 1. Phase 2 will be completed by Q4 of 2019 in order to process, manufacture and distribute the first crop that will be ready for harvest in November 2019.

### **Timeline**

Upon confirmation that we are the selected developer by the City and are approved to proceed, we will follow the preliminary timeline below that assumes a negative declaration under CEQA:

<b>Milestone</b>	<b>Month</b>	<b>Year</b>
RFP Due	January	2019
Council Reviews Submissions	January	2019
Respondent Selected	January	2019
Exclusive Negotiating Rights Agreement	February	2019
Remit Performance Payment and begin Entitlement Process	February	2019
Fully Executed Purchase and Sale Agreement Completed	February	2019
Plans	March	2019
Submit State Licensing Applications	April	2019
Phase 1 Construction Start	April	2019
Phase 2 Construction Start	April	2019
Conduct Local Job Fair	May	2019
Approval of State Licenses	June	2019



Phase 1 Construction Complete	July	2019
Plant First Crop	July	2019
Harvest	October	2019
Phase 2 Construction Complete	October	2019
Remit 1 <sup>st</sup> Quarterly Revenue Sharing Payment	December	2019
Manufacturing and Distribution Operations Commence	February	2020
Remit 2 <sup>nd</sup> Quarterly Revenue Sharing Payment	March	2020
Testing Operations Commence	May	2020
Remit 3 <sup>rd</sup> Quarterly Revenue Sharing Payment	June	2020

## Compliance

If we are selected to undertake the project, we are prepared to enter into an Exclusive Negotiating Rights Agreement (“ENRA”) that will provide a timeline and process for the negotiation of the Purchase and Development Agreement.

Additionally, we are fully prepared to remit a performance payment, and compensate the City for staff, consultant(s), and legal counsel costs, commence the entitlement and environmental review process for the development, including the payment of all applicable fees, and agree in the PSA to certain pre-sale requirements, including the receipt of permits and approvals, financing conditions, terms of the PSA, and conditions for development of the project.

We are prepared to enter into development agreement with the City, which is consistent with the provisions of the Mendota cannabis ordinance, promotes the purposes and intent of the Commercial Cannabis Overlay District, and ensures that the property will be used for commercial cannabis activity only. The project will be fully compliant with State and local regulations and:

- Will ensure cannabis odors will not be detectable from the property boundary or public right-of-way.
- All commercial cannabis activities will occur within an enclosed structure and will not be visible from the property boundary or public right-of-way.
- No light will be visible through the roof and windows of grow areas from dusk to dawn.
- All pesticide use will comply with the State Department of Pesticide Regulations.
- A water recycling management plan will be prepared and implemented that will demonstrate sufficient water supply for the proposed use, including a certification that we may use that water legally under state law, and, if water is used for irrigation purposes, that irrigation water will be recycled to the maximum extent feasible using best management practices.



- A site security plan will be prepared and implemented that will demonstrate sufficient site security measures to prevent all unauthorized access to the site.
- A power use plan will be prepared and implemented demonstrating sufficient powersupply for the proposed use.
- We will obtain all necessary state permits and authorizations to engage in the proposed use.
- We will provide to the City all information required by state authorities pursuant to Business and Professions Code Section 26050 *et seq.*
- We will provide to the City all information required by the state for any renewal of a state license related to commercial cannabis activity as well as the state licensing authority's decision on any such renewal.
- We will consent to the City's inspection, without notice, of any and all records required to be maintained under any local, state, or federal law.
- We will immediately provide notice to the City of any suspension or revocation of any state license issued pursuant to Business and Professions Code Section 26050 *et seq.*

Additionally, the conditions of development will include the following provisions for the development agreement required pursuant to Section 17.99.060(8)(1) of the City of Mendota municipal code and shall include the following terms:

- An agreement to pay an annual \$3.50 per square foot fee based on the total square footage of the developed portions of the property.
- The fee will be paid in quarterly installments at times and locations specified by the City, and will not be paid in cash.
- As the applicant, we have the explicit responsibility for paying the fee required for all developed portions of the property regardless of whether portions of the developed property are leased or otherwise conveyed to third parties. Additionally, any transfer of interest in the developed property shall not affect the obligation to pay the fee unless the recipient assumes the applicant's obligation to pay the fee for all developed portions of the property.



## Licensing

*To the extent Applicant seeks to develop under the Ordinance, a narrative description of whether the Respondent has applied and/or received any state license for commercial cannabis operations, and, if not, the steps Respondent has taken, or intends to take, to obtain such license, including an estimated timeframe for the receipt of a state license and whether the Respondent is eligible for priority status pursuant to Business and Professions Code, Section 26054.2(a)*

The process to obtain an annual license takes approximately three months. As such, we would immediately initiate the state licensing process for this project. Our team has processed hundreds of successful applications throughout the State and we are confident that we will be issued our licenses to operate prior to our proposed July 2019 start date.

### **The Developer currently holds all of the following licenses:**

#### California Organic Treatment Center, Inc. (COTC)

Local Permits Issued by the City of Los Angeles (COTC's Account Number: 0002205101-0001-8)

1. Medical Cultivation Specialty Indoor – Fund/Class: J062
2. Adult-Use Cultivation Specialty Indoor – Fund/Class: J072
3. Medical Distributor – Fund/Class: J080
4. Adult-Use Distributor – Fund/Class: J090
5. Medical Retail – Fund/Class: J010
6. Adult-Use Retail – Fund/Class: J020
7. Medical Manufacturer Level 1 – Fund/Class: J083
8. Adult-Use Manufacturer Level 1 – Fund/Class: J093

State Licenses Issued by the California Department of Food and Agriculture (CDFA)

1. Temporary Adult-Use Cannabis Cultivation – TCA18-0007456

State Licenses Issued by the Bureau of Cannabis Control (BCC)

1. Medicinal and Adult-Use Distributor Temporary License – C11-18-0000243-TEMP
2. Medicinal and Adult-Use Retailer Temporary License – C10-18-0000096-TEMP

State Licenses Issued by the California Department of Public Health (CDPH)



1. Medicinal and Adult-Use Manufacturing Temporary License – CDPH-T00001730

Adelanto Air Expressway, Inc. (AAE)

Local Permits Issued by the City of Adelanto

1. Medical Retail – MMDP 17-06
2. Adult-Use Retail – MAUD 18-17

Local Permits Issued by the City of Perris

1. Medical and Adult-Use Retail – PLN17-05228

State Licenses Issued by the Bureau of Cannabis Control (BCC)

1. Adelanto Medicinal and Adult-Use Retailer Temporary License – M10-18-0000353-TEMP
2. Perris Medicinal and Adult-Use Retailer Temporary License – C10-18-0000125-TEMP

Muskrat Distributors, Inc. (MDI)

Local Permits Issued by the City of Adelanto

1. Medical Cultivation – MMC 17-15
2. Adult-Use Cultivation – AUCC 18-53
3. Medical Distributor – MCDT 17-37
4. Adult-Use Distributor – AUCDT 18-54

State Licenses Applied for and Under Administrative Review by the California Department of Food and Agriculture (CDFA)

1. Temporary Adult-Use Cannabis Cultivation – TCA18-0011016

State Licenses Issued by the Bureau of Cannabis Control (BCC)

1. Medicinal and Adult-Use Distributor Temporary License – C11-18-0000291-TEMP

Adelanto Botanical Company, Inc. (ABC)

Local Permits Issued by the City of Adelanto

1. Adult-Use Cultivation – AUCC 18-52
2. Adult-Use Manufacturing – AUCM 18-51

State Licenses Issued by the California Department of Food and Agriculture (CDFA)

1. Temporary Adult-Use Cannabis Cultivation – TAL18-0011148

State Licenses Issued by the California Department of Public Health (CDPH)



## 1. Medicinal and Adult-Use Manufacturing Temporary License – CDPH-T1731

### Track and Trace Compliance Software

In addition to the compliance articulated above, we will utilize a proven software-based track and trace software program that assures cannabis is accounted for at every step in the supply chain from seed to sale.



We have selected Trellis as our software provider. Trellis software was incubated inside of a cultivation facility just outside of Toronto where cultivators were dissatisfied with the tools available to manage their operations. The Trellis team observed all aspects of the cultivation process first hand and combined previous inventory management experience to design an intuitive system from the operators' perspective.

After building an early prototype, Trellis expanded to California and launched a full seed-to-sale platform. Since then the company has continued to work closely with existing clients and international partners to solve the constantly developing pain points of the cannabis industry. Trellis aims to provide a hands-on customer experience while continuously gathering feedback to improve the platform.

Trellis will:

- Seamlessly track all activity among users with an auditable and time-stamped activity log
- Manage every plant and batch throughout cultivation, including propagation, vegetation and flowering stages, with Trellis' customizable framework
- Track wet, dry and trim yields to generate harvest batch manifests with precise moisture and yield loss data
- Manage cannabis inventory from cultivation to extraction and distribution in a single, easy to use platform
- Maintain chain of custody records from seed-to-sale with two-factor authorizations and permission driven user profiles
- Manage each stage of the manufacturing process from extraction and refinement to finished product
- Automatically generate purchase orders, invoices, and manifests



Additionally, if desired by the City, we will utilize a secondary 3<sup>rd</sup> party software provider that will provide a real time dashboard for the City to track all of the revenue at the facility. This software also minimizes the need for audits and the data collected assists if and when an audit is necessary.



*The number of individuals employed by Respondent, including whether the project will employ, or make a best effort at employing, Mendota residents for 50% or more of its employees*

The project will permanently employ 40 Mendotans and another 60 Mendotans will be needed on a seasonal basis. All permanent employees will be offered full benefits including health, vision, dental and a matching 401k program. This ensures all employees have an ownership stake in the company.

To further exhibit our understanding and commitment to the community we will be hiring 100% locally with the exception of our executive team and subject matter experts who will be brought in to train the local workforce. Our local hiring plan is built upon the fundamental value of recruiting from local job fairs that we will host as well as working with the Fresno Regional Workforce Development Board.

Outreach will occur through multiple platforms, including each organization's existing outreach methods as well as job postings across different channels. Because we know a significant portion of job seekers access the Internet on their cellphones rather than with a computer, all application materials will be made as user-friendly as possible and be mobile optimized to ensure ease of application.

Our organization is committed to promoting from within and we will strive to matriculate all of our employees. This commitment is real, with a clearly articulated pathway that includes ongoing training for all employees, quarterly performance reviews to provide constructive feedback on job performance and opportunities for advancement, and an annual planning meeting for all employees. The goal of this annual all staff meeting is two-fold: (1) to ensure all employees understand the clear job pathways within the company; and (2) to boost motivation and morale by providing them an opportunity to contribute to the process.

*The wages for all levels of Respondent's employees, including office staff, cultivation staff, etc.*

The 40 permanent employees will breakdown as follows:

<b>Job Title</b>	<b>Number of Positions</b>	<b>Wage</b>
General Manager	1	\$120,000/ year
Assistant Manager	2	\$70,000/ year
Shift Leads	4	\$55,000/ year
Manufacturing Associate	11	\$36,000/ year
Distribution Associate	11	\$36,000/ year
Cultivation Associate	11	\$36,000/ year





The 60 seasonal employees will breakdown as follows:

<b>Job Title</b>	<b>Number of Positions</b>	<b>Wage</b>
Harvester	40	\$15/hour
Processor	20	\$15/hour

A \$15/hour wage surpasses the State of California's current state minimum wage.

*An explanation of how Respondent intends to incorporate local contractors and purchase goods and materials locally*

We will contract with local businesses for every service practicable. We will keep our dollars local and support Mendota in every possible way. This includes, but is not limited to, goods and services related to the operation of the business as well as ancillary needs such as catering for company events and purchasing supplies.

We have found in other jurisdictions that these ancillary needs are not insignificant. For example, in some jurisdictions we have developed close relationships with local restaurateurs because of the frequency of employee patronage. These benefits transcend cannabis and are instead the indirect amplification of the proposed project that will translate into real economic impact for local businesses.

*An explanation of how Respondent intends to engage meaningful, impactful outreach to the community*

Our team has unparalleled experience with community engagement both during the entitlement process and on an ongoing basis as operators. proposed process

Running a successful regulated business only works if there are open doors and regular lines of communication between regulators, the community and the business. That is why we will host an Open House prior to opening to help local residents understand the safeguards on our operations. An Open House is also helpful in allowing us to develop community contacts and to clearly articulate points of contact for the community.

We will also engage in other community outreach and education, as desired and appropriate. For example, we will provide a site tour for local regulators and City Leaders to provide an opportunity to answer questions. We will also conduct a tour for members of the Police Department where we will educate them on the facility, its purpose, and the regulations in action. We have found that this outreach is helpful in



creating open lines of communication and helps to destigmatize what can be a polarizing business type.

Additionally, as detailed in the budgets below, we will donate at least \$120,000 to local charities and nonprofits in addition to the nearly \$3,000,000 in annual voluntary revenue sharing payments.

## Financial Projections

The revenue estimates for the project are based on standardized industry data that allow a developer to project total revenue based on average production amounts as well as market pricing for cannabis as a commodity. The following narrative provides an explanation as to how total revenue has been calculated.

The industry standard for greenhouse production is 1 ounce of cannabis per square foot of cultivation per harvest. Given the proposed site plan calls for 830,000 square feet of cultivation, the total production per harvest will be 830,000 ounces. The site will produce two harvests per year for a total of 1,660,000 ounces or 103,750 pounds.

All of the cannabis will be manufactured into concentrated oil to create manufactured cannabis goods. The raw cannabis should have an approximate potency of 10% THC. When one pound of cannabis is manufactured from raw plant form into oil the following equation is used to determine the overall annual volume of concentrated oil as well as the total revenue derived:

- 1 pound of cannabis = 453.6 grams so at 10% potency the pound yields approximately 45 grams of crude cannabis oil
- The crude cannabis oil is then refined through winterization to create the final product, which is cannabis distillate. Through the winterization process, approximately 50% of the total volume is captured.
- This means that for each pound of cannabis, approximately 22.5 grams of distillate is created.

Since the annual production for the facility is 103,750 pounds the facility will yield approximately 5,187.5 pounds of distillate.

- 50% of this distillate will be used to make edible goods that each contain 100mg per package and wholesale for \$5 per unit.
- 30% of the distillate will be used for cannabis vaporizer cartridges that are 500mg each and will retail for \$15.
- 20% of the distillate will be used for topical products as well as tinctures that will wholesale for \$10 per unit.



Below is a chart that breaks down the total revenue of the facility based on the calculations above:

Type	%	Total Volume	Volume Per Unit	Total Units	Price per unit	Total
Edibles	50%	1,176,525 grams	100mg	11,765,250 units	\$5	\$58,826,250
Cartridges	30%	705,915 grams	500mg	1,411,830	\$15	\$21,177,450
Topicals	20%	470,610 grams	100mg	4,706,100	\$10	\$47,061,000
						\$127,064,700

*The estimated cost of the project in all phases and full buildout*

<b>STARTUP BUDGET</b>	
<b><u>Application and Related Expenses</u></b>	
Local Application Fees	\$20,000
Local Consultant	\$30,000
State Application Fees	\$300,000
<b>Total Application and Related Expenses</b>	<b>\$350,000</b>
<b><u>Land Purchase</u></b>	
Purchase Price *	
Signing Bonus	\$200,000
<b>Total Land Purchase</b>	<b>\$200,000</b>
<b><u>Planning and Development</u></b>	
Due Diligence	\$30,000
EIR	\$100,000
Impact Fees (Wet and Dry)	\$500,000
Architect and Design Fee	\$200,000
Permits and Fees	\$150,000
<b>Total Planning and Development</b>	<b>\$980,000</b>
<b><u>Build-out Costs</u></b>	
Phase 1 Construction Cost	\$3,640,000
Infrastructure (Road, Wet and Dry connections)	\$500,000
47 Hoop Greenhouse Structures	\$2,490,000
Fencing	\$200,000
Irrigation	\$300,000
Security Infrastructure	\$150,000
Phase 2 Construction Cost	\$4,450,000
Infrastructure	\$250,000



60000 square feet concrete tilt up structure	\$4,200,000
<b>Total Build-out Costs</b>	<b>\$8,090,000</b>
<b><u>Equipment Costs</u></b>	
Manufacturing and Distribution Equipment	\$3,000,000
Furniture and Fixtures	\$5,000
Security Equipment	\$100,000
Computers and IT Equipment	\$64,050
<b>Total Equipment Costs</b>	<b>\$3,169,050</b>
<b><u>Preopening Expenses (6 months)</u></b>	
Insurance	\$60,000
Supplies	\$250,000
Preopening Utilities	\$30,000
Other General and Administrative	\$60,000
Professional Services	\$60,000
Staff Salaries and Benefits (12 months reserve)	\$1,000,000
<b>Total Preopening Expenses</b>	<b>\$1,460,000</b>
<b>Total Startup Capital Required</b>	<b>\$14,249,050</b>

\*Applicant to pay 100% of appraised value

*Information on the type of investment used to capitalize the project (e.g., venture capital, equity, angel, institutional), including the amount of the commitment from each source*

The entire project will be funded by DC Airway Properties, an institutional lender. Attached is a copy of the commitment letter provided by the lender.

*A project pro-forma demonstrating that due diligence has occurred and questions such as the availability and source of water, power grid interconnectivity costs, and improvement costs related to water, sewer, drainage, and roads have been accounted for*

The startup budget and pro forma below includes conservative expenditures associated with the entitlement process, construction, start up and the first three (3) years of operation. The budget was developed and reviewed with input from a licensed CPA that specializes in assisting businesses with development of sound business practices and financial controls.

The pro-forma demonstrates that due diligence has occurred and questions such as the availability and source of water, power grid interconnectivity costs, and improvement costs related to water, sewer, drainage, and roads are accounted for.



	Year 1	Year 2	Year 3
Revenue	\$63,532,350.00	\$127,064,700.00	\$127,064,700.00
City Tax	\$2,178,749.97	\$2,904,999.96	\$2,904,999.96
Non Profit Contributions	\$90,000.00	\$120,000.00	\$120,000.00
Raw materials and supplies	\$25,862,940.00	\$50,825,880.00	\$50,825,880.00
Utilities (Electricity Phone, Internet, etc.)	\$105,000.00	\$240,000.00	\$240,000.00
Professional Fees (CPA, Legal)	\$60,000.00	\$60,000.00	\$60,000.00
Revenue Tracking Software/ Track & Trace	\$36,000.00	\$36,000.00	\$36,000.00
Security - Guard & Patrols	\$91,800.00	\$91,800.00	\$91,800.00
Office / Cleaning Supplies	\$6,300.00	\$8,400.00	\$8,400.00
Labor	\$3,600,000.00	\$4,800,000.00	\$4,800,000.00
Employee Training	\$60,000.00	\$60,000.00	\$60,000.00
Repairs & Maintenance (0.5% of revenue)	\$317,661.75	\$635,323.50	\$635,323.50
Insurance	\$120,000.00	\$240,000.00	\$240,000.00
Employer's Expense & Employee Benefits (21%)	\$756,000.00	\$1,008,000.00	\$1,008,000.00
Total Operating Expense	\$31,015,701.75	\$58,005,403.50	\$58,005,403.50
Gross Profit	\$30,247,898.28	\$66,034,296.54	\$66,034,296.54
State and Federal Taxes	\$13,545,259.31	\$26,413,718.62	\$26,413,718.62
Profit / Loss	\$16,702,638.97	\$39,620,577.92	\$39,620,577.92

### Revenue Sharing Proposal

Since this project will be developed under the ordinance it will carry a revenue sharing component. Given the size of the cultivation area, each square foot would carry a \$3.50 annual voluntary revenue sharing component per the ordinance. Under this scenario, as the market consolidates, the square footage of the site could potentially be adjusted down.

Conversely, as we are seeing and have advised a number of jurisdictions, a voluntary gross receipts sharing agreement tends to financially align the jurisdiction and the developer so the developer is incented to increase production which thereby increases revenue to the City.

Here is a comparison of both models:

	Annual Revenue (15% CAG)	\$3.5/ square foot	2% share of revenue
Y1	\$65,532,350	\$2,178,750	\$1,310,647
Y2	\$127,064,700	\$2,905,000	\$2,541,294
Y3	\$127,064,700	\$2,905,000	\$2,541,294



We are amenable to both options but wanted to provide value in identifying multiple revenue sharing models for the Council to consider. The Pro Forma was developed based upon the square footage model.

## Security Plan

*To the extent the Applicant seeks to develop under the Ordinance, a description of comprehensive security plans that will be implemented at the Property*

We understand that there are considerable risks in operating a cannabis-related business. Those risks include burglary, robbery, internal theft and theft by outside parties, product diversion by employees, risk of minors accessing product, and risk to the safety of employees. We are committed to ensuring a safe environment that mitigates as much risk as possible. Risk mitigation includes, but is not limited to, implementing the security requirements as mandated by all state and local laws. In addition to ensuring the safety and security of our employees, we understand it is our responsibility to ensure safe operations for the entire Mendota community.

The security plan will be tailored to the final site plan and will align with and in many cases exceed the requirements of local and state laws. The plan will be implemented by the Security Director once appointed, as well as other key members of our team.

The plan will also be reviewed by a third-party security professional prior to implementation, at least once per year, and after any security related incident, to ensure that the plan is current and that areas needing improvement are addressed as they are discovered.

The plan will remain available for review by regulatory agencies (including local law enforcement) and will be updated as any changes to its infrastructure, security systems, policies or practices are made. We will work closely with local law enforcement and regulatory agencies to ensure that the plan meets or exceeds all minimum security requirements imposed by regulatory agencies.

The plan is intended to serve as a living document governing the facility's security during its design, and throughout its years of operation. The plan shall be amended by the Security Director over time to address equipment or policy changes and shall include specific details relating to installed security equipment, contracts, maintenance schedules and logs and evidence of compliance with the routine security auditing aspects that will be part of the plan. The plan shall be maintained in a manner that ensures sufficient detail is available to future managers or owners who may be required to assume responsibilities as the Security Director. The plan shall be held in



confidence, stored in a secure location and accessible only to managers and owners of the facility.

Security policies, procedures and practices that are relevant to non-managerial employees, vendors and visitors will be parsed from the plan and provided to such persons in a format appropriate for their training, testing and accountability with respect to the plan.

### **Crime Prevention Through Environmental Design (CPTED)**

The physical design of the premises, its security strategies, and policies governing the day to day operations of this facility have been incorporated using CPTED strategies including, but not limited to, natural surveillance, territorial reinforcement and target hardening. Research into criminal behavior demonstrates that the decision to offend or not to offend is more influenced by cues to the perceived risk of being caught than by cues to reward or ease of entry. Consistent with this research CPTED based strategies emphasize enhancing the perceived risk of detection and apprehension.

#### *Natural Surveillance*

Natural surveillance limits the opportunity for crime by taking steps to increase the perception that people can be seen. Natural surveillance occurs by designing the placement of physical features, activities and people in such a way as to maximize visibility. Potential offenders feel increased scrutiny and perceive few ways to avoid detection.

