



Those persons wishing to speak on any item included on the agenda, or on any matter within the subject matter jurisdiction of the City Council, are invited fill out and submit to the City Clerk a "Request to Speak" form (name and address optional) which is available at the entrance to the Council Chambers. Additionally, members of the public may submit electronic public comments to CityClerk@cityofchino.org no later than 4:00 p.m. on the day of the meeting. In your email, please include the meeting date, agenda item you are commenting on, and your comment. All comments received by the deadline will be forwarded to the City Council for consideration before action is taken on the matter and will be entered into the record for the meeting specified in email received.

If you require a reasonable accommodation to participate in this meeting per your rights under the Americans with Disabilities Act or for any other reason, please contact the City Clerk's Office (909) 334-3306, at least 48 hours prior to the advertised starting time of the meeting.

Any documents produced by the City and distributed to a majority of the City Council regarding any item on this agenda will be made available in the City Clerk's Office during normal business hours at City Hall located at 13220 Central Avenue, Chino. In addition, such documents will be posted on the City's website at www.cityofchino.org.

**CHINO CITY COUNCIL
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
CITY HALL COUNCIL CHAMBERS
13220 CENTRAL AVENUE
CHINO, CA 91710**

TUESDAY, APRIL 21, 2026

REGULAR MEETING

AGENDA

**CLOSED SESSION – 5:30 PM
OPEN SESSION – 6:00 PM**

ROLL CALL

Mayor Eunice M. Ulloa, Mayor Pro Tem Curtis Burton, Council Member Karen C. Comstock, Council Member Christopher Flores, Council Member Marc Lucio.

CLOSED SESSION PUBLIC COMMENTS

This is the time and place for the general public to address the City Council about the closed session items. Ordinance No. 97-08 (Chino Municipal Code Section 2.04.090) limits speakers to no more than five (5) minutes in which to address the Council, except as provided under Government Code 54954.3(b)(2).

CLOSED SESSION

1. CONFERENCE WITH REAL PROPERTY NEGOTIATOR
Pursuant to Government Code 54956.8
Property: APN: 1014-281-03 5412 Francis Ave and 1014-281-08 0 Francis Ave.
Agency Negotiator: Linda Reich, City Manager or her designee;
Negotiating Parties: Grand West Coast Investment, LLC
Under Negotiation: Price and Terms of Potential Acquisition

FLAG SALUTE

CEREMONIALS

Proclamations

Donate Life Month - Proclaim April 2026 as Donate Life Month in the City of Chino.

Presentations

CHINO Days Award Recipients - Recognition of the 2026 CHINO Days Art Contest Award Winners.

Business of the Month - Award of Business of the Month for April 2026 to:

- Barsoum Dental
- Prado Equestrian Center

REPORT OUT OF CLOSED SESSION

AGENDA ADDITIONS/REVISIONS

INFORMATION

External Agency Report for April 21, 2026. Receive and file the External Agency Report for April 21, 2026 (Covering Meetings from February 1-28, 2026).

PUBLIC ANNOUNCEMENTS

This is the time and place for the Mayor to inform the public of all upcoming events and past occurrences of communitywide interest and concern.

PUBLIC COMMENTS

This is the time and place for the general public to address the City Council about subjects that do not appear elsewhere on the agenda. Due to Council policy and Brown Act requirements, action will not be taken on any issues not on the Agenda. Ordinance No. 97-08 (Chino Municipal Code Section 2.04.090) limits speakers to no more than five (5) minutes in which to address Council, except as provided under Government Code 54954.3(b)(2). If more than three (3) persons seek to address the same agenda item or the same subject matter, the Mayor shall establish a maximum period of time not to exceed thirty (30) minutes.

CONSENT CALENDAR

At this time, members of the public may present testimony as to why an item should be removed from the Consent Calendar for separate discussion. Unless a member of the public or City Council requests that an item be removed from the Consent Calendar, all items will be acted upon as a whole and by one vote. Items placed on the Consent Calendar represent routine expenditures and/or actions that support ongoing City operations.

1. Warrants. Approve expenses as audited and within budget for warrants 7774195 to 7775108, and Electronic Fund Transfers 526195E to 526293E, totaling \$2,594,091.35.
2. Minutes. Approve Minutes for (a) Regular Meeting on April 7, 2026 and (b) Special Meeting on April 14, 2026 (All Members Present).
3. Elected City Officials' Report Regarding Travel, Training, and Meetings. Receive and file the Elected City Officials' Report reflecting City Council business related expenses incurred by the City.

4. Adoption of Ordinance No. 2026-003. Adopt Ordinance No. 2026-003, approving the Chino Police Department's "Military Equipment" Use Policy (Second Reading).

