



County of Los Angeles  
**CHIEF EXECUTIVE OFFICE  
OPERATIONS CLUSTER**

SACHI A. HAMAI  
Interim Chief Executive Officer

**DATE:** July 23, 2015  
**TIME:** 1:00 p.m.  
**LOCATION:** Kenneth Hahn Hall of Administration, Room 830

**AGENDA**

Members of the Public may address the Operations Cluster on any agenda item by submitting a written request prior to the meeting.  
Three (3) minutes are allowed for each item.

1. Call to order – Gevork Simdjian
  - A) **Board Letter – PROPOSITION 218 BALLOTS-CITY OF MALIBU ASSESSMENT DISTRICT NO. 2015-1 CIVIC CENTER WASTEWATER TREATMENT FACILITY-PHASE 1**  
CEO – Tom Tindall or designee
  - B) **Board Letter – 2015 LEASE REVENUE REFUNDING BONDS**  
TTC – Joseph Kelly or designee
  - C) **Board Letter – CONTRACT WITH PCMG, INC. FOR MICROSOFT ENTERPRISE VOLUME LICENSING SERVICES**  
CDC, CIO – Sean Rogan and Richard Sanchez or designee(s)
  - D) **Board Letter – APPROVAL OF CIVIC ART POLICY REVISIONS**  
Arts Commission – Laura Zucker or designee
  - E) **Ensuring The Integrity Of The County Hiring, Assessment And Promotion Process Report**  
DHR – Lisa Garrett or designee
  - F) **Update on Consolidated Data Center Governance and Roadmap**  
CIO – Richard Sanchez or designee
2. Public Comment
3. Adjournment

August 4, 2015

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

Dear Supervisors:

**PROPOSITION 218 BALLOTS –CITY OF MALIBU  
ASSESSMENT DISTRICT NO. 2015-1  
CIVIC CENTER WASTEWATER TREATMENT FACILITY-PHASE 1  
(THIRD DISTRICT) (3 VOTES)**

**SUBJECT:**

This action recommends support for the proposed City of Malibu Assessment District No. 2015-1 (District), to install and construct a Civic Center Wastewater Treatment Facility and Recycle Water Facility – Phase 1 (Facilities) in the City of Malibu (City) for a one-time estimated cost to the County of Los Angeles (County) of \$1,844,004.73.

**IT IS RECOMMENDED THAT YOU'RE BOARD:**

1. Support the proposed new assessment District to provide funding for the installation and construction of a wastewater treatment facility and recycled water facility serving properties within the boundaries of the Assessment District at a one-time cost to the County of approximately \$1,844,004.73.
2. Instruct the Interim Chief Executive Officer (CEO) to cast the ballots supporting the assessments for the properties.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Support for the proposed new District will allow for the installation and construction of a wastewater treatment facility and recycled water facility within the proposed District. The District contains 4 County-owned parcels: Assessor's Parcel No. (APN) 4458-002-900 occupied by Fire Station 88 located at 23720 West Malibu Road, Malibu; APN 4458-022-906 (previously parcel 904) which is the Malibu Administrative Center, located at 23525 West Civic Center Way, Malibu; and 2 unimproved vacated road parcels, APN's 4458-020-900 and -901, located at the egress and ingress from Pacific Coast Highway onto Web Way, Malibu, respectively.

The cost of individual wastewater and recycled water connections on private property to the system is not included in the work to be financed through the District. Individual wastewater and recycled water fees associated with ongoing operations and

maintenance will be paid to the City directly.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The Countywide Strategic Plan of Operational Effectiveness/Fiscal Sustainability (Goal1) directs that we maximize the effectiveness of structure, operations and strong fiscal management to support timely delivery of customer-oriented and efficient public services, and Integrated Services Delivery (Goal 3) directs that we maximize opportunities to measurably improve client and community outcomes and leverage resources through the continuous integration of health, community, and public safety services. Support for the District to fund a wastewater treatment facility and recycled water facility will provide water reclamation within the District in a safe and cost effective way.

### **FISCAL IMPACT/FINANCING**

The proposed District's total assessment amount is \$49,750,000 to provide funding for the installation and construction a wastewater treatment facility and recycled water facility. The total of the assessments to be levied on the County properties is \$1,844,004.73, or 3.71 percent of the project. County Counsel has opined that the vacant properties are not exempt.

If the assessments are confirmed by ballots, new notices will advise of the option to pay all of the final assessment, or allow it to go to bond over a period of not more than 30 years from the second day of the next September following the date of issuance of the bonds and/or the execution of one or more loans from the California State Water Resources Control Board (or other State agencies). Under the 30-year payment option, the assessments will not be levied for approximately two years. However, under the up-front, one-time payment option, the assessment, less financing costs, will be due and payable within 60 days after the assessment is approved.

This cost will be paid by the Rent Expense budget and charged to the benefitting departments in keeping with current policy and practice. As this proposed assessment district was unanticipated, a budget adjustment in the (FY) 2015-16 budget to service the required appropriations will be required.

The actual assessment amount may be reduced if cost savings are realized during construction, in which case, future assessments would be proportionately reduced and rebates would be issued to property owners who paid the assessment in a lump sum during the one-time cash payment option.

The proposed total assessment assumes an interest rate on the bonds of approximately 6 percent. Annual City administrative fees will be approximately \$25,000. The annual City administrative fees escalate annually based on the increase in the Consumer Price Index (All Urban Consumers, for Los Angeles-Riverside-Orange County) as of January 1 of each year, not to exceed 5 percent. The proposed total assessment on properties as identified on the ballots cannot be increased without

another assessment hearing and re-balloting.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

With the passage of Proposition 218, property owned by government agencies became subject to assessment by various County and non-County assessment districts on July 1, 1997. The County, like other property owners, is able to cast ballots supporting or opposing the assessments and its ballots will be weighted to reflect its proportionate share of the total assessment. Publicly owned properties are not exempt from the assessment unless the parcels receive no special benefit. The assessing agency cannot increase an assessment or impose a new assessment if a majority of the ballots returned opposes the proposed assessment.

The City of Malibu City Council has commenced proceedings to secure property owner approval for the proposed new district. The City Council has scheduled a public hearing on the matter for August 10, 2015, and the ballots must be delivered to the City prior to the hearing date.

The method of assessment is quantified in terms of wastewater flow rates, and organic loads for developed parcels are based upon actual building square footage and uses. County Counsel has opined that the vacant properties are not exempt and that the method of assessment based on highest and best use is appropriate.

The CEO has determined that the services to be financed by the District will be of sufficient benefit to warrant your Board's support, and therefore, recommends that you direct the CEO to cast the ballots in support of the property assessments.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The services to be financed by the District will ensure compliance with the Memorandum of Understanding regarding phased implementation of the basin plan amendment prohibiting on-site wastewater disposal systems in the Malibu Civic Center area entered into by and between the City of Malibu, the Regional Water Quality Control Board (RWQCB), Los Angeles Region (Los Angeles Water Board) and the State Water Resources Control Board. The City anticipates construction to commence in December 2015 and is under a prohibition from the RWQCB to have the facility operational by June 2017.

### **CONCLUSION**

It is requested that the Executive Officer, Board of Supervisors, return the adopted stamped Board letter to the Chief Executive Office, Real Estate Division, 222 South Hill Street, 4th Floor, Los Angeles, CA 90012.

Respectfully submitted,

SACHI A. HAMAI  
Interim Chief Executive Officer

SAH:RLR:CMM  
SDH:RC:ns

Enclosures

- c: Executive Office, Board of Supervisors
- County Counsel
- Auditor-Controller
- District Attorney
- Fire Department
- Public Defender
- Public Library
- Public Works
- Sheriff
- Superior Court-West District

MalibuCivCtrFacility2015

**ATTACHMENT A**

**PROPOSITION 218 BALLOT –CITY OF MALIBU  
ASSESSMENT DISTRICT NO. 2015-1  
CIVIC CENTER WASTEWATER TREATMENT FACILITY-PHASE 1  
(THIRD DISTRICT) (3 VOTES)**

	<b><u>COUNTY-OWNED FACILITIES</u></b>	<b><u>ASSESSMENT FEE</u></b>
1.	APN 4458-002-900 FIRE STATION 88 23720 W MALIBU ROAD MALIBU 90265	\$ 90,142.03
2.	APN 4458-020-900 ROAD PROPERTY-VACATION OF PACIFIC COAST HWY AT WEB WAY MALIBU 90265	146,942.57
3.	APN 4458-020-901 ROAD PROPERTY-VACATION OF PACIFIC COAST HWY AT WEB WAY MALIBU 90265	91,130.40
4.	APN 4458-022-904 MALIBU ADMINISTRATIVE CENTER 23525 WEST CIVIC CENTER WAY MALIBU 90265	1,515,789.73
		<hr/> \$1,844,004.70

**FACT SHEET**  
**PROPOSITION 218 ASSESSMENT**  
**CITY OF MALIBU ASSESSMENT DISTRICT NO. 2015-1**  
**CIVIC CENTER WASTEWATER TREATMENT FACILITY—PHASE 1**  
**THIRD DISTRICT**

The City of Malibu has proposed the creation of a new assessment district, entitled City of Malibu Assessment District No. 2015-1--Civic Center Wastewater Treatment facility -- Phase 1, for the purpose of providing funds for the installation and construction of wastewater treatment facilities and recycled water facilities serving the properties within the boundaries of Assessment District No. 2015-1. Our office recently received ballots for the four County-owned parcels included in Phase I which must be delivered to the City prior to its public hearing on August 10, 2015.

The services to be financed by the District will ensure compliance with the Memorandum of Understanding (MOU) regarding the phased implementation of the basin plan amendment providing on-site wastewater disposal systems in the Malibu Civic Center area. This MOU was entered into by and between the City of Malibu, the Regional Water Quality Control Board (RWQCB), the Los Angeles Region Los Angeles Water Board), and the State Water Resources Control Board. The City anticipates construction to commence in December 2015 and is mandated by the RWQCB to have the facility operational by June 2017.

The District contains four County-owned parcels: Assessor's Parcel No. (APN) 4458-002-900 occupied by Fire Station 88 located at 23720 West Malibu Road, Malibu; APN 4458-022-906 (previously parcel 904) which is the Malibu Administrative Center, located at 23525 West Civic Center Way, Malibu; and 2 unimproved vacated road parcels, APN's 4458-020-900 and -901, located at the egress and ingress from Pacific Coast Highway onto Web Way, Malibu, respectively. Future phases of the project are planned to bring the entire city into the system. These future assessments may include some County parcels, but it is not known at this time which, if any, parcels will be exempt. The attached map shows the Phase 1 district boundaries; the County-owned parcels are highlighted in yellow.

**Project cost:** The proposed District's total assessment amount is \$49,750,000 to provide funding for the installation and construction of wastewater treatment facility and recycled water facility including all related administrative, financing and incidental costs, including the costs of forming the District. The cost of individual wastewater and recycled water connections on private property to the system is not included in the work to be financed through the District. Individual wastewater and recycled water fees associated with ongoing operations and maintenance will be paid to the City directly.

If approved, the County will be obligated for approximately \$1,844,005, less financing costs, and subject to reduction if there are savings during construction. This cost will be paid by the Rent Expense budget and charged to the benefitting departments in keeping with current policy and practice. The attachment shows the amount that each of the tenant departments will be responsible for if the District is approved. As this proposed assessment district was unanticipated, a budget adjustment in the (FY) 2015-16 budget to service the required appropriations will be required. The funds, if paid in a lump sum, will be due by 10/10/2015. As previously stated, the future connection fees will be in addition to the property assessments, but no estimate is yet available for that cost.

The actual assessment amount may be reduced if cost savings are realized during construction, in which case, future assessments would be proportionately reduced and rebates would be issued to property owners who paid the assessment in a lump sum during the one-time cash payment option.

Historically, the Board has supported Proposition 218 assessment districts and has favored lump sum, up-front payments. If paid over the 30-year amortization schedule, the assessment assumes an interest rate on the bonds of approximately 6 percent and an initial annual City administrative fee of approximately \$25,000 subject to annual increase based on the Consumer Price Index, not to exceed 5%.

**Method of Assessment:** The method of assessment is quantified in terms of wastewater flow rates, and organic loads for developed parcels are based upon actual building square footage and uses. County Counsel has opined that the vacant properties are potentially available for development and therefore are not exempt, and that the method of assessment based on highest and best use is appropriate.

**Time constraints:** This item is targeted for the Board agenda date of August 4, 2015. The ballots must be delivered to the City prior to its public hearing set for August 10, 2015.



# City of Malibu

23825 Stuart Ranch Road • Malibu, California • 90265-4804  
(310) 456-2489 • fax (310) 456-2760

June 19, 2015

Re: Assessment Ballot – City of Malibu Assessment District No. 2015-1 (Civic Center Wastewater Treatment Facility – Phase 1)

Dear Property Owner:

Enclosed with this letter is the official Assessment Ballot for the City of Malibu Assessment District No. 2015-1 (Civic Center Wastewater Treatment Facility – Phase 1). Please complete the ballot and return it to the City Clerk of the City of Malibu sealed in the envelope provided by 6:30 p.m., August 10, 2015. Your sealed ballot may be sent via US Mail or hand delivered to the City Clerk of the City of Malibu, but it must be received prior to the time and date specified. The votes will be tabulated at a regular meeting of the City Council of the City of Malibu on August 10, 2015, at 6:30 p.m.

As a property owner, you are voting for or against the proposed assessment clearly indicated on your ballot. This figure represents the maximum amount that may be assessed for the portion of the wastewater treatment facilities and recycled water facilities that will benefit your property. The total is based on construction cost estimates prepared by a licensed civil engineer, and it includes soft costs such as design, permitting, legal expenses, and other necessary expenses. The assessment amount also includes the cost to issue municipal bonds and/or to enter into loans with the California State Water Resources Control Board to provide long term financing, including capitalized interest for approximately twenty-two months after such municipal bonds are issued and/or approximately twelve months from the completion of the improvements if State loans are entered into.

The assessment district formation process is governed by State law. The assessment will be approved if a majority of respondents vote in favor of the assessment. It is important that you submit your ballot to ensure that your vote is considered in the tabulation.

If the assessment is approved, you will have the option of paying the total assessment over a period of 30 years, with payments collected as a line item on your bi-annual property tax bill. Alternatively, you will have the option of making a one-time cash payment for the assessment, less financing costs, within 30 days after the assessment is approved. This option will be communicated to you in a letter that will be sent following the vote. If you elect to pay the total assessment over a period of 30 years, no assessment will be levied for approximately two years following the issuance of the municipal bonds as a result of the capitalized interest which will be funded during such time, as described above.

To ensure that adequate funds are collected to complete the desired wastewater treatment facilities and recycled water facilities, the cost estimates and the assessment amounts are conservative in nature. The actual assessment amount may be reduced if cost savings are realized during the construction stage. In this case, future assessments would be proportionately reduced and rebates would be issued to property owners who paid cash during the cash payment period. This would occur upon completion of the project.



Details of the proposed assessment district, including comprehensive cost estimates and detailed boundary diagrams, are provided in the Preliminary Engineer's Report which is available on-line at [www.malibucity.org](http://www.malibucity.org) as Exhibit 1 to Attachment 2 to Agenda Item No. 6.B. on the June 8, 2015 Adjourned Regular City Council meeting agenda.

You may contact Robert Brager, Public Works Director/City Engineer of the City of Malibu, directly with any questions or inquiries. Mr. Brager can be reached by telephone at (310) 456-2489, ext. 247 or by email at [bbrager@malibucity.org](mailto:bbrager@malibucity.org). Your cooperation in this matter is greatly appreciated.

Sincerely,



Robert L. Brager

Public Works Director/City Engineer

**NOTICE OF  
PROPOSED NEW ASSESSMENTS  
and  
ASSESSMENT BALLOT  
for the  
City of Malibu Assessment District No. 2015-1  
(Civic Center Wastewater Treatment Facility – Phase 1)**

**The CITY OF MALIBU GIVES NOTICE that:**

**1. Purpose of Assessments.** The City of Malibu is proposing to levy new assessments in the proposed City of Malibu Assessment District No. 2015-1 (Civic Center Wastewater Treatment Facility – Phase 1) that includes your property. The purpose of the assessment is to fund the estimated costs of installing and constructing wastewater treatment facilities and recycled water facilities serving the property within Assessment District No. 2015-1 and all related administrative, financing and incidental costs, including the costs of forming Assessment District No. 2015-1.

**2. The Assessments.** The total of the proposed assessments for the whole Assessment District No. 2015-1 will not exceed \$49,725,000. The proposed total assessment on your property is identified on the ballot included herein. Information on the way the assessments are calculated is included as an attachment to this Notice. Please read it carefully.

If the assessments are confirmed, the unpaid assessments, unless paid in cash, will continue to be collected against the properties in Assessment District No. 2015-1 on the property tax bill as long as needed to pay installments of principal and interest on the proposed bonds, but not for more than 30 years from the second day of the next September following the date of issuance of the bonds.

If the assessments are confirmed, you will receive new notices telling you of your option to pay all or part of the final assessment in cash, or allow it to go to bond over a period of not more than 30 years from the second day of the next September following the date of issuance of the bonds and/or the execution of one or more loans from the California State Water Resources Control Board (or other State agencies). Notwithstanding the foregoing, the assessments are not anticipated to be levied for two years following the issuance of the bonds and/or the execution of the State loans. Interest on the bonds and/or State loans during such initial period will be paid from capitalized interest funded from bond proceeds.

The proposed total assessment assumes an interest rate on the bonds of approximately 6%. Annual City administrative fees will be approximately \$25,000. The annual City administrative fees escalate annually based on the lesser of (i) five (5) percent, or (ii) the annualized positive change, if any, in the U.S. Consumer Price Index, All Urban Consumers, for Los Angeles – Riverside – Orange County as of January 1 of each year. The proposed total assessment on your property as identified on the ballot included herein cannot be increased without another assessment hearing and ballot.

*Each owner of property located within the assessment district would be responsible for arranging for, and paying for, the work necessary to connect facilities constructed by the City on public rights-of-way to the points of connection on their private property.* The cost of connecting individual wastewater and recycled water connections on private property to the systems is not included in the work to be financed through the assessment district. Individual wastewater and recycled water fees associated with ongoing operations and maintenance will be paid to the City directly or to the City.

**3. Public Hearing.** On August 10, 2015, at 6:30 o'clock p.m., the City Council of the City of Malibu will hold a public hearing at its regular meeting place City Hall Council Chambers, 23825 Stuart Ranch Road, Malibu, California, to take public testimony, hear protests, tabulate the Assessment Ballots and take final action on the levy the assessments.