Methods employed at this facility to enhance natural surveillance include low landscaping, effective, uniform and consistent lighting, removal of hiding, and placing high risk targets, such as currency or cannabis, in view of only those parties with legitimate access purposes. In order to maintain strong natural surveillance, the facility will maintain the following policies:

- No materials, containers or vehicles shall be stored outside on the premises.
- Parking on the premises will be strictly governed by policies limiting vehicles to customers, and only during business hours. Any vehicles unlawfully parked on the premises will be towed without unnecessary delay and in accordance with 22658 of the California Vehicle Code.
- Tree canopies, if present, shall be maintained above 8 feet to enhance line of sight into and throughout the premises.
- Ground shrubbery, if present, shall be limited to a maximum height of 24 inches.
- Exterior landscaping within 10 feet of the facility shall be free of locations which could reasonably be considered places that a person could conceal themselves considering natural or artificial illumination.



### *Territorial Reinforcement*

Territorial reinforcement promotes social control through increased definition of space and improved proprietary concern. An environment designed to clearly delineate private space does two things. First, it creates a sense of ownership.

Owners have a vested interest and are more likely to challenge intruders or report them to security or law enforcement personnel. Second, the sense of owned space creates an environment where "strangers" or "intruders" stand out and are more easily identified. By using buildings, fences, pavement, signs, lighting and landscape to express ownership and define public, semi-public and private space, territorial reinforcement occurs. In order to enhance territorial reinforcement, the facility will maintain the following policies:

- The parking lot and perimeter landscape of the parcel will be meticulously maintained in order to communicate an alert and active presence occupying the space.
- Private areas (all areas of the structure and its access points) will be posted with signage (described later in this plan) and equipped with overt security features.
- Uniformed security officers assigned to the premises will perform frequent patrols of the parking lot, structure and parcel perimeters, providing an overt security presence.

### *Target Hardening*

Target hardening is a term used in security, law enforcement and military services and refers to the strengthening of a building in order to protect it in the event of attack, or to reduce the risk of theft. It is believed that a strong, visible defense will deter or delay most opportunistic offenders. Methods for target hardening that are incorporated into the security plan for this facility include:

- Ensuring all doors and windows are sourced and fitted in such a way that they can resist forcible and surreptitious intruder attack
- Adding hard barriers that resist vehicle and pedestrian intrusion
- Separating the public/lobby aspect from the product room with door-redundancies to heighten access control.
- Maintaining landscape to remove opportunities for concealment.
- Maintaining a robust indoor and outdoor surveillance system.
- Maintaining a robust UL rated intrusion detection system.
- Maintaining a state-of-the-art electronic access control system.
- Maintaining a uniformed security presence during all hours.
- Maintaining stringent hiring and training standards including continuing education.

### **Visibility of Cannabis & Signage**

Cannabis or cannabis products or graphics depicting cannabis or cannabis products within the facility, or being delivered to the facility, shall not be visible with the naked





eye from the perspective of a pedestrian immediately outside the property line of the facility.

The facility will limit business identification signage to a single wall-mounted sign. Such signage shall be limited to the identification of the licensed business' name and shall contain no advertising of symbols, language, music, gestures, cartoon characters or other content elements known to appeal primarily to persons below the legal consumption age. The sign will not extend above the highest point of a parapet wall or the lowest point of a sloping roof.

Upon or adjacent to each door accessing the structure, the business will post a sign, not less than 12 inches wide and 12 inches long, composed of letters not less than one inch in height, stating "All Activities Monitored and Recorded by Video Camera", advising all persons entering the premises that a video surveillance and camera recording system is in operation at the facility and recording all activity.

The business will post a sign in a conspicuous place on the outside of the building, near the entry to the premises clearly and legibly posted indicating that the following are prohibited upon the premises:

- Smoking, ingesting, or consuming cannabis, marijuana, alcohol, or deadly weapons
- Persons under the age of 21 (medical patients 18 or older excepted)
- Visitor wearing of hats, sunglasses, hoodies or other accessories that obscure identity
- Personal bags, backpacks, duffel bags, large purses, or other containers

### **Access Control, General Provisions**

The applicant acknowledges that it is responsible for the security of all cannabis items on the premises, including its responsibility to ensure adequate safeguards against theft or diversion of cannabis items and required records.

The Security Director will designate internal managers and may utilize licensed security contractors to accomplish these goals. Any contracted security services and their agents will be duly licensed and insured per the requirements of the California Private Security Services Act and in compliance with local regulations of private security services where applicable.

The Security Director will ensure that all doors of the premise include commercial-grade door locks and that each interior and exterior door of the facility maintains an appropriate level of access control relative to the hierarchy of risk and access restrictions relative to each area of the facility. The applicant may incorporate a variety of access control measures as warranted by the contents of each area. Access control measures may include keys marked as "Do Not Duplicate", electronic access control systems (cards/fobs), coded doors or biometric security measures.



All facility access keys or cards/fobs issued to employees will be managed through a written or digital sign-in/sign-out log and audited daily by the Security Director or its designee. Only managers designated by the Security Director will be permitted to take keys, access cards or fobs off-site.

The Security Director shall ensure all locks and security equipment remain in good working order through daily auditing at the close of business.

Employees are responsible for security and must secure keys, access control cards and security codes at all times. Employees may not provide access through any means to any other person. Only managers may grant temporary access to any employee, vendor, contractor, or visitor (regulatory inspectors).

All exterior entry points will be maintained in a closed and locked state at all times and attended by a manager or security officer during all operating hours of the business. All interior doors designated as high security areas (product and currency storage vault) will remain closed and locked at all times.

At any time when the business is not operating, all interior and exterior doors will be closed, locked and alarmed.

All rooms that contain cannabis products, currency and security system infrastructure shall be equipped with a door that contains an automated re-locking device to prevent inadvertent exposure upon vacating.

All finished product and/or currency kept on the premises will be secured in the vault or safe. Any safe on the premises will be of commercial grade, made of metal, and of a size that is capable of storing all of the cannabis items anticipated to be on the premises. The safe will be securely anchored to a permanent structure, and will meet or exceed Underwriters' Laboratory (UL) rating based on the value of its contents.

For the purposes of this plan, "vault" means an enclosed area or room that is constructed of steel-reinforced or block concrete walls, has a door that contains a relocking device, and a door and frame comprised of steel construction.

In the event that the facility maintains cannabis items that require refrigeration on the premises, those items will be securely enclosed in a refrigerator or freezer capable of being locked and which has been securely anchored to a permanent structure of an enclosed area equipped as a vault (as described above). The model type and weight of any safe or storage refrigerator, will be documented in these procedures upon implementation.

Employees shall wear employer-issued identification card in a conspicuous manner at all times while within the facility. Identification cards shall be controlled by the facility manager, issued and collected daily to prevent unlawful duplication, replication or counterfeiting. Identification badges shall:



- Be laminated or plastic coated
- Include the “doing business as” name and license number of the licensee
- Include the first and last name of the employee
- Include a unique employee number assigned by the licensee
- Include a color photograph of the employee. The image shall:
  - Clearly display the full front of the employee’s face
  - Be at least 1 inch in width and 1.5 inches in height

Any solid core exterior doors shall be equipped with a 180 degree viewing device to screen persons before allowing entry.

#### *Access Control Policies*

During all hours when the facility is not in operation, the Security Director or his representative will ensure that all entrances to and exits from the premises are securely locked and any keys or key codes to the enclosed area remain in the possession of designated managers, the Security Director, or other authorized personnel designated by the Security Director. The Security Director shall maintain an accurate and current written or electronic log identifying those parties in possession of access keys, cards/fobs or codes.

Access to areas containing cannabis, currency or security infrastructure will be limited to individuals where a business need for access is demonstrated. The Security Director has ultimate responsibility for issuing access. Issuance must be recorded by the issuing individual, including documentation of any facility keys, alarm codes, electronic access codes, passwords, or combination codes.

All entrances to areas of a cannabis facility where cannabis products are stored shall require a key, access card/fob or code to access. All access points to such areas will be equipped with video surveillance.

Access control logs generated in accordance with this policy or through employment of digital access control systems shall be retained for no less than 90 days.

Keys and electronic access codes must be protected. They may not be loaned and shall not be left unattended. All keys and access cards issued to employees shall be retained in the possession of the employee to whom issued and may not be transferred directly from one employee to another.

Employees must report any lost keys or access cards to his or her manager immediately. The Security Director will make a determination as to whether the system has been compromised and whether re-keying will be necessary. It is against company policy to duplicate keys, share passwords, or share access codes.



### *Key/Access Card Issuance Procedures*

Authorized individuals including employees, authorized contractors and authorized vendors may be permitted to check out a key or access card/fob for use during their assigned work. The issuance will be for a specified period of time consistent with the authorized purposes for access.

Keys or access cards shall be issued and collected daily to employees for the purpose of allowing the employee to access the areas in which they are regularly assigned duties. A log of all issuance must be maintained by the Security Director. The record shall include: Employee name and identifier; date issued; term of issuance if applicable; date to be returned; if applicable, and signature of the key holder and key issuer.

When employment has been terminated, all keys will be returned and recorded by the Security Director or assignee. Failure to recover keys upon a termination of employment shall require a key core change at all locations where the unreturned key is designed to provide for access.

### **Intrusion Detection System**

The licensed premises will engage the services of a licensed alarm company operator (ACO) who is listed with Underwriters' Laboratory (UL) to install, maintain, and monitor an alarm system that is activated at all times when the business is closed. The system will detect unauthorized entrance at all entry or exit points, and all exterior windows of the premises. It will also detect movement in the licensed premise when the premises are vacant of employees.

The monitoring center will be instructed to notify a contracted and duly licensed private patrol operator who will be responsible for providing a timely response, no greater than 20 minutes. The private patrol operator will be instructed and equipped to notify the Security Director in the event of a breach in security (open door). The Security Director or its designee shall be able to respond to assist in evaluating the activation within one hour.

Where evidence of criminal activity is discovered by the private patrol operator or the responding Security Manager (or designee), those responding shall retreat to a position of safety and observation, shall alert local law enforcement and shall assist law enforcement with all necessary access to and within the facility as is needed to investigate.

The alarm system will be comprised of but not limited to components including keypads, perimeter sensors (used to secure doors, windows, bay doors, roof hatches, or any other means of entry), motion detectors, glass break sensors, panic buttons, and audible sirens within the limitations imposed by ordinance.



The Security Director will be responsible for ensuring the alarm system and all components are in proper working order, and the system will be tested periodically, as recommended by the Security Director.

Upon request, the applicant shall make all information related to security alarm systems, monitoring and alarm activity available to regulatory agencies and local law enforcement.

The Security Director or its designee shall be the last person leaving the facility at the end of business each day. There will be notifications established to notify the Security Director and the contracted private patrol operator if the alarm is not armed after a specific time. As a fail-safe measure, the alarm system will be programmed to automatically arm at a designated end-of-business time.

In the event that any element of the monitored alarm system becomes inoperable or faulty, the Security Director shall ensure that the facility is staffed on a 24-hour basis by a designated manager or a licensed private patrol operator until such time as the alarm system is verified as fully operational and functional. Bypassing of faulty components while the facility is unmanned shall be prohibited.

A silent robbery alarm monitored by a UL listed central station shall be installed near or within the lobby, point of sale counters and near or within the vault/safe room(s).

The facility alarm system shall be equipped with battery back-up providing for at least 24-hours of continued operation in the event of a power failure.

The Security Manager or its designee shall be able to respond to the location within one hour of a system activation to assist the contracted private patrol operator or law enforcement.

The facility alarm shall be equipped with cellular back-up to ensure continued notifications in the event of a facility phone line disruption.

The facility alarm system shall be equipped with “non-emergency notification” technology that allows administrators and/or security contractors to be notified of any unwanted activity in any part of the facility. These notifications are considered “non-emergency” because they can be sent when the system is disarmed (i.e.: power outage, sensor malfunction, etc.).

The facility alarm system shall be equipped with an audit feature that allows the Security Director to review all system activity for up to no less than 90 days.

Employees whose work requires issuance of alarm codes will be issued an individual user code to ensure codes to prevent the sharing of alarm panel codes. An audit trail will provide detail of which user codes are used and when they are used. The Security



Director shall audit this log for suspicious activity on a monthly basis and shall maintain a log of auditing activities. Any suspicious activity discovered during the audit process shall be immediately investigated.

### **Surveillance System**

In compliance with local and state regulation, the applicant shall utilize a digital video surveillance system that will be installed by a licensed third party surveillance solution installer. The surveillance system will meet or exceed the following standards and shall abide by the policies and practices described below:

The surveillance system shall be capable of recording all pre-determined surveillance areas in any lighting conditions (day/night cameras). Cameras shall be equipped with low light capability, auto iris and auto focus. Cameras shall record at high resolution providing resolution of no less than 2 megapixels. The DVR shall be set to the highest quality setting available.

The video surveillance system shall be transmission controlled protocol (TCP) enabled capable of access over the Internet.

The surveillance system shall be operational at all times, both during and after business hours. In the event that any element of the surveillance system becomes inoperable, the Security Director shall ensure that the facility is staffed by a designated manager or by a licensed private patrol operator until such time as the surveillance system is restored to full functionality.

Sufficient cameras, angles of observation and lighting to allow facial feature identification of persons in interior and exterior areas where cannabis or cannabis products is present at any time.

Each camera shall be permanently mounted and in a fixed location. Each camera shall be placed in a location that allows the camera to clearly record activity occurring within 20-feet of all points of entry and exit of the premises, and allows for the clear and certain identification of any person and activities in all areas recorded, which shall include at minimum the following:

- Areas where cannabis is stored, loaded, unloaded, prepared, dispensed, ingested or moved within the premises.
- Limited/restricted access areas
- Rooms containing security infrastructure
- Rooms containing video storage systems and access points thereto
- Interior and Exterior vantage points relative to all premises access points.

All surveillance recordings shall be accessible to law or code enforcement officers at all times during operating hours and otherwise upon reasonable request. All surveillance recording systems shall have the capability of producing DVDs or other removable media of recordings made by the surveillance system, including still



photograph images. Output shall be of standard format (e.g. MPEG, JPG) and shall not require proprietary software to open/transfer/view.

All surveillance recordings or still frames produced by the surveillance system shall be accurately date and time stamped in accordance with measurements from the United States National Institute Standards and Technology standards. The Security Director shall be responsible for updating or verifying accuracy of date and time stamping on a monthly basis, and as daylight savings time begins and ends.

The surveillance equipment and recordings shall be stored in a locked secure area that is accessible only to the management/ownership team, Security Director, or other authorized personnel designated by the Security Director.

Surveillance recordings shall be subject to inspection by regulatory agencies and shall be kept in a manner that allows regulators to view and obtain copies of the recordings at the licensed premises immediately upon request.

The physical media on which video recordings are stored shall be stored in a secure manner sufficient to protect the recordings from tampering or theft.

Upon request from regulatory agencies, the licensee shall send or provide copies of specified recordings to regulatory agencies within the time specified by the regulatory agency.

The surveillance system shall be equipped with a failure notification system that provides, within fifteen minutes, notification to the Security Director of any prolonged surveillance interruption or failure.

The surveillance system shall be equipped with sufficient battery backup or automatically starting generator to support a minimum of 24-hours of recording time in the event of a power outage.

The surveillance system shall record at no less than 20 frames per second.

The surveillance system shall provide for on-site storage of consistent recordings and cloud-based storage of motion-activated recordings for a period of no less than 90 days.

Access to surveillance infrastructure and recordings shall be limited to facility managers.

Surveillance displays including sensitive areas (product/currency storage and loading areas) shall be maintained in areas limited to management viewing.



Surveillance displays providing visibility of the employee parking areas and property perimeters shall be provided at location(s) that employees will depart from, providing employees the ability to monitor the outside environment prior to departing the facility.

The Security Director or a designated manager with access to video storage shall be able to respond to the facility within one hour of summoning by the contracted private patrol operator or law enforcement.

The facility shall maintain a surveillance viewing area in an office that may be accessed only by the management/ownership team, the Security Director, or their licensed assignees as needed. Assignees may include state or local law enforcement agencies, licensed private patrol operators, governing bodies' employees, and authorized service personnel or contractors. The entrance to this office shall be locked whenever the office is not in use, and accessible by a key or electronic keying system.

The Security Director will maintain a current list of all authorized employees and service personnel who have access to the surveillance system and surveillance room on the premises.

The Security Director will keep a surveillance equipment maintenance activity log on the premises to record all service activity including the identity of any individual performing the service, the service date and time and the reason for service to the surveillance system.

Surveillance system installation shall be performed professionally, ensuring that placements and associated wiring are protected against intentional or unintentional damage. Cameras shall be placed in a manner that avoids intentional or unintentional obscurity.

### **Security Plan Oversight and Training**

The applicant acknowledges that its management/ownership team bears the ultimate responsibility for security of the premises. The management/ownership team will delegate security duties to a Security Director. Additional information on duties associated with the Security Director are outlined below.

The Security Director is responsible for all aspects of this security plan, including management of all security technology, transportation security, access control to facilities, training of employees, tenants and visitors and for the contracting and supervising of licensed security officers. The Security Director will be responsible for theft prevention, plan auditing, systems testing and for ensuring that minors do not enter the premises.

The applicant will provide regulatory agencies with the name, telephone number, and e-mail address of the Security Director who will serve as the security liaison with whom regulators or inspectors can provide notice if there are security concerns associated with the facility, or to whom regulators may refer members of the public who may have





any concerns or complaints regarding the security of the cannabis facility. The applicant will provide contact information for the Security Director to all businesses and residents located within a 100-foot radius of the facility.

The Security Director shall be reasonably available to meet with regulators or their designees regarding any security related concerns or operational matters.

Staff must understand their respective security roles and responsibilities including the chain of command (in the event of any security breach). Employees at all levels will be trained by the management/ownership team and Security Director in order to identify threats and vulnerabilities, devise mitigating strategies and contingencies; when and why they could be targets of threats and how to respond accordingly.

Staff will be tested semi-annually regarding their knowledge of the cultivating facility's security strategies and systems and how to utilize them. Development of policies and procedures will be on-going during and after the security planning process. The facility will determine critical control points where security knowledge will be required when handling cannabis products, currency, personnel, visitors and more.

Training all employees on security procedures will ensure the dispensary facility remains a safe place for employees and visitors alike. To demonstrate that the employee understands and has successfully completed training, all employees will be required to undergo an assessment. Assessments shall include, at minimum, a hands-on demonstration by the employee as it relates to security measures and policies included in the training.

The applicant will conduct a variety of quarterly drills at the facility to ensure that all employees understand how to respond to various emergencies or threats at the facility. Fire drills, armed robbery and burglary discovery drills are examples of drills that may be conducted on the premises as part of comprehensive security training.

#### *Mandatory Training of Personnel on Security Plan*

All employees working in the facility shall complete introductory training relating to facility security prior to engaging in any occupancy or work on the premises. Training shall include, at minimum, the following:

- Operation of security equipment within the scope of role(s);
- Inspecting and monitoring security equipment within the scope of role;
- Emergency Notifications, Response and Reporting procedures;
- Effective patrolling of the facility;
- Identifying opportunities for diversion;
- Securing of the premises and assigned work areas;
- Critical incidents, situational policies and procedures;
- Proper method for securing cannabis at the end of each work day.



## *Robbery Prevention Training*

### Prevention:

- Robberies most often occur at opening and closing times. Be especially vigilant on arrival and departure. Do not justify-away unusual observations. If something seems awkward, it probably is. Report any suspicious activity before proceeding in or out of the facility any further.
- Never handle product or currency in view of the public or in uncontrolled areas.
- Maintain natural surveillance at all times; keep areas clear of obstructions.
- Keep doors locked at all times; even if only stepping away momentarily.
- Maintain lighting, alarm and surveillance systems in operable and reliable order.

### During a robbery:

- Remain calm to reduce the likelihood of violence and to allow focus on robber details.
- Do not resist or attack the robber; additional provocation can increase danger.
- Cooperate, but avoid giving assistance or offering more than is demanded.
- Activate the panic alarm if this can be accomplished safely, in secret.
- If ungloved, watch the robber's hands and make mental note of what is touched.
- Be systematic in mentally documenting the robber's description: head to toe.
- If a weapon is present, briefly study its description, then focus on the robber.
- If safe to do so, monitor the robber's departure (direction, vehicle, accomplices).

### After a robbery:

- Notify police immediately by 911 or cellular equivalent.
- Lock the doors. Do not let anyone into the crime scene until police arrive.
- Don't talk to others about what just happened. Keep observations unique and pure.
- While awaiting police, make notes while your memory is fresh. Clothing, weapon, etc.
- Do not disrupt the crime scene. Leave everything as it was.

### *Managing Unusual Occurrences*

Decoys are common tactics of those wishing to commit burglaries or robberies. Traffic collisions, vehicle fires, dumpster fires, domestic quarrels and other measures to distract occupants may be deployed by criminals to overcome facility security. Upon the occurrence of any significant event on or immediately about the property, the first to observe the occurrence shall notify the on-duty manager. The manager will be responsible for activating a facility lock down. An emergency lock-down incorporates the following measures:

- Immediate notification of emergency services (911 or cellular equivalent).
- Immediate closure and locking of facility doors.



- Immediate directive to all persons on premises to shelter in place and remain inside.
- No persons shall be permitted to open any door until police have arrived or the unusual occurrence has been otherwise eliminated.

### *Burglary/Theft Prevention Training*

#### Systems Awareness:

- This facility maintains an array of security devices including contacts, motion sensors, cameras and related hardware. These devices are critical to the overall security of the facility and caution must be exercised by all occupants to ensure their continued effectiveness.
- Report any damage to a security component immediately.
- Do not tamper with any security component.
- Do not block or cover any security component.
- Do not block access to security panels.

#### Perimeter Security:

- All doors are to remain secure at all times when not in active use.
- Do not prop any exterior door open for any reason at any time.
- Do not open any exterior door unnecessarily.

#### Internal Security:

- Photography/Videography on the premises is strictly prohibited.
- Security procedures are confidential. Never discuss with third parties.
- Report any unusual behaviors or activities of others to the on-duty manager.

#### Managing Burglaries:

- If evidence of a burglary is encountered (damaged door/window, evidence of ransacking), immediately notify the on-duty manager.
- Do not touch or move anything. Preserve the crime scene.
- Immediately secure all relevant areas and prevent anyone from entering.
- Notify police via the non-emergency number:

#### **Employee Protection**

In order to reduce take-over robbery attempts by way of employee ambush on arrival, facility security policy requires that employees arriving for work:

- Park only in designated staff parking areas.
- Park in the nearest available space to the staff entrance at their time of arrival.
- Arrive no earlier than ten (10) minutes prior to their scheduled start time.
- Retreat to a safe location and telephone the facility if upon their arrival they observe any suspicious persons or vehicles at or immediately about the facility.



In order to reduce take-over robbery attempts by way of employee ambush on departure, facility security policy requires that employees departing from work:

- Depart in pairs or groups.
- Depart only through the lobby doors, and only upon reviewing external camera views to ensure that no suspicious persons or activity are afoot nearby.
- Immediately depart the premises and adhere to a strict prohibition of loitering on or about the premises.

### **Signage**

Each face of the structure and vehicle access point shall maintain prominently displayed metal signs prohibiting trespass (citing California Penal Code 602K) and establishing parking by permit only (citing California Vehicle Code 22658). Additional prominent signage shall indicate prohibitions against possession of alcoholic beverages, weapons and illegal drugs on the premises.

No more than 33 percent of the square footage of the windows and clear doors shall be blocked by advertising, signs, shelves or anything else. All advertising, signs, and shelving shall be placed and maintained in a manner that ensures that law enforcement personnel have a clear and unobstructed view of the interior of the premises from the exterior public sidewalk or entrance to the premises. All signs shall comply with the City Code.