ORDINANCE NO. 2026-003 - AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHINO, CALIFORNIA APPROVING THE UPDATED CHINO POLICE DEPARTMENT'S MILITARY EQUIPMENT USE POLICY

5. Public Improvement Agreement with Great Dragon, LLC for Site Approval PL22-0027, located at 13787 Oaks Avenue. Approve a Public Improvement Agreement with Great Dragon, LLC for PL22-0027, located at 13787 Oaks Avenue; and authorize the City Manager to execute all the necessary documents on behalf of the City.
6. Conditional Approval of a Covenant Agreement to Annex for Sanitary Sewer Service and request approval from the San Bernardino Local Agency Formation Commission (LAFCO) for sanitary sewer service for the property located at 3910 Chino Avenue for a proposed single-family home and Accessory Dwelling Unit (ADU) located within the City of Chino's Sphere of Influence. Adopt Resolution No. 2026-024 conditionally approving a Covenant Agreement to Annex for Sanitary Sewer; request approval from LAFCO for sanitary sewer service for the property at 3910 Chino Avenue.

NEW BUSINESS

7. Authorize the City of Chino to join Public Risk Innovation, Solutions, and Management (PRISM) for Fiscal Year 2026-27 for general and excess municipal liability insurance coverage. Adopt a Resolution authorizing the City of Chino to join PRISM for fiscal year (FY) 2026-27 for general and excess municipal liability insurance coverage.

Staff Report By: Terry Doyle, Director of Human Resources & Risk Management and Krystle Murillo, Deputy Director of Human Resources & Risk Management

RECOMMENDATION: Adopt Resolution No. 2026-025 authorizing the City of Chino to join Public Risk Innovation, Solutions, and Management (PRISM) for the City's general and excess municipal liability insurance coverage effective Fiscal Year 2026-27; designate the City Manager as primary member and Director of Human Resources/Risk Management as alternate member representative to the PRISM Governing Board; and authorize the City Manager to execute all required membership agreements to bind coverage with PRISM and related carriers.

8. Approve the Consolidation, Amendment, and Reconciliation of Lewis Companies Construction Credit Reimbursement Agreements for Circulation Development Impact Fees (DIF). First Amendment to Contract No. 2025-167 for The Preserve Circulation DIF Program and Acceptance of the Updated Circulation DIF Credit and Reimbursement Reconciliation for various project-specific development projects through May 31, 2025.

Staff Report By: Sylvia Ramos, Contracts and DIF Administrator

RECOMMENDATION: 1) Approve the First Amendment to Contract No. 2025-167, the Construction Credit and Reimbursement Agreement for The Preserve Circulation (Streets, Signals and Bridges) Development Impact Fee Program for projects constructed between 2004 and 2019, in the amount of \$2,944,627.25, for a revised total contract amount not to exceed \$38,076,155.62, between the City of Chino and Chino Development Corporation, a California corporation, and Chino Preserve Development Corporation, a California corporation; 2) accept the updated Circulation DIF Credit and Reimbursement Reconciliation for project-specific development projects in the amount of \$10,720,544.70 through May 31, 2025; and 3) authorize the City Manager to execute all the necessary documents on behalf of the City.

9. Purchase of Real Property at 13272 6th Street. Adopt a Resolution authorizing the Purchase and Sale of Real Property and Joint Escrow Instructions to acquire a property at 13272 6th Street.

Staff Report By: Fred Galante, City Attorney

RECOMMENDATION: 1) Adopt Resolution 2026-026, authorizing the Purchase and Sale of Real Property and Joint Escrow Instructions (“Purchase Agreement”) to acquire a property at 13272 6th Street (“Property”) from Terri Gillette, as Successor Trustee of the Sturzenegger Family Trust, and Kent H. Cheng, as Successor Trustee of the Langdon and Jo Ann Tannehill 1992 Trust (jointly the “Owner”) in the amount of \$2,500,000, including \$11,000 for fees and other costs related to the sale; 2) appropriate \$2,511,000 from the General Fund balance; and 3) authorize the City Manager to execute all necessary documents.

MAYOR AND COUNCIL REPORTS

This is the time and place for the Mayor and Council Members to report on prescheduled Council Committee Assignment Meetings that were held since the last Regular Council Meeting, and any other items of interest. Upon request by an individual Council Member, the City Council may choose to take action on any of the subject matters listed below.

Mayor Ulloa

Mayor Pro Tem Burton

Council Member Comstock

Council Member Flores

Council Member Lucio

City Manager's Report

City Attorney's Report

Director's Report

Police Chief's Report

Fire Chief's Report

ADJOURN

The next Regular Meeting of the City Council will be held on Tuesday, May 5, 2026 at 6:00 p.m. (Closed Session no earlier than 4:00 p.m. if necessary) in these Council Chambers.

I, Natalie Gonzaga, City Clerk of the City of Chino, hereby declare that on Friday, April 17, 2026 this agenda was posted on the south window of Chino City Hall and this agenda together with all of the agenda reports and related documents were posted on the City's website at www.cityofchino.org by myself or under my direction.



Natalie Gonzaga, City Clerk.