**4. Assessment Ballot.** Any time before the end of the public hearing, any property owner in the Assessment District may submit the Assessment Ballot to the City Clerk. Please review enclosed "Summary of Assessment Ballot Procedures" and mark the Ballot either "I am in Favor" or "I am Opposed"; SIGN THE BALLOT and put it in the return envelope provided with this Notice. Seal the envelope and return it and the Ballot by mail or by hand delivery to the City Clerk. The barcode and your name and property address must show through the upper left window on the return envelope. **Any Ballot returned unmarked, unsigned or not enclosed in the return envelope will be rejected and not counted.**

The Ballot may be submitted, changed or withdrawn at any time before the end of the public hearing. If you need a replacement Ballot, contact the City Clerk. The Assessment District may not be formed and the Assessment may not be imposed if the Ballots submitted in opposition to the assessment outweigh the Ballots submitted in favor of the assessments, with each Ballot weighted according to the amount of the proposed assessment on the property to which that Ballot relates. (This means 1 vote for each \$1 of assessment.)

**5. More Information.** For additional information about the Assessments, the Ballot or Assessment District No. 2015-1, contact Robert L. Brager, Public Works Director/City Engineer of the City of Malibu, at 23825 Stuart Ranch Road, Malibu, California 90265, or by telephone at (310) 456-2489, ext. 247. The Engineer's Report and other written material about the Assessment District may be reviewed at the City Clerk's offices at the above address during regular business hours. The report is also available online at [www.malibucity.gov](http://www.malibucity.gov) as Exhibit 1 to Attachment 2 to Agenda Item No. 6.B. on the June 8, 2014 Adjourned Regular Meeting Agenda.

Dated June 12, 2015



Lisa Pope, City Clerk  
City of Malibu

**Civic Center Wastewater Treatment Facility – Phase I  
Assessment District No. 2015-1**

**METHOD OF ASSESSMENT**

**A. Background**

Assessment District jurisprudence requires that assessments levied pursuant to the Municipal Improvement Act of 1913 be based on the “special benefit” properties receive from the Works of Improvement. However, the law does not specify the method or formula that should be used to apportion the assessments in Assessment District proceedings. In addition, Article XIID of the California Constitution, added in November 1996 through the passage of Proposition 218 by voters of the State of California, requires, inter alia, that (i) only special benefits be assessable, (ii) no assessment may exceed the proportional special benefit conferred on the parcel assessed, and (iii) publicly owned parcels shall not be exempt from assessment unless clear and convincing evidence demonstrates that such publicly owned parcels receive no special benefits from the improvements for which the assessment is levied.

“Special benefit” is a particular and distinct benefit over and above general benefits conferred on real property located in the District or to the public at large. Importantly, the general enhancement of property value does not constitute special benefit. As such, this Engineer’s Report has been designed to comply with these requirements, as well as to incorporate recent California court decisions such as: *Silicon Valley Taxpayers Association, Inc. v. Santa Clara County Open Space Authority (2008)*, *Beutz v. County of Riverside (2010)*, *Golden Hills Neighborhood Association v. City of San Diego (2011)*, and *Concerned Citizens v. West Point Fire Protection District (2011)*.

Methodologically, it is necessary and essential to identify the special benefit that the Works of Improvement will render to the properties within the District. It is also necessary that the properties receive a special and direct benefit as distinguished from benefit to the general public.

All costs associated with the financing of the works of improvement are to be fairly distributed among the lots and parcels within the District based upon the special benefit received by each lot and parcel. Additionally, in compliance with the California Constitution Article XIID Section 4, each parcel’s assessment may not exceed the reasonable cost of the proportional special benefit conferred upon it. In sum, each of the properties benefiting from the works of improvement proposed for Assessment District No. 2015-1 will be assessed only for the special benefit conferred on such properties.

The Assessment Engineer is appointed for the purpose of analyzing the facts and determining the method and formula for apportionment of the assessment obligation to the benefited properties. For these proceedings, the City has retained the firm of David Taussig & Associates, Inc. as the Assessment Engineer.

The Assessment Engineer makes his or her recommendation for the method of apportionment in this Engineer’s Report for consideration at the public hearing. The final authority and action rests with the City after hearing all testimony and evidence presented at the public hearing and the tabulation of the assessment ballots. Upon conclusion of the public hearing, the City must make the final action in determining that the assessment has been made in direct proportion to the special benefit received. Ballot tabulation will then be completed, and if a majority of ballots received, weighted by assessment amount, do not protest the assessment, then the City may establish the Assessment District.

**B. Special Benefit**

The special benefit conferred to each of the properties within the Assessment District is the ability to discharge wastewater flows to a centralized wastewater treatment facility in compliance with the Memorandum of Understanding Regarding Phased Implementation of Basin Plan Amendment Prohibiting On-Site Wastewater Disposal Systems in the Malibu Civic Center Area entered into by and between the City of Malibu, the Regional Water Quality Control Board, Los Angeles, and the State Water Resources Control Board (the “MOU”). Resolution R4-2009-007 adopted by the Regional Water Quality Control Board, Los Angeles Region (the “Basin Plan Amendment”) prohibits on-site

wastewater disposal systems in the City of Malibu Civic Center Area, and the MOU requires the construction of the works of improvements in lieu of on-site wastewater disposal systems. In addition to the wastewater treatment plant, the Assessment District will install wastewater collection and recycled water distribution facilities in existing public streets and/or public easements; the cost of connecting to these facilities will be borne separately by each property owner and will not be installed by the Assessment District. The Assessment District will provide each property the right to discharge up to the wastewater flow and load calculated in Section C.3 below.

The works of improvements constitute the least expensive facilities with a factor of safety that can be built to serve the properties within the Assessment District. The treatment plant will be comprised of the minimum sized treatment processing units, headworks, and lab facilities as determined by the design engineer and in accordance with customary and prudent engineering design standards. Specifically, the treatment plant will consist of two (2) modules; two modules are required in order that one may be taken off line for maintenance and/or repair. The treatment plant site to be acquired is similarly the least expensive available parcel of land that is in a suitable location from an engineering standpoint. In contrast to the wastewater treatment plant, the wastewater collection and recycled water distribution lines (i.e., the diameters of certain of the collection and distribution pipes) will be constructed to accommodate wastewater flows and recycled water from properties located outside the Assessment District that are also the subject of the MOU and may be required to discharge wastewater flows off-site for treatment. The cost associated with this oversizing of the wastewater collection and recycled water distribution lines is therefore not assessed to the properties within the Assessment District.

### C. Apportionment Methodology

The extent of the special benefit conferred to the parcels in the Assessment District is quantified in terms of wastewater flow and organic load. The cost of the wastewater collection and recycled water distribution and injection system is allocated in proportion to wastewater flow as it is the primary determinant in the design and cost of the collection and distribution facilities. The cost of the wastewater treatment plant is allocated in proportion to organic load as it is the primary determinant in the design and cost of the treatment facilities. With certain exceptions discussed in Section D below, wastewater flows and organic load for developed parcels are based on actual building square footage and uses. Wastewater flows and organic load for vacant parcels are based on (i) the maximum floor area ratio permitted by the City (0.15) and the anticipated mix of uses or (ii) development plans submitted to the City, including wastewater analyses for such development plans, if any. Standard wastewater flow rates and organic load concentrations are discussed in Sections C.1 and C.2 below. Special cases and/or exceptions are discussed in Section C.3 below.

#### 1. Wastewater Flow Rates

Non-residential wastewater flow rates are 0.0216 gallons per day for retail, 0.6750 gallons per day for restaurant, and 0.0625 gallons per day per building square foot for office. Wastewater flow rates for church uses are 3.0000 gallons per day per seat<sup>1</sup>. Wastewater flow rates for school uses are 11.0000 gallons per day per student and faculty/staff<sup>2</sup>. The wastewater flow rate for retail use is an average and is calculated using a factor of ten (10.0000) gallons per day per employee, two (2.0000) gallons per day per parking space, one (1.0000) parking space per employee, and a range of building square feet per employee of 500 to 625<sup>3</sup>. The wastewater flow rate for restaurant is calculated by applying a factor of nine (9.0000) gallons per day per customer<sup>4</sup> to an existing restaurant located in the City of Malibu which averages three hundred (300) customer per day and occupies four thousand (4,000) building square feet. The wastewater flow rate for office is

<sup>1</sup> The source for the flow rate per church seat is *United States Environmental Protection Agency Publication 625/R-00/008-Chapter 3*.

<sup>2</sup> The source for the flow rate per school seat is *United States Environmental Protection Agency Publication 625/R-00/008-Chapter 3*.

<sup>3</sup> The source for the flow rate per employee and per parking space is *Design of Municipal Wastewater Treatment Plants, Fifth Edition*.

<sup>4</sup> The source for the flow rate per restaurant customer is *United States Environmental Protection Agency Publication 625/R-00/008-Chapter 3*.

calculated using an average of two hundred eight (208) building square feet per employee and a factor of thirteen (13.0000) gallons per day per employee<sup>5</sup>.

Residential wastewater flow rates are 366 gallons per day for a typical single-family home and 700 gallons per day for large, estate-sized homes. The wastewater flow rate for the typical single family home is calculated assuming a household size, including housekeepers and visitors, of 5.2, a wastewater flow per capita of 69 gallons per day<sup>6</sup>, and 1.02 infiltration rate. The wastewater flow rate for large, estate-sized homes is based on the proposed wastewater treatment system design prepared in connection with the development plans for Assessor's Parcel Number 4458-018-019.

## 2. Organic Load Concentration

Organic load concentration, a measure of the strength of the wastewater to be treated, is used to design the treatment process. Residential organic load concentrations are estimated to be 313 milligrams per liter ("mg/l") using per capita BOD loads from EPA guidelines<sup>7</sup>. Non-residential organic load concentrations were estimated to be similar to residential concentrations at 313 mg/l for retail and office uses. For restaurants the BOD concentration was estimated to be 924 mg/l based on wastewater sampling conducted at shopping centers within the Civic Center area of the City. Total organic load is expressed in pounds per day and is calculated using the following formula: wastewater flow x organic load concentration x 8.345 / 1,000,000<sup>8</sup>. The specific wastewater flow and treatment plant load calculations for each parcel are discussed in Section C.3 below.

## 3. Wastewater Flow and Load Calculations

The wastewater flow and load estimates for are summarized on the following pages. The terms BSF, GPD and PPD mean, respectively, building square feet, gallons per day and pounds per day.

- 4452-011-029 (Assessment No. 1)  
This is land with certain existing structures located at 3730 Cross Creek Road. The property is zoned Commercial Visitor Serving I. Total future building area is estimated at 11,801 square feet using an FAR of 0.15 (78,670 parcel square feet x 0.15). The City indicates that the property has the potential to include retail and restaurant uses and therefore, wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 1,797.2923 GPD (11,801 x 0.1523 (0.80 x 0.0216 + 0.20 x 0.6750) GPD/BSF). Estimated organic load is 6.5243 PPD (1,797.2923 x 435 (0.80 x 313 + 0.20 x 924) x 8.345 / 1,000,000).
- 4452-011-033 (Assessment No. 2)  
This is a Shell service station located at 23387 Pacific Coast Highway and occupies the northeast corner of Pacific Coast Highway and Cross Creek Road. The property is zoned Commercial Visitor Serving I. Total existing building area is 1,731 square feet. While there are no existing restaurant or other "wet" uses, the City indicates that there is the potential for restaurant/food service use(s) in the future. Therefore, wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 263.6313 GPD (1,731 x 0.1523 GPD/BSF). Estimated organic load is 0.9570 PPD (263.6313 x 435 x 8.345 / 1,000,000).

<sup>5</sup> The source for the flow rate per office employee is *United States Environmental Protection Agency Publication 625/R-00/008-Chapter 3*.

<sup>6</sup> The source for the flow rate per capita is *United States Environmental Protection Agency Publication 625/R-00/008-Chapter 3*.

<sup>7</sup> The source for the BOD load per capita is *United States Environmental Protection Agency Publication 625/R-00/008-Chapter 3*.

<sup>8</sup> The source for the equation for total organic load is *Design of Municipal Wastewater Treatment Plants, Fifth Edition*.

- 4452-011-035 (Assessment No. 3)  
This is a commercial development with office, retail, and storage uses located on the east side of Cross Creek Road near the intersection of Cross Creek Road and Civic Center Way (3705 and 3806 Cross Creek Road). The property is zoned Commercial Visitor Serving I. The City anticipates that this property will tend toward higher intensity uses following completion of the works of improvements, and therefore wastewater flow is estimated assuming one hundred percent office use. Total building area based on the November 26, 2013 site plan for The Courtyard development is 17,897 square feet. Estimated wastewater flow is 1,118.5625 GPD ( $17,897 \times 0.0625$  GPD/BSF); 0.0625 is the weighted average flow rate for this property and is calculated as follows:  $(17,897 \times 0.0625 + 17,897 \times 0.0216) / 17,897$ . Estimated organic load is 2.9217 PPD ( $1,118.5625 \times 313 \times 8.345 / 1,000,000$ ).
- 4452-011-036 (Assessment No. 4)  
This is vacant land located north of Pacific Coast Highway just west of Malibu Lagoon. The property is zoned Commercial Visitor Serving I. Total future building area is estimated at 15,968 square feet using an FAR of 0.15 (106,450 total parcel square feet  $\times$  0.15). The City indicates that the property has the potential to include retail and restaurant uses, and therefore wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 2,431.9264 GPD ( $15,968 \times 0.1523$  GPD/BSF). Estimated organic load is 8.8281 PPD ( $2,431.9264 \times 435 \times 8.345 / 1,000,000$ ).
- 4452-011-037 (Assessment No. 5)  
This is a commercial development located at 3728 Cross Creek Road. The property is zoned Commercial Visitor Serving I. Actual building square footage data are not available. Therefore, building area is estimated at 4,494 using an FAR of 0.15 (29,960 parcel square feet  $\times$  0.15). The City indicates that there is the potential for restaurant and/or other wet use(s) in the future, and therefore wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 684.4362 GPD ( $4,494 \times 0.1523$  GPD/BSF). Estimated organic load is 2.4846 PPD ( $684.4362 \times 435 \times 8.345 / 1,000,000$ ).
- 4452-011-039 (Assessment No. 6)  
This is a restaurant, retail, and office development located at 3900 Cross Creek Road. The property is zoned Commercial Visitor Serving I. Total building area is 39,076 square feet (4,700 square feet of restaurant, 19,996 square feet of retail, and 14,380 square feet of office). Estimated wastewater flow is 4,501.5552 GPD ( $39,076 \times 0.1152$  GPD/BSF; 0.1152 is the weighted average flow rate for this property and is calculated as follows:  $(4,700 \times 0.6750 + 19,996 \times 0.0216 + 14,380 \times 0.0625) / 39,076$ . Estimated organic load is 14.5003 PPD ( $4,501.5552 \times 386 \times 8.345 / 1,000,000$ ; 386 is the weighted average organic concentration factor for this property and is calculated as follows:  $(4,700 \times 924 + 19,996 \times 313 + 14,380 \times 313) / 39,076$ ).
- 4452-011-042 (Assessment No. 7) and 4452-011-043 (Assessment No. 8)  
These parcels comprise the Malibu Creek/Malibu Village development located on Cross Creek Road (3822 – 3896 Cross Creek Road) and Pacific Coast Highway (23357 - 23361 Pacific Coast Highway). The properties are zoned Commercial Visitor Serving I.

Total building area for 4452-011-042 is 25,832 square feet (2,500 square feet of restaurant and 23,332 square feet of retail). Total estimated wastewater flow for 4452-011-042 is 2,190.5536 GPD ( $25,832 \times 0.0848$  GPD/BSF; 0.0848 is the weighted average flow rate for this property and is calculated as follows:  $(2,500 \times 0.6750 + 23,332 \times 0.0216) / 25,832$ . Estimated organic load for 4452-011-042 is 6.8002 PPD ( $2,190.5536 \times 372 \times 8.345 / 1,000,000$ ; 372 is the weighted average organic concentration factor for this property and is calculated as follows:  $(2,500 \times 924 + 23,332 \times 313) / 25,832$ ).

Total building area for 4452-011-043 is 25,990 square feet (4,840 square feet of restaurant and 21,150 square feet of retail). Total estimated wastewater flow for 4452-011-043 is 3,724.3670 GPD ( $25,990 \times 0.1433$  GPD/BSF; 0.1433 is the weighted average flow rate for this property and is calculated as follows:  $(4,840 \times 0.6750 + 21,150 \times 0.0216) / 25,990$ ). Estimated organic load for 4452-011-043 is 13.2711 PPD ( $3,724.3670 \times 427 \times 8.345 / 1,000,000$ ; 427 is the weighted average organic concentration factor for this property and is calculated as follows:  $(4,840 \times 924 + 21,150 \times 313) / 25,990$ ).

- 4452-011-803 (Assessment No. 9)  
This is an unmanned Southern California Edison facility located at 3808 Cross Creek Road. The property is zoned Commercial Visitor Serving I. Actual building square footage data are not available. Therefore, building area is estimated at 2,875 using an FAR of 0.15 ( $19,166$  parcel square feet  $\times 0.15$ ). The City indicates that there is the potential for redevelopment of the property for non-utility use in the future, and therefore wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 437.8625 GPD ( $2,875 \times 0.1523$  GPD/BSF). Estimated organic load is 1.5895 PPD ( $437.8625 \times 435 \times 8.345 / 1,000,000$ ).
- 4452-012-024 (Assessment No. 10)  
This is vacant land located at 3738 Cross Creek Road, north of 4452-011-029. The property is zoned Commercial General. Total future building area is estimated at 34,042 square feet using an FAR of 0.15 ( $226,948$  parcel square feet  $\times 0.15$ ). The City indicates that the property has the potential to include retail and restaurant uses, and therefore, wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 5,184.5966 GPD ( $34,042 \times 0.1523$  GPD/BSF). Estimated organic load is 18.8205 PPD ( $5,184.5966 \times 435 \times 8.345 / 1,000,000$ ).
- 4458-001-003 (Assessment No. 11)  
This is a parking lot that serves the development located on 4458-002-019 (Assessment No. 13). Therefore flow and load is zero and there will be no assessment. The property is zoned Commercial General.
- 4458-002-018 (Assessment No. 12)  
This is an office development located at 23730 Malibu Road. Total building area is 3,224 square feet. The property is zoned Commercial General. There are no existing restaurant or other "wet" uses, and the City does not anticipate any in the future. Estimated wastewater flow is 201.5000 GPD ( $3,224 \times 0.0625$  GPD/BSF). Estimated organic load is 0.5263 PPD ( $201.5000 \times 313 \times 8.345 / 1,000,000$ ).
- 4458-002-019 (Assessment No. 13)  
This is an office development located along Malibu Road (23676 – 23712 Malibu Road). The property is zoned Commercial General. Total building area is 12,050 square feet. There are no existing restaurant or other "wet" uses, and the City does not anticipate any in the future. Estimated wastewater flow is 753.1250 GPD ( $12,050 \times 0.0625$  GPD/BSF). Estimated organic load is 1.9672 PPD ( $753.1250 \times 313 \times 8.345 / 1,000,000$ ).
- 4458-002-900 (Assessment No. 14)  
This property is Los Angeles County Fire Station #88 and is located at 23720 Malibu Road. The property is zoned Commercial General. The number of fire fighters housed at the fire station is comparable to the household size for a typical single family home, and therefore wastewater flow is estimated at 366 GPD. Estimated organic load is 0.9560 PPD ( $366.0000 \times 313 \times 8.345 / 1,000,000$ ).