### **Utility Controls**

The facility transformer shall be secured by padlocks maintained by the utility provider. Externally accessible house power shall be contained in padlocked panels. Internally accessible breaker boxes shall remain secured with padlocks at all times. Only the owner and managers shall have access to keys relevant to power infrastructure. The facility's surveillance, IP network and alarm systems maintain emergency backup power supplies sufficient to maintain system operability in a power outage event for over 24 hours.

### **Information Security**

The applicant acknowledges that it is responsible for the security of all cannabis items on the premises, including providing adequate safeguards against theft or diversion of cannabis items and records that are required to be kept.

The applicant recognizes that cyber threats may exist that could impact the facility. The applicant will take precautions to ensure consumer privacy, protection of sensitive financial records, and to minimize the potential of unauthorized access or intrusion.

As appropriate, the facility's network infrastructure will be encrypted and password protected. Only authorized personnel who have been trained in secure records management procedures will have access to facility data. Users of the system will have role-based authentication. Sharing of logins shall be strictly prohibited. Software will require security measures such as password lockouts, login timeouts, use of



strong passwords, periodic required password changes, prohibitions of repeated use of a password, and the ability for administrators to disable user access.

The applicant will, as needed, hire a third-party Information Technology company to ensure that digital record keeping systems employed by the facility are secure.

All electronic records will be stored both onsite in short-term storage, and off-site, in long-term backup storage.

Onsite back-up records storage may include electronic media that is backed up on a daily basis on a secure server. The secure server will be physically located in a secure room on the premises. Offsite secure data storage will be managed by a third-party data storage provider. In general, onsite backup storage will include at least one year of historical data. Remote data storage will include all data records that are at least 7 days and older, and will be stored in perpetuity. Data older than 3 years may be purged from storage.

All archived required records not stored electronically will be stored in a locked storage area limited to managers/owners of the facility with a legitimate business need for access.

Current records may be kept in a locked cupboard or desk outside the locked storage area during hours when the business is operating.

Sensitive files shall be password protected, or stored in a password protected file storage system. No files shall ever be stored in public Internet spaces, including un-secured file storage sites.

E-mailing sensitive data files to anyone outside the applicant's organization is strictly prohibited without the permission of ownership. Customer-specific transaction data and contact information, including e-mail addresses, will not be shared with any third party without permission of the customer.

Records relative to this section include those records mandated by the California Code of Regulations, Title 16, Division 42, Section 5037, incorporating those items that follow:

- Financial records including, but not limited to, bank statements, sales invoices, receipts, tax records, and all records required by the California Department of Tax and Fee Administration (formerly Board of Equalization) under title 18, California Code of Regulations, sections 1698 and 4901.
- Personnel records, including each employee's full name, social security or individual tax payer identification number, date employment begins, and date of termination of employment if applicable.
- Training records including, but not limited to, the content of the training provided and the names of the employees that received the training.



- Contracts with other licensees regarding commercial cannabis activity.
- Permits, licenses, and other local authorizations to conduct the licensee's commercial cannabis activity.
- Security records.
- Records relating to the composting or destruction of cannabis goods.
- Documentation for data or information entered into the track and trace system.
- All other documents prepared or executed by an owner or his/her employees or assignees in connection with the licensed commercial cannabis business.

The applicant acknowledges that the Bureau of Cannabis Control and the Mendota Police Department may make any examination of the books and records of any licensee as it deems necessary to perform its duties under the Cannabis Control Act.

The applicant acknowledges that records shall be kept in a manner that allows the records to be produced for the Bureau of Cannabis Control and the law enforcement agency of jurisdiction at the licensed premises in either hard copy or electronic form, whichever the requesting agency requests.

The applicant acknowledges that while it may contract with a third party to provide custodial or management services of the records, doing so does not relieve the applicant of its responsibilities as outlined above.

### **Internal Theft Prevention**

Strategies maintained toward the prevention of internal theft include:

- Pre-Employment Background Checks conducted by an accredited member organization of the National Association of Professional Background Screeners ([www.napbs.com](http://www.napbs.com)). Disqualifying history will include:
  - Current probation, parole status or history of gang affiliation
  - Controlled substances trafficking convictions
  - Convictions relating to theft, fraud or conspiracy
  - Convictions related to violent crime
- Annual background checks of existing employees (same standards as above)
- Prohibiting visitors
- Prohibiting outside tools/supplies
- Employees to sign consent to search policy as condition of employment (including their person, possessions and vehicles while on the premises).
- Employee tracking will be performed (time clock, sign in/out or similar).
- Employee internal movements will be monitored by video surveillance.
- Only owner and managers will have access to bulk product (vault room).
- Vendors performing work on site shall be under manager escort at all times.

### *Notification of Convictions*

The applicant shall ensure that the Bureau of Cannabis Control and the Mendota Police Department is notified in writing of a criminal conviction of any owner, either by mail or electronic mail, within 48 hours of the conviction. The written notification to the Bureau shall include the date of conviction, the court docket number, the name of the



court in which the licensee was convicted, and the specific offense(s) for which the licensee was convicted.

The applicant shall ensure that the Bureau of Cannabis Control and the Mendota Police Department is notified in writing of a civil penalty or judgment rendered against the licensee or any owner in their individual capacity, either by mail or electronic mail, within 48 hours of delivery of the verdict or entry of judgment, whichever is sooner. The written notification shall include the date of verdict or entry of judgment, the court docket number, the name of the court in which the matter was adjudicated, and a description of the civil penalty or judgment rendered against the licensee.

The applicant shall ensure that the Bureau of Cannabis Control and the Mendota Police Department is notified in writing of the revocation of a local license, permit, or other authorization, either by mail or electronic mail within 48 hours of receiving notice of the revocation. The written notification shall include the name of the local agency involved, a written explanation of the proceeding or enforcement action, and the specific violation(s) that led to revocation.

### **Private Security Services**

Facility will maintain at all times a contract with a state-licensed private patrol operator approved to conduct business in the City of Mendota. Services contracted will include, at minimum:

- Intrusion alarm response with a guaranteed response time of 20 minutes or better.
- Armed security officer to provide delivery stand-by services and to escort deliveries from adjacent street parking into the vendor delivery room.
- Random patrol services during non-operational hours incorporating, at minimum, one facility patrol for every three hours of facility vacancy in order to verify the welfare of the assigned security officer (below) and to provide for a second layer of facility security oversight.
- Uniformed security officer on site performing staff escorts, access control, live video monitoring and crime deterrence on a 24-hour basis.

### **Currency Security**

No currency will be transacted or stored on site at the facility.

### **Security Plan Maintenance**

Any effective security plan requires ongoing maintenance and the assignment of related responsibilities. The facility owner/operator will appoint a member of the management team as the facility's "Security Director". The security manager will be responsible for the implementation, supervision and compliance with all aspects of the security plan on a day to day basis. In addition, the security manager shall perform the following tasks as or more frequently as indicated below, immediately implementing corrective actions where warranted:



#### Daily:

- Physical and digital inventory of products.
- Physical and digital accounting of currency.
- Inspect visitor badges and log sheet, account for all passes.
- Inspect employee badges and log sheet, account for all badges.
- At close of business, physically clears each room of the facility of employees and hazards, ensures all interior doors of significance are closed and locked.
- At close of business, arms alarm system, ensuring all zones arm successfully.

#### Weekly:

- Inspect perimeter fences and doors for operability and security.
- Inspect exterior and interior doors for proper function and security.
- Inspect exterior lighting for outages or impositions by vegetation/debris.
- Inspect intrusion detection system, test monitoring communications.
- Inspect surveillance system: firmware, software and operating system.
- Inspect surveillance system: viewing angles, cleanliness, operability.
- Inspect key control logs for anomalies/missing keys.
- Inspect property for impositions to natural surveillance (abandoned cars).
- Inspect signage to ensure it remains posted in accordance with plan.
- Test battery backup systems relied upon by alarms and surveillance.

#### Monthly:

- Inspect vegetation, ensuring 24-inch shrub limits and 6-foot canopy limits.
- Audit employee files, determine those due for background investigations.

#### Quarterly:

- Verify license & insurance status of contracted third party service providers.
- Host team meeting specific to security protocols, test the staff.

#### Annual:

- Review security plan in its entirety and update with applicable changes.

*To the extent the Applicant seeks to develop under the Ordinance, a proposal for the payment of the City's quarterly cannabis cultivation taxes, including whether the Respondent will be responsible for all tax payments from tenants or whether Respondent's tenants will be responsible for individually paying their taxes directly to the City*

The project will develop under the Ordinance so therefore a quarterly cannabis tax payment will be applicable and the applicant will be responsible for all tax payments to the City. All payments will be made with check or wire transfer and no cash will be transacted.





In fact, no cash will be stored at the facility as all transactions will occur at state licensed dispensaries where we will require payments to be made by check or wire transfer.

## References

*References for at least three prior projects. References shall include the reference's name, title, affiliation, contact information, and a brief description of the relevant project*

### Reference 1 – City of Adelanto

Charles Rangel  
Development Services Director  
11600 Air Expressway  
Adelanto, CA 92301  
(760) 246-2300 Ext. 11176

There are several past and current projects built out or under construction by entities associated with Frontier Enterprises. There are single family residential projects by Frontier Communities and industrial projects constructed by Industrial Integrity Solutions. The residential projects include communities called Stone Briar and Stone Briar II, which equal 181 detached new homes coming to the City that we are pleased to have worked with Frontier on. The industrial projects include a 30-acre project being developed with building envelopes totaling over 630,000 square feet with recently Planning Commission approved expansions leading to over 1,000,000 square feet of industrial space.

Please see the attached letter of recommendation

### Reference 2 – City of Colton

Arthur W. Morgan  
Economic Development Manager  
Office of the City Manager  
(909) 370-6170

Frontier Communities has successfully obtained approval for, and is currently in the process of constructing a 110-unit planned development in the City of Colton's Hub City Centre Specific Plan area with another 77-unit project following. Their housing product is of the highest quality.

Please see attached letter of recommendation



### **Reference 3 – City of Riverside**

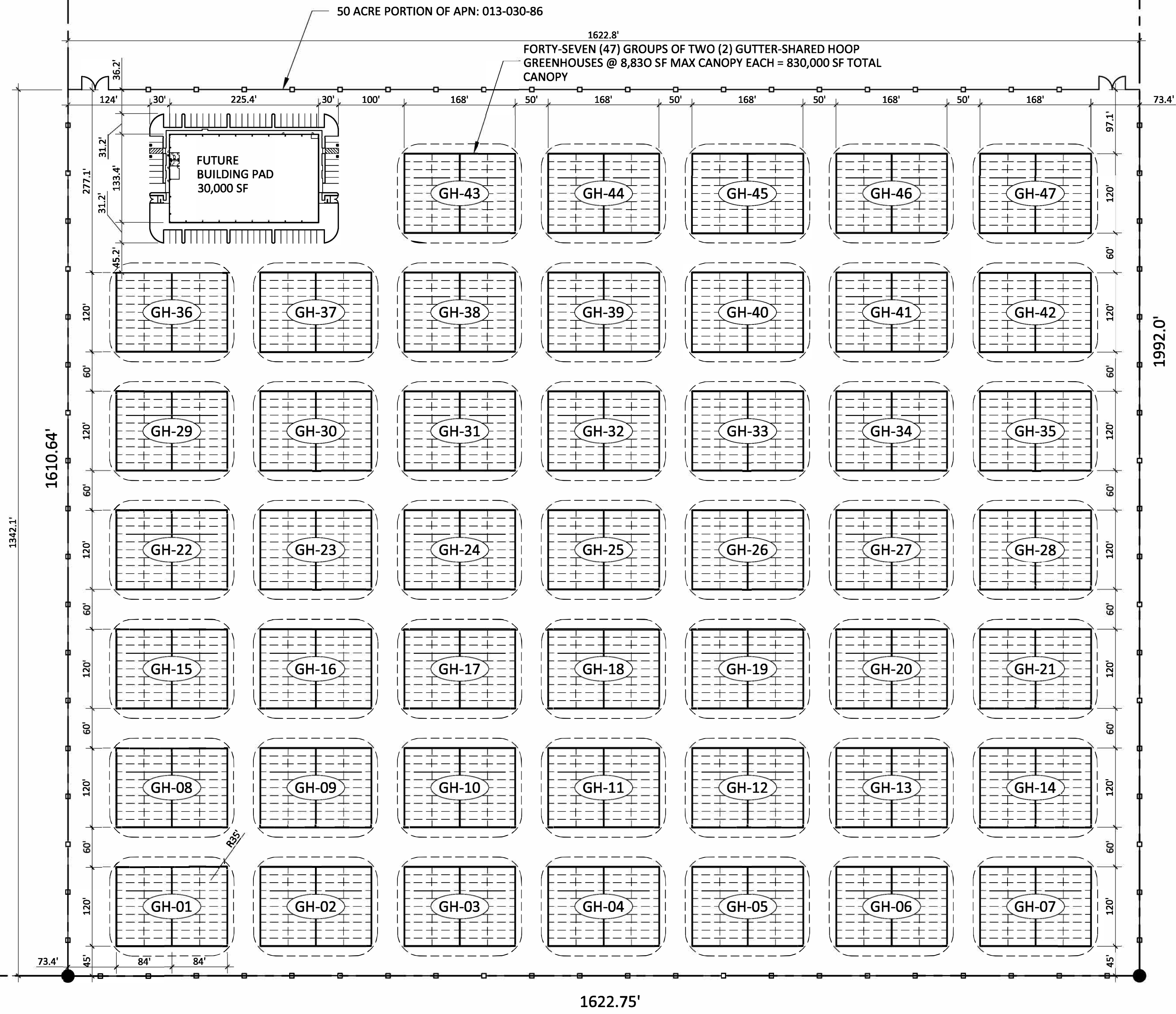
David Welch  
Interim Deputy Director  
Community & Economic Development Department  
(951) 826-5371

In 2018, Frontier Communities successfully obtained approval of a 210 unit condominium development.

Please see attached letter of recommendation

APN: 013-030-86  
114.80 Ac.

1401.95'



PARTIAL SITE PLAN

SCALE: 0 100' 1

SEAN  
FREITAS  
ARCHITECT

(916) 580-9981  
Sean@SeanFreitas.com  
SEANFREITAS.COM

These drawings are instruments of service and are the property of Sean Freitas, Architect. All design information contained in these drawings are for use only on this specified project and shall not be used otherwise without the expressed written permission by Sean Freitas, Architect.

PROJECT: 20180622A

CLIENT:  
INDUSTRIAL INTEGRITY SOLUTIONS

NEW HOOP HOUSES FOR:  
**INDUSTRIAL INTEGRITY SOLUTIONS**  
013-030-68  
MENDOTA, CA 93640

TITLES:  
SITE PLAN

DATE: 1/03/2019

DESIGN REVIEW DRAWING

**NOT FOR CONSTRUCTION**

THIS PROJECT IS NOT APPROVED FOR CONSTRUCTION UNLESS THE DRAWINGS ARE STAMPED AND WET SIGNED BY THE ARCHITECT AND THE BUILDING AUTHORITY HAVING JURISDICTION.

SHEET:

**A2.11**

# DC AIRWAY PROPERTIES, LLC

January 2, 2019

To whom it may concern,

DC Airway Properties, LLC and Donald D. Christy have been providing capital to Industrial Integrity Solutions, LLC and its' owner, James L. Previti, since 2015 for the acquisition and development of homebuilding, mutli-family and industrial projects in southern California.

We are highly confident in their ability to execute on the plans that they develop and have provided them with a facility line of up to \$20,000,000 for the acquisition and development of projects in southern California based upon normal and customary lender underwriting.

Please feel free to contact me if you have any questions regarding this proof of capital source. My direct dial number is (714) 393-2963.

Sincerely,



Donald D. Christy



Development Services:  
Planning Division

January 3, 2019  
Charles Rangel  
Development Services Director  
11600 Air Expressway  
Adelanto, CA 92301  
760.246.2300 Ext. 11176

**RE: Letter of Reference**

To whom it may concern,

The City of Adelanto has several past and current projects built out or under construction by entities associated with Frontier Enterprises. There are single family residential projects by Frontier Communities and industrial projects constructed by Industrial Integrity Solutions. The residential projects include communities called Stone Briar and Stone Briar II, which equal 181 detached new homes coming to the City that we are pleased to have worked with Frontier on. The industrial projects include a 30-acre project being developed with building envelopes totaling over 630,000 square feet with recently Planning Commission approved expansions leading to over 1,000,000 square feet of industrial space. The working relationship between these entities and the City has been great. We are pleased to have their investments in our community and continue to work through any challenges that arise to the benefit of everyone. I would give a strong recommendation that the ownership, leadership and management of Frontier Enterprises be a preferred developer to have operating within your jurisdiction.

Sincerely,

A handwritten signature in blue ink that reads "Charles Rangel".

Charles Rangel  
Development Services Director



January 2, 2019

RE: Letter of Reference

To Whom It May Concern:

It is my pleasure to provide this letter of reference for Frontier Communities.

Frontier Communities has successfully obtained approval for, and is currently in the process of constructing a 110-unit planned development in the City of Colton's Hub City Centre Specific Plan area with another 77-unit project following. Their housing product is of the highest quality.

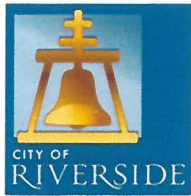
Frontier Communities has been a very good partner with the City with its development, responsibilities and relationships. They have exhibited a true "public-private partnership" with local government.

Because of the positive relationship that the City of Colton has experienced with Frontier Communities, the City welcomes continued future development by them in our community.

Should you have any questions, please feel free to reach me at (909) 370-6170 or via email at [amorgan@coltonca.gov](mailto:amorgan@coltonca.gov).

Sincerely,

Arthur W. Morgan  
Economic Development Manager  
Office of the City Manager  
City of Colton



Community and Economic Development  
Department

*City of Arts & Innovation*

January 2, 2019

SUBJECT: Frontier Communities Letter of Reference

To Whom It May Concern:

It is my pleasure to provide this letter of reference for Frontier Communities.

In 2018, Frontier Communities successfully obtained approval of a 210 unit condominium development. Frontier Communities willingness to work with City staff resulted in a notable win-win for both the community and proposed development project by providing a pedestrian connection between Villegas Park and the Staff Sergeant Salvador J. Lara Casa Blanca Library through their site.

Should you have any questions, please feel free to contact Sean Kelleher at (951) 826-5712 or by e-mail at [skelleher@riversideca.gov](mailto:skelleher@riversideca.gov).

Sincerely,

David Welch  
Interim Deputy Director

## **Mendota Development Corporation**

a subsidiary of Emerald Spectrum Holdings Inc.

November 26, 2018

Rolando Castro, Mayor  
Members of the City Council  
Mendota City Hall  
643 Quince St.  
Mendota, CA 93640

Gentlemen:

We are pleased to offer the attached Proposal under which the Mendota Development Corporation has outlined its plan to purchase, develop, build and operate a cannabis cultivation, manufacturing and distribution complex on the fifty-acre ( $\pm 50$  acres) parcel of real property located at (A.P.N 013-030-68ST). We propose to purchase the above referenced property at \$10,000 per acre.

We also propose that the City of Mendota assess a local tax of five dollars (\$5.00) per square foot on the cultivated cannabis canopy, per year. We propose to develop the equivalent of up to thirty-five, 22,000 sq. ft. cultivation operations on the property. Each such operation would generate \$110,000 per year in tax revenue to the City of Mendota.

Our proposal entails a multiphase development schedule which creates employment for members of the local community of between 65 and 95 jobs per phase. It also creates significant revenue-generating opportunities for local companies and residents that are willing to work in the development. Furthermore, we will be using utilities linked to the City of Mendota by using city water and electricity.

Under Phase One, we propose to immediately develop a five-acre parcel upon which we will build and operate a Distribution facility. After initial construction is completed, we will move to Phase Two where we build and operate 2-22,000 sq. ft. cultivation operations and one manufacturing facility.

In Phases Three and Four, we will further develop the property for both internal and third-party distribution, manufacturing and cultivation operations, and for a leased, third party testing laboratory.



Rolando Castro, Mayor  
Members of the City Council  
Mendota City Hall

Page Two

Timeline:

1. Complete initial development within 9-12 months of licensure;
2. Phase One - build one-acre Office and Distribution facility;
3. Phase Two – build four-acre Manufacturing, Greenhouse and Indoor Cultivation facilities;
4. Phase Three – build out ten acres - multi-use facilities;
5. Phase Four – build out twenty-five acres - multi-use facilities;
6. The remaining property to be used for water runoff and solar panels.

We are excited about the opportunity to work closely with the City of Mendota to build a state-of-the-art facility that will bring both significant economic development to the citizens of the community and a source of quality medical cannabis to patients across the Central Valley.

We stand ready to work closely with you and your representatives in building a strong relationship and a dynamic and vibrant development in your community.

Members of my team and I are ready to meet with and collaborate with you to work out the details of this Proposal at your earliest convenience.

Sincerely,

George Boyadjian  
President and Chairman of the Board of Directors  
Emerald Spectrum Holdings Inc.  
Parent Company of  
Mendota Development Corporation



# PROPOSAL

City of Mendota, California

Cultivation, Manufacturing and Distribution

Mendota Development Corporation  
November 22, 2018

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# INTRODUCTION

## Background

Mendota Development Corporation, (hereinafter referred to as the “Company” or “MDC”) is a pending California corporation that is a wholly-owned subsidiary of Emerald Spectrum Holdings Inc., a diversified corporation with interests in cannabis education, consulting, management and operations.

We have operated in the regulated California medical cannabis industry through our subsidiary 420 College Inc. since 2009. Our original subsidiary has educated thousands of people on cannabis regulations and operations, and represented dozens of businesses in civic affairs, local permitting and state licensing. Our founder and Chief Executive, George Boyadjian has been involved in the cannabis industry since 2005, and operated medical cannabis cultivation and retail facilities from 2008 to 2016.

Today we operate under agreements with investors to build and manage a 22,000 sq. ft. cannabis cultivation facility in Atwater, CA and seven retail dispensaries in Los Angeles, CA. We also lease a dispensary site in Fresno, CA that we wholly own and operate. Currently, each of these operations are awaiting permitting in their respective municipalities and all are expected to initiate commercial operations in early 2019.

Mendota Development Corporation is a California “C” Corporation that has filed for registration with the California Secretary of State. We have also filed with the Internal Revenue Service for an Employer Identification Number and with the California Department of Tax and Fee Administration for a Resale Certificate. MDC will file for a City of Mendota Business License upon assignment of a registration number from the California Secretary of State.

Our principal executive is an educated applicant who has deep community roots in the City of Mendota, desires to benefit his community and is an experienced business person. He contributes a unique set of skills and qualifications: including solid capitalization, a complete business and operational plan, knowledge of the industry and an unparalleled desire to benefit the City of Mendota.

## Summary

We propose to build and operate a fully-compliant cannabis cultivation, manufacturing and distribution complex on property (A.P.N. 013-030-68ST) to be purchased from the City of Mendota, California, (hereinafter referred to as “the Property”). The intent and purpose of this proposal is to act within the provisions set forth by the City of Mendota as a licensed medical and adult use cannabis operations and production operation.