**MEMORANDUM
CITY OF CHINO
ADMINISTRATION DEPARTMENT**

CITY COUNCIL MEETING DATE: APRIL 21, 2026

TO: MAYOR AND CITY COUNCIL MEMBERS, CITY OF CHINO
FROM: LINDA REICH, CITY MANAGER

SUBJECT

Donate Life Month

C H I N O

Proclamation



WHEREAS, organ, eye, tissue, marrow and blood donation are life-giving acts recognized worldwide as expressions of compassion to those in need; and

WHEREAS, more than 100,000 individuals nationwide and more than 20,000 in California are currently on the national organ transplant waiting list, and sadly, on average, 17 people die each day while waiting; and

WHEREAS, one person can save eight lives and enhance 75 others through organ, eye and tissue donation; and

WHEREAS, any person can register to be an organ, eye and tissue donor regardless of age or medical conditions; and

WHEREAS, being a registered donor does not impact the quality of life-saving medical care or a person receives in an emergency; and

WHEREAS, California residents can sign up to be an organ, eye and tissue donor when applying for or renewing their driver's licenses or ID cards at the California Department of Motor Vehicles; and

WHEREAS, California residents can sign up with the Donate Life California Donor Registry online at any time by visiting www.donateLIFEcalifornia.org, or for Spanish speakers www.doneVIDAcalifornia.org; and

WHEREAS, California residents interested in saving a life through living kidney donation may visit www.LivingDonationCalifornia.org.

NOW, THEREFORE, BE IT RESOLVED that in recognition of National Donate Life Month, the month of April 2026 is hereby proclaimed:

"DONATE LIFE MONTH"

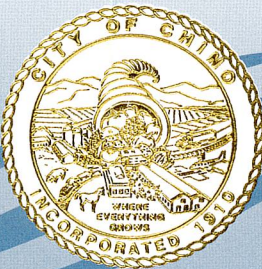
in the City of Chino and encourage all residents to Leave a Legacy through the power of organ, eye and tissue donation.

PRESENTED THIS 21 ST DAY OF APRIL 2026.


EUNICE M. ULLOA, Mayor

ATTEST:

NATALIE GONZAGA, City Clerk



**MEMORANDUM
CITY OF CHINO
COMMUNITY SERVICES, PARKS & RECREATION DEPARTMENT**

CITY COUNCIL MEETING DATE: APRIL 21, 2026

TO: LINDA REICH, CITY MANAGER

**FROM: SILVIA AVALOS, DIRECTOR OF COMMUNITY SERVICES, PARKS &
RECREATION**

SUBJECT

CHINO Days Award Recipients

**MEMORANDUM
CITY OF CHINO
ADMINISTRATION DEPARTMENT**

CITY COUNCIL MEETING DATE: APRIL 21, 2026

TO: MAYOR AND CITY COUNCIL MEMBERS, CITY OF CHINO
FROM: LINDA REICH, CITY MANAGER

SUBJECT

Business of the Month.

**MEMORANDUM
CITY OF CHINO
ADMINISTRATION DEPARTMENT**

CITY COUNCIL MEETING DATE: APRIL 21, 2026

TO: MAYOR AND CITY COUNCIL MEMBERS, CITY OF CHINO

FROM: LINDA REICH, CITY MANAGER

SUBJECT

External Agency Report for April 21, 2026.

RECOMMENDATION

Receive and file the External Agency Report for April 21, 2026 (Covering Meetings from February 1-28, 2026).

CITY OF CHINO MISSION / VISION / VALUES / STRATEGIC ISSUES

The recommendation detailed above furthers the City's values and strategic issues that serve as key pillars on which identified priorities, goals, and action plans are built by fostering:

- Positive City Image
- Financial Stability
- Responsible Long-Range Planning
- Exemplary Leadership
- Public Service Excellence through Internal and External Partnerships

BACKGROUND

Members of the Chino City Council are assigned to represent the City on several external agencies, committees, boards, and task forces. While meeting frequency varies by agency, many meet monthly. Others meet quarterly, bi-monthly, or on an as-needed basis.

ISSUES/ANALYSIS

The attached Monthly Agency Report for April 21, 2026, summarizes recent discussions and actions during external meetings attended by City Council Members. It focuses on items that may affect or interest the City of Chino, its residents, and its businesses. The report covers meetings held from February 1-28, 2026.



CITY OF CHINO

MONTHLY AGENCY REPORTS

APRIL 21, 2026 - Covering meetings from February 1 – February 28, 2026

Members of the Chino City Council are assigned to represent the City on several external agencies, committees, boards, and task forces. This report summarizes the actions and discussions of those entities as they may impact or be of interest to the City of Chino, its businesses, and its residents.

ANIMAL RESOURCE CENTER OF THE INLAND EMPIRE JOINT POWERS AUTHORITY

Council Representative: Curtis Burton | Staff Report By: Rogelio Huerta

Meeting Date: February 25, 2026

The Animal Resource Center of the Inland Empire (ARC) Board of Directors approved the Consent Calendar, which included the minutes from the January 20 special meeting and the January 28 regular meeting, as well as the Fiscal Year 2025-26 mid-year budget adjustment based on the second-quarter update.

The Board received a formal presentation on the permanent shelter design and provided further direction to the Permanent Shelter Design Subcommittee to advance the project.

In accordance with the Joint Powers Agreement Bylaws, the Board conducted its annual reorganization, selecting City of Chino Mayor Pro Tem Burton as the new Chair and City of Montclair Mayor John Dutrey as the Vice Chair.