- 4458-018-002 (Assessment No. 15), 4458-018-018 (Assessment No. 16), and 4458-018-019 (Assessment No. 17)  
 This is vacant land located approximately at the southeast corner of Pacific Coast Highway and Malibu Canyon Road. The property is zoned Planned Development. Estimated wastewater flow is based on plans for the development of five (5) large, estate sized residential dwelling units plus a gatehouse and equals 3,560.0000 GPD ( $5 \text{ DUs} \times 700 \text{ GPD/DU} + 60 \text{ GPD}$  for the gatehouse). Estimated organic load is 9.2987 PPD ( $3,560.000 \times 313 \times 8.345 / 1,000,000$ ). All dwelling units are anticipated to be located on 4458-018-019.
- 4458-018-027 (Assessment No. 18), 4458-018-028 (Assessment No. 19), 4458-018-029 (Assessment No. 20), 4458-018-030 (Assessment No. 21), 4458-018-031 (Assessment No. 22), 4458-018-032 (Assessment No. 23), and 4458-018-033 (Assessment No. 24)  
 This is vacant land located south of Pacific Coast Highway and east of 4458-018-019. The property is zoned Single Family Medium. Estimated wastewater flow is based on plans for the development of four (4) large, estate sized residential dwelling units plus an unmanned gatehouse. Estimated wastewater flow for each residential parcel is 700 GPD. Estimated organic load for each residential parcel is 1.8284 PPD ( $700.0000 \times 313 \times 8.345 / 1,000,000$ ). The residential parcels are 4458-018-027, 4458-018-028, 4458-018-029, and 4458-018-030. The unmanned gatehouse will be located on 4458-018-031. 4458-018-032 and 4458-018-033 are open space, non-buildable lots.
- 4458-018-902 (Assessment No. 25)  
 The property is zoned Public Open Space. This is the entrance to Bluffs Park and therefore will produce no wastewater flow. There will be no assessment.
- 4458-018-904 (Assessment No. 26)  
 This is Bluffs Park. The property is zoned Public Open Space. Estimated wastewater flow is attributable to the public restroom facilities which are projected to generate 220 GPD. Estimated organic load is 0.5746 PPD ( $220.0000 \times 313 \times 8.345 / 1,000,000$ ).
- 4458-019-003 (Assessment No. 27)  
 This is vacant land located south of the intersection of Pacific Coast Highway and Civic Center Way and north of Malibu Road. The property is zoned Single Family Medium. Estimated wastewater flow is based on plans for the development of one (1) large, estate sized residential dwelling unit and equals 700.0000 GPD. Estimated organic load is 1.8284 PPD ( $700.0000 \times 313 \times 8.345 / 1,000,000$ ).
- 4458-019-008 (Assessment No. 28)  
 This is vacant land located at 23614 Pacific Coast Highway, at the merger of Pacific Coast Highway and Malibu Road. The property is zoned Commercial General. Total future building area is estimated at 3,511 square feet using an FAR of 0.15 ( $23,409 \text{ total parcel square feet} \times 0.15$ ). The City indicates that the property has the potential to include retail and restaurant uses, and therefore wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 534.7253 GPD ( $3,511 \times 0.1523 \text{ GPD/BSF}$ ). Estimated organic load is 1.9411 PPD ( $534.7253 \times 435 \times 8.345 / 1,000,000$ ).
- 4458-019-009 (Assessment No. 29)  
 This is a commercial development located at 23670 Pacific Coast Highway, on the southeast corner of the intersection of Pacific Coast Highway and Webb Way. The property is zoned Commercial General. Total building area is 8,434 square feet. While there are no existing restaurant or other “wet” uses, the City indicates that there is the potential for restaurant/food service use(s) in the future. Therefore, wastewater flow is estimated assuming eighty percent

(80%) retail and twenty percent (20%) restaurant use, or 1,284.4982 GPD ( $8,434 \times 0.1523$  GPD/BSF). Estimated organic load is 4.6628 PPD ( $1,284.4982 \times 435 \times 8.345 / 1,000,000$ ).

- 4458-019-010 (Assessment No. 30)  
This is the Malibu Colony Plaza development located at 23841 Malibu Road. The property is zoned Commercial General. Total building area is 116,925 square feet (48,911 square feet of restaurant and 68,014 square feet of retail). Total estimated wastewater flow is 34,481.1825 GPD ( $116,925 \times 0.2949$  GPD/BSF; 0.2949 is the weighted average flow rate for this property and is calculated as follows:  $(48,911 \times 0.6750 + 68,014 \times 0.0216) / 116,925$ ). Estimated organic load is 163.7272 PPD ( $34,481.1825 \times 569 \times 8.345 / 1,000,000$ ; 569 is the weighted average organic concentration factor for this parcel and is calculated as follows:  $(48,911 \times 924 + 68,014 \times 313) / 116,925$ ).
- 4458-020-002 (Assessment No. 31)  
This is an office development located at 23405 Pacific Coast Highway. The property is zoned Commercial Visitor Serving I. Total building area is 2,102 square feet. Estimated wastewater flow is 131.3750 GPD ( $2,102 \times 0.0625$  GPD/BSF). Estimated organic load is 0.3431 PPD ( $131.3750 \times 313 \times 8.345 / 1,000,000$ ).
- 4458-020-004 (Assessment No. 32)  
This is the Malibu Professional Arts office development located at 23440 Civic Center Way. The property is zoned Commercial Visitor Serving I. Total building area is 12,644 square feet. Estimated wastewater flow is 790.2500 GPD ( $12,644 \times 0.0625$  GPD/BSF). Estimated organic load is 2.0641 PPD ( $790.2500 \times 313 \times 8.345 / 1,000,000$ ).
- 4458-020-010 (Assessment No. 33)  
This is the Malibu Country Mart II development located at 23410 Civic Center Way. The property is zoned Commercial Visitor Serving I. Total building area is 13,061 square feet (5,245 square feet of restaurant, 4,686 square feet of retail, and 3,130 square feet of office). Total estimated wastewater flow is 3,837.3218 GPD ( $13,061 \times 0.2938$  GPD/BSF; 0.2938 is the weighted average flow rate for this property and is calculated as follows:  $(5,245 \times 0.6750 + 4,686 \times 0.0216 + 3,130 \times 0.0625) / 13,061$ ). Estimated organic load is 17.8685 PPD ( $3,837.3218 \times 558 \times 8.345 / 1,000,000$ ; 558 is the weighted average organic concentration factor for this property and is calculated as follows:  $(5,245 \times 924 + 4,686 \times 313 + 3,130 \times 313) / 13,061$ ).
- 4458-020-014 (Assessment No. 34)  
This is the Malibu Country Mart I development located at 3835 Cross Creek Road. The property is zoned Commercial Visitor Serving I. Total building area is 29,068 square feet (8,025 square feet of restaurant, 19,737 square feet of retail, and 1,306 square feet of office). Total estimated wastewater flow is 5,924.0584 GPD ( $29,068 \times 0.2038$  GPD/BSF; 0.2038 is the weighted average flow rate for this property and is calculated as follows:  $(8,025 \times 0.6750 + 19,737 \times 0.0216 + 1,306 \times 0.0625) / 29,068$ ). Estimated organic load is 23.8283 PPD ( $5,924.0584 \times 482 \times 8.345 / 1,000,000$ ; 482 is the weighted average organic concentration factor for this property and is calculated as follows:  $(8,025 \times 924 + 19,737 \times 313 + 1,306 \times 313) / 29,068$ ).
- 4458-020-015 (Assessment No. 35)  
This parcel of vacant land is located south of Civic Center Way, north of Pacific Coast Highway, and west of Webb Way. The property is zoned Commercial General. Total future building area for 4458-020-015 is estimated at 7,242 square feet using an FAR of 0.15 ( $48,280$  total parcel square feet  $\times 0.15$ ). The City indicates that the property has the potential to include retail and restaurant uses, and therefore wastewater flow is estimated assuming eighty percent

(80%) retail and twenty percent (20%) restaurant use, or 1,102.9566 GPD ( $7,242 \times 0.1523$  GPD/BSF). Estimated organic load is 4.0038 PPD ( $1,102.9566 \times 435 \times 8.345 / 1,000,000$ ).

- 4458-020-900 (Assessment No. 36)  
This parcel of vacant land is located south of Civic Center Way, north of Pacific Coast Highway, and west of Webb Way. The property is zoned Commercial General. Total future building area for 4458-020-900 is estimated at 3,162 square feet using an FAR of 0.15 ( $21,080$  total parcel square feet  $\times 0.15$ ). The City indicates that the property has the potential to include retail and restaurant uses, and therefore wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 481.5726 GPD ( $3,162 \times 0.1523$  GPD/BSF). Estimated organic load is 1.7481 PPD ( $481.5726 \times 435 \times 8.345 / 1,000,000$ ).
- 4458-020-901 (Assessment No. 37)  
This is vacant land located at the northeast corner of the intersection of Webb Way and Pacific Coast Highway. The property is zoned Commercial Visitor Serving I. Total future building area is estimated at 1,961 square feet using an FAR of 0.15 ( $13,070$  parcel square feet  $\times 0.15$ ). The City indicates that the property has the potential to include retail and restaurant uses, and therefore wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 298.6603 GPD ( $1,961 \times 0.1523$  GPD/BSF). Estimated organic load is 1.0842 PPD ( $298.6603 \times 435 \times 8.345 / 1,000,000$ ).
- 4458-020-902 (Assessment No. 38)  
This is part of Legacy Park. The property is zoned Commercial Visitor Serving I and will have no restroom or other facilities which would discharge to the wastewater treatment system. Therefore, estimated wastewater flow organic load are zero (0) and there will be no assessment.
- 4458-020-903 (Assessment No. 39)  
This is a commercial development that includes the Lumber Yard (3939 Cross Creek Road), Super Care building (23661 and 23461 Pacific Coast Highway), and animal hospital facilities (23431 Pacific Coast Highway). The property is zoned Commercial Visitor Serving I. Total building area is 37,862 square feet (6,605 square feet of restaurant, 30,048 square feet of retail, and 1,209 square feet of office). Total estimated wastewater flow is 5,183.3078 GPD ( $37,862 \times 0.1369$  GPD/BSF; 0.1369 is the weighted average flow rate for this development and is calculated as follows:  $(6,605 \times 0.6750 + 30,048 \times 0.0216 + 1,209 \times 0.0625) / 37,862$ ). Estimated organic load is 18.1670 PPD ( $5,183.3078 \times 420 \times 8.345 / 1,000,000$ ; 420 is the weighted average organic concentration factor for this property and is calculated as follows:  $(6,605 \times 924 + 30,048 \times 313 + 1,209 \times 313) / 37,862$ ).
- 4458-021-173 (Assessment No. 40)  
This is an office development located adjacent and south of Malibu City Hall (23805 – 23815 Stuart Ranch Road). The property is zoned Community Commercial. Total building area is 40,528 square feet. Estimated wastewater flow is 2,533.0000 GPD ( $40,528 \times 0.0625$  GPD / BSF). Estimated organic load is 6.6162 PPD ( $2,533.0000 \times 313 \times 8.345 / 1,000,000$ ).
- 4458-021-175 (Assessment No. 41)  
This is vacant land located at the northwest corner of Civic Center Way and Stuart Ranch Road. The property is zoned Community Commercial. Total future building area is estimated at 44,105 square feet using an FAR of 0.15 ( $294,030$  total parcel square feet  $\times 0.15$ ). The City indicates that the property has the potential to include retail and restaurant uses, and therefore wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 6,717.1915 GPD ( $44,105 \times 0.1523$  GPD/BSF). Estimated organic load is 24.3839 PPD ( $6,717.1915 \times 435 \times 8.345 / 1,000,000$ ).

- 4458-021-901 (Assessment No. 42)  
 This property is Malibu City Hall. The property is zoned Community Commercial. Total building area is 37,359 square feet. Estimated wastewater flow is 2,334.9375 GPD ( $37,359 \times 0.0625$  GPD/BSF). Estimated organic load is 6.0988 PPD ( $2,334.9375 \times 313 \times 8.345 / 1,000,000$ ).
- 4458-022-001 (Assessment No. 43)  
 This is vacant land located at the northwest corner of the Civic Center Way and Cross Creek Road. The property is zoned Commercial Visitor Serving I. Along with 4458-022-022, this property is proposed to be developed as a Whole Foods Store. Total future building area is 38,425 square feet (29,203 square feet of restaurant and 9,222 square feet of retail). Total estimated wastewater flow is 9,340 GPD and is based on a September 2, 2011 study prepared EPD Consultants. The total wastewater flow is split between Assessor's Parcels 4458-022-001 and 4458-022-022 proportionately on the basis of land area. Estimated wastewater flow for Assessor's Parcel 4458-022-001 is 3,901.2672 GPD ( $9,340 \times 4458-022-001$  parcel square footage of 108,464 divided by the total parcel square footage for both parcels of 259,673). Estimated organic load for Assessor's Parcel 4458-022-001 is 25.2961 PPD ( $3,901.2672 \times 777 \times 8.345 / 1,000,000$ ; 777 is the weighted average organic concentration for this property and is calculated as follows:  $(29,203 \times 924 + 9,222 \times 313) / 38,425$ ).
- 4458-022-011 (Assessment No. 44)  
 This is vacant land located at the northeast corner of Civic Center Way and Stuart Ranch Road. The property is zoned Community Commercial. Total future building area is estimated at 81,010 based on an August 2013 traffic study for a proposed development comprised of restaurant, retail, and office uses (15,000 square feet of restaurant, 38,567 square feet of retail, and 27,443 square feet of office). Total estimated wastewater flow is 12,669.9640 GPD ( $81,010 \times 0.1564$  GPD/BSF); 0.1564 is the weighted average flow rate for this development and is calculated as follows:  $(15,000 \times 0.6750 + 38,567 \times 0.0216 + 27,443 \times 0.0625) / 81,010$ . Estimated organic load is 45.0413 PPD ( $12,669.9640 \times 426 \times 8.345 / 1,000,000$ ); 426 is the weighted average organic concentration factor for this property and is calculated as follows:  $(15,000 \times 924 + 38,567 \times 313 + 27,443 \times 313) / 81,010$ .
- 4458-022-012 (Assessment No. 45)  
 This is vacant land located on the east side of Stuart Ranch Road opposite of Malibu City Hall. The property is zoned Community Commercial. Total future building area is estimated at 42,079 using an FAR of 0.15 ( $280,526$  parcel square feet  $\times 0.15$ ). The City indicates that the property has the potential to include retail and restaurant uses, and therefore wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 6,408.6317 GPD ( $42,079 \times 0.1523$  GPD/BSF). Estimated organic load is 23.2638 PPD ( $6,408.6317 \times 435 \times 8.345 / 1,000,000$ ).
- 4458-022-019 (Assessment No. 46)  
 This is vacant land located on the west side of La Paz Lane at its current terminus. The property is zoned Community Commercial. Total future building area is estimated at 55,408 using an FAR of 0.15 ( $369,389$  parcel square feet  $\times 0.15$ ). The City indicates that the property has the potential to include retail and restaurant uses, and therefore wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 8,438.6384 GPD ( $55,408 \times 0.1523$  GPD/BSF). Estimated organic load is 30.6329 PPD ( $8,438.6384 \times 435 \times 8.345 / 1,000,000$ ).
- 4458-022-022 (Assessment No. 47)  
 This is vacant land located approximately at the northwest corner of the Civic Center Way and Cross Creek Road. The property is zoned Commercial Visitor Serving I. Along with 4458-022-001, this property is proposed to be developed as a Whole Foods Store. Total estimated

wastewater flow for both parcels is 9,340 GPD and is based on a September 2, 2011 study prepared EPD Consultants. The total wastewater flow is split between Assessor's Parcels 4458-022-001 and 4458-022-022 proportionately on the basis of land area. Estimated wastewater flow for Assessor's Parcel 4458-022-022 is 5,438.7328 GPD ( $9,340 \times 4458-022-022$  parcel square footage of 151,209 divided by the total parcel square footage for both parcels of 259,673). Estimated organic load for Assessor's Parcel 4458-022-022 is 35.2651 PPD ( $5,438.7328 \times 777 \times 8.345 / 1,000,000$ ).

- 4458-022-023 (Assessment No. 48) and 4458-022-024 (Assessment No. 49)  
This is vacant land located east of La Paz Lane and north of Civic Center Way. The property is zoned Town Center Overlay.

Total future building area for 4458-022-023 is 88,997 (10,000 square feet of restaurant, 43,917 square feet of retail, and 35,080 square feet of office). Estimated wastewater flow for 4458-022-023 is 9,887.5667 GPD ( $88,997 \times 0.1111$  GPD/BSF); 0.1111 is the weighted average flow rate for this parcel and is calculated as follows:  $(10,000 \times 0.6750 + 43,917 \times 0.0216 + 35,080 \times 0.0625) / 88,997$ . Estimated organic load is 31.5195 PPD ( $9,887.5667 \times 382 \times 8.345 / 1,000,000$ ); 382 is the weighted average organic concentration factor for this property and is calculated as follows:  $(10,000 \times 924 + 43,917 \times 313 + 35,080 \times 313) / 88,997$ .

Total future building area for 4458-022-024 is 43,061 square feet of restaurant, (15,585 square feet of retail, and 27,476 square feet of office). Estimated wastewater flow for 4458-022-024 is 2,054.0097 GPD ( $43,061 \times 0.0477$  GPD/BSF); 0.0477 is the weighted average flow rate for this parcel and is calculated as follows:  $(15,585 \times 0.0216 + 27,476 \times 0.0625) / 43,061$ . Estimated organic load is 5.3650 PPD ( $2,054.0097 \times 313 \times 8.345 / 1,000,000$ ).