The Property is properly zoned for multiple licenses under the State of California’s Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”). The Property is appropriately located, distanced from residential and commercial neighborhoods.

MDC will operate a state-of-the-art facility that utilizes environmentally sensitive advances in technology to produce high-quality cannabis products on the property. We will also engage in wholesale distribution of the products produced at the facility to both internally managed and third party, licensed retailers across the State of California. We do not propose to market or sell any cannabis products at the retail level, and no wholesale sales will be conducted within the city limits.

## Licenses

In connection with this proposed operation, we seek the following Cannabis operating permits from the City of Mendota:

1. Twenty-five (25), up to 22,000 sq. ft. Greenhouse Cultivation Permits
2. Ten (10), up to 22,000 sq. ft. Indoor Cultivation Permits
3. Twenty (20) Manufacturing Permits
4. Ten (10) Distribution Permits
5. One (1) Testing Lab Permit

After receipt of such permits from the City of Mendota, we will apply for and operate at the Property under the following MAUCRSA licenses issued by the State of California:

1. Type 3A – Cultivation; Indoor; Medium – 10,0001 to 22,000 sq. ft.
2. Type 3B – Cultivation; Mixed Light; Medium – 10,001 to 22,000 sq. ft.
3. Type 6 – Manufacturing; Non-Volatile
4. Type 11 - Distributor

## Community Benefit

MDC desires to present an enhanced economic environment for the City of Mendota. In that interest, efforts will be made to source employees and contractors from the local employment market. MDC will advertise, interview and select employees from residents of the City of Mendota, and will offer preference to local businesses for contracts including: electrical services, HVAC, construction for build-out, security services, waste management, and maintenance thereby contributing tens of thousands of dollars in revenue per year to local enterprise.

During Phases One and Two, MDC presents Mendota with approximately twenty full-time job opportunities for each approved facility, and if approved for all of the four initially proposed sites, will generate between sixty-five and ninety-five jobs for local residents at living wages. As the complex expands through Phases Three and Four, the proposed operations could generate as many as seven hundred new employment opportunities.

Additionally, the proposed cultivation facilities will generate substantial tax benefits for the City of Mendota. Each cultivation facility will contain 22,000 sq. ft. of cannabis canopy, which will generate \$110,000 per year for the City.

## Our Vision

Our vision is to set the standard in the City of Mendota for cannabis-based business enterprises as a safe, stable and profitable operator. We wish to have a long-term and successful partnership with the City of Mendota and expect to generate significant tax revenue for the City of Mendota, while broadly benefiting the community through charitable contributions and a proactive approach to important social causes. MDC will not be only a local business, but a proud member of the community and will discretely contribute to local charity organizations and civic-minded projects.

The proposed Mendota complex will supply the demand we generate at our eight retail locations and in future locations that are planned for the Los Angeles and San Luis Obispo county areas in 2019 and beyond. We expect our internally generated demand for cannabis flower and trim to be in excess of 59,000 lbs., or the capacity of 9-22,000 sq. ft. plots, per year by 2021.

We intend to make Mendota the centerpiece of our organization. Our goal is to transition away from operating managed production facilities such as the Atwater location, and to focus on producing all of our products at the Mendota location.

## THE LOCATION

For the convenience of the reviewing committee, the Applicant herein provides a current picture and specifications of the location:

### Zoning

In compliance with City of Mendota code, the proposed cannabis production facility is located within the Industrial zoning designation as outlined in the code. The property is located on APN (013-030-68ST) in Mendota, CA. MDC seeks ± 50 acres and can provide the level of security and environmental stewardship required by the City of Mendota provisions.

The site is presently an empty lot. Neighboring properties are in use by River Ranch, and therefore, development of the property as proposed will not pose any conflict with the existing use of surrounding parcels of land.

### Advantages of the Location

The City of Mendota is expected to experience minimally a 5% population growth between 2018 and 2022. This location has been selected to serve not only the City of Mendota itself by and through tax revenue but also to provide a convenient supply of consistent and high demand cannabis to the surrounding areas of Fresno and Modesto through MDC's sister-company The Central Valley Greenhouse, a pending, licensed medical dispensary in Fresno. In addition, MDC anticipates serving the larger area of Central and Southern California.

### Site Composition

MDC proposes a professional use of the parcel located at APN 013-030-68ST to include properly licensed indoor cultivation, greenhouse cultivation, manufacturing and distribution facilities.

This property will offer a central location for a cannabis operations site within the constraints of California law, and as permitted by the City of Mendota regulations, providing not only ample distance from sensitive areas, but also ease of access for inspection, enforcement, provision of services, delivery of supplies to and product transportation from the site to licensed retail facilities.

The presently vacant acreage provides for site design in consideration of environmental, resource, and space conservation. Site design for the facilities will include thoughtful setbacks providing maximum distance from neighboring parcels zoned for prospective residential use.

## THE FACILITIES

We propose to develop the property in four phases.

1. Phase One – Company-owned and operated, Office and Distribution facility;
2. Phase Two – Company-owned and operated, Manufacturing, Greenhouse and Indoor Cultivation facilities;
3. Phase Three – Company owned and operated/leased, multi-use facilities;
4. Phase Four – Company owned and operated/leased, multi-use facilities;

### Phase One

One Acre development.

Operational within 12 months from licensure.

#### **Permanent Office Building**

Administration Area featuring: Offices, restrooms, employee meal break area, secure document and digital record storage, and training room.

#### **Permanent Distribution Building**

Distribution Center with Storage, Processing, Packaging and Transportation operations.

### Phase Two

Adjoining Four Acre development.

Operational within 24 months from licensure.

#### **Permanent Manufacturing Building**

Non-volatile Chemical Manufacturing facility.

#### **Permanent Indoor Cultivation Building**

Indoor Cultivation facility, maximum allowable canopy of 22,000 sq. ft. with Nursery Facility

#### **State-of-the-Art Greenhouse**

Greenhouse Cultivation facility, maximum allowable canopy of 22,000 sq. ft. with Nursery facility



### Phase Three

Ten Acre development.

We expect that this development can contain up to eight Indoor and Greenhouse Cultivation facilities, each with the maximum allowable canopy of 22,000 sq. ft.

### Phase Four

Twenty-Five Acre development.

We expect that this development can contain up to twenty Indoor and Greenhouse Cultivation facilities, each with the maximum allowable canopy of 22,000 sq. ft.

All facilities will feature:

- **Security Conscious Design** featuring: pre-fabricated steel building with allowing a central location for sensitive areas, insulated steel doors; bio-metric limited access points; ample buffer space between flower area and walls with wide walkways between crop lots for ease of maneuverability and emergency service access;
- **Environmentally Friendly Design** including: fine-tuned irrigation system with mechanized control; insulated end walls; high efficiency temperature control units, and renewable solar energy sources;
- **Advanced Technologies** includes Industry best HVAC equipment for ventilation and temperature regulation;
- **Maximum Security** level bio-metric scanners at ingress points; solar energy provisions; innovative work station designs to facilitate employee ergonomic functioning and minimize waste; maximum level storage safes with limited access afforded by bio-metric access technology.
- **Centralized Location** for ready access by emergency and law enforcement services;
- **Efficient Utility Systems** for water and electric utility services;
- **Top to Bottom Compliance** with proposed state regulations including, Article 3, §8206, regarding multiple tenant cultivation operations including: unique entrance for the licensed premises and immovable physical barriers between uniquely licensed premises.

## Operational Best Practices to Insure Non-Diversion

All operations are designed to ensure operational best practices, prevent diversion of cannabis to unauthorized individuals, and provide a robust infrastructure of organizational productivity and efficiency. Operational infrastructure is detailed in such a way that an individual can enter the facility and identify the purpose or intent behind the activities taking place on site in relation of cultivation operations. The operational plan reflects the robust policies, procedures, protocols and adherence to regulatory guidelines so as to release potential liabilities for operations that are not in compliance with the local and state regulations on the production of medical cannabis.

## SECURITY AND SAFETY

The proposed cultivation site will adhere to state and local guidelines for security and safety. The objectives and measures within the security and safety plan will focus on: Employee health, safety, and welfare; non-diversion of product; and cooperation with law enforcement and emergency services.

### Access Restriction for Security, Safety and Non-Diversion

- **8ft Perimeter fencing:** around the entire perimeter of the site with security cameras at regular intervals. Video recording capability will have a full view of the entire fence at all times;
- **Controlled Security Gate/Sally Port** featuring: bio-metric/key-card scanner and ample space for emergency service vehicles; passage through the secure perimeter by an interlocked, single-vehicle sally port with two locked gates. The first gate is unlocked, allowing the vehicle to enter the controlled space, and the first gate is closed. After the first gate is locked, approval to enter is verified, and the second door is unlocked for the vehicle proceeds through the second gate. The second gate is then closed and locked.
- **Bio-metric Technology with Duress features** limiting access to: Product areas, storage areas, site entry and exit, inventory control, and all sensitive areas;
- **Knox-Box Technology:** will facilitate access to emergency and inspection personnel. Access will be afforded at all times to public safety officers from City of Mendota Fire and Sheriff's Departments, as well as any necessary state personnel. Each of these entities shall be provided with a site plan upon request.
- **General and Emergency Access to Site:** shall be strictly limited to: employees, verified licensees and contractors for utility and waste services, authorized transportation providers, emergency services, and government personnel. Access to the site will be granted to City of Mendota representatives, agents and employees with valid identification of their credentials. Unauthorized guests will be not be allowed to gain entrance.
- **Employee Access/Log:** Access to cultivation, processing, and storage areas will be limited further based on job requirements. Each area will require bio-metric access. The access system will keep a log showing employee access history and whereabouts, including entry and exits from site and sensitive areas. Electronic logs will be maintained for at least ninety (90) days.
- **Separate Employee Parking:** will be in an area which is *not* adjacent to the Warehouse or Greenhouse buildings on the site. Employees will pass through the controlled sally port gate to enter the property. Security cameras with recording capabilities will have a full view of employee parking area.

## Comprehensive Site Security and Safety Equipment

- **Fully-integrated Surveillance System** featuring: IP-based cameras with 90-day recording capability, complete 360° monitoring of site including ingress and egress, perimeter fence, and all indoor/outdoor product-holding and sensitive areas. All entry and exit doors, areas where human traffic may occur (Excluding restrooms and dressing areas), and any area with cannabis product at any time shall be recorded continuously by cameras with a 360° view.
- **State of the Art Alarm System** featuring: registration with City of Mendota Police Department, Direct notification and dispatch capability; battery back-up and reserve power generator.
- **Contact Information:** shall be provided to the City of Mendota Police Department via alarm registration and will include: Names, Addresses, Phone Numbers, Cell Phone Numbers, and the make, model, and color of the vehicles they will be driving when responding to alarm calls at the site.
- **Fire Safety:** shall be planned by a fire safety consultant and include at a minimum: emergency evacuation plan, integrated fire safety alarms and sprinkler system, appropriate fire extinguishers accessible to all personnel at multiple points on the site. All employees shall receive emergency preparedness training at orientation.
- **Pro-active Approach:** Backup generators with shall be placed on the site to ensure seamless production of the necessary utilities to continue operations in the event of loss of power. The generators shall be adequate to supply all security features with adequate service in the event of utility loss. As such, there will be no lapse of security cameras, bio-metric lock features, and gate security.

## Employee Standards and Compliance

- **Full Background and Eligibility Analysis:** as required by City of Mendota and the State of California shall be conducted for each employment candidate prior to employment.
- **Live-Scan Fingerprint Submission and Analysis:** with the highest level allowed by the Department of Justice Standards including FBI and CA DOJ submissions will be conducted at the soonest available time for each proposed employee. MDC will inquire at frequent intervals for availability of Live-Scan services through City of Mendota Police Department and will facilitate Live-Scan participation for all principals and employees prior to operations and/or any cannabis product on site.
- **Disqualification of Employment Candidates:** will occur where candidates background reveals any disqualifying conviction as outlined in City of Mendota Municipal Code for Medical Cannabis Business Activity or California state standards for Cannabis Business Operations. Disqualifying convictions are noted to include serious violent crime convictions such as: robbery, arson, rape, assault with a deadly weapon, attempted murder, murder, manslaughter, assault with great bodily injury, sex offenses relating to minors, stalking, threats, elder abuse and domestic violence. Non-Violent convictions warranting disqualification are noted to include serious property or dishonesty crimes such as: embezzlement, burglary, grand theft, or multiple petty theft convictions, and fraud-related offenses.
- **Employee Identification:** All employees will wear ID badges at chest height, which shall be visible to other persons and within clear view of cameras at all times. ID badges shall include employee photo, name, and position within the facility. ID badges shall be worn on breakaway lanyards at all times for employee safety, and may be placed in a clear, transparent, colorless plastic holder. No objects or paper may be placed in holder in such a way as to cover any part of the issued badges. Employees will not gain access to the site property without ID badge.
- **Employee Training:** All employees shall receive orientation, training, and supplemental education relative to relevant laws, regulations, company policies, and job procedures as well as general safety, human resource, and emergency protocols. Records of employee training shall be maintained with confidential employee records in physical and digital forms. All employee training shall meet or exceed the standards of all applicable jurisdictions for operational site.

## Inventory Control and Track and Trace Compliance

- **Track & Trace Software and Equipment:** will be used throughout the MDC cultivation site for comprehensive inventory control and product trace-ability in conformity with City of Mendota requirements and mandated California state participation. Track and Trace Equipment and full compliance shall be implemented prior to commencement of operations or arrival of any cannabis product on site. MDC proposes use of “Web Joint” as a provider for software, support and equipment.
- **Inventory Control Protocols** shall include the following for all grow rooms, manufacturing areas, storage areas, and warehouses:
  - Number of actively growing plants with a Unique Digital Identifier;
  - Number of deceased plants along with disposal record;
  - Total weight of harvested products and accurate location of where product is stored;
  - Shipping manifest detailing:
    - transporting company and personnel involved;
    - quantity of each strain in pound and ounces form;
    - signature of transportation personnel delivering/personnel receiving product with bio metric verification;
    - time log for deliveries;
    - GPS tracking on delivery vehicles,
    - company name, address, phone number, and state license number of companies receiving product all must be included on bill of lading.

## Security Services and Patrol Provisions

- **Site Security:** will be provided by a state licensed Security Firm;
- **Minimum Security Personnel:** while any cannabis is on site, there must be a minimum of one security officer roaming the premises;
- **Security Posts:** while any cannabis product is on site, at least one security officer will be positioned at the following locations: Main access gate, any Door that is not 24/7 alarmed as a fire-escape type door and where employees may leave the premises without activating an alarm.
- **Security Personnel Requirements:** all security personnel must be able to show evidence of: DOJ and FBI Live-scan clearance within past ninety (90) days; Appropriate Training Records; Certificates related to firearm eligibility; Current state guard card (or PC 832 Card if applicable); Current first aid/CPR certification.
- **Security Roster:** The Security Contractor shall provide a full roster to include scheduling of and dates and times worked by each officer. This roster shall include updated information at all hours of all days during the year without exception and shall be producible for review at all times.
- **Security Logs:** shall be recorded each day and be updated each security working shift. Each log shall include, at a minimum: Employee name, Identification number, date and times worked, and all areas patrolled or monitored during the shift.
- **Security Reporting:** Security personnel shall report all issues pertaining to the health and or safety of persons present on the site or the public, safety of the facility, and all acts or omissions which may be considered criminal nature to site management, City of Mendota Police and Fire Departments, Fresno County Sheriff's Department, and any agency or person mandated by state or local law.

## Compliance Statement for Non-Diversion of Cannabis and Cannabis Products

- **Regulatory Compliance:** All activities will be in full compliance with California State Law, City of Mendota Ordinances, and with the general guidelines set forth by the Attorney General with respect to the purposeful non-diversion of medical cannabis and/or any affiliated product, derivative, or waste material;
- **Affirmative Mitigation:** MDC will conduct all permitted cultivation and manufacturing with the utmost stewardship of the health, safety and welfare of the community and will take all steps necessary to mitigate any potential negative impacts that may occur.
- **Prevention:** All necessary action will be taken to avoid diversion of product or derivatives thereof. MDC will diligently work to: control and track inventory, maintain equipment and thorough records, supply adequate qualified personnel, communicate and cooperate with law enforcement and compliance professionals, and work only with other verified licensed entities.
- **Transparency and Cooperation:** MDC will at all times allow both announced and unannounced entry of the Planning Director or his/her designee(s) to inspect the location and any recordings or records held on site or digitally and MDC and/or its representatives will not unlawfully impede, obstruct, interfere with, or otherwise not allow, the City to conduct an inspection, review or copy records, recordings or other documents required to be maintained by a medical marijuana business under this ordinance or under state or local law. MDC and/or its employees or representatives will not conceal, destroy, deface, damage, or falsify any records, recordings or other documents required to be maintained by a medical cannabis business.
- **Limited Scope of Operation:** In compliance with all CA Health and Safety Code and Business and Professions Code provisions, as well as City of Mendota regulations, MDC will cultivate exclusively products intended for registered, qualified, and compliant medical cannabis users as defined by law. Cultivation will be limited to medical provisions and will not attempt to circumvent any laws or seek availability to recreational users without substantial change in local legal framework and appropriate amendments.
- **Illicit Market Aversion:** MDC is organized with sufficient structure to ensure the anticipated security and non-diversion of cannabis to illicit markets, and compliance with all state and local laws. In accordance with CA laws and local ordinances, will conduct business only with other valid and licensed entities, and will conclusively evidence such limitations through careful documentation, strict maintenance of records, and consistent use of the track-and-trace program as outlined in this application packet. All transactions between licensed entities and MDC are subject to sales taxation in compliance with the expectations of California Department of Tax and Fee Administration and will be reported appropriately.



## ADMINISTRATION

All operations are designed to ensure operational best practices, prevent diversion of cannabis to unauthorized individuals, and provide a robust infrastructure of organizational productivity and efficiency. The operational plan reflects the robust policies, procedures, protocols and adherence to regulatory guidelines so as to avoid potential liabilities for operations that are not in compliance with the local and state regulations on the production of medical cannabis and Adult- Use cannabis.

### Administrative and Contractor Roles

The facility will contract on-site security guards, janitorial services, maintenance, skilled trades persons, human resources consultants, CPA, attorney and others providing essential services who will have access to the facility but will not be granted access to the production floor unless extenuating circumstances require the need for the individual to enter the production floor. For nearly all external business contractors, there will be no reason to enter the production floor at any time but MDC reserves the right to allow access to authorized individuals under the supervision of security and/or facility staff on an as-needed basis. These contractors will provide essential contract services for the organization so as to ensure transparency in operations and to allow for a bidding process to identify firms, consultants and individual contractors who best fit the needs and culture of the Company.

## Personnel Expectations

As the operation grows and expands, we expect to increase total personnel from 65 to 98 employees, with job descriptions as follows:

### **Distribution:**

- One (1) on-site manager working a full-time schedule to ensure proper management of all aspects of the business;
- (2) Sales Representatives to market and sell the products to Retail and Wholesale customers;
- Two (2) stock clerks/warehouse employees working a full-time schedule to stock shelves, pull orders and package products for shipment.
- One (1) Packaging Manager to supervise packaging operations;
- Six (6) Packaging Assemblers to package products for Wholesale and Retail Customers;
- (Two (2) Truckdrivers to transport products to retailers in Central and Southern California.
- One (1) Security Manager to oversee all security issues outside and within the facilities, as well as directing the uniform security services.

**Indoor Cultivation:** As the proposed cannabis facility for MDC is a largely automated facility, the demand for physical labor is significantly lower than a more hands-on, traditional agricultural operation. The projected permanent staff to be employed in the proposed cannabis cultivation facility for MDC will include:

- One (1) on-site Manager working a full-time schedule to ensure proper management of all aspects of the business;
- One (1) Master Grower with knowledge, experience or relevant skills related to mixed light cultivation, nutrients, plant management, cultivation systems and techniques, water management and efficiency, and other aspects of agricultural and horticultural best practices;
- One (1) Assistant Grower to manage systems and practices;
- One (1) Inventory and Compliance Specialist to monitor and track all production;
- Up to six (6) Farm Hands/Garden Assistants garden assistants that may vary by the demands of managing a commercial medical cannabis production facility.
- Up to eleven (11) Trimmers to manicure the cannabis into a finished product;
- One (1) Security Manager to oversee all security issues outside and within the facilities, as well as directing the uniform security services.

**Greenhouse Cultivation:** As the proposed cannabis facility for MDC is a largely automated facility, the demand for physical labor is significantly lower than a more hands-on, traditional agricultural operation. The projected permanent staff to be employed in the proposed medical cannabis cultivation facility for MDC will include:

- One (1) on-site Manager working a full-time schedule to ensure proper management of all aspects of the business;
- One (1) Master Grower with knowledge, experience or relevant skills related to mixed light cultivation, nutrients, plant management, cultivation systems and techniques, water management and efficiency, and other aspects of agricultural and horticultural best practices;
- One (1) Assistant Grower to manage systems and practices;
- One (1) Inventory and Compliance Specialist to monitor and track all production;
- Up to six (6) Farm Hands/Garden Assistants garden assistants that may vary by the demands of managing a commercial medical cannabis production facility.
- Up to eleven (11) Trimmers to manicure the cannabis into a finished product;
- One (1) Security Manager to oversee all security issues outside and within the facilities, as well as directing the uniform security services.

**Manufacturing:** The projected permanent staff to be employed in the proposed manufacturing facility for MDC will include:

- One (1) Plant Manager who shall oversee all production, compliance requirements of all facilities.
- One (1) Assistant Plant Manager who will oversee all systems and quality;
- Up to sixteen (16) Manufacturing technicians to operate the equipment and produce the products;
- One (1) Security Manager to oversee all security issues outside and within the facilities, as well as directing the uniform security services.

A thorough job description of each position detailing required experience, knowledge and relevant skills will be provided to applicants upon notice of position availability.

A current register of active permanent employees will be made available to representatives and agents of the Mendota at any time, including but not limited to the Fresno County Sheriff's Department, and all employees will meet strict background check standards that ensure an individual employed within the facility does not pose a health, safety or welfare risk to the organization, the production facility and/or the community.

## Employee Standards and Compliance

**Full Background and Eligibility Analysis:** as required by Mendota and the State of California shall be conducted for each employment candidate prior to employment.

**Live-Scan Fingerprint Submission and Analysis:** with the highest level allowed by the Department of Justice Standards including FBI and CA DOJ submissions will be conducted at the soonest available time for each proposed employee. MDC will inquire at frequent intervals for availability of Live-Scan services through Mendota Police Department and will facilitate Live-Scan participation for all principals and employees prior to operations and/or any marijuana product on site.

**Disqualification of Employment Candidates:** will occur where candidates background reveals any disqualifying conviction as outlined in state of California for Medical cannabis and Adult-Use Business Activity or California state standards for Medical/Adult-Use Cannabis Business Operations. Disqualifying convictions are noted to include serious violent crime convictions such as: robbery, arson, rape, assault with a deadly weapon, attempted murder, murder, manslaughter, assault with great bodily injury, sex offenses relating to minors, stalking, threats, elder abuse and domestic violence. Non-Violent convictions warranting disqualification are noted to include serious property or dishonesty crimes such as: embezzlement, burglary, grand theft, or multiple petty theft convictions, and fraud-related offenses.