Next anticipated meeting date: March 25, 2026

CHAFFEY COLLEGE CHINO COMMUNITY CENTER OVERSIGHT COMMITTEE

Council Representative: Marc Lucio | Staff Report By: Silvia Avalos

No meeting during this reporting period.

Next anticipated meeting date: March 17, 2026

CHINO VALLEY CHAMBER OF COMMERCE

Council Representative: Christopher Flores | Staff Report By: Ellyse Martinez

Meeting Date: February 21, 2026

On Saturday, February 21, Council Members Christopher Flores, and Marc Lucio attended the Ribbon Cutting for Code Ninjas. Also, in attendance were Assistant City Manager Jackie Melendez and Ellyse Martinez. Staff and Council were given tours of the business and Council Member Lucio presented a certificate of congratulations to the business owners. Council Member Flores said a few words of welcome to the business. Code Ninjas is located at: 16357 E. Main St. #130, Chino CA 91708.

Next anticipated meeting date: March 17, 2026

CHINO BASIN DESALTER AUTHORITY

Council Representative: Curtis Burton | Staff Report By: Pete Vicario

Meeting Date: February 24, 2026

The Chino Basin Desalter Authority (CDA) reported that 359.904 acre-feet of water was delivered to the City of Chino in January.

The CDA Technical Advisory Committee (TAC) recommended the following, all of which were approved:

- Approval of a contract award to Advanced Industrial Services in the amount of \$470,000 for the Chino I & II Coating Projects. This work includes labor, materials, and equipment required for surface preparation and coating of four steel vessels at the Chino I Desalter, as well as interior coating rehabilitation of a pellet reactor at the Chino II Concentrate Reduction Facility. Sufficient funding is available in the FY 2025/26 CIP budget.
- Approval to reject all bids received for the supply of Amberlite PWA15 and Amberlite HPR4800 CI resin, and direction to staff to rebid the project. Two bids were received; however, staff determined that both contained material deviations from the RFQ requirements. As neither submission fully complied with the solicitation documents, both were deemed non-responsive. There is no fiscal impact to the budget.
- Approval of an amendment to the existing Maintenance Services Agreement with TE Roberts, Inc. in the amount of \$50,000. This additional funding will provide sufficient capacity for any remaining environmental cleanup needs through the end of the fiscal year. The additional \$50,000 will be funded within the current fiscal year operating budget.

Next anticipated meeting date: March 24, 2026

CHINO BASIN WATERMASTER

Council Representative: Curtis Burton | Staff Report By: Benjamin Orosco

Meeting Date: February 26, 2026

Business Item A – Calculation of Excess Cash Reserves

The Board considered the annual calculation of excess cash reserves in accordance with Watermaster Policy 4.17. Staff presented supporting documentation demonstrating that current reserve levels are within policy requirements. The Board found that no excess cash reserves exist at this time and authorized staff to continue utilizing existing reserves to fund operations until the FY 2025/26 Assessment Package process is completed and remaining assessments are received.

The board unanimously approved the staff's recommendation to confirm that no excess cash reserves exist and to continue using existing reserves to fund operations.

Business Item B – Review of 2017 Court Order Requirements (Safe Yield Reset)

The Board received a presentation and discussed the requirements outlined in the April 28, 2017, Court Order related to the Safe Yield Reset. The Court Order established specific criteria and considerations that must be

evaluated when determining whether and how to reset the Basin’s Safe Yield, including the need to assess potential risks of undesirable results and material physical injury to the Basin.

Discussion centered on how these requirements should be interpreted and applied to the ongoing 2025 Safe Yield Reevaluation effort. Board members and staff discussed the balance between technical analysis and management discretion, including how various assumptions, modeling inputs, and policy considerations may influence the final Safe Yield determination. The item also reflects broader stakeholder differences regarding the appropriate approach to resetting Safe Yield, including varying perspectives on risk tolerance, basin conditions, and long-term sustainability.

This item was for discussion only, and no formal action was taken by the Board.

Next anticipated meeting date: March 26, 2026

CHINO VALLEY INDEPENDENT FIRE DISTRICT - LIAISON TO BOARD OF DIRECTORS
Council Representative: Karen Comstock | Staff Report By: Linda Reich

Meeting Date: February 11, 2026

Public Hearing

Ordinance 2026-01 First Reading – The Board introduced and read the ordinance first time. The ordinance increases Board Member compensation effective July 1, 2026 from \$183.86 to \$194.00 per meeting or service day not to exceed 10 days per calendar month.

Liaison Reports

Chino Council Member Karen Comstock provided an update on upcoming City of Chino events.

Next anticipated meeting date: March 11, 2026

CHINO VALLEY UNIFIED SCHOOL DISTRICT
Council Representative: Curtis Burton | Staff Report By: Vivian Castro

Meeting Date: February 19, 2026

Action Items

Resolution 2025/2026-31, Notice of Layoff of Certain Classified Staff Pursuant to Education Code 45117 and 45298 – The Board unanimously (5-0) to adopt Resolution 2025/2026-31, Notice of Layoff of Certain Classified Staff Pursuant to Education Code 45117 and 45298.