- 4458-022-025 (Assessment No. 50)  
This is vacant land located on north of the 4458-022-024. The property is zoned Community Commercial. Total future building area is estimated at 23,509 using an FAR of 0.15 ( $156,728$  parcel square feet  $\times 0.15$ ). The City indicates that the property has the potential for office uses. Estimated wastewater flow is 1,469.3125 GPD ( $23,509 \times 0.0625$  GPD/BSF). Estimated organic load is 3.8378 PPD ( $1,469.3125 \times 313 \times 8.345 / 1,000,000$ ).
- 4458-022-802 (Assessment No. 51)  
This is a GTE California, Inc. facility along Cross Creek Road. The property is zoned Commercial Visitor Serving I. Actual building square footage data are not available. Therefore, building area is estimated at 5,138 using an FAR of 0.15, the maximum permitted under current City zoning regulations ( $34,250$  parcel square feet  $\times 0.15$ ). The City indicates that there is the potential for redevelopment of the property for non-utility use in the future, and therefore wastewater flow is estimated assuming eighty percent (80%) retail and twenty percent (20%) restaurant use, or 782.5174 GPD ( $5,138 \times 0.1523$  GPD/BSF). Estimated organic load is 2.8406 PPD ( $782.5174 \times 435 \times 8.345 / 1,000,000$ ).
- 4458-022-904 (Assessment No. 52)  
This property is located at 23519 Civic Center Way and currently houses Los Angeles County courthouse, sheriff substation, library, and Water Works District 29 facilities. The property is zoned Institutional. A new Santa Monica Community College District satellite campus (no restaurant or cafeteria are anticipated) and Los Angeles County Sheriff substation facility will be constructed, replacing the existing sheriff substation. Total building square footage will be 86,900. The new SMCCD campus will be 27,500 building square feet with a total of two hundred ten (210) full time equivalent students and twelve (12) faculty/staff. The new Sheriff substation will be 5,640 building square feet. The existing courthouse facility is 24,240 building square feet. The existing library is 16,229 square feet. The Water Works District 29 offices are

12,291 building square feet. In addition, there is 1,000 square feet of storage. Estimated wastewater flow is 6,154.5000 GPD ( $59,400 \times 0.0625 + 222 \times 11$ ). Estimated organic load is 16.0755 PPD ( $6,154.5000 \times 313 \times 8.345 / 1,000,000$ ).

- 4458-027-023 (Assessment No. 53), 4458-027-024 (Assessment No. 54), and 4458-027-025 (Assessment No. 55)

This is Our Lady of Malibu Church and School. The property is zoned Institutional. The school is located on 4458-027-023, the church is located on 4458-027-024, and the rectory is located on 4458-027-025. The church has seating for 250. The school has a student capacity of one hundred twenty-three (123) with faculty and staff of up to twenty (20).

Estimated wastewater flow for 4458-027-023 is 1,573.0000 GPD ( $143 \times 11$ ). Estimated organic load for 4458-027-023 is 4.1087 PPD ( $1,573.0000 \times 313 \times 8.345 / 1,000,000$ ).

Estimated wastewater flow for 4458-027-024 is 750 GPD ( $250 \text{ seats} \times 3 \text{ GPD/seat}$ ). Estimated organic load for 4458-027-024 is 1.9590 PPD ( $750.0000 \times 313 \times 8.345 / 1,000,000$ ).

Estimated wastewater flow for 4458-027-025 is 366 GPD. Estimated organic load for 4458-027-025 is 0.9560 PPD ( $366.0000 \times 313 \times 8.345 / 1,000,000$ ).

- 4458-028-006 (Assessment No. 56) and 4458-028-020 (Assessment No. 57)

These two properties comprise the wastewater treatment plant site. The properties are zoned Commercial Visitor Serving II. Estimated wastewater flow is 100 GPD and is based on one bathroom, laboratory sink, and a dishwasher. Estimated organic load is 0.2612 PPD ( $100 \times 313 \times 8.345 / 1,000,000$ ). Wastewater flow and load are allocated to each parcel in proportion to land area. Estimated wastewater flow for Assessor's Parcel 4458-028-006 is 27 GPD ( $100 \times 4458-028-006 \text{ parcel square footage of } 30,930 \text{ divided by the total parcel square footage for both parcels of } 113,400$ ). Estimated wastewater flow for Assessor's Parcel 4458-028-020 is 73 GPD ( $100 \times 4458-028-020 \text{ parcel square footage of } 82,470 \text{ divided by the total parcel square footage for both parcels of } 113,400$ ). Estimated organic load for Assessor's Parcel 4458-028-006 is 0.0705 PPD ( $27 \times 313 \times 8.345 / 1,000,000$ ). Estimated organic load for Assessor's Parcel 4458-028-020 is 0.1907 PPD ( $73 \times 313 \times 8.345 / 1,000,000$ ).

#### D. Parcel Subdivisions and Consolidations

If an Assessor's Parcel is subdivided, the assessment for the subdivided parcel shall be apportioned to the new parcels in accordance with the preceding assessment methodology. The sum of the assessments for the new parcels shall equal the assessment for the subdivided parcel. If two or more Assessor's Parcels are consolidated, the assessment for the parcel resulting from such consolidation shall be equal to the sum of the assessments for the consolidated parcels.

ASSESSMENT DIAGRAM FOR  
ASSESSMENT DISTRICT NO. 2015-1  
CITY OF MALIBU  
(CIVIC CENTER WASTEWATER TREATMENT FACILITY - PHASE I)  
LOS ANGELES COUNTY, CALIFORNIA



Filed in the office of the City Clerk of the City of Malibu this \_\_\_ day of \_\_\_, 2015.

City Clerk of the City of Malibu  
County of Los Angeles, State of California

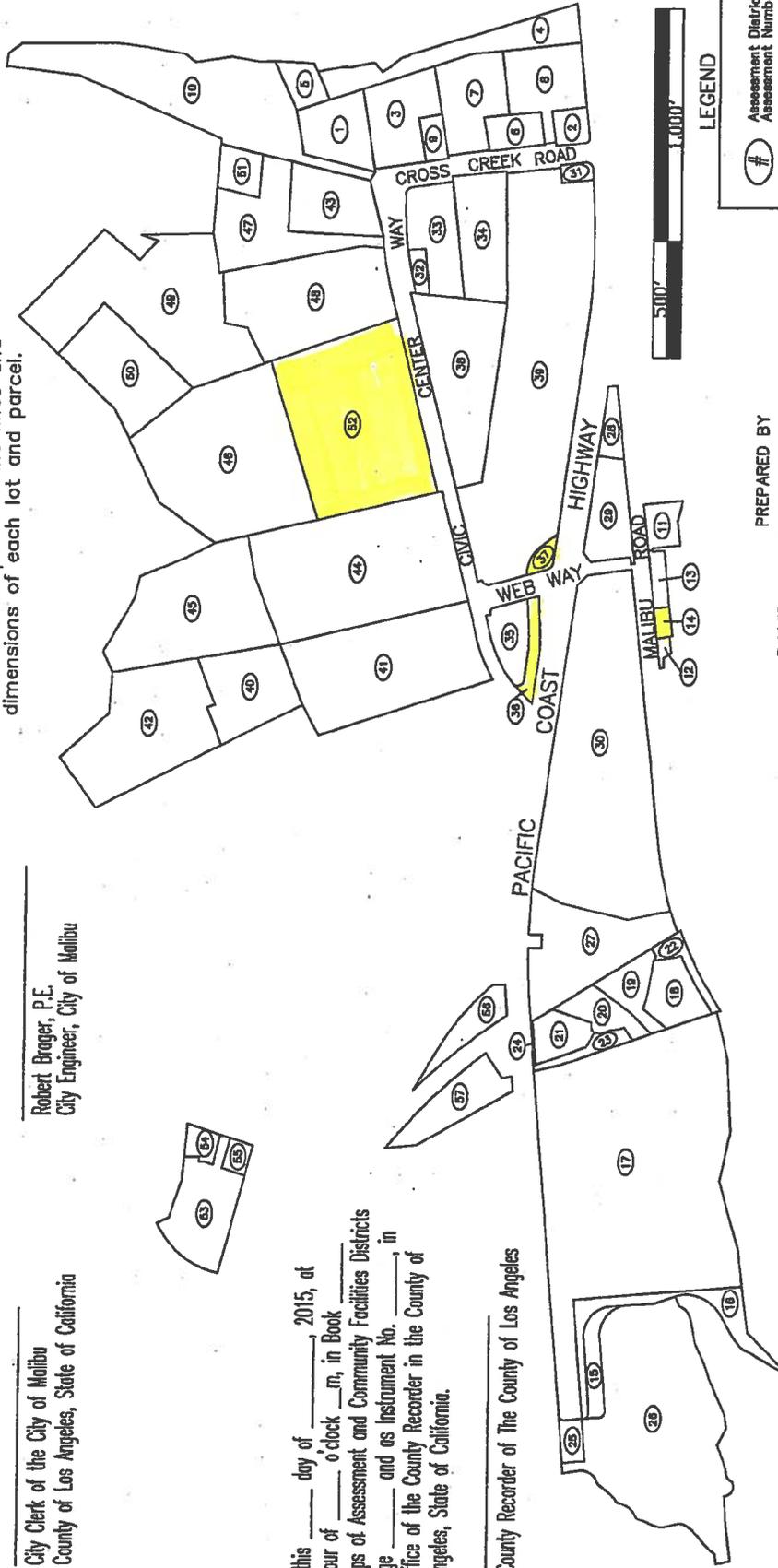
Recorded in the office of the City Engineer this \_\_\_ day of \_\_\_, 2015.

Robert Brager, P.E.  
City Engineer, City of Malibu

Reference is hereby made to the Assessor maps of the County of Los Angeles for an exact description of the lines and dimensions of each lot and parcel.

Filed this \_\_\_ day of \_\_\_, 2015, at the hour of \_\_\_ o'clock \_\_\_m, in Book \_\_\_ of Maps of Assessment and Community Facilities Districts at page \_\_\_ and as Instrument No. \_\_\_ in the office of the County Recorder in the County of Los Angeles, State of California.

County Recorder of The County of Los Angeles



PREPARED BY  
DAVID TAUSSIG & ASSOCIATES, INC.

August 4, 2015

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

The Honorable Board of Directors  
Los Angeles County Public Works Financing Authority  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**ISSUANCE AND SALE OF  
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY  
2015 LEASE REVENUE REFUNDING BONDS, SERIES B AND SERIES C  
(ALL DISTRICTS) (4 VOTES)**

**SUBJECT**

The Treasurer and Tax Collector (the "Treasurer") is requesting authorization to issue the Los Angeles County Public Works Financing Authority 2015 Lease Revenue Refunding Bonds, Series B and Series C (the "2015 Refunding Bonds"), in an aggregate principal amount not to exceed \$250 million. Proceeds from the sale of the 2015 Refunding Bonds will be utilized to refund three series of outstanding lease revenue bonds issued previously by the Los Angeles County Public Works Financing Authority (the "Authority").

**IT IS RECOMMENDED THAT YOUR BOARD:**

Adopt the Resolution authorizing all necessary actions related to the issuance and sale of the 2015 Refunding Bonds in an aggregate principal amount not to exceed \$250 million for the purpose of refunding three series of outstanding lease revenue bonds and achieving significant debt service savings for the County.

**IT IS RECOMMENDED THAT YOUR BOARD, ACTING AS THE BOARD OF DIRECTORS OF THE LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY:**

Adopt the Resolution authorizing all necessary actions related to the issuance and sale of the 2015 Refunding Bonds in an aggregate principal amount not to exceed \$250 million for the purpose of refunding three series of outstanding lease revenue bonds and achieving significant debt service savings for the County.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The approval of the above recommendations will authorize the issuance of the 2015 Refunding Bonds and the execution and delivery of all related documents. The proceeds from the sale of the 2015 Refunding Bonds will be utilized to fully refund the following three series of outstanding lease revenue bonds: the 2005 Calabasas Landfill Project Lease Revenue Bonds (the "Calabasas Bonds") in the amount of \$21,550,000; the 2005 Master Refunding Project Lease Revenue Refunding Bonds (the "2005 Bonds") in the amount of \$134,760,000; and the 2006 Master Refunding Project Lease Revenue Refunding Bonds, Series B (the "2006 Bonds"), in the amount of \$82,280,000. The issuance of the 2015 Refunding Bonds will result in significant savings in debt service costs, as described in further detail below.

The Treasurer intends to issue the 2015 Refunding Bonds in two separate series, including a tax-exempt component (the "2015 Series B Refunding Bonds"), and a federally taxable component (the "2015 Series C Refunding Bonds"). The proceeds from the sale of the 2015 Series B Refunding Bonds will be used to refund the Calabasas Bonds and the 2005 Bonds. The proceeds from the sale of the 2015 Series C Refunding Bonds will be used to refund the 2006 Bonds.

The Treasurer has evaluated three options for refunding the 2006 Bonds, which are non-callable and cannot be refunded on a tax-exempt basis until June 1, 2016. The three options include: (1) issuing current-delivery taxable bonds; (2) issuing forward delivery tax-exempt bonds to close on June 1, 2016; or (3) waiting until June 1, 2016 to issue current-delivery tax-exempt bonds. Given the recent volatility in the municipal bond market and the uncertainty regarding future interest rates, combined with the significant challenges with selling nine-month forward delivery tax-exempt bonds (Option 2), we have determined that issuing the 2015 Series C Refunding Bonds on a current-delivery taxable basis is the prudent course of action to capture substantial debt service savings and minimize the County's risk exposure to higher interest rates and market volatility (Option 3).

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

This action supports Strategic Plan Goal #1: Operational Effectiveness/Fiscal Sustainability by refunding outstanding bond obligations and providing cost-effective financing for the County's capital facilities.

### **FISCAL IMPACT/FINANCING**

Based on current market conditions, the County expects to issue the 2015 Refunding Bonds in an aggregate par amount of approximately \$215 million and generate an additional \$19 million of proceeds through bond issuance premium. The estimated bond proceeds of \$234 million will be supplemented with proceeds from existing debt service reserve funds for the 2005 Bond and 2006 Bonds (Prior Bonds) in the aggregate amount of \$27 million to provide sufficient funding to redeem the \$238,590,000 outstanding par amount of the Prior Bonds, and to fund a debt service reserve fund and pay the costs of issuance related to the 2015 Refunding Bonds.

The Resolutions being presented to your Board require the Bonds to be issued at a true interest cost not to exceed 5.0 percent. Given the current interest rate environment, it is expected that

actual borrowing costs will be significantly lower and should result in a true interest cost to the County of less than 4.0 percent. The Treasurer will structure the 2015 Refunding Bonds to achieve the maximum level of debt service savings based on market conditions at the time of pricing, which is currently scheduled for the second week of August 2015. Based on current market conditions and the County's strong credit profile, the 2015 Refunding Bonds are expected to generate total net present value savings of approximately \$20.7 million and gross debt service savings of more than \$40 million. The net present value savings are summarized in the table below:

<b>2015 Refunding Bonds</b>	<b>Prior Obligations</b>	<b>2015 Refunding PAR Amount</b>	<b>Projected Net Present Value Savings</b>	<b>% Savings of Refunding Bonds</b>
2015B (Tax-Exempt)	Calabasas Bonds	\$ 18,715,000	\$ 2,220,019.59	11.86%
	2005 Bonds	111,090,000	7,400,975.55	6.66%
2015C (Federally Taxable)	2006 Bonds	85,305,000	11,099,610.35	13.01%
<b>Total</b>		<b>\$ 215,110,000</b>	<b>\$ 20,720,605.49</b>	<b>9.63%</b>

The payment of debt service on the 2015 Refunding Bonds will be funded by a combination of revenues from the County General Fund and the Courthouse Construction Fund (CCF). The debt service obligation associated with the refunding of the Calabasas Bonds is expected to be paid by the General Fund. With respect to the refunding of the 2005 Bonds and 2006 Bonds, the remaining debt obligations relate primarily to the construction of County courthouses. The debt service for the 2015 Refunding Bonds related to these series of Prior Bonds will therefore be paid by revenues from both the General Fund and the CCF.

The 2015 Refunding Bonds will be structured in such a manner that will maximize the use of CCF revenues and limit the fiscal impact to the County General Fund. The estimated savings generated by the 2015 Refunding Bonds, as described in the table above, reflects the total savings of the refunding transaction for both funding sources. The actual allocation of savings between the General Fund and the CCF will be determined by the final structure of the Bonds and the future availability of CCF revenues. To the extent that future CCF revenues are insufficient to cover the refunding debt service associated with the 2005 Bonds and 2006 Bonds, the General Fund will be responsible for the payment of any debt service shortfall. Given the current revenue pattern associated with the CCF, the 2015 Refunding Bonds are expected to reduce the General Fund commitment to courthouse debt service by approximately \$35 million over the life of the refunding bonds. This savings estimate is driven both by the lower interest rates to be achieved in the current market, as well as the Treasurer's decision to shorten the final maturity on the 2015 Series C Refunding Bonds and amortize the higher-cost taxable bonds on the short-end of the yield curve. By moving the taxable bonds early, the Treasurer will issue only tax-exempt bonds in the longer maturities and therefore take advantage of the lower rates being offered for tax-exempt debt.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The 2015 Refunding Bonds are being issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Section 6584 et seq. of the California Government Code. The County

intends to issue and sell the 2015 Refunding Bonds through the Authority using a standard lease revenue structure. In this structure, the County leases the pledged assets to the Authority through a lease agreement, and the Authority leases the same pledged assets back to the County through a sublease agreement. The 2015 Refunding Bonds will be secured by annual base rental payments from the County to the Authority, which are subject to annual appropriation by your Board.

The County will issue the 2015 Refunding Bonds pursuant to a Master Indenture established in February 2015 in connection with the issuance of the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects), Series 2015 (the "2015 Lease Revenue Bonds"). The Authority and the County will amend each of the Master Indenture, Master Site Lease and Master Sublease in order to issue additional bonds pursuant to this structure. The amendments to the Master Site Lease and Master Sublease will allow the County to pledge additional real property assets as security for the repayment of the 2015 Lease Revenue Bonds and the 2015 Refunding Bonds.