**Employee Identification:** All employees will wear ID badges at chest height, which shall be visible to other persons and within clear view of cameras at all times. ID badges shall include employee photo, name, and position within the facility. ID badges shall be worn on breakaway lanyards at all times for employee safety, and may be placed in a clear, transparent, colorless plastic holder. No objects or paper may be placed in holder in such a way as to cover any part of the issued badges. Employees will not gain access to the site property without ID badge.

**Universal Requirements:** Personnel must show proficiency or an ability to be trained in the usage of technology including computers, tablets, mobile devices, bar code scanners, system monitoring interfaces, software and cloud-based trace-ability platforms and other unnamed or unspecified technologies that may be employed within the facility to ensure greater automation of processes in the cultivation cycle. Drivers and/or contracted transportation firms shall meet and exceed all state road requirements.

**Employee Training:** All employees shall receive orientation, training, and supplemental education relative to relevant laws, regulations, company policies, and job procedures as well as general safety, human resource, and emergency protocols. Records of employee training shall be maintained with confidential employee records in physical and digital forms. All employee training shall meet or exceed the standards of all applicable jurisdictions for operational site.

**Wages:** The company believes that a well-paid employee is a motivated employee. The company proposes to pay a “living wage” i.e. 200% of the prevailing minimum wage.

**Benefits and Training:** MDC will offer benefits in compliance with all federal and state regulations. Full-time employees will have the opportunity to participate in health care insurance programs with employer contribution. MDC will offer employee training in not only hard-skill areas directly related to the cultivation process, but also in the legal aspects of the business, safety, and standards in support of a positive work environment.

## Policies, Procedures and Protocols

**Direct Contact with Cannabis:** The daily operations within the facility being proposed by MDC entails a number of duties to be performed outlined within the job descriptions of the various personnel positions. To expand on this, the processes, procedures and protocols to be enacted within the facility will enhance employee health, safety and welfare, and will contribute to the efficient and streamlined operations occurring on site.

Additional contracted labor in the form of janitorial, maintenance, repair or other unanticipated individual contractors or consultants needed to perform tasks to maintain the facility will be prohibited access to sensitive areas of the facility unless under the direct supervision of staff or security.

**Equal Opportunity:** The company welcomes diversity and inclusiveness. Accordingly, an effort will be made to provide equal opportunity in our employment practices to people of color, females, and seniors. Residents of City of Mendota will be favored at all times in an effort to provide further economic stimulus through gainful employment for community members. In the event that qualified employees cannot be sourced from the City of Mendota, the company will find workers from outside the county and pay to relocate them to the county.

**Hours of Operation:** Anticipated location business hours for MDC will operate only between Monday and Sunday from 7:00am to 8:00pm, and any access that otherwise occurs beyond these hours is subject to the scrutiny and authorization of principals, managers, master gardeners and/or security. The hours for operation of the distribution center may be amended to adhere to best practices and regulations set forth by the applicable state agencies.

**Scheduled Access Only:** At no time should any unscheduled employee, contractor, or guest on site without proper clearance, permission and authorization for the guest to tour the premises away from sensitive production areas. The policies, procedures and protocols to follow will elaborate on the expectations for proper operations in compliance with all applicable state laws.

**Quality Control.** MDC will employ separate employees for quality control in its cultivation and manufacturing facilities in order to insure quality control through equipment inspection, maintenance, and strict adherence to internal controls for each step in the manufacturing/cultivation process. In addition to state required testing, MDC will perform internal batch sampling and testing

**Written Security Protocol.** Subsequent to licensing and prior to any employees working within the facility, MDC will develop and implement a total facilities safety and emergency handbook, including but not limited to all employees' completion of OSHA materials and classes offered by the state of California. The MDC Safety Protocol Handbook will include mandatory weekly safety meetings, fire prevention, individual work-area safety, reporting and ongoing education and certification.

**Security - Storage.** All finished medical marijuana products will be secured and locked in a room, safe, or vault, within limited and controlled access areas. All storage areas shall be monitored by video and by security personnel, as discussed above. Should MDC be awarded a distributor permit, cannabis products from the cultivation and manufacturing sites can easily and securely, after testing, be transferred to the distribution holding center, as indicated on the site plan.

**Security Responsiveness.** MDC shall appoint an individual to be immediately responsive to the city and/or any law enforcement or community concerns.

**Transparency with Government:** The Company places great emphasis on quality and a safe product, free from pesticides and other chemicals. To this end, a tracking system will contain a unique identifier for each plant which will provide a detailed system of accountability. In order to comply with state of California regulations, this information will be transmitted to the state government in Sacramento. As a part of this attention to enhanced consumer safety, batch testing will be routinely performed in order to adhere to state regulations.

**Product Handling:** MDC will possess, process, handle, trim, cure, manufacture and distribute cannabis in compliance with all legal guidelines of the State of California, Fresno County, and Mendota. To help prevent diversion of medical marijuana to non-medical markets, MDC and the Principals will document the interaction of each principal and employee with all products and with the track-and-trace system. Further, to maintain security, prevent fraud, and deter robberies, MDC will keep accurate physical and digital records and follow accepted cash handling practices, including regular bank runs and cash drops, and maintain a robust accounting of all cash transactions that occur within cultivation environment.

## MANUFACTURING

We intend to manufacture cannabis concentrates which will be used for vaping, or for baking into food products. Eventually, MDC would like to expand to a state health department licensed MMB baking facility. MDC anticipates obtaining and utilizing the non-volatile, Supercritical CO<sub>2</sub> extraction method.

All operations are designed to ensure operational best practices, prevent diversion of medical cannabis to unauthorized individuals, and provide a robust infrastructure of organizational productivity and efficiency. The operational plan reflects the robust policies, procedures, protocols and adherence to regulatory guidelines so as to avoid potential liabilities for operations that are not in compliance with the local and state regulations on the production of medical cannabis and Adult- Use cannabis.

### General Description of Products

The cannabis products and services to be provided by the manufacturing facility will initially consist of raw oil material and vaporizer cartridges, eventually transforming into baked and candy goods.

### Cultivation

The most environmentally friendly ventilation, odor control, and mold and pest reduction system is the sealed greenhouse system and MDC will install such a system within both its indoor and greenhouse cultivation facilities.

Fans and advanced climate control systems regulate indoor conditions such as temperature, CO<sub>2</sub> and humidity, and provide sufficient air circulation. This strategy has a number of other benefits: it reduces incoming pests and pathogens; saves CO<sub>2</sub> and energy; and avoids the possibility of hemp pollen entering the structure and pollinating crops.

Creating a super controlled environment with advanced climate controls—including heating, cooling, dehumidification and air movement—is a major trend in commercial cannabis greenhouses. This enables growers to keep odorous air inside, while still providing precise environmental control and sufficient air movement. Back-up ventilation systems with carbon scrubbers can be much smaller, allowing for initial and ongoing savings.

### Environmental Impact

Understanding the environmental complexities of a cannabis cultivation operation, it is critical to be mindful of our impact as an operation in the local business community. As an anticipated licensed cannabis cultivation operation, the following actions will be integrated into our business to ensure environmental protection: use of solar technology to conserve

community energy resources, integration of automated and monitored watering system to conserve limited water resources, site-wide recycling program, use of waste products as compost pursuant to California law.

## General Description of Products

MDC will produce cannabis flower and trimmed leaf for sale to licensed retail and wholesale intends to operate without the use of CO<sup>2</sup> and other potentially harmful chemical substances. The fertilization and growth will be facilitated with naturally-occurring minerals and enhancement tools and will comply with the “Organic” certification requirements which California will have in place in the near future.

## Role of Automation and Designation of Duties

The tasks associated with cultivating cannabis on a commercial scale are largely automated and do not necessarily require time-consuming labor during the cultivation process. Management and staff primarily focus on monitoring of cultivation site, plants, nutrient levels, relative humidity, and other components of producing market-ready cannabis for licensed retailers.

As automation in the production process will ultimately lead to greater organizational efficiency and reduced costs associated with production, there is still a substantial load of tasks associated with the production of market-ready cannabis. In addition to the tasks to be outlined, an on-call status will be established within the organization based upon the needs of the organization that specifies an employee as being designated to respond to or manage facility needs after the hours specified within the anticipated tasks. These potential after-hours tasks will be associated strictly with response to or management of emergency conditions related to the facility or production matters occurring within the facility that require a response beyond the operating hours. In evaluating the daily routines and regimes to both management and cultivators, each requires a different daily routine to ensure the efficiency and operational goals of the organization are met.

## Water Conservation: Automatic Watering, Rainwater, Runoff and HVAC Recycling

MDC intends to use an automatic watering system that limits the flow of water with controllers that provide the precise amount of water and nutrient balance for each plant without over-watering. In addition, a rainwater catcher system will be used to store surplus rainwater that will supplement operational water needs on site. Runoff and HVAC water recycling will also serve as additional sources of water that will also be captured.

The proposed cultivation site will adhere to state and local guidelines for security and safety. The objectives and measures within the security and safety plan will focus on:



Employee health, safety, and welfare; non-diversion of product; and cooperation with law enforcement and emergency services.

## Electricity Usage

In order to supply all power requirements, MDC intends to incorporate solar power in the future. The company has a 3-year plan to use a minimum of 50% solar energy on-site to offset the carbon footprint of the medical cannabis cultivation site.

## Sustainability Statement

The Company believes it has innovative solutions to create a sustainable cultivation operation with attendant environmental benefits. The use of compost brewers to create compost teas, composting organic waste, the use of recycled materials in production and the use of naturally based nutrients will lend to a more sustainable medical cannabis production cycle without creating damage to the local environment, watersheds, streams and other habitats for wildlife within Kern County. The sole intent of MDC is to act as a good steward of the land which we love and ensure that the practices we utilize reduce our footprint on the land, water and air we share with others in the Mendota.

## OPERATIONAL TIMELINE

The following general timeline is provided as a general plan related to the various anticipated phases of development. It is understood that these anticipated timelines can shift and change with unforeseen obstacles, barriers, delays and other potential diversions from the timelines to be outlined within this section.

The provisions outlining the following timelines allow the City of Mendota to evaluate the revenue contributions in compliance with the approved county tax rates. Additionally, the timelines to be outlined include the following: (A) Permit Inspection; (B) Anticipated Compliance; (C) Operational to Revenue Generation;

**(a) PHASE ONE: City Permit Process and Inspection; 90 days.**

Upon consideration, MDC will open the facility for inspection to county officials to ensure all site features meet and or exceed construction guidelines along with the provisions set forth within the City of Mendota code in relation to cannabis production facilities. Any recommendations or mitigation orders provided by the inspections will then usher in Phase Two of the process in which all potential issues identified will be mitigated and brought up to code within a 30 to 45-day time frame. Security and additional environmental issues can be addressed for full compliance during this time. No cannabis product will be present during this phase.

**(b) PHASE TWO: Build out and Preparation; 60-90 days.**

Upon tentative permit approval, installation of buildings, security features, equipment and fencing will occur. The site will be open to the continuous inspection of City of Mendota and other appropriate government-authorized officials. No cannabis product will be present during this phase.

**(c) PHASE TWO: Anticipated Compliance and Re-Inspection; 30-45 days.**

Upon completion of build out, MDC will request inspection of proposed final site. In anticipation of any corrections or modifications resulting from inspection, MDC intends to use this time frame to ensure full compliance with City of Mendota code and all other applicable regulations and ordinances. Upon completion of the recommended upgrades and changes outlined by City of Mendota inspectors, the facility will essentially act as a turnkey production facility moving forward into Phase Three. No cannabis product will be present during this phase.

**(d) PHASE THREE: Operational to Revenue Generation; 3-4 months.**

During this phase, MDC will begin operations and training operations to ensure revenue generation that will provide for operational budgets, tax payments and additional investment in to the business and community.

## Management Organization

### **George Boyadjian**, President and Chairman of the Board of Directors

Mr. Boyadjian is a leading professional of the cannabis industry with 10 years of professional experience in all types of cannabis businesses, including retail, manufacturing, delivery and cultivation. His company, 420 College, has facilitated seminars and workshops throughout California, Washington, Oregon, Nevada, Arizona, Illinois and Florida since 2009. He has provided thousands of entrepreneurs on proper business start-up and operations. 420 College is now a recognized brand in the industry.

Growing out of the need for proper management for continued success, Mr. Boyadjian founded FTG Management Group, Inc. which has assisted clients in establishing, operating and maintaining compliant businesses in California, Oregon and Washington since 2013.

Mr. Boyadjian has years of experience working with various members of the cannabis industry, planning departments and Cities to propose solutions to anticipated or real concerns. Many proposed solutions and management plans are made in coordination with city and community members. Examples of collaborated solutions include increased security monitoring, the “no cash” on site policy, no outdoor or billboard advertising, odor management and a host of other measures which ensure constant safety and compliance while protecting the business interest and the City’s interest in safety and community development.

### **Steve Crane**, Executive Vice President and Director

Steve Crane is a highly experienced and dynamic executive who has worked as an entrepreneur, CEO and venture investor in the Los Angeles area for over thirty years. Since 2000 he has invested in and joined the boards and management teams of numerous startup and emerging growth companies.

He is perhaps best known for his work with CorpHQ Inc., a publicly traded venture incubator. Formerly an Internet destination for small businesses, he reacquired the company in 2000, then reorganized, recapitalized and built it into one of the most successful venture incubators in Los Angeles during the period. From 2001-2007 the company built seven companies, taking two to the public markets. During that period, CorpHQ generated five consecutive years of quarterly revenue and earnings growth. After taking the company private, he continued his work in venture finance with the surviving entities until 2016.

He originally co-founded CorpHQ in 1993, as the Internet’s first business-to-business destination for the small office-home office market. Under Steve’s leadership, the company grew rapidly, went public and then consolidated into a larger publicly traded Internet company in late 1999.

Steve Crane has also participated in high profile, emerging public company industry advocacy efforts. He served on the National Association of Securities Dealer's OTC-Bulletin Board Best Practices Committee in 1999; co-founded The CEO Council, a Washington DC-based advocacy organization in 2002; and testified before White House staff and Congressional Members in 2003-2004.

**Daniel Parra, Advisory Board Member**

Dan Parra is the Mayor Pro Tem for the City of Fowler, California and is active in various community organizations in the Central Valley. He is the Chairman of the City of Fresno, California's Economic Opportunities Commission, President of the League of California Cities Latino Caucus, and a commissioner for the Fresno Local Agency Formation Commission. He is committed to serving and supporting the members of his community, and continues to be a strong advocate for the cannabis industry in general and EDH companies and operations, in particular, throughout Central California.

**Randy Lewis, CFA, Chief Financial Officer**

Randy has been a private consultant for nearly 20 years – with deep experience in valuation and appraisal, business plan development and capital market consulting, as well as strategic planning, CFO services and corporate finance. He has extensive experience working with retail and restaurants, Internet and tech companies, including SaaS and mobile app businesses, and professional service companies including health care practices, physicians, and attorneys. Other types of businesses include, but are not limited to, magazine publishers, light manufacturing, beverage distributors, and medical device distributors. Business plan and valuation clients have ranged in size from startups to public companies with sales in excess of \$100 million.

He received his Bachelor's Degree in Finance with honors from California State University, Fullerton, an MBA from the Anderson School of Management at UCLA, and earned the Chartered Financial Analyst (CFA) designation in 1999 and the Certified Valuation Analyst (CVA) designation in 2010. He was also an accounting and finance lecturer at the Martin V. Smith School of Business & Economics at California State University, Channel Islands (CSUCI), and an assistant professor of finance at Los Angeles Pierce College. He has also served as interim and acting CFO of several companies, both public and private. Randy combines complex analytical abilities, and a keen understanding of the drivers and competitive forces of several industries, with the ability to effectively and succinctly communicate at all levels of the business community.

**Barry Jahn, Vice President – Compliance**

Barry Jahn is a talented cannabis cultivator, building contractor and Compliance Engineer in the petroleum and process industries. To begin his career, he worked as licensed building contractor in Southern California for fifteen years. After receiving engineering certifications in 1999, he entered the petroleum and process industries. In 2002, he managed Inspection and Safety on the US Air Force's \$350 million refueling project at Hickam Air Force Base in Honolulu, Hawaii.

The next stop for Barry was the North Slope of Alaska at the legendary BP/Exxon production facility where he served as the Managing Inspection and Safety Engineer, with over 350 direct reports. He returned to Southern California in 2008, and has since split his time between producing high quality cannabis and consulting to the petroleum and process industries as a Managing Safety and Compliance Engineer.

**Bryce Yaws, Vice President – Cultivation**

After two tours in Iraq as a Navy Corpsman and an award-winning stint in the field of music composition and scoring, Bryce began his career in the cannabis industry in 2015 with Lotus Family Farms. His work in medical cultivation predated the legalization of recreational cannabis in the state of Oregon. After a successful season, Lotus Family Farms upgraded to become one of the first tier 2 recreational farms in the state of Oregon. From the successes of Lotus Family, he was offered seminar positions for 420 College. There he travelled the country as a speaker on behalf of cannabis growers and operators. He recently created his third company, Othello Operations Inc., a cannabis management and operating company. At the young age of 30, Dennis Bryce Yaws has lived an extraordinary life, and is a key asset to the future growth of the Company.

**Tim Diaz, Vice President – Business Development**

Tim has been a fixture in Central California's Cannabis Industry since 2014. As the Co-Founder and President of Turn and Cough Extracts ("TACE"), he built a robust market for this craft producer of high-quality extracts. In 2015, he co-founded "City of Trees Smoke Out," Central California's first weekly cannabis festival and enthusiast community, which still operates and serves hundreds of recreational and medicinal customers in Stockton and Sacramento, California.

**Corey Greenberg, Vice President – Manufacturing**

As Co-Founder and Chief Manufacturing Engineer at TACE, Corey manufactured a well-known and highly successful line of craft cannabis extract products. He is expert in multi-grade production using closed-loop, light hydrocarbon extraction systems, pre and post product grading and end product manipulation. His knowledge and innovations are unique in the industry and have proven to produce the highest quality, most sought after extractions.

**Maria Elena Baker, Vice President – Administration**

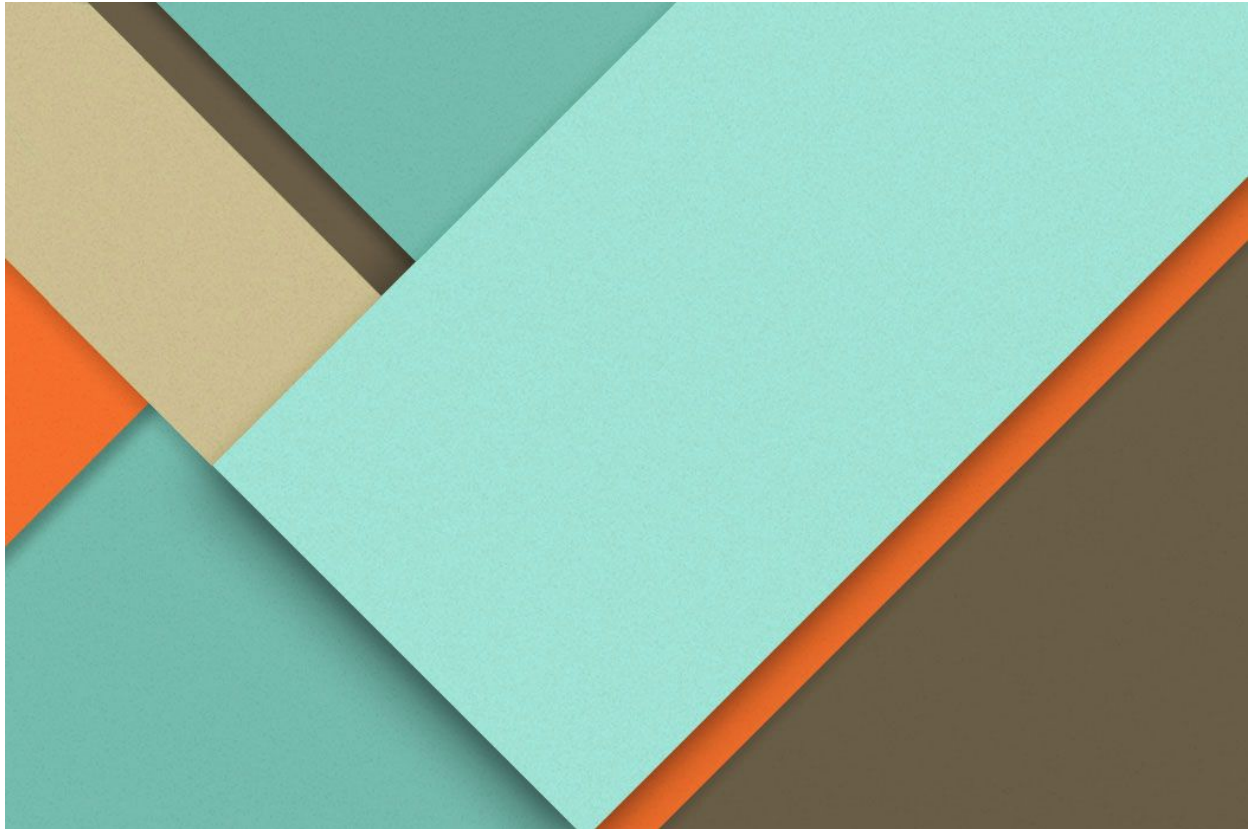
Ellie has spent her career managing operations and administration departments for mid-sized accounting firms, and is both an Accountant and trained Human Resources professional. A California native, she moved to the East Coast to obtain her education and then entered the accounting field. A bilingual (Spanish) specialist in high volume, fast moving, complex environments she is a paragon of efficiency and a powerful advocate for transparent and well-managed internal controls and procedures.

**Monica Carrera, PHR, VP-Human Resources**

Monica is a strategic and tactical senior Human Resources professional with 10+ years of leadership experience in high-growth software, technology, start-ups, multimedia, and retail companies. She has proven experience in high-growth businesses, delivering and executing strategies to align people with business objectives and leadership, developing culture and engagement, collaborating, building, and leading business partnerships, org programs/communications, talent management and performance management. She currently operates a human resources consulting practice and is an Extension Course Instructor at UCLA. As the Head of HR, Consultant for Habitat for Humanity she created and manages business operations and infrastructure. She also serves as Senior HR Consultant for Beautycon Media, where she has developed compensation design and communication strategies, directed employee relations, and implemented recruitment strategy and performance management process.

**Matt Bennett, Sales and Distribution**

Matt is a dynamic sales executive with 15 years of experience in sales and management of high performing sales organizations. As President of Empire Retail, he built the manufacturer's representative company from concept to a national operation in 10 years. Empire operated sales teams that addressed a market of over 5 million people annually. Representing a number of consumer products companies, Matt designed and implemented sales strategies that generated spectacular sales and profit growth for each client. Matt is a consummate entrepreneur and a prototypical sales director. He has built numerous long-term relationships in the cannabis industry and direct sales channel across the state that allows him to bring products to market rapidly and with extraordinary rates of success.



# HIGHER PLANE CULTIVATION

Business Outline and Executive Summary

**Higher Plane Cultivation and Distribution**

**420 Mary Jane Lane**

**Mendota California**

## **Overview**

We are a collection of highly motivated and seasoned professionals with a combined nearly 100 years of experience in all aspects of business management, cannabis cultivation, marketing, logistic and legal. Although we come from a variety of backgrounds this is a great source of strength. Every bit of knowledge, contacts and experience will be leveraged to its fullest. Starting with the right team is the best chance of success, although it's not the only ingredient needed. Combined with a very unique opportunity with the City of Mendota and a booming industry poised for exponential growth, gives us a very unique and profitable opportunity.