Consent Calendar

The Board approved the following items as part of the consent calendar:

- Ayala High School Portables Refresh Project - Rejection of all bids for Bid No. 25-26-08I, Ayala HS “H” Portables Refresh and authorization to rebid the project.
- Revision of Terms and Conditions – Revision of Terms and Conditions for the Use of District Facilities.

Information Items

The Board received information on the following items:

- Revision of Administrative Regulation 7211 - Received for information the revision of Administrative Regulation 7211 Facilities—Developer Fees.
- Revision of Board Policy 3280 – Received for information the revision of Board Policy 3280 Business and Noninstructional Operations—Sale, Exchange, or Lease of District-Owned Real Property.

Next anticipated meeting date: March 19, 2026

CHINO VALLEY UNIFIED SCHOOL DISTRICT – MEASURE G OVERSIGHT COMMITTEE
Council Representative: Karen Comstock | Staff Report By: Silvia Avalos

No meeting during this reporting period.

Next anticipated meeting date: April 29, 2026

CITIZEN’S COMMITTEE FOR CIM & CIW
Council Representative: Marc Lucio | Staff Report By: Aaron Kelliher

No report submitted.

INLAND EMPIRE UTILITIES AGENCY (IEUA) REGIONAL SEWERAGE COMMITTEE
Council Representative: Curtis Burton | Staff Report By: Benjamin Orosco

No meeting during this reporting period.

Next anticipated meeting date: March 5, 2026

LEAGUE OF CALIFORNIA CITIES – INLAND EMPIRE DIVISION
Council Representative: Marc Lucio | Staff Report By: Jackie Melendez

No meeting during this reporting period.

Next anticipated meeting date: March 19, 2026

OMNITRANS BOARD OF DIRECTORS

Council Representative: Eunice Ulloa | Staff Report By: Dennis Ralls

Meeting Date: February 4, 2026

No current items to report.

Next anticipated meeting date: March 4, 2026

**ONTARIO INTERNATIONAL AIRPORT AUTHORITY (OIAA)
INTER-AGENCY COLLABORATIVE (ROUNDTABLE)**

Council Representative: Christopher Flores | Staff Report by: Jackie Melendez

No meeting during this reporting period.

Next anticipated meeting date: TBD

SAN BERNARDINO COUNTY BOARD OF SUPERVISORS

Staff Report By: Rogelio Huerta

Meeting Date: February 10, 2026

The Board of Supervisors adjourned in memory of Bob Ulloa, a dedicated U.S. Navy veteran and long-standing Chino civic leader who was the husband of Mayor Eunice Ulloa. Mr. Ulloa was recognized for his 50 years of marriage to the Mayor and his steadfast support throughout her four decades of public service.

In administrative actions, the Board approved Item No. 7, authorizing the Department of Airports to apply for and accept Caltrans matching grants for infrastructure improvements at Chino Airport (CNO), with a total estimated project cost of \$1,094,800.

Next anticipated meeting date: March 24, 2026

SAN BERNARDINO COUNTY SOLID WASTE ADVISORY TASK FORCE

Council Representative: Christopher Flores | Staff Report By: Xochitl Huerta

No meeting during this reporting period.

Next anticipated meeting date: April 15, 2026

SAN BERNARDINO COUNTY TRANSPORTATION AUTHORITY (SBCTA) BOARD OF DIRECTORS

Council Representative: Eunice Ulloa | Staff Report By: Dennis Ralls

Meeting Date: February 4, 2026

The SBCTA Board reviewed a draft ordinance and expenditure plan for a draft Measure I 3.0. Currently, Measure I is a half percent sales tax in San Bernardino County that funds transportation related operations, maintenance and improvements throughout the county. Measure I was originally approved by voters in 1989 and later extended in 2004. As the Measure has proven to be a successful means of helping fund transportation related efforts, the presentation explored the feasibility of a future ballot measure. The Board directed staff to seek approvals through the County Board of Supervisors and the Councils of all member Cities and Towns.

Next anticipated meeting date: March 4, 2026

SBCTA – CITY SELECTION COMMITTEE

Council Representative: Eunice Ulloa | Staff Report By: Jackie Melendez

No meeting during this reporting period.

Next anticipated meeting date: March 4, 2026

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS (SCAG) – GENERAL ASSEMBLY

Council Representative: Marc Lucio | Staff Report By: Jackie Melendez

No meeting during this reporting period.

Next anticipated meeting date: May 7, 2026

SANTA ANA WATERSHED ADVISORY COUNCIL

Council Representative: Karen Comstock | Staff Report By: Benjamin Orosco

Meeting Date: February 3, 2026

Discussion Item- Inland Empire Brine Line Reach, City of Chino Euclid Bridge Project

The Santa Ana Watershed Project Authority (SAWPA) Project Agreement 24 Committee received an informational presentation regarding the City of Chino’s proposed Euclid Avenue Bridge Project and its impacts to the Inland Empire Brine Line (Brine Line). The elevated roadway would affect approximately 5,000 feet of existing 42-inch pipeline within the Prado inundation area. SAWPA staff indicated that relocating the Brine Line, rather than protecting it in place, appears to be the more viable long-term solution, providing an opportunity to replace aging infrastructure, improve access and hydraulic capacity, and extend service life. Staff will work with the City to develop a Memorandum of Understanding (MOU) outlining roles, California Environmental Quality Act (CEQA) responsibilities, cost sharing, and design coordination. The item was received and filed with no action taken.