The Prior Bonds to be refunded were originally issued by the County in order to finance a variety of capital improvement projects, including five courthouses, four hospital facilities, Sheriff and Probation department facilities, and one County-owned landfill. In addition, these bonds were secured by a lease structure that pledged many of these same assets as collateral. For purposes of the 2015 Refunding Bonds, only three of these prior assets are being carried forward into the new Master Lease. Specifically, the three assets are the Michael D. Antonovich Courthouse, LAX Courthouse, and Chatsworth Courthouse. These properties will be in addition to the following five properties that will be leased in support of the 2015 Lease Revenue Bonds and 2015 Refunding Bonds:

- Civic Center Heating and Refrigeration Plant (currently in Master Lease)
- Internal Services Department Headquarters (currently in Master Lease)
- Manhattan Beach Library (currently in Master Lease)
- Zev Yaroslavsky Family Support Center (financed with the 2015 Lease Revenue Bonds)
- Lost Hills Sheriff Station (unrelated property added to the Master Lease)

By adding only three assets from the Prior Bonds to the current Master Lease structure, the County will be able to release twelve real estate assets that are currently pledged as collateral for the Calabasas Bonds and the 2005 Bonds. These assets are identified below and, with the exception of the two courthouses, will now be available to the County as potential collateral for future lease revenue bond financings:

- Calabasas Landfill
- Alhambra Courthouse
- Burbank Courthouse
- Ameron Sheriff Headquarters
- Emergency Operations Center
- Harbor/UCLA Medical Center – Primary Care & Diagnostic Center
- Martin Luther King Medical Center - Modular Building (Pediatric Trauma)
- Rancho Los Amigos Medical Center – Inpatient Building (Unit A)
- Rancho Los Amigos Medical Center – Parking Structure

- Rancho Los Amigos Medical Center – Master Plan II (Utilities)
- San Fernando Valley Juvenile Hall
- LAC/USC Medical Center – Marengo Street Parking Garage

To execute the issuance and sale of the 2015 Refunding Bonds, the Treasurer is recommending that the bonds be sold to the capital markets on a negotiated basis. Based on the results of a competitive solicitation process, Goldman, Sachs & Co. was selected as the senior managing underwriter and Morgan Stanley & Co. LLC as the co-senior manager for this transaction. Backstrom, McCarley Berry & Co. LLC, Keybank Capital Markets, Inc. and Raymond James & Associates, Inc. were appointed as co-managers for this financing. Public Resources Advisory Group has been selected as the financial advisor, and Norton Rose Fulbright US LLP and Orrick, Herrington & Sutcliffe LLP will serve as bond counsel and underwriters' counsel, respectively.

#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

There is no impact on current services or projects.

#### **CONCLUSION**

Upon approval of the attached Resolutions, it is requested that the Acting Executive Officer of the Board return two originally executed copies to the Treasurer and Tax Collector (Office of Public Finance).

Respectfully submitted,

JOSEPH KELLY  
Treasurer and Tax Collector

JK:DB:JP:pab

#### Attachments

c: Interim Chief Executive Officer  
Auditor-Controller  
Interim County Counsel  
Acting Executive Officer, Board of Supervisors

August 11, 2015

Honorable Board of Commissioners  
Community Development Commission  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Commissioners:

**APPROVE CONTRACT WITH PCMG, INC. FOR MICROSOFT ENTERPRISE  
VOLUME LICENSING SERVICES  
(ALL DISTRICTS) (3 VOTE)**

**CIO RECOMMENDATION: ( X ) APPROVE**

**SUBJECT**

This letter recommends approval of a five-year Contract with PCMG, Inc. (PCMG) for Microsoft Enterprise Volume Licensing Services, to provide Microsoft software for the Community Development Commission (Commission). The Contract with PCMG will provide access to a Microsoft Enterprise Agreement, which will entitle the Commission to access all upgrades in order to standardize all Microsoft products throughout the organization.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Authorize the Executive Director, or his designee, to execute, amend, and if necessary, terminate a five-year Contract and all related documents with PCMG for Microsoft Enterprise Volume Licensing Services, at an annual cost of \$233,938 per year, using funds included for this purpose in the Commission's approved Fiscal Year 2015-216 budget, and to be included in future years' annual budget processes.
2. Authorize the Executive Director, or his designee, to use up to \$116,969 (10% of the total five-year Contract amount), for unforeseen costs; the total maximum Contract sum for all five years plus the 10% contingency is \$1,286,659.

3. Authorize the Executive Director, or his designee, to execute, amend, and if necessary, terminate for convenience a Contract with PCMG, for licenses and software assurance benefits, and a Microsoft Enterprise Agreement with the Commission, following approval as to form by County Counsel.
4. Find that approval of the Contract is not subject to the California Environmental Quality Act (CEQA) because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of this action is to approve a Contract with PCMG for Microsoft Enterprise Volume Licensing Services, to enable the Commission to receive licenses and software assurance benefits for Microsoft products.

The Commission maintains Microsoft licenses to update its software needs for office computers, servers, and community learning centers. The benefits of the Contract with PCMG include:

- simplified license and compliance tracking,
- flexibility to upgrade to newer versions of software products,
- simplified budgetary planning,
- unlimited web support.

The Commission receives all licenses and rights immediately while being allowed to distribute payments over five years with no interest.

### **FISCAL IMPACT / FINANCING**

There is no impact on the County general fund. The Commission will use up to \$233,938 included in the Commission's approved Fiscal Year 2015-2016 budget for the first year of the Contract. Funds for years two through five will be included through the Commission's annual budget approval process. The maximum contract amount for all five years of the Contract will be \$1,169,690. An additional 10% contingency of \$116,969, is being requested to allow the Commission to increase the number of licenses if needed at any time during the five-year term.

PCMG confirms that no California sales or use taxes applies because all products for this purchase will be digitally downloaded.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The Contract with PCMG and the Microsoft Enterprise Agreement have been reviewed by County Counsel. The Microsoft Enterprise Agreement is attached as Attachment E to

the Commission Contract with PCMG, and if there is any conflict between the terms and conditions of the Commission Contract and the terms and conditions of the County of Riverside Contract and Microsoft Enterprise Agreement, the Commission Contract shall govern. The Chief Information Office reviewed this request and recommends approval. The request is for a commodity software license purchase utilizing a standard contract and enterprise agreement whereby a CIO Analysis is not required.

### **ENVIRONMENTAL DOCUMENTATION**

Computer software purchases are exempt from the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.35 (b)(3), because they involve activities that will not have a physical impact on or result in any physical changes to the environment. These activities are also not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

### **CONTRACTING PROCESS**

The Microsoft Enterprise Agreement will be purchased through PCMG under the California County Information Services Directors Association (CCISDA) Enterprise Agreement (#01E62044). The CCISDA Enterprise Agreement was a formal Request for Proposals led by the County of Riverside and awarded in 2002 to offer the lowest prices possible for state and local government customers in California. The Commission received four quotes from approved CCISDA resellers. PCMG offered the lowest quote and is being recommended for the contract award.

### **IMPACT ON CURRENT SERVICES AND PROJECTS**

The Contract for Microsoft Enterprise Volume Licensing Services will improve the efficiency and effectiveness of the Commission's administrative processes and maximize the return on the Commission's technology investments.

Respectfully submitted,

Reviewed by:

SEAN ROGAN  
Executive Director  
COMMUNITY DEVELOPMENT COMMISSION  
COUNTY OF LOS ANGELES

RICHARD SANCHEZ  
Chief Information Officer  
COUNTY OF LOS ANGELES

Enclosures



RICHARD SANCHEZ  
CHIEF INFORMATION OFFICER

Office of the CIO  
**CIO Analysis**

NUMBER:

CA 15-15

DATE:

7/14/2015

SUBJECT:

**REQUEST FOR APPROVAL OF A CONTRACT WITH PCMG, INC.  
FOR MICROSOFT ENTERPRISE VOLUME LICENSING SERVICES**

RECOMMENDATION:

Approve                       Approve with Modification                       Disapprove

CONTRACT TYPE:

New Contract     Sole Source  
 Amendment to Contract #: Enter contract #.                       Other: Describe contract type.

CONTRACT COMPONENTS:

Software     Hardware  
 Telecommunications     Professional Services

SUMMARY:

Department Executive Sponsor: Douglas Van Gelder, Information Technology Manager

Description: Housing Authority is requesting approval for approval of Microsoft enterprise software licensing and maintenance support services for a term not to exceed 60 months.

Contract Amount: \$1,286,659                      Funding Source: U.S. Dept. of Housing and Urban Development (HUD)

Legislative or Regulatory Mandate                       Subvened/Grant Funded:

**Strategic and  
Business Analysis**

PROJECT GOALS AND OBJECTIVES:

This acquisition enables the Commission to update its desktop and laptop computers with Microsoft's Office 365 productivity suite. It also includes Microsoft's Windows 8 operating system for desktop and laptop computers and for CDC's data center.

BUSINESS DRIVERS:

The Commission's current office and operating system requires upgrading to the software vendor's latest version and will increase staff productivity and improve operational efficiency.

PROJECT ORGANIZATION:

The CDC's CIO, Doug Van Delder, is responsible for managing IT operations.

PERFORMANCE METRICS:

None.

	<p><b>STRATEGIC AND BUSINESS ALIGNMENT:</b>                  The Microsoft Office and Windows 8 operation system acquisition is an upgrade to currently operating software and will increase staff productivity, improve operational efficiency and enable mobile access.</p> <hr/> <p><b>PROJECT APPROACH:</b>                  To be confirmed with CDC.</p> <hr/> <p><b>ALTERNATIVES ANALYZED:</b>                  None, the Office software suite and Windows 7 operating system is in place at CDC today and this acquisition is to upgrade and install the Office 365 suite and Windows 8 operating system on the Commission’s desktop and laptop computers.</p>
<b>Technical Analysis</b>	<p><b>ANALYSIS OF PROPOSED IT SOLUTION:</b>                  To be confirmed with CDC.</p>
<b>Financial Analysis</b>	<p><b>BUDGET:</b></p> <p>Contract costs</p> <p>    One-time costs:</p> <p>        FY 2015-2020 ..... \$ 1,169,690 ( \$233,938 per year)</p> <p>        Pool Dollars ..... \$ 116,969</p> <p><b>Total contract costs: \$1,286,659</b></p> <p>Funding is included in the Housing Authority’s FY 2015-16 Adopted Budget utilizing General Fund Bond Proceeds. There is no impact on the County General Fund. The Commission will be leveraging the County’s negotiated Office 365 and Windows 8 pricing as a participating agency. The anticipated cost avoidance from current licensing costs and email oerprations is \$xxx.</p>
<b>Risk Analysis</b>	<p><b>RISK MITIGATION:</b>                  The current Microsoft Office 2010 suite and Windows 7 operating system software is operational today and this acquisition enables CDC to upgrade them to Microsoft’s latest versions. The risk for this project is minimal.</p>
<b>CIO Approval</b>	<p><b>PREPARED BY:</b></p> <p>_____</p> <p>James Hall, Sr. Associate CIO</p> <p>_____</p> <p>Date</p>

APPROVED:

Richard Sanchez, County CIO

Date

Please contact the Office of the CIO (213.253.5600 or [info@cio.lacounty.gov](mailto:info@cio.lacounty.gov)) for questions concerning this CIO Analysis. This document is also available online at <http://ciointranet.lacounty.gov/>

Draft



Date of letter, 2015

1055 Wilshire Boulevard  
Suite 800  
Los Angeles, CA 90017  
Tel 213.202.5858  
Fax 213.580.0017  
www.lacountyarts.org

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

Dear Supervisors:

**APPROVAL OF CIVIC ART POLICY REVISIONS  
(ALL DISTRICTS) (3 VOTES)**

Board of Supervisors

Hilda L. Solis  
Mark Ridley-Thomas  
Sheila Kuehl  
Don Knabe  
Michael D. Antonovich

**SUBJECT**

Adopt revisions to the Civic Art Policy to include County capital projects to be built by developers.

Commissioners

Claire Peeps  
President  
Bettina Korek  
Vice President  
Pamela Bright-Moon  
Secretary  
Betty Haagen  
Executive Committee  
Araceli Ruano  
Immediate Past President

**IT IS RECOMMENDED THAT YOUR BOARD:**

Approve revisions to the Civic Art Policy originally adopted on December 7, 2004 by your Board and last revised on December 15, 2009.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Eric Hanks  
Helen Hernandez  
Constance Jolcuvar  
Peter Lesnik  
Claudia Margolis  
Richard Montoya  
Alis Clausen Odenthal  
Hope Warschaw  
Rosalind Wyman  
Laura Zucker  
Executive Director

The Civic Art Policy specifies that your Board will periodically review and update the policy. The civic art policy is silent on a particular method through which the County builds its public facilities: rather than using the Department of Public Works or the Community Development Commission, the County sometimes uses developer agreements to build County projects. This is resulting in no civic art for some new County facilities. The attached changes to the policy in relation to County capital projects that are being built by a developer are being put forward for your consideration. These changes, which will only effect County projects, are summarized below:

- County capital projects to be built by developers will now be included in the policy.
- Residential or commercial projects, or residential or commercial project components that are included in these projects, will continue to be exempt.
- A developer built project subject to civic art regulations of a municipality is excluded to prevent more than one requirement for civic art being in effect at a time.
- A representative of the developer will be on the civic art Project Coordination Committee, if applicable.

- In the case of County capital projects to be built by a developer, the Chief Executive Office and the Community Development Commission will include this civic art requirement in contracts with the developer.

Implementation of Strategic Plan Goals

The recommended action supports the Countywide Strategic Plan Goal 1: Operational Effectiveness/Fiscal Sustainability; Strategic Initiative 1: Sound Fiscal Management/Capital Investments and Goal 2: Community Support and Responsiveness by enriching the lives of County residents by providing enhanced services.

**FISCAL IMPACT/FINANCING**

Some County capital projects that have not previously included civic art will now do so. The maximum impact for these projects is 1% of the design and construction costs of projects over \$500,000, capped at \$1 million.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Not applicable.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The revision to the Civic Art Policy will allow equal civic art access for all residents at the County's public facilities, no matter the financing mechanism that is used to build the facility. The inclusion of civic art in County facilities expands our region's cultural resources and fosters positive community identity.

Respectfully submitted,

Laura Zucker  
Executive Director

LZ:MB

Attachments (1)

c: Interim Chief Executive Officer  
Chief Executive Office  
Public Works  
Community Development Commission



# CIVIC ART POLICY

**Proposed Revisions June 8, 2015 (REVISED on June 2, 2015)**  
Approved December 15, 2009 by the Board of Supervisors

Enriching Lives



**Los Angeles County Arts Commission**  
1055 Wilshire Boulevard, Suite 800, Los Angeles, CA 90017  
(213) 202-5858

## **TABLE OF CONTENTS**

---

### **POLICY**

<b>I. PURPOSE</b>	page 1
<b>II. GOALS AND OBJECTIVES</b>	page 1
<b>III. CIVIC ART POLICY</b>	page 1
<b>IV. IMPLEMENTATION OF CIVIC ART PROJECTS</b>	page 2
<b>V. DEFINITIONS</b>	page 3
<b>VI. ROLES AND RESPONSIBILITIES OF COUNTY DEPARTMENTS</b>	page 5

## **I. PURPOSE**

Artistic and cultural resources are key to the overall quality of life of a community. Civic Art contributes significantly to the economic vitality of a region by improving the quality of the environment and fostering a positive community identity. Historically, artists have helped shape the great civic projects of other eras, from the federal monuments of our capital to the community treasures of the Works Projects Administration. The creation of the Los Angeles County Civic Art Program will integrate the skills of artists into capital improvement and major development projects, enhancing Los Angeles County for those who live here now and contributing to the creation of a legacy for generations to come.

## **II. GOALS AND OBJECTIVES**

The Civic Art Program has the following goals:

- To enhance the quality of life of the residents of Los Angeles County through the creation of an improved physical and cultural environment;
- To provide leadership in the development of high quality civic spaces;
- To enhance County work spaces for constituents and staff;
- To expand the economic vitality of the County through increased property values and new cultural tourism opportunities;
- To provide access to artistic experiences of the highest caliber for the residents of Los Angeles County; and
- To acknowledge the skills and creativity of artists, which are key to the success of such a program.

Specific objectives include:

- To enhance the quality of selected County capital improvement projects through the incorporation of the skills of artists;
- To encourage innovative approaches to Civic Art;
- To integrate artists into the planning and design process at the earliest possible opportunity;
- To ensure access and the equitable distribution of commissions between local, regional and national artists that are representative of diverse cultural backgrounds;
- To document, archive, preserve and conserve County-owned artworks; and
- To provide the public with information about Civic Art Projects.

## **III. CIVIC ART POLICY**

The Civic Art Policy mandates that Eligible County Capital Improvement Projects, funded wholly or in part by the County, allocate 1% of eligible project costs for the design, construction, integration, acquisition, delivery and conservation of Civic Art, unless otherwise ordered by the Board of Supervisors. The Civic Art Allocation will represent an amount equal to 1% of the cost of design services and construction of County Capital Projects that are:

- Authorized by the Board of Supervisors to proceed;
- Included in the County's Capital Projects/Refurbishments Budget;
- Included in the County's Capital Projects/Refurbishments Budget and transferred to the Community Development Commission (CDC) for execution;

- County capital projects to be built by developer;
- Not yet contracted with a lead design/engineering firm; or
- Another County development or Capital Projects, as approved by the Board.

If use of all, or a portion, of a project's funding is prohibited by the funding source for the purposes of the Civic Art Program, the Civic Art Allocation will reflect only that portion of the funding that is eligible for application to the Civic Art Program. For capital projects over \$100 million in eligible funds, the Civic Art Allocation will not exceed \$1 million. This cap shall be reviewed by the Board of Supervisors every five years.

The Arts Commission's budget for contract project managers and other expenses associated with the administration of the Civic Art Program will be funded annually by the Chief Executive Office (CEO) in accordance with the annual budget process. The amount allocated for administration will be based on the number of County capital projects and anticipated workload for the upcoming fiscal year.

Projects included in the County's Capital Projects/Refurbishment Budget and transferred to CDC for execution or approved projects paid for and managed by other entities are subject to a 15% administrative fee from the 1% allocation.

#### **IV. IMPLEMENTATION OF CIVIC ART PROJECTS**

The Arts Commission will work with the Board offices, the Chief Executive Office (CEO), Department of Public Works (DPW), Community Development Commission (CDC) and County Departments to identify Civic Art Projects, conservation projects, community outreach and public education efforts, and any other activities anticipated to be undertaken in the upcoming fiscal year.

*A Project Coordination Committee* will be established at the beginning of each new Civic Art project and will have primary oversight of each Civic Art Project, will participate in the project from artist selection through dedication, and work to ensure close coordination among Departments.

The Project Coordination Committee, which will be chaired by the representative of the Supervisor in whose District the project is located, will meet to review and approve the following:

- *Artist selection.* Artists will be selected for each new Civic Art Project through one of the methods outlined in *Procedures, Section 1.*
- *The artist's proposals at the conceptual and final design phases.* In some cases the conceptual design review may take place as part of the artist selection process. After comments are received at each phase, Arts Commission staff will work with the artist to refine the design. If the artist is not in agreement with the Committee's recommendations, Arts Commission staff will mediate discussions to arrive at a consensus among all parties. In each case, if revisions are called for, the revised conceptual or final design will be presented to the Project Coordination Committee for approval.
- *Proposed alterations to the final design.* The artist's contract will contain language specifying that no change to the approved final design may take place without written permission.