## **Goals**

1. Create a company with enough internal synergies to make us an immediate force within the industry while maximizing profits.
2. Reimburse our investors according to the terms of the agreement or better.
3. Maintain a hands on relationship with the City of Mendota so we can best impact the lives of the citizens and future generations. 2.5% of GROSS sales will be given back to the community to fund projects that will have a lasting impact.

## **Company Goals and Strengths**

Create a company that specializes in the cultivation, manufacturing and distribution of legal cannabis in the heart California. The industry can be summarized into a few categories.

- 1. Cultivation**
- 2. Manufacturing**
- 3. Laboratory Testing**
- 4. Distribution**
- 5. Retail**



We have the opportunity to combine numbers #1, #2 and #4. This puts us on strong ground, much more than most startup companies. For example, a farmer typically doesn't deal with sales and marketing aspects which involves everything from packaging to customer contact and maintenance. They wouldn't know where to start. (the new regulations stipulate the product MUST go through a distributor before the retailer)

Our plan includes the acquisition of an already approved 50 acre parcel in the city of Mendota for the cultivation, manufacturing and distribution of cannabis. It's important to stress this parcel is already zoned and approved for this project. There are several specialized state and county licenses still required, but we have fully accounted for those costs and the legal assistance to help facilitate the process in our cash flow. Once the final permitting is issued by the state of California the property is expected to immediately double or triple in value. Even though we will only be developing a maximum of 3.5 acres to start, we are willing to commit the entire property in order to secure financing, including all structures, equipment and licenses. The city has the option to break up the parcel into multiple pieces but has indicated they much prefer a single company to buy and manage the property. (cities are not in the property management business)

## **Sales Strategy**

Our unique business model allows us to price our product significantly cheaper than any other competition currently on the market. Our financial models use a distributor price of \$1,250 per pound, compared to the standard \$1,800 per pound. Our quality and pricing will be unmatched. This is only one aspect of our sales and marketing strategy. We believe in a multi-pronged approach, this includes.

- a. Aggressive pricing structure
- b. Innovative packaging and product placement
- c. Customer loyalty and incentive programs not just for the retailer but also the end consumer.
- d. Enter and WIN competitions for flower and concentrates, are essential to building brand awareness.
- e. Develop several "brand names" which will be sold and marketed as individual brands. Each brand will tailored to fit the economic budget of the end consumer. This allows us to have a presence at every price point but just as important, we can take a larger portion of available shelf space without compromising the retailers ability to offer different brands.

- f. This practice is done out in the open with companies like Toyota/Lexus and Gap/Old Navy. When (Michael) owned his manufacturing company he deployed this very same strategy while selling products to Walmart. The motivation was sell cheaper product while still preserving the brand integrity at higher-end stores like Costco or Harry and David.
- g. Create and implement an appropriate marketing strategy/budget that gives the most effective tools to obtain the most profitable sales.
- h. Concentrates: We have not fully addressed this issue but this is the fastest growing segment in the cannabis industry. Which is great news for us considering concentrates enjoy double the profit margins than flower. Steven Carter has decade of experience in this field and already produces award worthy product. In the interest of staying conservative, none of the projections reflect sales of concentrates.**

## **Future Growth**

We are building a total of five (5) greenhouses on the developed 3.5 acres the remaining developed property has the ability to double that capacity or more. In addition there is a remaining 46.5 (approved) acres ready for development.

Every year more and more states are either legalizing medical or recreational cannabis. It will only be a matter of time before “the walls come down” on a federal level opening up the entire country for our product. As pointed out earlier, we are in the best possible location in the entire country and poised to be a major cultivation and distribution facility. It's important to note, once these approved lands and licenses are given out that's it, there will be no more issued. This is a once in a generation opportunity to get in on the ground floor of a booming industry that is not going away.

# Threats

After some research we have two possible threats to our long term health that an investor might be concerned about.

- 1. Price per pound of Cannabis**
- 2. Overall economy**
- 3. Competition**

Price per pound: We look to Colorado for pricing trends and it's been on the decline but seems to have stabilized around \$1,000 per pound (wholesale from the farmer). California is still enjoying better pricing but we can only assume as the industry matures the pricing will follow suit. We have two major advantages, first we will take care of our own market sales and distribution in house. Even in Colorado this brings the pricing up to \$1,800 per pound, but to be conservative we have used the price of \$1,250 a pound in our financial models. It's important to note at this time our cash flows DO NOT include the sale of concentrates. Concentrates or oils are a huge part of the industry and the fastest growing segment. Concentrates also enjoy a nearly double profit margin as just the buds/flowers. Even though we have an aggressive plan and the experienced people needed to dive into that aspect of the industry, was left off the projections because at every point we believe it's important to be as conservative as possible.

In a recent Forbes article discussing the long term viability of companies in the cannabis industry, they came to the conclusion that "Unless you are on the West Coast growing in greenhouses or Latin America, all the beautiful indoor grow rooms in Pennsylvania and New Jersey will be beautiful dinosaurs." Not only do we fit this description perfectly but the operation is IDEAL spot for cultivation and distribution to both Northern, Southern and Central California. All this works greatly to our advantage and long term health.

Overall economy: There's an old saying, "When times are good people drink, when times are bad people drink" A large portion of the industry is also medical which translates into a model that is immune and efficient to economic conditions.

Competition: There is no one solution for competition, except a commitment to quality, creativity combined with a comprehensive marketing strategy. Executed correctly the cumulative effect is become leaders in our industry. We help set the trends, other companies look to us for inspiration while wondering... "How do those guys come up with this stuff?"

## **Our Team:**

### **Mario Disalvo:**

*Chairman of the Board, chief legal consultant.* Mario has over 2 decades of experience in all facets of criminal law and is a highly respected member of the legal community.

### **Michael Muhawi:**

*Director of Operations/Marketing:* Michael brings over a twenty year track record as a successful businessman who owned and operated a 20 million dollar national manufacturing company. Ultimately negotiating a multi million dollar buyout. He has an impeccable record and commitment to his community and employees. Even receiving special congressional recognition awards for his service to the immigrant community by providing stable employment. Including numerous community outreach programs.

### **Steven Carter:**

*Director of Cultivation and Manufacturing:* Steven has over a decade experience in cultivating and managing operations for some of the biggest names in Northern California. Cultivation is an art as much as a science and his knowledge is key to our success. Imagine a brewery without a brewmaster or winery without a master "vintner". Also, his knowledge of concentrates is world class and we look forward to dominating the competition circuit

### **Valunt Montgomery:**

*Director of Distribution and Sales :* Valunt, a former US Army reservist, has 20 years experience in the cannabis industry with emphasis on logistics. He will be in charge

of accounting for all finished inventory and head all of our distribution efforts ensuring safe and timely deliveries.

## **Community Outreach**

There is NO LIMIT or cap on the amount of money that can be earned by the city during the year. Based on the 2.5% of our company's gross sales, we estimate the city will earn nearly 1 million dollars in the first 3 years of operation.

We are committed to hiring at least 50% of our labor workforce from Mendota. We will pay for all training and offer benefits.

As a good faith gesture we would like to offer an additional \$50,000 to the asking price of the land that can be used by the city in any manner it sees fit that best impacts its citizens.

In the event that our company has the opportunity for a strategic acquisition, the terms with the city are passed on to the new buyer. The 2.5% is forever and will be non-negotiable with potential buyers.

## **Security Plan**

Ron Sawl owner and founder of the Police Science Institute will be developing and implementing a world class security plan. Ron's company trains FBI, Department of Homeland Security and various other government agencies. There is NO ONE better to be working with and we are truly privileged to have the opportunity. When the architect draws up detailed plans Mr. Sawl's company will be able to assess and determine exactly what is needed. An appropriate budget has been allotted for these costs. These plans will be passed on to the city as soon as they become available.

## **Financial Projections**

We are providing a three (3) year cash flow with an estimate of how and when will be able to service our debt. We believe a projection also serves as a road map for this project with clear objectives. Much of the information is derived from facts and years of experience while other parts were educated guesses. It is crucial that as we move forward systems are implemented to track our financial parameters on a monthly basis so we can accurately compare reality vs. projects. Allowing us to make course corrections in real time as needed. Michael Muhawi has decades of experience creating these systems for a multimillion dollar manufacturing operation and we are confident in our ability to stay accountable to ourselves and our investors.

## **Contact Information**

**Derrick D. Walker**

**559-724-1139**

**[vfdenterprisellc@gmail.com](mailto:vfdenterprisellc@gmail.com)**







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**AGENDA ITEM – STAFF REPORT**

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**TO:** HONORABLE MAYOR AND COUNCILORS  
**FROM:** MATT FLOOD, ECONOMIC DEVELOPMENT MANAGER  
**VIA:** CRISTIAN GONZALEZ, CITY MANAGER  
**SUBJECT:** APPROVAL OF THE CDBG PROGRAM INCOME REUSE AGREEMENT  
**DATE:** JANUARY 22, 2019

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**ISSUE**

Approving the resolution that will allow staff to submit the documentation necessary to use CDBG funds for a construction project at Rojas-Pierce Park.

**BACKGROUND**

The City Council must approve a resolution that would allow the City Manager to enter into an agreement by which the City would be allowed to use program revenues on the expansion of the Rojas-Pierce Park.

A notice was published in the paper announcing there would be a hearing, in conformance with Department regulations.

**ANALYSIS**

Approving the Resolution will allow staff to submit the required paperwork to go through the waiver process, which would allow these funds to be used in the project that Council wishes to do to create an additional baseball field and move the old soccer field.

**FISCAL IMPACT**

If approved by the State, the future expenditure of approximately \$330,000 of past CDBG revenues.

**RECOMMENDATION**

Council discuss the issue; the Mayor perform a public hearing to take comment from the public; and Council adopt Resolution No. 19-07.

**NOTICE OF PUBLIC HEARING FOR CDBG PI WAIVER REQUEST  
& REUSE PLAN AGREEMENT**

NOTICE IS HEREBY GIVEN that the City of Mendota will conduct a public hearing on January 22, 2019 at 6:00 p.m. at the Mendota City Hall, City Council Chambers, 643 Quince Street, Mendota, CA 93640 to discuss the approval of the CDBG Reuse Plan and Agreement and the submittal of a Program Income Waiver application to the State Community Development Block Grant (CDBG) Program and to solicit citizen input.

Eligible activities for the CDBG Program Income funds consist of: Homeownership Assistance and Housing Rehabilitation Programs; Public Facility and Public Improvement Projects (Including Public Improvements in Support of New Housing Construction); Public Service Programs, Planning Studies, Economic Development Business Assistance and Microenterprise Activities. Eligible activities paid for with State CDBG funds must meet one or more of the three national objectives listed in CDBG federal statues as follows: Benefit to low income households or persons; elimination of slums and blight; or meeting urgent community development need.

The City of Mendota is proposing the following activity for the Program Income funds available including General Administration funds:

CDBG Park Facilities Project	\$329,955.00
Developer Mitigation Fees	\$750,000.00
City Mitigation Fees	\$306,981.00

The purpose of this public hearing will be to give citizens an opportunity to make their comments known on the proposed application of Program Income project(s).

Interested persons are invited to attend the Public Hearing and/or submit comments in writing. Written comments should be submitted to the City Clerk's Office, Mendota City Hall, City Council Chambers, 643 Quince Street, Mendota, CA 93640. In addition, information is available for review at the above address between the hours of 8:00 a.m. to 5:00 p.m. Monday through Friday.

If you plan on attending the public hearing and need a special accommodation because of a sensory or mobility impairment/disability, please contact the City Clerk at (559) 655-3291 to arrange for those accommodations to be made.

The City of Mendota promotes fair housing and makes all its programs available to low and moderate-income families regardless of age, race, color, religion, sex, national origin, sexual preference, marital status or handicap.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM  
(CDBG)  
PROGRAM INCOME (PI) REUSE AGREEMENT

*Execution of the this Program Income (PI) Reuse Agreement by both the Jurisdiction and the California, State Department of Housing and Community Development (Department) provides official notification of the Department's approval for the Jurisdiction to expend PI funds under the State's administration of the Federal Community Development Block Grant Program (CDBG) for (1) State Non-Entitlement Jurisdictions; and (2) former State Non-Entitlement Jurisdictions that are now Entitlement Jurisdictions; pursuant to the provisions of 42 U.S. Code (U.S.C.) 5301 et seq., 24 Code of Federal Regulations (CFR) Part 570, Subpart I, and 25 California Code of Regulations (CCR), Sections 7050 et seq. CDBG funding is listed in the Catalog of Federal Domestic Assistance as 14.228 - CDBG Community Development Block Grant Program. The Agreement also includes asset repayments from activities administered under Disaster Recovery Initiative (DRI) contracts.*

*By completing this PI Reuse Agreement and signing the end of this document, the Authorized Representative certifies the Jurisdiction has read, understands and will adhere to the PI Reuse Overview and Process discussed in the first section of this document, the Jurisdictional Certifications in the second section of this document, and Department of Housing and Community Development (hereinafter Department) terms and conditions in the third section of this document.*

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**SECTION ONE: OVERVIEW AND PROCESS**

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JURISDICTION: \_\_\_\_\_

GOVERNING BODY ADOPTED ON: \_\_\_\_\_

This PI Reuse Agreement establishes policies and procedures for the administration and utilization of PI received as a direct result of eligible activities funded under CDBG and DRI contracts with the Department. *For payments generated under DRI contracts, while the funding was loaned under DRI, when a payment is received, per DRI regulation, the payment becomes CDBG PI.*

**Applicability of this Agreement:**

This PI Reuse Agreement between the Jurisdiction and Department is required by CDBG Federal Regulation. This Agreement allows Jurisdictions receiving repayments from CDBG and DRI assets to spend those PI funds in the absence of an active Department CDBG grant contract. This Agreement applies to all current Department-eligible Non-Entitlement Jurisdictions and HUD Entitlement Jurisdictions that are receiving Department Non-Entitlement PI funds (CDBG and DRI).

## RECEIPT OF PROGRAM INCOME

Pursuant to the definition of PI found at 24 CFR 570.489(e)(2), repayments of assets generated from use of CDBG funds received by the Jurisdiction from the Department are PI. These repayments of loans, lease payments, and proceeds of asset sales will be deposited into one of three separate local PI accounts depending on what activity generated the PI. It is possible that the Jurisdiction may have up to three separate accounts with which to manage PI.

1. If the Jurisdiction has a Department approved Revolving Loan Fund (RLF) for Housing and/or Economic Development (ED), any PI from Housing or ED activities must be deposited into the RLF associated with the activity that generated the PI.

This means:

- a. Housing PI must be deposited into the Housing RLF.
- b. ED PI must be deposited into the ED RLF.

**Note:** *The accounts for each RLF must be separate accounts, however, both must be interest bearing.*

2. If RLF(s) are not approved for use, the Jurisdiction must deposit all CDBG repayments into a single regular PI account which must be separate from either of the RLF accounts, but it must also be interest bearing.
3. If repayment comes from a loan or asset that was originally paid with CDBG and non-CDBG funds, the PI accounting and reporting must reflect the correct amounts and proportions of CDBG PI and non-CDBG funds invested in the asset. Only the CDBG portion of the repayment is deposited into one of the three PI accounts.

## OVERVIEW OF WAYS TO USE PROGRAM INCOME

*There are five (5) ways to manage PI under the Agreement. They are:*

1. *Expend PI and RLF monies first on active grant contract activities;*
2. *Expend PI for General Administration (GA) Activities (up to allowable limits);*
3. *Expend through an approved PI Revolving Loan Fund (RLF);*
4. *Expend PI on an approved waiver activity when no active contract is in force; and,*
5. *Return PI annually to the Department.*

The undersigned Jurisdiction certifies that PI will be expended first when there is an active grant contract with the Department. PI being received when there is no active grant contract will be deposited into separate accounts for approved activities under this Agreement (via GA, PI Waiver or RLF) and only be distributed and expended, as follows:

### **1. Expend PI and RLF Monies First on Active Grant Contract Activities:**

If the undersigned Jurisdiction has an active grant contract with the Department, all PI on hand must be expended on open grant activities, prior to requesting grant funds from the Department.

If the undersigned Jurisdiction has a Department approved PI Revolving Loan

Fund (RLF) per this Agreement, and has an active grant contract which includes the same eligible CDBG activity as the RLF, the RLF monies must be expended first before requesting any contract funds from the Department. PI must always be expended first on active contract activities, prior to requesting grant contract funds.

See the Chapter on Program Income and Revolving Loan Funds in the Department's CDBG Grant Management Manual (GMM) for additional information regarding use of PI to pay costs for activities under an active grant contract in the Department.

2. **Expend PI General Administration (PI GA) for GA Activities (up to allowable limits)**

The undersigned Jurisdiction must track a calculation of up to seventeen percent (17%) of PI received annually for eligible GA costs. However, the seventeen percent (17%) PI GA only applies to PI received that is **not** generated by a RLF activity.

PI, including PI GA, must be expended first, prior to requesting funds from the Department under an active grant contract. PI GA funds cannot be held and used only as PI GA costs are incurred. All PI must be spent prior to the next funds request submitted. The Jurisdiction can choose to keep an accounting of the total amount of PI GA available for use based on all regular PI received and report this on Department PI Reports semi-annually.

PI GA funds cannot be used for planning studies or technical assistance activities, these activities can only be funded under awarded grant contracts. See the PI Chapter for further details on eligible PI GA activities under this Agreement.

3. **Expend PI through an approved PI Revolving Loan Fund (RLF):**

To establish one or both of the RLFs discussed below, the undersigned Jurisdiction must submit formal written request for Department approval using the required process included with this Agreement.

The undersigned Jurisdiction agrees to all the Department's RLF requirements as stated in this Agreement and detailed in the GMM Chapter.

**The two RLFs and their corresponding definitions, as permitted by this Agreement, are:**

**A. Housing Revolving Loan Fund (RLF)**

Eligible housing activities under this RLF include:

- I. Housing Rehabilitation (HR) - Single Unit Residence program for **owner and/or tenant occupied** properties. Matrix code **14A**.
- II. Housing Rehabilitation (HR) - 2-4 Units program for **tenant occupied**

properties. Matrix code **14B**.

- III. Housing Acquisition (HA) - Single-family program for homebuyer assistance. Matrix code **13**.

#### **B. Economic Development (ED) Revolving Loan Funds (RLF)**

Eligible ED activities under this RLF include:

- I. Business Assistance (BA) program (direct financial assistance to a for-profit business). Matrix code **18A**; and,
- II. Microenterprise Financial Assistance (ME Loans) program. Matrix code **18C**.

The undersigned Jurisdiction will ensure that their programs have appropriate and up-to-date Guidelines and will administer the programs according to CDBG Regulations and policies and procedures. Per the above activities Grant Management Manual Chapters, Program Guidelines must comply with those rules. **Note:** *CDBG is now requiring that Housing Rehabilitation Guidelines (1-4 Units) be separated into two guidelines: Owner-Occupied (1-unit) and Tenant-Occupied (1-4 Units). At minimum the Housing Rehabilitation Guidelines must be separate by two sections.*

Department written approval must be received before incurring any activity or activity delivery costs associated with implementing any activities under the approved RLF. All approved RLF projects, will be required to be reported to the Department via the applicable CDBG Set-up/Completion reports.

#### **4. Expend PI on an Approved PI Waiver Activity when no active contract is in force.**

The undersigned Jurisdiction may only utilize the Department's PI Waiver process when it has no active grant contracts with the Department. Once there are no active contracts with the Department, the undersigned Jurisdiction can have up to two active eligible CDBG activities approved by the Department, for which PI may be expended. Waivers will consist of a single program, service or single project activity. If it is a single program activity, it cannot be the same program activity as funded under an approved RLF.

The undersigned Jurisdiction will follow all PI Waiver procedural requirements as stated in the PI Chapter of the GMM.

Written Department approval is required before expending any PI funds on a Waiver activity. Each Waiver activity must clear the activity General Conditions, and any Special Conditions, which include Federal overlays as posted on Department's webpage.

A PI Waiver project can only be approved if the total project / program cost for the proposed activity is on hand in the Jurisdiction's PI account. Future PI may not be committed for PI Waivers.

The undersigned Jurisdiction understands that PI Waiver activities are limited to two active projects, services and/or programs, and will remain active until close out has been completed and approved by the Department. Each approved Waiver activity will be set up with the Department using current Set-Up Report.

The undersigned Jurisdiction understands if they receive a subsequent award of CDBG funds, upon execution of the new grant contract all waiver activities are to be completed first, after which, PI must be expended first on the active grant contract activities. PI Waivers will not be included in the grant, because Supplemental activities will be included in contracts.

**5. Return PI to the Department**

The undersigned Jurisdiction has the option to return PI back to the Department. However, semi-annual and annual reports are still required to confirm PI being returned.

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## SECTION TWO: PROCEDURES AND USE OF PROGRAM INCOME

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*Since CDBG is a Federal funding source, Citizen Participation is required when utilizing any of the five (5) ways to use PI listed above. Those requirements are incorporated below.*

The \_\_\_\_\_ certifies that:

1. **Resolution:**

The PI Reuse Agreement was formally adopted via resolution on \_\_\_\_\_ by the Jurisdiction's Governing Body, executed by the Authorized Representative and submitted to the Department with certified copy of the approving resolution attached for full execution.

2. **Citizen Participation:**

Each of the processes discussed in this Agreement will be carried out in compliance with the CDBG Citizen Participation process, as specified in Federal Regulations at 24 CFR 570.486, and Jurisdiction's public hearing requirements.

3. **Governing Compliance:**

The undersigned Jurisdiction certifies the administration of all CDBG eligible activities conducted under the above described Ways to Spend PI, will be conducted in compliance with all current State and Federal Regulations and policies, including all applicable GMM chapters and Department Management Memorandums.

4. **Ineligible Activities and Costs:**

The undersigned Jurisdiction acknowledges that if ineligible activities or costs are paid for with CDBG PI, those funds must be returned to the Jurisdiction's PI or RLF account (whichever account expended ineligible funds) using local Jurisdiction funds.

The undersigned Jurisdiction acknowledges that ineligible activities or costs paid for with PI under an active grant contract must be repaid to the Department using local non-Federal funds.

5. **Jurisdictions Leaving the State Non-Entitlement Program and Jurisdictions Entering the State Non-Entitlement Program:**

The undersigned Jurisdiction certifies that it will follow these procedures when leaving or entering the State CDBG Program:



**A. 24 CFR 570.489(e)(3)(iii) Transfer of program income to Entitlement program.**

Jurisdictions that were State CDBG Program participants but become entitlement communities or part of an urban agreement, have the following options for PI and RLFs:

PI not associated with a RLF, the jurisdiction must:

- 1) Complete the process to certify they will be reporting the State PI into the Entitlement Programs process, including receipting the CDBG proceeds into IDIS; or,
- 2) Return all State CDBG PI to the Department, the amounts on hand once the HUD agreement is signed and as it is received until all PI generated by State CDBG funding has been returned.