Next anticipated meeting date: March 3, 2026

WATER FACILITIES AUTHORITY BOARD OF DIRECTORS

Council Representative: Curtis Burton | Staff Report By: Benjamin Orosco

No meeting during this reporting period.

Next anticipated meeting date: March 19, 2026

WEST VALLEY MOSQUITO AND VECTOR CONTROL DISTRICT

Council Representative: Christopher Flores | Staff Report By: Vivian Castro

Meeting Date: February 24, 2026

The Board approved the following items unanimously:

- Resolution No. 2026-1: District’s Financial Reserve Policy – Specifying that the District will maintain a minimum unassigned fund balance of not less than 20% of the budgeted general fund expenditures as a reserve for economic uncertainties and vector-borne disease epidemic uncertainties.
- FY 2025-26 Mid-year Budget Adjustments – The budget was adjusted to address minor changes in revenues and expenditures, generally reflecting changes in vendor and contract costs and dues and assessments.
- Updated District Personnel Policies.
- Generative Artificial Intelligence Policy.

The Board received the following staff reports:

- November 2025 Field Operations, Vector Disease and Surveillance, and IT/Community Outreach Activities Reports
- December 2025 Field Operations, and IT/Community Outreach Activities Reports
- January 2026 Field Operations, and IT/Community Outreach Activities Reports
- Administrative Report
- 2025 Annual Report

Election of Board Officers and Committee Selections - The Board voted unanimously to retain current officers and to accept the following assignments:

- President - Paul Leon
- Vice President - Gary George
- Secretary - Carolyn Raft
- Finance and Budget Committee - Trustee Johsz and Vice-President George
- Personnel Committee - Trustee Johsz and Vice-President George
- Insurance Committee - Secretary Raft and Trustee Breitling

Next anticipated meeting date: March 24, 2026

**MEMORANDUM
CITY OF CHINO
FINANCE DEPARTMENT**

CITY COUNCIL MEETING DATE: APRIL 21, 2026

TO: LINDA REICH, CITY MANAGER

FROM: KIM SAO, DIRECTOR OF FINANCE

SUBJECT

Warrants.

RECOMMENDATION

Approve expenses as audited and within budget for warrants 7774195 to 7775108, and Electronic Fund Transfers 526195E to 526293E, totaling \$2,594,091.35.

FISCAL IMPACT

Sufficient funds have been included in the Fiscal Year 25-26 Adopted Budget.

CITY OF CHINO MISSION / VISION / VALUES / STRATEGIC ISSUES

The recommendation detailed above further the City's values and strategic issues that serve as key pillars on which identified priorities, goals, and action plans are built, by fostering:

- Financial Stability

Revenue:	ExE - penditure:
----------	------------------

BACKGROUND

As prescribed by Government Code Sections 37202 and 37208, the following demand registers are herewith submitted for Council ratification:

NO.	WARRANTS	CHECK DATE	FY	AMOUNT
1.	7774195 – 7775030	03/26/26	25-26	\$988,190.59
2.	7775031 – 7775108	04/02/26	25-26	\$384,138.62
3.	526195E – 526248E	03/27/26	25-26	\$689,367.84
4.	526249E	03/27/26	25-26	\$265,956.62
5.	526251E – 526293E	04/03/26	25-26	\$266,437.68
TOTAL				\$2,594,091.35

ISSUES/ANALYSIS

See attached exhibit for detailed information on warrants exceeding \$50,000.

Attachment

CITY OF CHINO
A/P Warrant Register Over \$50,000

Check Date	Check Number	Vendor Name	Description	Amount
03/26/2026	7774915	ALESHIRE & WYNDER LLP	CITY ATTORNEY	\$88,781.63
	7774930	BUTIER ENGINEERING, INC	CONSTRUCTION SERVICES	\$87,057.00
	7774994	PACIFIC HYDROTECH CORPORATION	CONSTRUCTION SERVICES	\$524,062.75
	7775026	WEST COAST ARBORISTS INC	LANDSCAPE MAINTENANCE	\$74,380.00
03/27/2026	526202	BIGGS CARDOSA ASSOCIATES, INC.	PINE AVE. DESIGN SERVICES	\$158,794.69
	526204	C.E. MECHANICAL, INC.	CITYWIDE HVAC MAINTENANCE	\$64,261.00
	526223	INLAND EMPIRE UTILITIES AGENCY	NONRECLAIMABLE WASTEWATER	\$120,480.72
	526227	LANDSCAPE WEST MANAGEMENT SERVICES, INC.	LANDSCAPE MAINTENANCE	\$62,950.00
	526249	WATER FACILITIES AUTHORITY	IMPORTED WATER PURCHASE	\$265,956.62
04/02/2026	7775075	M K SMITH CHEVROLET	FLEET CHEVROLET PARTS & SERVICE	\$63,248.12
04/03/2026	526254	BIGGS CARDOSA ASSOCIATES, INC.	EUCLID BRIDGE DESIGN SERVICES	\$54,334.75
	526257	BUREAU VERITAS NORTH AMERICA, INC.	GENERAL PLAN CHECK SERVICES	\$90,937.76
			TOTAL	\$1,655,245.04

**MEMORANDUM
CITY OF CHINO
ADMINISTRATION DEPARTMENT**

CITY COUNCIL MEETING DATE: APRIL 21, 2026

TO: LINDA REICH, CITY MANAGER

FROM: NATALIE GONZAGA, CITY CLERK

SUBJECT

Minutes.