- *Plans for the dedication and unveiling of the facility.* These include placement of appropriate informational signage at the project site, the inclusion of the artist and information regarding the artwork at any unveiling ceremonies or community outreach events associated with the dedication of the new facility.

All County departments will adhere to the roles and responsibilities detailed in Section VI.

The Civic Art Policy will be reviewed and updated by the Board of Supervisors. Procedures which guide implementation of, and are in accordance with, the Civic Art Policy will be updated by the Arts Commission in collaboration with the CEO.

## V. DEFINITIONS

**Artist** means a person who has established a reputation of artistic excellence in the visual, performing or literary arts, as judged by peers, through a record of exhibitions, public commissions, sale of works and/or educational attainment.

**Arts Commission Project Manager** is the lead staff person for each Civic Art project. The project manager is responsible for staffing the Project Coordination Committee but does not vote on artist selection.

**Civic Art** means artistic and cultural facilities, objects and amenities, whether created before or after the adoption of this policy, such as:

- Sculpture: Free standing, wall supported or suspended, kinetic, electronic or mechanical in material or combination of materials;
- Murals or portable paintings: In any materials or variety of materials, with or without collage or the addition of nontraditional materials and means;
- Earthworks, neon, glass, mosaics, photographs, prints, calligraphy, any combination of forms of media, including sound, film, holographic, and video systems, hybrids of any media and new genres;
- Standardized fixtures, such as grates, street lights, signage, and other design enhancements as rendered by an artist for unique or limited editions;
- Exhibit/Performance Space: Public gallery/exhibition space, public performance spaces, public artistic studio spaces, and public art education facilities; and
- Similar facilities and amenities as determined by the Los Angeles County Arts Commission;
- Restoration of County-owned artworks, and restoration or replication of original decorative ornamentation and Civic Art as part of the rehabilitation of the County's historic, cultural and architectural landmarks;
- Performing Arts: Theatre, dance, music and performance art;
- Literary Art: Poetry readings and storytelling;
- Media Art: Film and video, screenings and installations;
- Education: Lectures, presentations and training in and about arts and culture;
- Special events: Parades, festivals and celebrations; and
- Similar arts services as approved by the Los Angeles County Arts Commission.

**Civic Art Committee** is a committee of the Arts Commission made up of one Commissioner from each Supervisorial District.

**Civic Art Report** means an annual report issued to the Board of Supervisors which describes the Civic Art activities for the previous fiscal year. The report will detail new and ongoing Civic Art Projects, conservation projects, community outreach and public education efforts, and other activities undertaken during the year, as well as changes to the Civic Art Procedures approved by the Arts Commission. This report may also set priorities for use of Civic Art funds in future years.

**Civic Art Project Costs:**

- **Allowable Civic Art Project Costs:** The 1% Civic Art Allocation may be used to fund the following expenditures: purchase or design and fabrication of Civic Art, fees and travel expenses for artist services, transportation and installation of Civic Art, preservation, conservation, documentation, insurance, identification plaques, community workshops and other reasonable expenses associated with the initiation, development and completion of Civic Art Projects. Fees paid to a limited number of artist finalists for development of concept ideas or concept designs as part of the selection process are allowable. All work products submitted by artists to the County during the selection process will become the property of the County. Fees and related expenses paid to finalists are deducted from the Civic Art Project's budget.
- **Allowable Civic Art Administrative Costs:** The administrative budget may be used to fund the following expenditures: administration and project management by the Arts Commission, panelist fees and other reasonable expenses associated with the initiation, development, completion, public education, documentation, public information and conservation of Civic Art Projects.
- **Ineligible Civic Art Project Costs:** Civic Art Allocations shall not be expended for directional elements, signage, mass produced objects, reproductions, or for architectural elements, landscape architecture or gardening, except as they relate directly to an artist's concept for a Civic Art Project or to the preservation or conservation of County artworks.

**Eligible County Capital Project** means any new building or facility and any expansion or refurbishment of an existing facility or system, paid for wholly or in part by funds appropriated by the County or by any other public entity for which the Board is the governing body, with the exception of:

- New or refurbishment projects with Eligible Project Costs of less than \$500,000,
- Open space acquisition,
- Streets,
- Underground projects,
- Portable trailers,
- Technical equipment or structures acquired at a set price through a purchase order,
- Flood control channels,
- Airport runways and airport lighting,
- Paving, ~~and~~
- Projects funded by the Community Development Commission of the County of Los Angeles (CDC) or the Housing Authority of the County of Los Angeles (HACOLA) and/or administered by CDC or HACOLA including but not limited to economic redevelopment projects, modernization of public housing, or affordable housing rehabilitation or development projects.
- Residential or commercial projects or project components, and

- Developer built project subject to civic art regulations of other municipalities.

**Eligible Project Costs** used to calculate the Civic Art Allocation means the estimated cost of design services and construction at the time of adoption of the facility program on Eligible County Capital Projects.

**Project Coordination Committee** is a committee established at the beginning of each new Civic Art Project that will exercise primary project oversight, participate in the project from artist selection through dedication, and will work to ensure close coordination among departments. Each Project Coordination Committee shall consist of:

- A representative of the County Supervisor in whose District the project is located;
- A representative of the CEO;
- A representative of the Department of Public Works if DPW is providing project management;
- A representative of the Community Development Commission if CDC is providing project management;
- A representative of the tenant department(s);
- An Arts Commissioner in whose District the project is located, if available, or an arts professional from the District;
- The project architect;
- A community member identified by either the Board office or the Arts Commission (optional); ~~and~~
- The Arts Commission's project manager; and
- A representative of the developer, if applicable.

**Refurbishment** means the reconfiguration of a facility or system or a portion of a facility or system that is included in the County's Capital Project/Refurbishment Project Budget which does not increase the gross square footage of facilities. For the purposes of this policy, refurbishment projects do not include repairs, maintenance or installation or replacement of building systems or furniture.

## VI. ROLES AND RESPONSIBILITIES OF COUNTY DEPARTMENTS

This section is intended to serve as a guide for all County entities involved in the delivery of the County Civic Art Program. These roles and responsibilities will foster clear communication and effective implementation of the program.

### Los Angeles County Arts Commission

- A. Adopt policies and procedures regarding implementation of the Civic Art Program. Obtain Board of Supervisors' approval of policy changes and CEO concurrence for policies and procedures that impact the County's capital program.
- B. Provide oversight and coordination for all aspects of the Civic Art Program and its projects in conjunction with the Board of Supervisors, CEO, DPW, CDC and other County departments.
- C. Develop and carry out Civic Art Projects in conjunction with the capital project programming and design schedule, with the goal of minimizing construction and scheduling impacts. Mutually cooperate with the Board of Supervisors, CEO, and DPW to determine when Civic Art Projects are initiated.

- D. Administer the Civic Art Program, including the development and presentation of budgetary recommendations regarding staffing costs, consultant costs and other reasonable expenses associated with the administration of the Civic Art Program.
- E. Document and archive historic County artworks and new Civic Art Projects into the County Civic Art Inventory. Electronic and hard-copy data on artworks includes but is not limited to, artist information, fabrication information, contracts, construction drawings, maintenance instructions, press coverage, an assessment of the condition of each work, a plan for conservation and repair, if applicable, and visual documentation.
- F. Maintain the County Civic Art Inventory and make it accessible to County staff and the public through regular Web site updates. Issue an updated report on the Inventory to the Board of Supervisors at least once every five years.
- G. Make the Civic Art Program accessible to the public through the Arts Commission's Web site, technical assistance workshops, media outreach and other outreach activities as appropriate.
- H. Determine the acceptance of gifts, long-term loans of artwork and loans of County-owned artwork to other organizations or institutions, based on recommendations of the Arts Commission's Civic Art Committee. This will not apply to any County art institution with a governing body established to approve such purchases, gifts or loans.
- I. Convene Project Coordination Committee meetings, provide regular updates to the Committee throughout the course of the project and document key decisions and approvals.
- J. Negotiate, execute and administer contracts with artists and other vendors and approve invoices and other payments arising out of these contracts.
- K. Advise the CEO of upcoming contracts that will be encumbered in the Capital Projects budget.
- L. Within the Civic Art Special Fund, create District and Departmental Civic Art Accounts for each tenant department of an Eligible County Capital Project and ensure that transferred Civic Art Allocations are placed in the respective Departmental Civic Art Account. Each District will have the option of creating a sub-account to pool funds for a specific long-range project.
- M. Assist DPW and CDC in the resolution of any issues or differences regarding the project art component, and review and approve all plans and bid documents as they pertain to the implementation of the Civic Art Program.
- N. Work with the CEO, DPW and CDC to develop methodologies for integrating Civic Art into the design/build process.
- O. Convene and facilitate public meetings, in conjunction with tenant departments, as needed for the implementation of the Civic Art Program and/or specific projects and provide feedback from meetings.

- P. Oversee the maintenance and conservation of existing artworks, in conjunction with the Board of Supervisors, CEO and tenant departments.
- Q. Provide written maintenance instructions to tenant departments upon completion of every new Civic Art Project and conservation or repair of existing artworks.
- R. Establish a Civic Art Committee, made up of one Commissioner from each District, to:
  - Advise and provide recommendations to the Arts Commission on Civic Art Program policies and procedures;
  - Approve artist selection panelists and lists of pre-qualified artists, ensuring equal access for project consideration to all qualified artists;
  - Designate a member to serve on the Project Coordination Committee for each project.

The Director of the Civic Art Program will staff this committee and participate as an ex officio member.
- S. Recommend revisions in the Civic Art Policy at east every five years to the Board of Supervisors.

#### **Chief Executive Office**

- A. Inform Arts Commission staff of new capital or refurbishment projects at the conclusion of the programming phase to allow for adequate review and planning, to determine which projects might benefit from the inclusion of Civic Art and to ensure that Civic Art Projects are fully integrated into the Capital Project process beginning in the design phase.
- B. Work with Arts Commission staff, Board of Supervisors, and DPW to determine the applicability of Civic Art to proposed capital or refurbishment projects and in developing the annual Civic Art Project and administrative budgets.
- C. Provide Arts Commission staff with a copy of all capital project related Board Letters that may be applicable to the Civic Art Policy or specific allocations at least two weeks prior to Board meeting date.
- D. In the case of County capital projects to be built by developer, include the civic art requirement in the contract with the developer.
- ~~D.E.~~ Calculate and present proposed Civic Art Allocations for each capital project throughout the year as new projects are considered.
- ~~E.F.~~ Transfer Civic Art Allocations to the Civic Art Special Fund, along with other capital project budget transfers, during the major budget actions throughout the fiscal year (Proposed, Supplemental, Mid-Year and Final) or more frequently.
- ~~F.G.~~ Review monthly Civic Art Special Fund encumbrance and expenditure reports from the Arts Commission.
- ~~G.H.~~ Advise Arts Commission staff of any Board actions, ordinances, resolutions, regulations or limitation on funding sources that may affect a specific project.

H.I. \_\_\_\_\_ Designate a representative to serve on the Project Coordination Committee.

### **Department of Public Works**

*These responsibilities will also apply to any department that has its own construction project managers and does not use a DPW project manager.*

- A. Coordinate the integration and delivery of Civic Art components in capital or refurbishment projects with the Arts Commission project manager, ensuring that selected artists are fully integrated into the project design process for all capital or refurbishment projects with a Civic Art component.
- B. Work with Arts Commission staff, Board of Supervisors and the CEO in determining the applicability of Civic Art to proposed capital improvement projects.
- C. Notify the Arts Commission in writing of all capital projects whose programming phase has been completed. Include in the written notification an estimate of the Civic Art Allocation or notice that the project is exempt from the allocation with indication of reason for exemption.
- D. At the beginning of each project's design phase, work with the tenant department representative to brief the artist(s) on the project's goals, opportunities and constraints.
- E. With the Arts Commission project manager, establish a timeline for the development of the Civic Art component that is consistent with the capital improvement project's timeline. The timeline will identify specific milestones for review and set the requirements for completion of the successive stages of conceptual design, final design, fabrication and installation.
- F. Provide the Arts Commission project manager with art component submittals at all phases for review and approval.
- G. With assistance of the Arts Commission project manager, resolve differences that may arise regarding project art components. Refer differences that cannot be resolved to CEO.
- H. Designate a representative to serve on the Project Coordination Committee.

### **Community Development Commission**

- A. Coordinate the integration and delivery of Civic Art components in capital or refurbishment projects with the Arts Commission project manager, ensuring that selected artists are fully integrated into the project design process for all County-funded capital or refurbishment projects with a Civic Art component.
- B. Work with Arts Commission staff, Board of Supervisors and the tenant department in determining the applicability of Civic Art to proposed capital improvement projects.
- C. In the case of County capital projects to be built by developer, include the civic art requirement in the contract with the developer.

- ~~G.D.~~ CDC will transfer the project's Civic Art Allocation to the Civic Art Special Fund so that the Arts Commission can carry out a Civic Art Project for the capital project in a timely fashion. 15% of the 1% allocation will be set aside for the administrative costs to manage CDC projects.
- ~~D.E.~~ Notify the Arts Commission in writing of all capital projects whose program phase has been completed. Include in the written notification an estimate of the Civic Art Allocation or notice that the project is exempt from the allocation with the indication of the reason for exemption.
- ~~E.F.~~ At the beginning of each project's design phase, with the tenant department representative, brief the artist(s) on the project's goals, opportunities and constraints.
- ~~F.G.~~ With the Arts Commission project manager, establish a timeline for the development of the Civic Art component that is consistent with the capital improvement project's timeline. The timeline will identify specific milestones for review and set the requirements for completion of the successive stages of conceptual design, final design, fabrication and installation.
- ~~G.H.~~ Provide the Arts Commission project manager with art component submittals at all phases for review and approval, when appropriate.
- ~~H.I.~~ Assist the Arts Commission project manager, as needed, to address differences that may arise regarding project art components. Refer differences that cannot be resolved to the appropriate Board office.
- ~~I.J.~~ Designate a representative to serve on the Project Coordination Committee.

### **Departments, Agencies or Authorities**

- A. Work with Arts Commission staff in determining the applicability of Civic Art to proposed capital or refurbishment projects.
- B. At the beginning of each project's design phase, the tenant department representative, along with the DPW, CDC or another department project manager, will brief the artist on the project's goals, opportunities and constraints.
- C. Coordinate with Arts Commission staff to ensure appropriate outreach to any advisory groups, neighborhood groups or others that may be impacted by or have interest in the development of a specific project.
- D. Assist in the resolution of differences regarding the Civic Art component as appropriate.
- E. Work with Arts Commission staff and individual artists to develop artwork maintenance plans for all department-owned Civic Art, and integrate the maintenance of art within the department or agency's annual operating budget.
- F. Designate a representative to serve on the Project Coordination Committee for each departmental Civic Art Project.

- G. Departments, Agencies or Authorities who manage their own capital projects shall notify the Arts Commission and CEO, in writing, of all capital projects whose programming phase has completed. An estimate of the potential Civic Art Allocation shall be included in the notice.



# Ensuring the Integrity of the County Hiring, Assessment, and Promotion Process

June 2015

Response to AGN No. 27-A

**D | H | R**

Department of Human Resources  
County of Los Angeles

Lisa M. Garrett  
Director of Personnel

## Table of Contents

<b>Background</b> .....	<b>3</b>
<b>Current Guidelines and Procedures for Hiring and Test Security</b> .....	<b>3</b>
<i>Test Security</i> .....	4
Ensuring Adherence to Guidelines and Procedures for Hiring and Test Security .....	5
Expand the Use of Technology in Hiring and Test Security.....	6
Current Status of Countywide Computerized Assessment Systems .....	7
<i>Existing Online Testing Program</i> .....	7
<i>Advantages of Online Testing</i> .....	8
<i>Existing Testing Facilities</i> .....	10
<b>Vision and Recommendations for a Countywide Digital, Secure, Transparent, and Cost-Effective Assessment System</b> .....	<b>12</b>
Recommendations and Actions.....	13
Set the Stage for Success .....	13
<i>Recommendation: Speed up the Hiring Process by Expanding Computerized Testing</i> .....	13
<i>Recommendation: Establish guidelines on computerized and online testing and implement on-line test security safeguards.</i> .....	14
Get the Right Place and the Right People .....	16
<i>Recommendation: Procure Long-Term Testing Facilities</i> .....	16
<i>Recommendation: Communicate &amp; Train</i> .....	16
<i>Recommendation: Realign Staff.</i> .....	17
Engage Our Candidates.....	17
<i>Recommendation: Engage passive job seekers</i> .....	17
<i>Recommendation: Improve the candidate hiring experience</i> .....	18
<b>Implementation Plan</b> .....	<b>18</b>
<b>Conclusion</b> .....	<b>19</b>

## **Background**

In a motion dated March 3, 2015, the Board of Supervisors directed the Chief Executive Office (CEO), in conjunction with the Department of Human Resources (DHR) and County Counsel, to establish Countywide hiring guidelines and procedures that ensure the job candidate evaluation and job promotion process is fair and unbiased, and examination materials are secure. The motion further stated that the procedures should include an effective digital, customizable, secure, transparent and cost-effective testing and assessment system that all Los Angeles County departments must use.

The County has several established policies and procedures to ensure that hiring and promotion processes are carried out fairly and securely. In addition, the CEO, in conjunction with DHR, has developed plans to expand DHR's current online testing programs.

These policies, procedures, recommendations and strategies are described in this document, and form the core of the County's initiatives to improve, modernize, and computerize hiring assessments throughout the County.

## **Current Guidelines and Procedures for Hiring and Test Security**

The County's policies require that all examinations uphold the merit system principles and be competitive, job-related, and impartial (PPG 100). A competitive examination consists of one or more parts designed to qualify applicants in terms of their fitness to perform the duties of the class or position (CSR 7.04 & 7.07). Every candidate is given equal opportunity to demonstrate their qualifications under the same conditions and according to the same standards as prescribed in the County's Civil Service Rules (CSR 7.25 & PPG 100).

Based on the CSRs, DHR has developed and makes use of a number of Policies, Procedures, and Guidelines (PPGs) to ensure the effectiveness and consistency of its hiring procedures, and in particular, to ensure that its procedures are job related, fair and unbiased. The PPGs serve as a technical resource for all County human resources staff involved in recruitment and selection activities

As an example, Policies, Procedures, and Guidelines No. 100, Recruitment and Selection Program Administration, describes uniform PPGs for the County's Recruitment and Selection Program. The Recruitment and Selection Program must be in full compliance with merit system standards, Equal Employment Opportunity (EEO) standards, Civil Service Rules (CSR), State and Federal laws related to employment, Federal Uniform Guidelines on Employee Selection Procedures (UGESP), and DHR standards and guidelines.