PI in an approved RLF:

Entitlement jurisdictions and those who are part of an urban agreement may keep their RLF(s) and monies within an RLF as long as the following is met:

- 1) They have a State PI Reuse Agreement signed by the Department and the City/County Authorized Representative.
- 2) Agree to operate the RLF under the Department's RLF rules going forward.
- 3) Report all expenditures and accounting of RLF(s), as required by the Department.
- 4) The Jurisdiction shall be required to have: a) loan servicing policies and procedures; and, b) asset management policies and procedures, pursuant to the Department's Grant Management Manual Chapter on Asset and Real Property Management.

**B. 24 CFR 570.489(e)(3) (iv) Transfer of program income of grantees losing Entitlement status.**

Upon entry into the State CDBG Program, a unit of general local government that has lost or relinquished its Entitlement status must submit a letter to the Department, signed by the Authorized Representative stating which of the following options the jurisdiction will be implementing. Keep in mind, that retaining Entitlement PI while participating in the State CDBG Program will require PI reporting for both sets of funding. Entitlement PI and any PI generated by State CDBG fund cannot be comingled.

Within 90 days of leaving the Entitlement Program to join the State CDBG

Program, the jurisdiction must certify that it will either:

- 1) Retain PI generated under Entitlement grants and continue to comply with Entitlement Program requirements for PI, including reporting it into IDIS or the urban county; or,
- 2) Retain the PI and transfer it to the State CDBG Program, in which case the jurisdiction must comply with the State's rules for PI and RLF contained in this Agreement and current PI Chapter in the Department's CDBG Grant Management Manual.

## **6. Requirements of Program Income**

This PI Reuse Agreement is intended to satisfy the requirements specified in Federal Statute and Regulation at Section 104(j) of the Housing and Community Development Act ("the Act"), as amended in 1992 and 24 CFR 570.489(e) and (f). These statutory and regulatory sections permit a unit of local government to retain PI for CDBG-eligible activities, with Department approval. Under Federal Guidelines adopted by the State of California's CDBG Program, local governments are permitted to retain PI as long as the local government has received advance approval from the State of a local agreement that will govern the expenditure of the PI. This Agreement has been developed to meet that requirement when an active contract between the Department and the undersigned Jurisdiction is not in force.

The undersigned Jurisdiction certifies their PI will be used to fund eligible CDBG activities that meet a National Objective and any public benefit requirements. Eligible activities, National Objective and public benefit requirements are specified in Federal Statute at Sections 104(b), 105(a) of The Housing and Community Development Act of 1974, and in Federal Regulations at 24 CFR 570.482 and 24 CFR 570.483. The Jurisdiction understands, if it is determined that an activity/project funded with PI that does not meet a National Objective and/or meet the public benefit requirement, the Jurisdiction will be required to use its own local funds to repay the PI Account.

## **7. Definition of Program Income**

"Program Income" means gross income earned by the Jurisdiction from grant-funded activities and is subject to CDBG regulatory requirements pursuant to 24 CFR, Part 570.489(e) - Program Administrative Requirements as amended in the CDBG Final Rule, 24 CFR, Part 570.504 - Program Income, 24 CFR Part 85 – Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments, and OMB Circulars A-87 and A-122 as applicable. These regulations include the requirement that the Jurisdiction record the receipt and expenditure of PI as part of the financial transactions of the grant activity(ies).

For activities generating PI that are only partially funded with CDBG funds, such income is prorated to reflect the actual percentage of CDBG participation. Examples of PI include but are not limited to: payments of principal and interest

on housing rehabilitation or business loans made using CDBG funds; interest earned on PI pending its disposition; interest earned on funds that have been placed in a revolving loan account; net proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG funds; and, income (net of costs that are incidental to the generation of the income) from the use or rental of real property that has been acquired, constructed or improved with CDBG funds and that is owned (in whole or in part) by the participating Jurisdiction or Subrecipient.

**8. Fiscal Reporting of Program Income Receipts, Deposits and Disbursements**

The undersigned Jurisdiction certifies that CDBG PI will be accounted for using the Department's fiscal year timeframe (July 1 to June 30). All receipts of PI or RLF revenue (and the depositing of those funds into separate account(s)), and expenditures of PI in accordance with this PI Reuse Agreement, will be monitored and reported per the Department's fiscal year cycle. The undersigned Jurisdiction certifies that they will report using the Department's reports/forms and will submit them in a timely manner.

**9. Duration of This Program Income Reuse Agreement**

The undersigned Jurisdiction certifies that it and its Governing Body understand that this document is effective for five (5) years from the execution date by the authorized CDBG Representative listed in this Agreement. At that time unless here are no further CDBG PI assets generating repayments, or the Jurisdiction has become a HUD entitlement Jurisdiction and uses these funds for entitlement activities, a new PI Reuse Agreement will be submitted to the Department. The Department has the Authority to void the Agreement with notice for cause.

**10. Program Income General Administration (PI GA)**

- A. After the PI Reuse Agreement is executed, the Jurisdiction reserves the right to calculate and track up to seventeen percent (17%) of PI received pursuant to Section 1, item 2 above, for payment of eligible PI GA costs. PI GA will not be calculated for any RLF deposits. As noted above, these funds cannot be set aside since all PI must be expended first on whatever CDBG cost must be paid, however tracking the amount of PI GA generated by the Jurisdiction's PI revenue permits the Jurisdiction to use that amount on eligible CDBG costs that don't have to meet a National Objective, and ensures the Department is not exceeding the administrative funding cap of twenty percent (20%), as set by Federal statute.
- B. If more funds are expended than what is available under PI GA calculation, the Jurisdiction will be required to return the over-expended PI GA amount back into their PI Account.
- C. Ineligible PI GA costs will be required to be returned to their PI Account.
- D. PI GA funds, once approved for use, may be used to pay for costs

associated with receiving Department approval of PI activities funded under this Agreement. Before submitting any proposed PI activities (Waivers or RLF) for Department approval, the Jurisdiction must hold at least one formal public hearing to discuss eligible activities and proposed PI activities. Department recommends that this public hearing be conducted to review current fiscal year PI activities and proposed and possible activities for future Department applications.

## **11. Revolving Loan Funds (RLFs)**

- A. Pursuant to the criteria noted below, the undersigned Jurisdiction may be eligible to request Department approval of the Housing RLF and/or the ED RLF.
- B. RLFs listed under the Agreement will only be utilized after the Jurisdiction submits written certification and receives written Departmental approval certifying that the proposed RLF meets the Department's definition as follows:
  - 1) There are existing loans and assets from past RLF eligible activities that can be reasonably expected to generate repayments.
  - 2) The existing loans and assets have generated at least one loan repayment in the current fiscal year.
- C. The two RLFs and their respective CDBG eligible activities listed in this Agreement will be administered under the guidance and requirements provided in this Agreement and in the Department's current GMM Chapter on PI, and any subsequent policy, regulation, or statutory guidance from the Department.
- D. Pursuant to Management Memorandum 14-05 and/or the current PI Chapter in the GMM, the undersigned Jurisdiction certifies acknowledgement that the Department reserves the right to cancel the grantee's RLF and require the funds to be returned to the Department as a corrective action for significant, ongoing non-compliance with RLF rules.
- E. The two (2) RLFs listed below each have a multiple eligible CDBG Program activities. All CDBG rules pertaining to eligible RLF Program activities, including Department written approval for establishing, will be followed.

### **1) Housing Revolving Loan Fund**

Eligible housing activities under this RLF include:

- i. Housing Rehabilitation (HR) - Single Unit Residence program for owner and/or tenant occupied properties. Matrix code **14A**.
- ii. Housing Rehabilitation (HR) - 2-4 Units program for owner and/or tenant occupied properties. Matrix code **14B**.
- iii. Housing Acquisition (HA) - Single-family program for homebuyer assistance. Matrix code **13**.

## **2) Economic Development (ED) Revolving Loan Funds (RLF)**

Eligible ED activities under this RLF include:

- i. Business Assistance (BA) program (direct financial assistance to a for-profit business). Matrix code **18A**.
  - ii. Microenterprise Financial Assistance (ME Loans) program. Matrix code **18C**.
- F. Each approved RLF will offer all eligible activities under the RLF definition.
- G. Separate and formally adopted City/County Program Guidelines for each eligible activity must be completed by the Jurisdiction before requesting Department approval of a RLF. Program Guidelines and their approval date will be reviewed at monitoring.
- H. The undersigned Jurisdiction acknowledges that although all eligible activities under each approved RLF must be available, the Jurisdiction has the discretion to fund RLF loans for the activity or activities they deem to address the greatest need in their community.
- I. RLF receipts on deposit may be used for one or both single-family housing program activities. Although each Housing activity is required to be approved by the Department for use under the RLF, the Jurisdiction may choose to only operate one activity at a time or all three simultaneously.
- J. In addition, each approved RLF will meet the following criteria:
- 1) RLFs will operate on a fiscal year of July 1 to June 30 for accounting and performance reporting.
  - 2) Jurisdictions will set up RLFs as separate accounts (Housing and ED RLF accounts must be separate) with separate fund and transaction numbers. All other CDBG funds received as PI must be accounted for in a separate account.
  - 3) All accounts set up pursuant to 2.G.2 will be interest bearing.
  - 4) RLF monies will be expended first when the same RLF activity is funded under an awarded active grant contract.
  - 5) RLF projects may be funded with both RLF monies and an active grant contract.
  - 6) RLFs programs will not provide grants to eligible project activities. Thus, activities under an active contract that are funded using only grants rather than loans will use contract funds not RLF monies to pay for the activity. RLF Program activities that are also funded under an active contract, but limited to only grants to projects, will not require RLF funds to be spent first on the active grant activities.
  - 7) The RLFs will primarily provide financing instruments that will revolve, (i.e., loans), RLFs cannot fund projects primarily or solely with grants or forgivable loans.
  - 8) RLF receipts from loans or assets generated from the same program

activity (i.e., single-family housing rehabilitation loan repayments) will only be deposited into a Housing RLF. Thus, repayments from the same program activities that go into an RLF must be used for originating loans for the same program activities.

- 9) RLF PI balances will not be moved to another approved RLF account or to the Jurisdiction's regular PI account. The Department may use a State or Federal disaster declaration to formally allow for re-purposing of PI funds by the Jurisdiction. Funds approved by the Department for re-purposing to meet an urgent need are considered PI and must be expended first under active grant contracts or under approved waivers, if there is no active contract.
- 10) RLFs that become depleted of funds and do not have additional asset repayments to sustain revolving activities, such that no longer meeting the Department's RLF definition, will be canceled by the Department.
- 11) RLF PI received and deposited is not allowable for PI GA expenses thus, seventeen percent (17%) cannot be set aside as with Jurisdictions with separate PI accounts.
- 12) RLFs with no annual revolving activities (i.e., approved loans) are not able to be used by the Jurisdiction for reimbursement of non-revolving costs; therefore, activity delivery (AD) costs are not eligible. **AD costs are only eligible if one or more projects are funded and accomplishment data (i.e., beneficiaries) for those activity(ies), on an annual basis, are reported.**
- 13) RLF projects must be documented as meeting a National Objective. If a project does not meet a National Objective, then all expenses associated with the project (activity and activity delivery funds) must be repaid to the RLF with non-Federal funds.
- 14) Given that RLF revenue cannot be "banked" to remain eligible, a RLF must revolve. To meet the definition of revolving, the undersigned Jurisdiction will not have more than \$100,000 on deposit in an RLF within a fiscal year without making at least one loan. Nor will the undersigned Jurisdiction have more than \$500,000 on hand even if making loans each fiscal year.
- 15) The undersigned Jurisdiction certifies they are aware that the Department will address excess funds and revolving compliance by issuing finding letters to the grantee which could result in the Department cancelling the grantee's RLF, which immediately converts the funds to PI; and, therefore, must be used prior to drawing down grant funds.
- 16) RLF activity delivery funds (AD) may be used to pay for loan servicing costs.
- 17) Loan servicing costs under the RLFs are not eligible as PI GA costs, but are eligible AD costs. As such, loan servicing costs are only eligible if one or more loans are made in a fiscal year.
- 18) Citizens of the Jurisdiction must be the primary beneficiaries of all RLF

Program activities.

- 19) Financial and performance reporting on RLF projects will be done using current CDBG eligible activity Set Up and Completion Report forms, which will collect National Objective data and beneficiary demographics, as HUD required accomplishment information.
- 20) Additional financial reports for RLF PI deposits and expenditures will be done twice a year using the Department's current PI fiscal reporting forms.
- 21) The Jurisdiction will be required to repay the RLF account for ineligible costs or activities with local non-Federal funds.
- 22) Housing RLF Programs will meet the CDBG National Objective of benefit to Low/Moderate-income (Low/Mod) households, per 24 CFR Part 5 and in accordance with the Department's Income Manual.

K. Activity Specific Requirements:

**1) Housing RLF:**

- a. All Housing Rehabilitation and Homeownership Assistance Programs will only fund projects that meet a National Objective and comply with other State and Federal requirements, including Department Management Memorandums and GMM Chapters on Housing Rehabilitation, Multi-Family Rehabilitation (2-4 units) and Homeownership Assistance Activities.
- b. No more than nineteen percent (19%) of funds expended for **Housing Rehabilitation** in the RLF will be used for AD costs on an annual fiscal basis.
- c. No more than eight percent (8%) of funds expended in a fiscal year for **Homeownership Assistance** will be used to reimburse eligible AD costs.
- d. AD costs are not eligible until one loan is approved, closed and project beneficiary information is submitted.
- e. Projects cannot be provided grants.

**2) ED RLF:**

- a. Both ED Programs will only fund projects that meet a National Objective and comply with other State and Federal requirements, including Department Management Memorandums and GMM Chapters on **ME Loans** and **BA** Activities.
- b. For **ME Loans**, income eligibility must be met per 24 CFR Part 5 and in accordance with the Department's Income Manual. For **BA**, income eligibility is done based on meeting National Objective standard of providing jobs to Low/Mod income persons or area benefit for goods or services.
- c. No more than 15 percent (15%) of the total funds expended for **BA** or **ME Loans** activities shall be used to reimburse Jurisdiction for

eligible activity delivery (AD) costs on an annual fiscal basis.

- d. Annual AD costs are not eligible until one loan is approved, closed and project beneficiary information is submitted.
- e. For **BA**, local review and underwriting of business assistance projects requesting a CDBG loan under this RLF shall be conducted under the BA Program Guidelines that have been adopted by the Governing Body of the undersigned Jurisdiction.
- f. For ME Loans, the CDBG eligible activity of direct financial assistance to eligible microenterprise businesses will be conducted under this RLF. Local review and approval of microenterprise financial assistance projects requesting a CDBG loan under this RLF shall be conducted under the undersigned Jurisdiction's ME Loan Program Guidelines that have been adopted by the Governing Body. **Note:** *This subsection applies to Microenterprise loans only, not ME grants. Financial Assistance that is solely a grant cannot be made through an RLF.*

## 12. **Loan Portfolio and Asset Management Policies and Costs**

- A. The undersigned Jurisdiction certifies that it has asset management policies and loan portfolio servicing policies that are in compliance with HUD standards per 24 CFR Part 570, OMB Circulars A-87, A-122, A-133 and 24 CFR Part 85.
- B. The use of CDBG funds creates public financial assets. The public financial assets created can be in the form of loans or other repayment instruments which result in PI. Financial assets may also be in the form of real property or chattel (equipment and fixtures). All assets created from the use of CDBG funds must be administered in compliance with OMB Circulars A-87, A-122, A-133, 24 CFR Part 85. These policies will be used for managing all CDBG assets, including those which generate PI and RLF PI.
- C. General Administration PI funds may be used to reimburse the Jurisdiction for loan servicing and asset management costs. If the Jurisdiction has no PI GA available, GA funds from active grant contracts may be used to pay for eligible loan servicing costs.

## 13. **Program Income Waivers**

- A. The PI Waiver Submission Process will only be conducted when the undersigned Jurisdiction has no active grant contract(s) with the Department.
- B. The process below will be followed if a PI Waiver is to be requested:
  - 1) All PI Waiver requests will be submitted on approved Departmental forms for the Department's written approval.
  - 2) After the Department's review of the activity for eligibility and National



Objective compliance, the PI Waiver will be formally adopted via public hearing and resolution of the Jurisdiction's Governing Body, as part of the PI Waiver General (and Special Conditions if applicable) Clearance process.

- 3) Expenditure of PI Waiver funds will not commence until clearance of all required General and Special Conditions have been met and written Departmental approval has been issued to the Jurisdiction.
  - 4) Possible Waiver activities will be discussed at a properly noticed public hearing, held in front of the Jurisdiction's Governing Body, prior to submission of a Certified Resolution, as part of a PI Waiver Request to the Department.
  - 5) The PI Waiver request must be submitted in accordance with current Department policy, and any subsequent policy, regulation or statutory guidance.
  - 6) PI Waiver activity reporting will be submitted per current Departmental policies and includes financial accounting of all PI received and expended, including PI Waivers and PI Waiver activity performance.
  - 7) PI Waiver activities must be fully funded with PI already on hand.
  - 8) Only two (2) PI Waivers may be open and active at any one time.
  - 9) RLF funds will not be used for PI Waivers, since RLF monies must be expended on the activity that generated the payments.
  - 10) PI Waivers will not be approved for the same program activities for approved RLFs.
- C. PI GA and PI Waiver financial and performance reporting will be done using current CDBG eligible activity Set Up and Completion Reports forms, which will collect National Objective data and beneficiary demographics for HUD required accomplishment information.
- D. Additional financial reports for PI GA, PI Waivers, PI deposits and expenditures will be done semi-annually using the Department's current PI fiscal reporting forms.
- E. Ineligible costs will be required to be repaid to the PI Account. In some cases with ongoing significant compliance issues, the Department reserves the right to require the jurisdiction return all PI to the Department until it is satisfied that the jurisdiction has resolved all compliance issues.

#### **14. Program Income Not Associated with an RLF**

- A. Provided the undersigned Jurisdiction has made the Department aware at the beginning of the fiscal year they intend to exercise the \$35,000 Rule, PI which is received annually that has a cumulative amount up to \$35,000 (RLF receipts are not included in the \$35,000 Rule calculation) may be "re-categorized" as non-CDBG funds. In electing to exercise the \$35,000 Rule, the Jurisdiction agrees not to expend CDBG revenue until either the fiscal year ends or the amount received goes above \$35,000, at which point the

jurisdiction must consider the revenue as CDBG PI and must use it, first prior to drawing CDBG contract funds.

- B. The undersigned Jurisdiction certifies that it acknowledges, if it has PI on hand and has not applied for or been awarded CDBG funds within the past three NOFAs, the Jurisdiction will be required to submit a PI Expenditure Plan for its PI on hand. The plan must be submitted via the CDBG PI Waiver process. If the Jurisdiction does not initiate the request, the Department will send the Jurisdiction a letter requiring submission of the plan within a set time frame. If the Jurisdiction does not respond to the Department's letter, the Jurisdiction will be required to return all PI on hand to the Department, regardless of the amount of PI.

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## **SECTION THREE: DEPARTMENT TERMS, CONDITIONS AND AUTHORIZATION**

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**TERMS AND CONDITIONS:** The undersigned Jurisdiction certifies that all terms and conditions listed below have been read and understood, and will be implemented and followed:

**1. Authority & Purpose**

This Agreement provides official notification of the Jurisdiction's PI Reuse Agreement's approval under the State's administration of the Federal CDBG for Non-entitlement Jurisdictions pursuant to the provisions of 42 U.S. Code (U.S.C.) 5301 et seq., 24 Code of Federal Regulations (CFR) Part 570, Subpart I, and 25 California Code of Regulations (CCR), Sections 7050 et seq. The Program is listed in the Catalog of Federal Domestic Assistance as 14.228 - Community Development Block Grant Program.

In accepting the PI Reuse Agreement approval, the Jurisdiction agrees to comply with the terms and conditions of this Agreement, all exhibits hereto and the representations contained in the Jurisdiction's PI Reuse Agreement. Any changes made to the PI Reuse Agreement after this Agreement is accepted must receive prior written approval from the Department.

**2. Distribution for Reuse of PI**

A. The Jurisdiction shall perform PI funded activities as described in the Distribution for Reuse in the PI Reuse Agreement. All written materials or alterations submitted as addenda to the original PI Reuse Agreement and which are approved in writing by the Department are hereby incorporated as part of the PI Reuse Agreement.

The Department reserves the right to require the Jurisdiction to modify any or all parts of the PI Reuse Agreement in order to comply with CDBG requirements. The Department reserves the right to review and approve all work to be performed by the Jurisdiction in relation to this Agreement. Any proposed revision to the work must be submitted in writing for review and approval by the Department and may require an amendment to this Agreement. Approval shall not be presumed unless such approval is made in writing by the Department.

B. All PI funded activities must be approved by the Department prior to implementation or incurring activity costs (clear the activity General and any Special Conditions, which include Federal overlays, as posted on Department's webpage). All eligible activities shall principally benefit Low/Mod-income persons or households or businesses residing in the

Jurisdiction. HUD defines Low/Mod as having an annual income that is no more than 80 percent (80%) of the county median area income, adjusted for household size.

### **3. Sufficiency of Funds and Termination**

The Department may terminate this Agreement at any time for cause. The Jurisdiction will have at least 14 days upon receipt of the Department's written notice. Termination shall consist of violations of any terms and/or conditions of this Agreement, upon the request of HUD, or withdrawal of the Department's expenditure authority.

The Department reserves the right, for any significant on-going non-compliance with RLF or PI rules, to cancel any RLF and require all RLF and PI funds to be returned to the Department.

### **4. Meeting National Objectives**

All activities performed under this Agreement must meet one of the National Objectives determined by the HUD CDBG statutes and regulations. Use the CDBG National Objective Matrix to determine the correct standard for each activity conducted under this Agreement. National Objectives are authorized under Title I of the Housing and Community Development Act of 1974, as amended.

- A. **Benefit to HUD defined Low/Mod-income person or household (LMI).**  
The term Low/Mod-income is defined under CDBG as no more than 80 percent (80%) of the median area income, as determined by HUD, per Federal Regulation 24 CFR, Part 570.483(b); and/or,
- B. **Prevention or elimination of slums or blight** when activity qualifies per Federal Regulation 24 CFR, Part 570.483(c). Jurisdictions may only use this National Objective after submitting a written request to the Department and receiving written authorization; or,
- C. Jurisdictions may use the National Objective of Urgent Need, per Federal Regulation 24 CFR, Part 570.483(d), if a formal written request is made to the Department and the request is authorized in writing.

### **5. Inspections of Activities**

- A. The Department reserves the right to inspect any activity(ies) performed hereunder to verify that the activity(ies) is in accordance with the applicable Federal, State and/or local requirements and this Agreement.
- B. The Jurisdiction shall inspect any activity performed by contractors and subrecipients hereunder to ensure that the activity(ies) is in accordance with the applicable Federal, State and/or local requirements and this Agreement.

The Jurisdiction agrees to require that all activity(ies) found by such inspections not to conform to the applicable requirements be corrected, and to withhold payment to its contractor or subcontractor (respectively), or subrecipient, until it is so corrected.

**6. Insurance**

The Jurisdiction shall have and maintain in full force and effect during the term of this Agreement such forms of insurance, at such levels as may be determined by the Jurisdiction and the Department to be necessary for specific components of the activity(ies) described in this Agreement.