To this end, the County requires that all open competitive, interdepartmental promotional, and departmental promotional (for countywide classes) examination bulletins be reviewed and approved by DHR to ensure the examinations are competitive, job-related, and afford equal opportunity to all applicants (PPG 100). Through this process, DHR ensures that no artificial barriers are created limiting access to job opportunities.

To ensure consistency, fairness and test security, DHR currently develops and administers examinations for large countywide classes and also for sensitive departmental positions such as those related to human resources functions, or management positions with the human resources chain of command, or particularly complex or challenging examinations (PPG 130).

Although DHR has responsibility for the administration of the County's Recruitment and Selection Program, certain recruitment and selection activities have been delegated to line departments and are subject to audit by the Director of Personnel (CSR 3.03 & PPG 180). These activities include identifying, prioritizing, and conducting delegated examinations (excluding master calendar exams and exams for sensitive positions).

### Test Security

DHR takes a number of specific measures to ensure that all applicants experience the same testing conditions and are held to the same standard. In particular, test security is of paramount concern to DHR and the County.

Current measures include safeguards for every step in the examination development and administration process. Existing policies and procedures on security-related topics (e.g., PPG 100, 116, and 180) are extensive, and cover topics such as candidate identity verification, seating of candidates, storage and custody of test material, rater orientation and training, and Test Security Agreements.

The County strives to continually improve its implementation of Test Security policies and procedures. As a function of adopting best practices related to test security, as well as through its experience in the administration of tests for high-stakes, mission-critical examinations throughout the County, DHR has implemented several refinements to security-related processes, including:

- Use of Computer Adaptive Testing (CAT). For on-line testing, this technology uses large pools of test questions to construct a nearly unlimited number of test forms that are adjusted to ensure equivalent difficulty, ensuring that each candidate has a unique, but similarly difficult test, thereby reducing the opportunity to cheat. This technology has the added advantage of shortening test times, as the test can quickly "zero in" on the ability of the specific test-taker, therefore requiring fewer test questions to be administered.
- Use of multiple test versions. DHR makes extensive use of numerous versions of many of its tests, particularly when CAT is not available. For tests of cognitive ability, DHR has created multiple different forms, to limit the exposure of test questions, and to deter the possibility of

fraud or cheating. In addition, tests used by the County have used item-randomization, where the order of questions is changed from form to form.

- Storage and delivery. For online tests, only two employees in the County have access to the vendor's library of tests. All computer-administered tests must be ordered and authorized by one of these two employees. Further, no County employee has access to the Vendor's scoring algorithm. Scores are stored by the vendor's cloud-based servers, and transmitted via a secure extranet between the vendor and the County. Going forward, there is testing software available that can be purchased and managed to provide remote testing capability that disables select features and internet use to prevent cheating or external contact. For paper tests, all tests used by DHR are stored in a fully enclosed, locked and barred cell, inside a locked room. No employee is allowed in the room alone. In consultation with DHR, the County has also used secure test delivery services, such as armored trucks to deliver tests for a recent high-profile examination.
- Test Security Agreements. DHR has updated its test security agreements to further strengthen its provisions and provide descriptions of the potential consequences of violation of security policies. In particular, separate agreements for subject matter experts, test-takers, and raters have been developed. These also include nepotism clauses.
- Identity Detection. DHR uses unproctored tests (in which positive-match ID document checking is not possible) only with tests where cheating is far more challenging for candidates. Specifically, DHR's unproctored tests generally use question-types that do not pre-suppose discrete correct and incorrect answers (for example, "I enjoy working closely with other people" on an agree/disagree scale). Moreover, DHR also typically uses a hybrid approach, in which a candidate completes an unproctored first portion, and passing candidates are invited to a second in-person administration. The second administration can be used to verify scores from the unproctored portion.

## Ensuring Adherence to Guidelines and Procedures for Hiring and Test Security

DHR has several strategies in place to monitor and support line departments' examination programs:

- In compliance with CSR 3.03, departmental delegated examination programs are subject to periodic audits by DHR staff to verify line departments' adherence to the policies and guidelines. By closely working with Departmental HR Staff, DHR audits the delegated Human Resource functions allowing DHR to learn about how a department implements its testing program and mitigate legal exposure/risk related to exams. Major changes have recently been implemented to expedite these reviews by transforming the traditional DHR audit tools to online delivery.
- Each Department has a dedicated point-of-contact in DHR's Countywide Talent Assessment Division (CTAD) available for 1:1 consultation and support. Departmental HR staff routinely reach out to their designated DHR contact for questions on examination related issues.

- DHR has created and administers an Exam Analyst Training program to all centralized and Departmental examination staff. The program is designed to help departments improve exam outcomes by enhancing the skills of exam analysts. The course was created to provide those who are developing and implementing Civil Service exams with the foundation for proper implementation and execution of exam-related regulations, including relevant CSRs, PPGs, and federal and State laws; and provide practical step-by-step instruction on the major elements of the selection process.
- DHR routinely provides training to Departmental Human Resources Managers (DHRMs) and their staff through regularly scheduled meetings. In addition, multiple communication channels are used by DHR such as monthly recruitment and selection newsletters to DHRMs and in-person 1:1 meetings to support Departmental hiring and accountabilities.
- DHR conducts regularly-scheduled monthly training and information sessions with departmental examination staff to ensure staff members are aware of security best practices, as well as examination policies and procedures. Staff members are updated on any changes to existing policies, as well as provided with in-service trainings of relevant topics, presented by experts in the field, or by DHR's own in-house experts.

In addition, DHR was recently reviewed by the State of California in an audit of HR practices, including hiring and promotion, as applied to a number of County departments. Based upon the assessment of the County's central and departmental HR systems in relationship to the six federal merit standards (Recruitment and Selection, Compensation, Training, Retention, Fair Treatment, and Political Rights and Prohibitions), the State's auditor found that the County was in full compliance. State auditors indicated they were favorably impressed with DHR's policies, procedures, implementation, and documentation, including responses in individual interviews conducted with DHR and County departmental HR staff members. In fact, the State's auditor recognized DHR's job analysis process and documentation as "outstanding" and is going to cite it as a best practice to share with other public agencies.

## **Expand the Use of Technology in Hiring and Test Security**

While the County's extensive existing rules, guidelines, policies, procedures, and practices have, to date, provided effective guidance on examination- and test security-related issues, there are opportunities for significant improvement. In particular, additional steps can be taken to improve the security of testing candidates for employment. Many of these improvements can be realized through the expanded use of computerized and/or online testing. DHR has been highly successful in its introduction of this modality of testing over the last three years (see section below on DHR's current computerized assessment program, including the advantages of this program). As a direct result of this program, DHR has been able to significantly increase the number of candidates tested, automate scoring, generate candidate notices more quickly, reduce paperwork, and critically, improve the security of its tests. Through the

expanded use of this technology, the County can realize improvements in its hiring practices as well as in its ability to ensure the security and integrity of its exams.

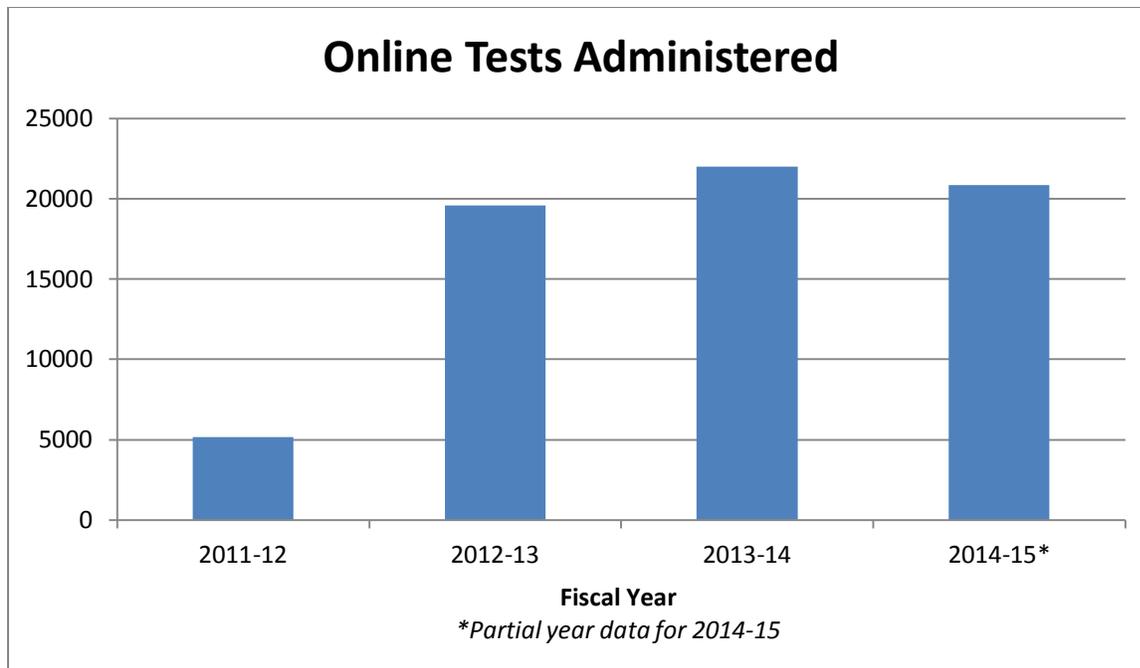
## **Current Status of Countywide Computerized Assessment Systems**

DHR has transformed the way in which public-sector job candidates are assessed for hire. Much of this success has been built on a desire to remove testing barriers for candidates by providing convenience in assessments, including at-home testing (un-proctored) and the ability to transfer a test score to multiple job opportunities. DHR has been able to maximize resources by successfully deploying computerized online testing to replace more traditional methods wherever possible. Our computerized testing systems have led to improvement in the quality of candidates and higher satisfaction of candidates and hiring managers, all while maintaining a high degree of diversity among new hires.

### **Existing Online Testing Program**

DHR currently uses a combination of on-line and paper/pencil test instruments to assess the essential competencies needed for a job. Current paper/pencil tests assess cognitive competencies (skills relevant for the job). Current on-line tests assess mostly non-cognitive competencies (softer skills or traits relevant for the job). Together, these tests are known as “broad-based tests”, as they are broadly applicable to a wide variety of classifications throughout the County. Although both the cognitive and non-cognitive sets of competencies are essential to the assessment program, it is DHR’s desire to migrate its paper/pencil testing to centralized and/or online administration. This will standardize the County’s administration of these tests on an online platform.

DHR’s use of online assessments has seen a dramatic increase since its introduction in 2011. DHR has administered on-line tests to over 60,000 job candidates since inception (see chart below). This system, known in DHR as the “Work Styles Assessment” (WSA), is a set of objective, online computer-administered and scored tests designed to assess attributes associated with success in a wide variety of jobs. There are different versions of the WSA, making it customizable for any particular job, ranging from upper management to blue-collar and safety-related jobs.



### Advantages of Online Testing

DHR began use of the WSA in 2011 to improve efficiency while improving objectivity and validity of its hiring processes. There are many advantages to this system.

Predictive Power. The effectiveness of the WSA has been well-established by the test’s publisher, the Corporate Executive Board (CEB-SHL), one of the world’s largest and most respected test publishers. The various versions of the WSA are predictive of a number of important work-related outcomes, such as overall job performance, advancement potential, productivity, teamwork, and leadership.

Moreover, DHR is currently conducting studies to corroborate these results in the County through the expansion of predictive criterion-related validity analyses. These plans include validating the WSA by using test scores and correlating these with critical job-related outcomes and criteria (for example, overall job performance). Strong correlations would suggest that WSA scores are predictive of these outcomes, thereby validating the test’s effectiveness.

Quality and Speed. DHR has evidence from several departments regarding the quality of hires and/or the efficiency of test administration directly attributable to use of the WSA. For example, the Department of Health Services estimates that in one month, the department was able to process and identify ten times as many highly qualified Registered Nurse job candidates compared to prior assessment methods, while maintaining the quality of new hires. Nor is the WSA’s effectiveness limited to highly skilled and professional jobs. On the contrary, some departments have successfully used versions of the WSA designed for semi-skilled or trades-related jobs. For example, referring to semi-skilled jobs, one department’s HR manager said:

*We have seen an improved pool of candidates since we incorporated the Work Styles Assessment in to our examination plans. Hiring managers report that a majority of new hires from those lists possess excellent work habits, good attendance, and follow work instructions thoroughly. We are pleased with the results and plan to continue to use the Work Styles Assessment for future examinations.*

Time and Cost vs. AP. In addition to these advantages, there have been significant time- and cost-savings from use of the WSA, particularly when compared against the Assessment of Promotability. Departments such as Probation, Beaches and Harbors, Department of Health Services, the Chief Executive Office, Children and Family Services, and Public Social Services, among others, routinely use the WSA for their testing needs and as a replacement for the AP.

On the following page is a brief comparison of the WSA with the AP, the test type most frequently replaced by the WSA.

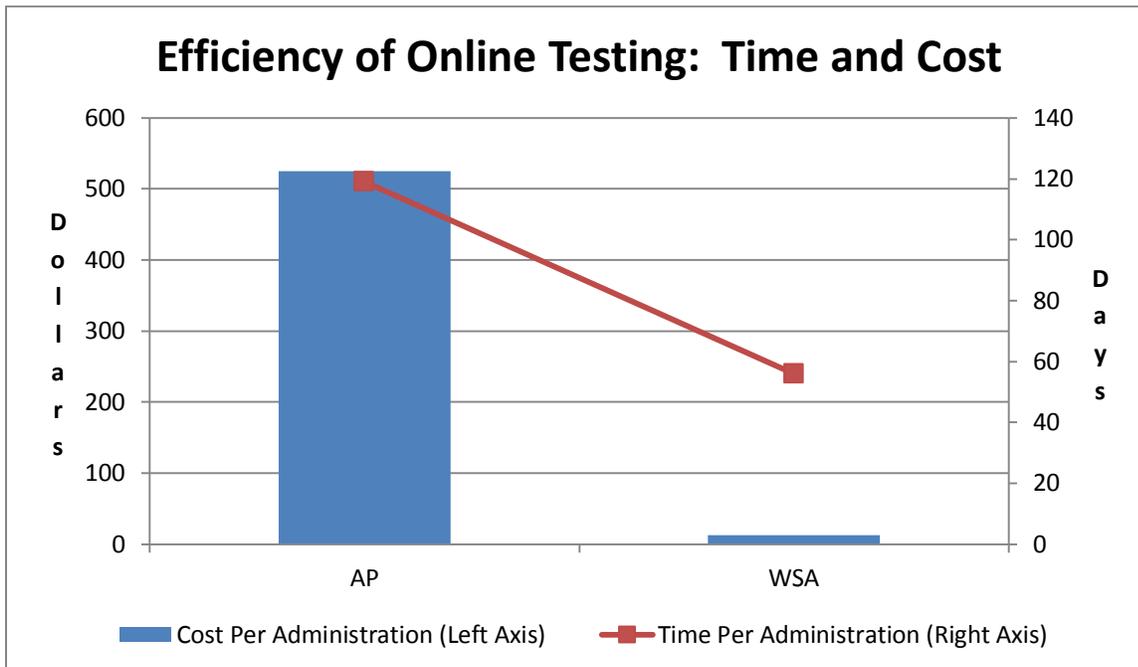
	WSA	AP
<b>Objectivity</b>	<ul style="list-style-type: none"> <li>Multiple choice, computer-scored.</li> <li>Comparison against thousands of test-takers.</li> </ul>	<ul style="list-style-type: none"> <li>Subjective ratings.</li> <li>No comparison groups.</li> </ul>
<b>Security</b>	<ul style="list-style-type: none"> <li>Adaptive test, varies from candidate to candidate.</li> <li>Online administration, no paper to securely store.</li> </ul>	<ul style="list-style-type: none"> <li>Known to all test-takers.</li> <li>Paper copies must be kept.</li> </ul>
<b>Validity</b>	<ul style="list-style-type: none"> <li>Statistically significant prediction of future performance</li> </ul>	<ul style="list-style-type: none"> <li>No evidence of predictive power.</li> </ul>
<b>Adverse Impact</b>	<ul style="list-style-type: none"> <li>Incurs little to no adverse impact.</li> </ul>	<ul style="list-style-type: none"> <li>Incurs little to no adverse impact.</li> </ul>
<b>Appeals</b>	<ul style="list-style-type: none"> <li>&lt;1% of all appeals filed in 2013-14.</li> </ul>	<ul style="list-style-type: none"> <li>14% of all appeals filed in 2013-14.</li> </ul>

Executive Feedback. Information gathered from departmental HR managers supports the advantages of online testing described in the above table. For example, one manager told DHR:

*Members of our Executive Team expressed a preference for using the Work Styles Assessment over the Appraisal of Promotability for promotional exams because it allows for a more objective assessment of candidates' competencies.*

Rater Feedback. DHR also monitors and measures interview raters' feedback on the quality of candidates being interviewed. Such data suggests that DHR's broad-based written tests are highly successful in identifying and screening candidates to subsequent test parts. Notably, 94% of interview raters were impressed with candidates screened in as a result of DHR's written tests, indicating the effectiveness of these assessments.

DHR plans to determine the quality of hires by augmenting our customer service surveys of hiring managers to include measures of satisfaction with eligibility lists and new employees, thus further establishing validity of selection assessments.



Despite the sharp increase in usage of the WSA across DHR’s client departments and the gains in efficiency and candidate quality, there is a need to offer alternatives. As allowed under departments’ delegated authority from DHR (PPG 100), many departments express a strong desire to continue to utilize the AP. When carefully structured and monitored, the AP can adequately assess competencies needed on the job. Therefore, in order to meet the needs of departments, reduce the time needed to process/administer APs, and elevate the rating standard, DHR created the comment-less AP. This version of the AP is constructed to limit the administration time, and increase rater consistency and accuracy.

Although there are many advantages to online testing, it may not always be the most effective solution in every situation, depending on departmental requirements, candidate volume, timeframes, and specific assessment competencies, among other factors. DHR aims to be flexible in accommodating departmental needs, ranging from broad-based online testing, to the comment-less AP as a potential alternative. However, it is DHR’s intention to take advantage of the various benefits offered by online testing wherever feasible, and to remain committed to working directly with departments to engage in a more consistent application of online testing.

**Existing Testing Facilities**

DHR currently uses a makeshift combination of ad hoc testing facilities including our own testing facilities in DHR-CTAD (limited to 50 workstations), testing sites on loan from other departments (capacity ranges from 22 to 40 workstations) and rental of large testing sites such as the Los Angeles and

Pasadena Convention Centers (approximately 250 workstations) for larger online assessments. This requires extensive coordination between departmental/venue and DHR-CTAD staff to schedule availability of locations, as well as significant rental costs.

With the support of the CEO, DHR has been able to efficiently test approximately 20,000 candidates through the rental of these temporary facilities. The use of the facilities has allowed for fewer examination administrations, increased test security and ultimately expedited hiring. Without the facilities, an additional 200 days of testing over two fiscal years (13/14 & 14/15) would have been required at our existing facilities.

In order to fully execute the vision of online testing for all classifications throughout the County, a testing facility with a capacity to simultaneously host a large number of candidates will be needed. This is an imperative for a County of our size and complexity. Without such a facility, the vision, as currently conceptualized, cannot be fully implemented. Examples of previous exams benefitting from the use of a large facility are provided below:

EXAM	Number of Candidates to Test	Actual # of Written Test Admins in Lrg. Testing Facility	Actual # of Administration Days	Number of Test Admins Expected W/O Large Testing Facility *	Number of Administration Days Expected W/O Large Testing Facility*	Administration Days Saved **
<b>Fire Fighter Trainee***</b>	5300	2	2	88	88	86
<b>Clerical Series</b>	3300	11	6	60	30	24
<b>Child Support Officer</b>	2700	10	5	49	25	20
<b>Eligibility Worker I</b>	1885	7	4	35	18	14
<b>Welfare Fraud Investigator Trainee</b>	1800	7	4	33	17	13
<b>Eligibility Worker II</b>	1643	7	4	30	15	11
<b>Senior Clerical Series</b>	1380	5	3	25	13	10
<b>ASM I/II</b>	1250	5	3	23	12	9
<b>Children's Social Worker Trainee</b>	1200	4	2	22	11	9
<b>Grounds Maintenance Worker</b>	1000	4	2	18	9	7
<b>Children's Social Worker</b>	550	2	1	10	5	4
<b>Information Technology Technical Support Asst.</b>	550	2	1	10	5	4

\* The number of candidates invited per session varies based on historical attendance rates for the classification.

\*\* Administration Days Saved = # of Administration Days Saved W/O Large Testing Facility minus (-) the Actual # of Administration Days.

\*\*\* Fire Fighter Trainee exam given at Pomona Fairplex over a two day period. Only one administration per day.

Although the time to administer exams is significantly reduced through the use of large testing facilities, the rental fees are costly, availability is limited, and a significant amount of County resources are

required to set-up and break-down equipment multiple times. Computerized testing in a rented facility costs the County approximately \$5,000-6,000 *per day* in rental fees and Internal Service Department (ISD) support.

Note that many of the tests in these large test facilities were administered specifically to help departments meet critical hiring needs. The expansion of online testing to departments can be built on this success, with departments making use of large testing facilities alongside DHR's regularly-administered centralized examinations.

## **Vision and Recommendations for a Countywide Digital, Secure, Transparent, and Cost-Effective Assessment System**

DHR has a forward-looking vision for ensuring the integrity of the County's recruitment and selection process while decreasing the time to hire and providing access to all job seekers. This vision includes the expansion of a digital on-line testing and assessment system that will sustain the County's leadership among public Agencies in the use of cutting-edge technology for hiring and promoting personnel.

DHR's vision for the future includes sustaining the County as an "employer of choice" by developing a comprehensive, streamlined process for introducing both internal and external candidates to a variety of exciting employment opportunities. From entry-level to executive management positions, candidates will take on-line assessments designed to assess the competencies associated with success in the job. Candidates may also be evaluated using cutting-edge video technology for virtual interviews, designed to measure competencies that require in-person assessment, above-and-beyond online testing. The overall goal is to implement an effective digital, customizable, secure, transparent, and cost-effective assessment system for job applicants throughout the County, regardless of department or classification.

The hiring process will be further refined and improved through the use of video technology and job fairs. Both candidates and hiring authorities will be able to minimize time scheduling and appearing for in-person interviews. For example, if several departments wish to share a list, they will be able to coordinate hiring efforts by inviting candidates eligible for hire to participate in interviews that can be shared electronically.

Several core recommendations are made below, along with suggested actions for implementation. Execution of these recommendations would occur in stages, beginning with an assessment of the resources required (see separate section below). It is also expected that one or more departments would serve as "pilot testbeds", so that the implementation plan can be evaluated and adjusted as necessary before being rolled out to additional departments.

## Recommendations and Actions

DHR has a history of innovative approaches in its use of assessment systems for hiring and promotion, including broad-based testing, and comment-less selection tools. With our most recent accomplishment of delivering results through online testing, we are ready to replicate this success throughout the County on a wide-scale basis.

Combined with a new state-of-the-art applicant tracking system, our cutting-edge vision for online testing ensures that the County will use the most efficient and cost-effective testing services available, while maintaining high standards of validity and compliance. DHR is developing specific processes and procedures in order to ensure superior execution.

However, in order to continue enhancing and extending online assessment opportunities throughout the County, critical infrastructure needs must be met. This complex endeavor will require extensive investment of time, staff, and financial resources, along with coordination between multiple departments, to ensure successful implementation of the envisioned assessment system.

Below are our recommendations for achieving this Vision, broadly categorized by the lifecycle of exams: setting the stage, ensuring the right people and facilities are in place, and ensuring we engage our candidates. Naturally, implementation of these recommendations will include robust evaluation components, including a pilot program, allowing for identification of best practices and executing any required adjustments.

### Set the Stage for Success

#### *Recommendation: Speed up the Hiring Process by Expanding Computerized Testing*

**Action:** The County can endorse the use of one or more un-proctored, on-line baseline assessment(s) for use on a Countywide basis for all job seekers. All job seekers would take one such assessment, regardless of whether the examination is Department-specific or Countywide. Such tests would assess basic competencies expected of all employees, and would likely be based on a universal set of organizational values, such as conscientiousness, achievement orientation, and ethics.

Such computerized assessments would be intended as an initial screen, and would be administered by DHR. Subsequent screening would be administered either by DHR (for exams that cross departmental lines, or for particularly complex or sensitive exams), or by departments (for department-specific classifications where local control over the exam is critical). Departments would continue to exercise their delegated examination authority, as provided by DHR, over the examinations they wish.

Some departments may wish to continue to utilize traditional paper/pencil tests, particularly when online testing is not practical. Such tests are likely to be narrowly focused on competencies specific to an occupation/classification in a department (e.g. knowledge of toxicology for Agricultural Commission).

Additionally, there are some unique circumstances that favor the use of paper/pencil tests, such as when extremely large numbers of candidates must take an examination at the same time (e.g. Fire Fighter Trainee). In those cases, it is impractical to house and support thousands of computers in one location. Such tests are unusual, and we do not anticipate that they would cause any significant slowdowns relative to expanding online testing.

DHR currently conducts exams for 108 classifications that cross departmental lines throughout the County. To introduce online testing more broadly, this “master calendar” of examinations can be expanded to include more classifications, thereby reaching more candidates in more exams. As described above, these classifications would require job analytic work to ensure the job-relatedness, validity, and defensibility of the online assessments.

DHR will work with its vendor to identify additional assessments that are likely to be effective in identifying the most promising candidates for a variety of classifications. Fortunately, our current agreement enables DHR to have access to the vendor’s entire library of assessments. The current vendor, CEB-SHL, is one of the world’s largest publishers of employment tests. Therefore, the County will not realize an increase in cost of using on-line test content. The only contingency with respect to this service is ensuring the continuation of our annual subscription with this vendor. Should the County choose to supplement this library of tests using assessments from other vendors, this would be at an additional cost.

Resources Required: Larger candidate volume dictates and demands use of expanded facilities for assessment. Current DHR facilities with only 50 PC stations is inadequate and will not support the future vision. Exams for our current 108 master calendar items, along with examinations for about 100 additional classifications, necessitate scheduling months in advance. Should these centralized examinations be expanded, a long-term or permanent facility with a minimum of 300 workstations will be required.

Regarding establishing job relatedness and validity of our tests, this is currently limited only to those examinations for which DHR is responsible. In order to introduce online testing for additional Countywide classifications, extensive job analytic work is likely to be required, and as a result, additional workforce resources will be necessary.

*Recommendation: Establish guidelines on computerized and online testing and implement on-line test security safeguards.*

As the science of assessing candidates has evolved, the County’s regulations are in need of review and revision, particularly given the rapid expansion of computerized online test administration. Online testing brings unique challenges regarding test security. Although online testing has many advantages over traditional testing (e.g., decreased waste, ease of administration, more modern image for the County, etc.), proactive efforts are required to prevent test content from being compromised.

Action: DHR is currently partnering with County Counsel, DHRMs and DHR’s Departmental Chief Information Officer to conduct an internal review of the Department’s test security guidelines and

procedures. This project includes a review of best practices and recommendations for changes due to the advent of the robust on-line and broad-based testing program.

The advent of electronic testing dictates that security protocols must consider:

- Storage and custody of test material (paper and electronic)
- Chain-of-custody of electronic files
- Encryption of electronic files
- Processing of scores
- Rater orientation/training for video interview technology
- Security profiles for applicant tracking system software users

**Action:** DHR will implement several safeguards to take advantage of some of the unique characteristics of online testing to enhance security far beyond what would be possible with traditional paper and pencil tests. Some such steps include:

Single Use Links. These are individualized for every test-taker. This measure allows for the tracking of a particular test-taker in the event of any testing anomalies.

*Resources required: None.*

Confirmation Testing. This represents a two-step process of testing candidates in an unproctored setting, followed by similar items in a proctored setting ensure that candidates have not been deceptive in the unproctored portion.

*Resources required: This process requires the use of County facilities, underscoring the importance of facility procurement.*

Situational Judgment Testing. These tests provide a hypothetical scenario and ask candidates to choose (or rank) the most appropriate response. Such tests have shown high validity, and are highly idiosyncratic to individual test-takers, thereby increasing security.

*Resources required: This type of testing requires test development services, provided either through DHR's Test Research unit or through the use of outside vendors.*

Computer Adaptive Testing (CAT). This type of testing utilizes large item banks, where candidates are "routed" through the item bank in a manner that is commensurate with their standing on the ability being tested. It generally results in each test-taker getting a unique, individualized test, tailored to their ability.

*Resources required: None, if using tests available through a vendor's library that are CAT-enabled. If such tests are developed in-house, test development staff and IT programmers would be required.*

## Get the Right Place and the Right People

### Recommendation: Procure Long-Term Testing Facilities

Current facilities are inadequate for the anticipated volume of candidates expected with the rollout of online examinations for all Countywide classifications.

To increase efficiency, cost-, and time-savings moving forward, DHR must obtain a dedicated testing facility with 300 (or more) workstations to administer all of our assessments including online and more traditional tests. A dedicated testing facility capable of administering online assessments will not only increase the cost effectiveness of administering our proctored exams, it would also increase security of assessments through electronic localized control of the process and materials.

**Action:** The CEO approved the use of a “proctor registry”, enabling DHR to flexibly assign the appropriate amount of staff on any given day, commensurate with testing demand. The budget for these items may need to increase as all employees are part-time and limited on the number of hours that can be worked.

**Action:** A suitable facility must be found to accommodate 300 computerized testing stations. Although DHR currently has some “brick” computers for use at its rented large-scale testing facilities, these are near the end of their useful lifespans, and would need to be replaced and supplemented with modern testing-station equipment.

### Recommendation: Communicate & Train

In support of the Board Motion, DHR will communicate with departments that hiring assessments will likely make greater use of technology. Departments are already familiar with DHR’s extensive use of computer-based assessments for “master calendar” exams (tests for classifications spanning multiple departments) from which nearly all departments hire personnel. Communications to departments will emphasize that the benefits realized through technology on these exams can also be leveraged at the department level for localized exams.

As part of this communication effort, DHR will develop and implement a variety of training programs. Such training programs will target candidates (to familiarize them with online testing, as well as resources that are available to assist in test preparation), hiring managers (to describe the process for converting exam plans from traditional assessments to online ones, or to explain the process of using video interviews for hiring purposes), and for targeted test types (for example, to explain the video interviewing process for candidates and for raters).

Training will also need to be provided to staff members responsible for managing and administering new examination processes.

**Action:** DHR will enlist the participation of its Organization and Employee Development (OED) division to facilitate these training initiatives. Any large-scale testing facility procured as part of the expansion of centralized testing would also serve a training center, thereby providing the County with greater value and use for its facilities.

**Recommendation: Realign Staff**

It is likely that staff will need to be added in order to ensure that a program of standardized online Countywide assessments can be implemented. Technical staff will be required to conduct job analyses, administer assessments, manage scoring and transfer of scores, develop online versions of existing paper/pencil tests, as well as communicate with candidates. Although DHR currently manages its online testing program with existing staff, employees from line departments are frequently asked to assist in large-scale online assessments. For the envisioned assessment system, with a permanent testing facility and constant large, ongoing online assessments, additional staff will be required (either through new hiring or through the transfer of line-department staff members).

**Action:** Use of online testing on a Countywide basis will require more staff than what is currently assigned to such functions. DHR will work with CEO to assess the staffing changes needed to support increased DHR involvement in job analysis, conversion of paper-and-pencil tests for computerized administration, test proctoring and administration, scoring, and candidate communication. DHR may use various sources of staffing, including (1) expanded use of existing departmental staff, and/or (2) new hires. DHR will work with departments to ensure the orderly transition of employees assigned to such functions, and will also post job announcements to ensure staffing is appropriate to support online testing on a Countywide basis.

## **Engage Our Candidates**

**Recommendation: Engage passive job seekers**

**Action:** The County is fortunate to be viewed as an employer-of-choice, not only by active job-seekers, but also by current employees who are satisfied with their jobs or are not actively seeking new opportunities. The County should take advantage of such “passive job-seekers” by leveraging our robust on-line testing programs, as well as promoting other innovative ways in which employees can engage in our employment processes.

Any person interested in working for the County (or promoting within the County) will be asked to take an un-proctored (pass/fail), computerized, baseline assessment that can be taken at any time regardless of application status. Individuals will not be required to complete an application for any specific job, they must only indicate their interest in working for or promoting within the County. The candidate may take this assessment at any time (within a specified window), in the comfort of their own home or any other location they wish.

If they are successful, they will be invited to schedule themselves to come into our testing center and take an interest inventory that will provide useful feedback to assist them in selecting a career path. After taking the inventory, an Analyst will contact candidates to provide career assistance including, but not limited to feedback/interpretation of the interest inventory, entry points into County employment (external and internal) and overview of the Civil Service System. Participating in the interest inventory will not be required.

In addition to the interest inventory, individuals can schedule themselves to take on-site, computerized, proctored entry-level, professional or managerial level assessments designed to measure general work related competencies. Scores will be banked for future use in a variety of exams. For executive level positions, the assessment center can provide work simulations and other assessments designed to assess higher level executive leadership skills necessary to be a Manager in the County.

Taken together, these measures will result in each employee having a “bank” of scores that can be used at will by candidates to apply to jobs throughout the County. This will speed the testing and hiring process while offering far greater convenience and flexibility to candidates and departments.

**Recommendation: Improve the candidate hiring experience.**

**Action:** Successful candidates eligible for hire typically participate in hiring interviews. Those interviews should be offered in a number of modalities. They can be done in-person, via video, or at an in-person job fair. DHR will make video interviewing technology available to all departments allowing candidates to be interviewed once for several departments, as Hiring Managers are able to access the same video interview. Vacancies for the same classification can occur miles apart. The use of taped or live video interviewing will decrease time to hire by eliminating multiple interviews and scheduling challenges, while significantly improving the candidate experience in terms of time and convenience. The Productivity Investment Board recently approved a \$175,000 grant to pilot the use of video interviewing technology. As DHR learns from this pilot, it can begin implementing this technology on an expanded list of examinations and for use in Departmental hiring of eligible candidates. At the same time, candidates will reduce travel expenses and not have to take time away from their current jobs.

## **Implementation Plan**

Implementing the plan described in this document will require extensive coordination, as multiple prongs of the strategy will be pursued simultaneously. As a result, the plan for implementation is not linear. Rather, implementation can move forward on several fronts concurrently, with milestones being achieved across several facets in a concomitant fashion.

The implementation below assumes rapid approval at each stage, to ensure quick and uniform execution of each milestone. The milestones below are general in nature; each milestone is likely to be accomplished through the implementation of various sub-steps. Although each step of the project is listed separately, the non-linear nature of this project suggests that DHR can achieve milestones across various aspects simultaneously.

<b>Major Milestone</b>
<b><i>Master Calendar Expansion</i></b>
<ul style="list-style-type: none"> <li>• Identify classifications shared across multiple departments not part of current master calendar</li> </ul>
<ul style="list-style-type: none"> <li>• Contact affected departments for buy-in and communicate plan</li> </ul>
<ul style="list-style-type: none"> <li>• Conduct job analyses of affected classifications. Develop exam plans.</li> </ul>
<b><i>New Testing Facility</i></b>
<ul style="list-style-type: none"> <li>• Identify and evaluate potential venues</li> </ul>
<ul style="list-style-type: none"> <li>• Identify, order and install necessary equipment and ancillary items</li> </ul>
<ul style="list-style-type: none"> <li>• Transition from Wilshire facility to new facility</li> </ul>
<b><i>Departmental Communications</i></b>
<ul style="list-style-type: none"> <li>• Present plan to DHRMs and/or Department Heads</li> </ul>
<ul style="list-style-type: none"> <li>• Develop outreach and communication plan for existing employees and the public.</li> </ul>
<b><i>Pilot Program</i></b>
<ul style="list-style-type: none"> <li>• Identify Participating Pilot Departments.</li> </ul>
<ul style="list-style-type: none"> <li>• Develop and implement communication and advertising strategy on new testing process, aimed at employees and the public.</li> </ul>
<ul style="list-style-type: none"> <li>• Accept drop-in and scheduled candidates based on scheduling</li> </ul>
<ul style="list-style-type: none"> <li>• Evaluate and make adjustments</li> </ul>
<b><i>Countywide Rollout</i></b>
<ul style="list-style-type: none"> <li>• Begin rollout to selected additional departments.</li> </ul>
<ul style="list-style-type: none"> <li>• Expand rollout as dictated by department demand and facility availability</li> </ul>

## Conclusion

The Department of Human Resources is very pleased and honored to be given the opportunity to respond to this motion. The innovative work we have done over the past few years has laid a good foundation to move the County forward so we may continue to be an employer-of-choice. We look forward to your Board's feedback on our recommendations and vision for ensuring the integrity of the County hiring, assessment and promotion process.