**7. Contractors and Subrecipients**

A. The Jurisdiction shall not enter into any agreement, written or oral, with any contractor or subrecipient without the prior determination that the contractor or subrecipient is eligible to receive CDBG funds and is not listed on the Federal Consolidated List of Debarred, Suspended and Ineligible Contractors.

- 1) Contractors are defined as program operators or construction contractors who are procured competitively.
- 2) Subrecipients are defined as public or private non-profit agencies or organizations and certain (limited) private for-profit entities who receive CDBG funds from an awarded Jurisdiction to undertake eligible activities.

B. An agreement between the Jurisdiction and any contractor or subrecipient shall require:

- 1) Compliance with the applicable State and Federal requirements of this Agreement, which pertain to, among other things, labor standards, non-discrimination, Americans with Disabilities Act, Equal Employment Opportunity, and Drug-Free Workplace; and, Compliance with the applicable provisions relating to Labor Standards/Prevailing Wages. In addition to these requirements, all contractors and subcontractors shall comply with the applicable provisions of the California Labor Code.
- 2) Maintenance of, at minimum, the State-required Workers' Compensation Insurance for those employees who will perform the activity(ies) or any part of it.
- 3) Maintenance of, if so required by law, unemployment insurance, disability insurance and liability insurance, which is reasonable to compensate any person, firm or corporation, who may be injured or

damaged by the contractor, or any subcontractor in performing the activity(ies) or any part of it.

- 4) Compliance with the applicable Equal Opportunity Requirements described in this Agreement.

C. Contractors shall:

- 1) Perform the activity(ies) in accordance with Federal, State and local housing and building codes, as are applicable.
- 2) Provide security to assure completion of the project by furnishing the borrower and construction lenders with Performance and Payment Bonds, or other security approved in advance in writing by the Department.

D. Subrecipients shall:

- 1) Retain all books, records, accounts, documentation, and all other materials relevant to this Agreement for a period of five (5) years from date of termination of this Agreement, or five (5) years from the conclusion or resolution of any and all audits or litigation relevant to this Agreement, and any amendments, whichever is later.
- 2) Permit the State, Federal government, the Bureau of State Audits, the Department and/or their representatives, upon reasonable notice, unrestricted access to any or all books, records, accounts, documentation and all other materials relevant to the agreement for the purpose of monitoring, auditing or otherwise examining said materials.

**8. Obligations of the Jurisdiction with Respect to Certain Third Party Relationships**

The Jurisdiction shall remain fully obligated under the provisions of this Agreement notwithstanding its designation of any third party or parties for the undertaking of all or any part of the Activities funded under this Agreement with respect to which assistance is being provided under this Agreement to the Jurisdiction. Jurisdiction is responsible to oversee any third party contractors or subrecipients and monitor their work for CDBG compliance.

The Jurisdiction shall comply with all lawful requirements of the Department necessary to ensure that the Program, with respect to which assistance is being provided under this Agreement to the Jurisdiction, is carried out in accordance with the Department's Assurance and Certifications, including those with respect to the assumption of environmental responsibilities of the Department under Section 104(g) of the Housing and Community Development Act of 1974.



## 9. Periodic Reporting Requirements

During the term of this Agreement, the Jurisdiction must submit the following reports by the dates identified, respectively, or as otherwise required at the discretion of the Department. The Jurisdiction's performance under this Agreement will be based, in part, on whether it has submitted the reports on a timely basis.

- A. Semi-Annual PI Expenditure/Performance Report: Submit by January 31 and July 31 of each year regardless of whether or not the Jurisdiction has any unexpended PI. PI Waivers or open Grants with no accomplishments are not excluded to the reporting requirement.
- B. Annual Federal Overlay Reporting: Submit by July 31 starting from the contract effective date to subsequent June 30, and for each State Fiscal Year. Annual Reporting includes but is not limited to: Section 3 and Minority Owned Business/Women Owned Business (MBE/WBE).
- C. Wage Compliance Reports: Semi-annual Wage Compliance Reports are to be submitted by October 7 and April 7 during the entire construction period. The final Wage Compliance Report is to be submitted thirty (30) days after construction is completed.
- D. Set-Up and Completion Reports for each eligible activity as posted on the Department's webpage.
- E. Any other reports that may be required as a General/Special Condition of this Agreement.

## 10. Monitoring Requirements

The Department shall perform a program and/or fiscal monitoring of the activity(ies). The Jurisdiction shall be required to resolve any monitoring findings to the Department's satisfaction by the deadlines set by the Department. If findings are not adequately resolved in a timely manner, the Department may deduct points from the Jurisdiction's performance score on future applications.

Additionally, the Department reserve the right to suspend a Jurisdiction's authority to expend PI (Waiver, RLF and/or PI attached to an open grant) based on significant compliance issues, reporting concerns or serious lack of cooperation in clearing PI monitoring findings.

## 11. Signs

If the Jurisdiction places signs stating that the Department is providing financing, it shall indicate in a typeface and size commensurate with the Department's funding portion of the project that the Department is a source of financing through the CDBG Program.



## 12. Audit/Retention and Inspection of Records

- A. The Jurisdiction must have intact, auditable fiscal records at all times. If the Jurisdiction is found to have missing audit reports from the Office of the State Controller (SCO) during the term of this Agreement, the Jurisdiction will be required to submit an Agreement to the State, with task deadlines, for submitting the audit to the SCO. If the deadlines are not met, the Jurisdiction will be subject to termination of this Agreement and disencumbrance of the funds awarded. The Jurisdiction's audit completion Agreement is subject to prior review and approval by the Department.
- B. The Jurisdiction agrees that the Department or its designee will have the right to review, obtain and copy all records pertaining to performance of this Agreement. The Jurisdiction agrees to provide the Department or its designee with any relevant information requested and shall permit the Department or its designee access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts and other material that may be relevant to a matter under investigation for the purpose of determining compliance with California Public Contract Code (PCC) Section 10115 et seq., Government Code (GC) Section 8546.7 and 2 CCR 1896.60 et seq. The Jurisdiction further agrees to maintain such records for a period of five (5) years after final payment under this Agreement. The Jurisdiction shall comply with the caveats and be aware of the penalties for violations of fraud and for obstruction of investigation as set forth in PCC 10115.10.
- C. An expenditure which is not authorized by this Agreement or which cannot be adequately documented shall be disallowed and must be reimbursed to the Department or its designee by the Jurisdiction.
- D. Absent fraud or mistake on the part of the Department, the determination by the Department of allowable expenditures shall be final.
- E. For the purposes of annual audits under OMB Circular A-133 (The United States Office of Management and Budget Circular for Audits of States and Local Governments), Jurisdiction shall use the Federal Catalog Number 14.228 for the State CDBG Program.
- F. Notwithstanding the foregoing, the Department will not reimburse the Jurisdiction for any audit cost incurred after the expenditure deadline of this Agreement.
- G. The Jurisdiction understands that the expenditure of PI is covered under the OMB A-133 Single Audit Requirements and will meet all these requirements and report said PI Expenditure along with grant funds each fiscal year.

**13. Conflict of Interest of Members, Officers, or Employees of Contractors, Members of Local Governing Body, or other Public Officials**

Pursuant to 24 CFR 570.611, no member, officer, or employee of the Jurisdiction, or its designees or agents, no member of the Governing Body of the locality in which the program is situated, and no other public official of such locality or localities who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to a CDBG-assisted activity or its proceeds, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one (1) year thereafter. The Jurisdiction shall incorporate, or cause to be incorporated, in all such contracts or subcontracts a provision prohibiting such interest pursuant to the purposes of this Section.

**14. Waivers**

No waiver of any breach of this Agreement shall be held to be a waiver of any prior or subsequent breach. The failure of the Department to enforce at any time the provisions of this Agreement or to require at any time performance by the Jurisdiction of these provisions shall in no way be construed to be a waiver of such provisions nor to affect the validity of this Agreement or the right of the Department to enforce these provisions.

**15. Litigation**

A. If any provision of this Agreement, or an underlying obligation, is held invalid by a court of competent Jurisdiction, such invalidity, at the sole discretion of the Department, shall not affect any other provisions of this Agreement and the remainder of this Agreement shall remain in full force and effect. Therefore, the provisions of this Agreement are, and shall be, deemed severable.

B. The Jurisdiction shall notify the Department immediately of any claim or action undertaken by or against it which affects or may affect this Agreement or the Department, and shall take such action with respect to the claim or action as is consistent with the terms of this Agreement and the interests of the Department.

**16. Lead-Based Paint Hazards**

Activity(ies) performed with assistance provided under this Agreement are subject to lead-based paint hazard regulations contained in Title 8 (Industrial Relations) and Title 17 (Public Health) of the CCR and 24 CFR, Part 35 (Lead Disclosure). Any grants or loans made by the Jurisdiction with assistance provided under this Agreement shall be made subject to the provisions for the

elimination or mitigation of lead-based paint hazards under these Regulations. The Jurisdiction shall be responsible for the notifications, inspections and clearance certifications required under these Regulations.

**17. Prevailing Wages**

- A. Where funds provided through this Agreement are used for construction work, or in support of construction work, the Jurisdiction shall ensure that the requirements of California Labor Code (LC), Chapter 1, commencing with Section 1720, Part 7 (pertaining to the payment of prevailing wages and administered by the California Department of Industrial Relations) are met.
- B. For the purposes of this requirement “construction work” includes, but is not limited to rehabilitation, alteration, demolition, installation or repair done under contract and paid for, in whole or in part, through this Agreement. All construction work shall be done through the use of a written contract with a properly licensed building contractor incorporating these requirements (the “construction contract”). Where the construction contract will be between the Jurisdiction and a licensed building contractor, the Jurisdiction shall serve as the “awarding body” as that term is defined in the LC. Where the Jurisdiction will provide funds to a third party that will enter into the construction contract with a licensed building contractor, the third party shall serve as the “awarding body.” Prior to any disbursement of funds, including but not limited to release of any final retention payment, the Department may require a certification from the awarding body that prevailing wages have been or will be paid.

**18. Compliance with State and Federal Laws and Regulations**

- A. The Jurisdiction agrees to comply with all State laws and regulations that pertain to construction, health and safety, labor, fair employment practices, equal opportunity and all other matters applicable to the Jurisdiction, its subcontractors, contractors or subcontractors, and the Reuse activity(ies), and any other State provisions as set forth in this Agreement.
- B. The Jurisdiction agrees to comply with all Federal laws and regulations applicable to the CDBG Program and to the activity(ies), and with any other Federal provisions as set forth in this Agreement.

**19. Anti-Lobbying Certification**

The Jurisdiction shall require that the language of this certification be included in all contracts or subcontracts entered into in connection with this activity(ies) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this

certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and no more than \$100,000 for such failure.

"The undersigned certifies, to the best of his or her knowledge or belief, that:

- A. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan or cooperative agreement; and,
- B. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress or an employee of a Member of Congress in connection with this Federal contract, grant, loan or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions."

**20. Bonus or Commission, Prohibition Against Payments of**

The assistance provided under this Agreement shall not be used in the payment of any bonus or commission for the purpose of:

- A. Obtaining the Department's approval of the Application for such assistance; or,
- B. The Department's approval of the Applications for additional assistance; or,
- C. Any other approval or concurrence of the Department required under this Agreement, Title I of the Housing and Community Development Act of 1974, or the State regulations with respect thereto; provided, however, that reasonable fees for bona fide technical, consultant, managerial or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as program costs.

**21. Citizen Participation**

The Jurisdiction is subject to the requirements concerning citizen participation contained in Federal Regulations at 24 CFR, Part 570.486, Local Government Requirements, Part 91.105 and 91.115.

**22. Clean Air and Water Acts**

This Agreement is subject to the requirements of the Clean Air Act, as amended, 42 USC 1857 et seq., the Federal Water Pollution Control Act, as amended, 33 USC 1251 et seq., and the regulations of the Environmental Protection Agency with respect thereto, at 40 CFR, Part 15, as amended from time to time.

**23. Conflict of Interest of Certain Federal Officials**

No member of or delegate to the Congress of the United States, and no resident commissioner, shall be admitted to any share or part of this Agreement or to any benefit to arise from the same. The Jurisdiction shall report all perceived or actual conflicts of interest cases to the State for review before financial benefits are given.

**24. Environmental Requirements**

The Jurisdiction shall comply with the provisions of the National Environmental Policy Act (NEPA) by following the procedures contained in 24 CFR, Part 58. The Jurisdiction shall not undertake any activity that would have an adverse environmental impact or limit the choice of reasonable alternatives under 24 CFR, Part 58.22 until HUD or the Department has issued an environmental clearance.

**25. Equal Opportunity**

A. The Civil Rights, Housing and Community Development, and Age Discrimination Acts Assurances

During the performance of this Agreement, the Jurisdiction assures that no otherwise qualified person shall be excluded from participation or employment, denied program benefits, or be subjected to discrimination based on race, color, national origin, sex, age, handicap, religion, familial status or religious preference, under any activity funded by this Agreement, as required by Title VI of the Civil Rights Act of 1964, Title I of the Housing and Community Development Act of 1974, as amended, the Age Discrimination Act of 1975, the Fair Housing Amendment Act of 1988, and all implementing regulations.

B. Rehabilitation Act of 1973 and the "504 Coordinator"

The Jurisdiction further agrees to implement the Rehabilitation Act of 1973, as amended, and its regulations, 24 CFR, Part 8, including, but not limited to, for Jurisdiction's with fifteen (15) or more permanent full or part time employees, the local designation of a specific person charged with local enforcement of this Act, as the "504 Coordinator."

C. The Training, Employment, and Contracting Opportunities for Business and Lower-Income Persons Assurance of Compliance

- 1) The activity(ies) to be performed under this Agreement are subject to the requirements of Section 3 of the HUD Act of 1968, as amended, 12 U.S.C. 1701(u). Recipients, contractors and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of Section 3 covered assistance to Section 3 residents in the order of priority provided in 24 CFR, Part 135.34(a)(2).
- 2) The parties to this Agreement will comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of HUD set forth in 24 CFR, Part 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of this Agreement. The parties to this Agreement certify and agree that they are under no contractual or other disability which would prevent them from complying with these requirements.
- 3) The Jurisdiction will include these Section 3 clauses in every contract and subcontract for Work in connection with the activity(ies) and will, at the direction of the Department, take appropriate action pursuant to the contract or subcontract upon a finding that the Jurisdiction or any contractor or subcontractor is in violation of regulations issued by the Secretary of HUD, 24 CFR, Part 135 and will not let any contract unless the Jurisdiction or contractor or subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.
- 4) Compliance with the provisions of Section 3, the regulations set forth in 24 CFR, Part 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of this Agreement, shall be a condition of the Federal financial assistance provided to the activity(ies), binding upon the Jurisdiction, its successors and assigns. Failure to fulfill these requirements shall subject the Jurisdiction, its contractors and subcontractors and its successors to such sanctions as are specified by 24 CFR, Part 135 and those sanctions specified by this Agreement.

D. Assurance of Compliance with Requirements Placed on Construction Contracts of \$10,000 or More

The Jurisdiction hereby agrees to place in every contract and subcontract for construction exceeding \$10,000 the Notice of Requirement for Affirmative Action to ensure Equal Employment Opportunity (Executive Order 11246), the Standard Equal Employment Opportunity, and the Construction Contract Specifications. The Jurisdiction furthermore agrees to insert the appropriate Goals and Timetables issued by the U.S. Department of Labor in such contracts and subcontracts.

## **26. Flood Disaster Protection**

- A. This Agreement is subject to the requirements of the Flood Disaster Protection Act (FDPA) of 1973 (Public Law 93-234). No portion of the assistance provided under this Agreement is approved for acquisition or construction purposes as defined under FDPA, Section 3 (a) of said Act, for use in an area identified by the Secretary of HUD as having special flood hazards which is located in a community not then in compliance with the requirements for participation in the National Flood Insurance Program pursuant to FDPA, Section 102(d) of said Act.
- B. The use of any assistance provided under this Agreement for such acquisition or construction in such identified areas in communities then participating in the national flood insurance program shall be subject to the mandatory purchase of flood insurance requirements of FDPA, Section 102(a) of said Act.
- C. Any contract or agreement for the sale, lease or other transfer of land acquired, cleared or improved with assistance provided under this Agreement shall contain certain provisions. These provisions will apply if such land is located in an area identified by the Secretary of HUD as having special flood hazards and in which the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, as amended, 42 U.S.C. 4001 et seq.
- D. These provisions shall obligate the transferee and its successors or assigns to obtain and maintain, during the ownership of such land, such flood insurance as required with respect to financial assistance for acquisition or construction purposes under FDPA, Section 102(s) of the Flood Disaster Protection Act of 1973. Such provisions shall be required notwithstanding the fact that the construction on such land is not itself funded with assistance provided under this Agreement.

## **27. Federal Labor Standards Provisions**

The Jurisdiction shall cause or require to be inserted in full, in all such contracts subject to such regulations, provisions meeting the requirements of:

- A. Davis-Bacon Act (40 U.S.C. 3141-3148) requires that workers receive no less than the prevailing wages being paid for similar work in their locality. Prevailing wages are computed by the Federal Department of Labor and are issued in the form of Federal wage decisions for each classification of work. The law applies to most construction, alteration, or repair contracts over \$2,000.
- B. "Anti-Kickback Act of 1986" (41 U.S.C. 51-58) prohibits any person from (1) providing, attempting to provide or offering to provide any kickback; (2) soliciting, accepting or attempting to accept any kickback; or, (3) including directly or indirectly, the amount of any kickback prohibited by

clause (1) or (2) in the contract price charged by a subcontractor to a prime contractor or a higher tier subcontractor or in the contract price charged by a prime contractor to the United States.

- C. Contract Work Hours and Safety Standards Act - CWHSSA (40 U.S.C. 3702) requires that workers receive "overtime" compensation at a rate of one to one-half (1-1/2) times their regular hourly wage after they have worked forty (40) hours in one week.
- D. Title 29, Code of Federal Regulations CFR, Subtitle A, Parts 1, 3 and 5) are the regulations and procedures issued by the Secretary of Labor for the administration and enforcement of the Davis-Bacon Act, as amended.

The Jurisdiction shall maintain documentation that demonstrates compliance with hour and wage requirements of this part. Such documentation shall be made available to the Department for review upon request.

## **28. Procurement**

The Jurisdiction shall comply with the procurement provisions in 24 CFR, Part 85.36: Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments.

## **29. Non-Performance**

The Department shall review the actual National Objective and/or Public Benefit achievements of the Jurisdiction. In the event that the National Objective and/or Public Benefit requirements are not met, the Department will require the recapture of the entire PI expended on that project/activity. Additional remedies may include suspending the Jurisdiction's authority to use PI funds until the Jurisdiction has developed capacity to ensure future PI funds will be used for eligible activities that will meet a National Objective.

## **30. Relocation, Displacement, and Acquisition**

The provisions of the Uniform Relocation Act, as amended, 49 CFR, Part 24, and Section 104(d) of the Housing and Community Development Act of 1974 shall be followed where any acquisition of real property is carried out by the Jurisdiction and assisted in whole or in part by funds allocated by CDBG.

## **31. Uniform Administrative Requirements**

The Jurisdiction shall comply with applicable Uniform Administrative Requirements as described in 24 CFR, Section 570.502, including cited Sections of 24 CFR, Part 85.



**32. Section 3**

The Jurisdiction will comply with Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing Regulations at 24 CFR, Part 135.

**33. Affirmatively Furthering Fair Housing**

The Jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the Jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.

**34. General and Special Conditions for Activities**

Each eligible activity to be administered and paid for with PI under this agreement must be approved in writing by the Department. After receiving written approval, the Jurisdiction will submit all required documents listed on the Department's General Conditions Checklist for the approved activity. Upon completion of the General Conditions Checklist, the Department will provide written authorization to proceed with implementing the approved activity.

The above is applicable to RLFs, Waivers and Supplemental Activities.

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Please continue to the CERTIFICATION page.

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## SECTION TWO: CERTIFICATION FOR USE OF PROGRAM INCOME

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Certified Approving Resolution Is Attached

*I certify that the foregoing is true and correct, and will follow all requirements of this Agreement and all Sections above. I understand that my certification also acknowledges that serious compliance issue with the above requirements could result in the State suspending the \_\_\_\_\_ authority to expend PI; or may require the \_\_\_\_\_ to return unused PI to the State until the \_\_\_\_\_ clears the serious compliance issues.*

\_\_\_\_\_  
Signature of Jurisdiction Authorized Representative

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Name and Title of Jurisdiction Authorized Representative

\_\_\_\_\_  
Signature of CDBG Section Chief

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Name of CDBG Section Chief

**BEFORE THE CITY COUNCIL  
OF THE  
CITY OF MENDOTA, COUNTY OF FRESNO**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MENDOTA ADOPTING  
THE CDBG PROGRAM INCOME REUSE  
AGREEMENT AND AUTHORIZING THE  
CITY MANAGER TO EXECUTE ALL  
NECESSARY DOCUMENTS**

**RESOLUTION NO. 19-07**

***WHEREAS***, the City of Mendota received Program Income from activities funded by the CDBG Program; and

***WHEREAS***, the California State Department of Housing and Community Development requires participating jurisdictions to comply with regulations pertinent to said program; and

***WHEREAS***, the City Council held a duly noticed and published hearing to take comments from the public; and

***WHEREAS***, the City Council wishes to use previously set aside CDBG funding to supplement the construction of an expansion of Rojas-Pierce Park facilities.

***NOW, THEREFORE, BE IT RESOLVED*** by the City Council of the City of Mendota that it approves the submission of the CDBG Program Income Reuse Agreement and any supplementary documentation required by the California State Department of Housing and Community Development and authorizes the City Manager to execute the agreement on its behalf.

\_\_\_\_\_  
Robert Silva, Mayor

ATTEST:

I, Matt Flood, City Clerk of the City of Mendota, do hereby certify that the foregoing resolution was duly adopted and passed by the City Council at a regular meeting of said Council, held at the Mendota City Hall on the 22<sup>nd</sup> day of January, 2019, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

\_\_\_\_\_  
Matt Flood, City Clerk

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## **ADMINISTRATIVE SERVICES DEPARTMENT REPORT**

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**TO:** HONORABLE MAYOR AND COUNCILMEMBERS  
**FROM:** JENNIFER LEKUMBERRY, DIRECTOR OF ADMINISTRATIVE SERVICES  
**VIA:** CRISTIAN GONZALEZ, CITY MANAGER  
**SUBJECT:** MONTHLY REPORT (DECEMBER 2018)  
**DATE:** JANUARY 22, 2019

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### **HUMAN RESOURCES**

- **Recruitment**
  - Part Time Janitor (Temp.)
  - Part Time General Maintenance Worker (Temp.)

### **RISK MANAGEMENT**

- **Dog Bite Hearings**
  - 1 Dog Bite Hearing took place in December
- **Claims**
  - There were no new claims against the city in December.
- **Worker's Compensation Claims**
  - There was no new worker's compensation claims in the month of December.

### **SENIOR CENTER**

- For the month of December, there was a daily average of 8 attendees at the senior center.

### **SPECIAL PROJECTS**

- Continued assisting the Finance Department with the submission of CalPERS payments, payroll transfers, bank deposits and mail though 12/20/18.

- Worked with Keenan to explore other health insurance options.
- Completed the Salary Survey comparison for all full-time City positions.
- Completed the census update for the RMA.