**CHINO CITY COUNCIL
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
REGULAR MEETING - CITY HALL COUNCIL CHAMBERS
13220 CENTRAL AVENUE
CHINO, CA 91710**

TUESDAY, APRIL 7, 2026

MINUTES

**CLOSED SESSION – 4:30 PM
OPEN SESSION – 6:00 PM**

CALL TO ORDER

The April 7, 2026, Regular Meeting of the Chino City Council / Successor Agency to the Redevelopment Agency was called to order at 4:32 p.m. by Mayor Eunice M. Ulloa in the Council Chambers.

ROLL CALL

PRESENT: Mayor Eunice M. Ulloa, Mayor Pro Tem Curtis Burton, Council Member Karen C. Comstock, Council Member Christopher Flores, and Council Member Marc Lucio

ABSENT: NONE.

CLOSED SESSION PUBLIC COMMENTS

There were no requests to speak.

CLOSED SESSION

City Attorney Fred Galante read into the record the items listed on the Closed Session agenda.

1. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to Paragraph (2) of Subdivision (d) of Government Code Section 54956.9. Number of Cases: One Case

2. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
Initiation of litigation pursuant to Paragraph (4) of Subdivision (d) of Government Code Section 54956.9. Number of Cases: One Case

3. CONFERENCE WITH REAL PROPERTY NEGOTIATOR
Pursuant to Government Code 54956.8
Property: APN: 1014-281-04; NEC of Central & Francis Ave. Chino
Agency Negotiator: Linda Reich, City Manager or her designee;
Negotiating Parties: Dave Kuo
Under Negotiation: Price and Terms of Potential Acquisition

4. CONFERENCE WITH REAL PROPERTY NEGOTIATOR
Pursuant to Government Code 54956.8
Property: APN: 1014-281-03 5412 Francis Ave and 1014-281-08 0 Francis Ave.

Agency Negotiator: Linda Reich, City Manager or her designee;
Negotiating Parties: Grand West Coast Investment, LLC
Under Negotiation: Price and Terms of Potential Acquisition

The City Council recessed to Closed Session at 4:34 p.m. and concluded at 5:56 p.m. The City Council reconvened the meeting at 6:05 p.m.

FLAG SALUTE

Eagel Scout Dresdon Rose, Troop 202, led the Pledge of Allegiance.

Mayor Ulloa presented Dresdon Rose with a Certificate of Recognition from the City Council for achieving the rank of Eagle Scout.

CEREMONIALS

Proclamations

Autism Awareness Month - Proclaim April 2026 as Autism Awareness Month in the City of Chino.

Mayor Ulloa read the Autism Awareness Month proclamation into the record and presented it to Melissa Cardona, Senior Resource Specialist, Autism Society Inland Empire, Felicia Guzman, CEO/Founder, Adrian's World Inc., and Dane D'Antuono, CSPR Coordinator.

Child Abuse Prevention Month - Proclaim April 2026 as Child Abuse Prevention Month in the City of Chino.

Mayor Ulloa read the Child Abuse Prevention Month proclamation into the record and presented it to Kari Franco, CSPR Supervisor, and Xeneida Brown, Children's Network, Child Abuse Prevention Coordinator.

National Public Safety Telecommunicators Week - Proclaim April 12 - 18, 2026 as National Public Safety Telecommunicators Week.

Mayor Ulloa read the National Public Safety Telecommunicators Week proclamation into the record and presented it to Police Chief Mensen and the Public Safety Dispatchers.

Presentations

Chino Police Department Annual Department Awards - Recognition of Police Officer of the Year Corporal Alex Courtney, Professional Staff Member of the Year Police Service Officer Marissa Zendejas, and Chief's Award of Distinction Corporal Alex Wright.

Mayor Ulloa and Police Chief Mensen presented Certificates of Recognition to the Chino Police Department Annual Awards recipients Police Officer of the Year Corporal Alex Courtney, Professional Staff Member of the Year Police Service Officer Marissa Zendejas, and the Chief's Award of Distinction Corporal Alex Wright.

Mayor's Home Beautification Award - Award of Mayor's Home Beautification Award for April 2026.

Mayor Ulloa presented the Mayor's Home Beautification Award for April 2026 to Delia Phillips of Walnut Avenue in Chino.

REPORT OUT OF CLOSED SESSION

City Attorney Fred Galante reported out of closed session as follows, noting Mayor Ulloa recused herself from Closed Session items 3 and 4, and was present for Items 1 and 2.

1. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to Paragraph (2) of Subdivision (d) of Government Code Section 54956.9. Number of Cases: One Case

The City Council received a briefing and no further reportable action was taken.

2. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Initiation of litigation pursuant to Paragraph (4) of Subdivision (d) of Government Code Section 54956.9. Number of Cases: One Case

The City Council received a briefing, provided direction, and no further reportable action was taken.

3. CONFERENCE WITH REAL PROPERTY NEGOTIATOR

Pursuant to Government Code 54956.8

Property: APN: 1014-281-04; NEC of Central & Francis Ave.

Chino Agency Negotiator: Linda Reich, City Manager or her designee;

Negotiating Parties: Dave Kuo

Under Negotiation: Price and Terms of Potential Acquisition

Mayor Ulloa was not present and did not participate in the discussion. The balance of the City Council received a briefing, and no further reportable action was taken.

4. CONFERENCE WITH REAL PROPERTY NEGOTIATOR

Pursuant to Government Code 54956.8

Property: APN: 1014-281-03 5412 Francis Ave and 1014-281-08 0 Francis Ave.

Agency Negotiator: Linda Reich, City Manager or her designee;

Negotiating Parties: Grand West Coast Investment, LLC

Under Negotiation: Price and Terms of Potential Acquisition

Mayor Ulloa was not present and did not participate in the discussion. The balance of the City Council held a discussion, and no further reportable action was taken.

AGENDA ADDITIONS/REVISIONS

City Manager Linda Reich reported there were no additions or revisions to the agenda.

PUBLIC ANNOUNCEMENTS

Mayor Ulloa announced the upcoming State of the City Presentation on April 14 and the Kiwanis Corn Feed Run Car Show and Cruise on April 25.

PUBLIC COMMENTS

Pastor Don Porter, Crosspoint Church, provided the invocation.

Melissa Compiani, Representative, Fourth District San Bernardino County Supervisor Curt Hagman, announced upcoming community events.

Alex Lopez, Reach Out, provided an introduction and spoke regarding 7-Hydroxymitragynine (7-OH) substance concerns and availability in the City.

Donna Marchesi, spoke regarding the Animal Resource Center of the Inland Empire (ARC) concerns.

Maureen Moe Mendoza, submitted two written requests, which were saved to the meeting record. She spoke regarding ARC concerns.

Bob Nigg, submitted a written request, which was saved to the meeting record. He spoke regarding the housing element and density concerns.

CONSENT CALENDAR

1. Warrants. Approve expenses as audited and within budget for warrants 7774710 to 777914, and Electronic Fund Transfers 526099E to 526194E, totaling \$3,258,328.16.
2. Minutes. Approve Minutes for Regular Meeting on March 24, 2026 (All Members Present).
3. Elected City Officials' Report Regarding Travel, Training, and Meetings. Receive and file the Elected City Officials' Report reflecting City Council business related expenses incurred by the City.

Item No. 4 was pulled from the Consent Calendar for a public comment.

5. 2025 Chino Climate Action Plan Annual Report. Receive and file the 2025 Chino Climate Action Plan Annual Progress Report.
6. Director of Development Services Classification. Adopt Resolution No. 2026-021 approving the updated job description for the Director of Development Services Classification.
7. Amendment to the Memorandum of Understanding between the City of Chino and the American Federation of State, County and Municipal Employees (AFSCME). Adopt Resolution No. 2026-022 approving Memorandum of Understanding Amendment No. 1 between the City of Chino and the American Federation of State, County and Municipal Employees (AFSCME) to update Exhibit A, Uniforms.
8. Live Entertainment Permit Renewal for Casa Diaz. Approval of a renewal Live Entertainment Permit for Casa Diaz at 7041 Schaefer Avenue for a period of 12 months, subject to quarterly review of satisfactory compliance with terms, conditions, and restrictions of permit.
9. Notice of Completion for Rehabilitation of Wells 12, 14, and 17 (WA212 & WA214) with General Pump Company, Inc. Accept work performed for Rehabilitation of Wells 12, 14, and 17 with General Pump Company as complete; authorize the Director of Public Works to file the Notice of Completion on behalf of the City of Chino; and authorize the release of retention funds.

Motion by Mayor Pro Tem Burton, seconded by Council Member Lucio, to approve the Consent Calendar Items 1-3 and 5-9 as presented; with item 4 pulled for separate action. The motion carried by the following vote:

AYES: ULLOA, BURTON, COMSTOCK, FLORES, AND LUCIO

NOES: NONE.

ABSENT: NONE.

ITEM PULLED FROM CONSENT CALENDAR

4. 2025 General Plan and Housing Element Annual Report Receive and file the 2025 General Plan and Housing Element Annual Reports which will subsequently be filed with the Governor's Office of Planning and Research and the California Department of Housing and Community Development.

Bob Nigg, spoke regarding concerns with the City's housing element, noting discrepancies in the number of vacant sites and units listed on Table B2.

Warren Morelion, Director of Development Services, clarified that the table represents projects that have been constructed or are in process of being constructed. There are cases where the City entitles projects that are never constructed, therefore all entitled projects would not be reported.

Motion by Council Member Comstock, seconded by Council Member Lucio, to approve Consent Calendar Item 4 as presented. The motion carried by the following vote:

AYES: ULLOA, BURTON, COMSTOCK, FLORES, AND LUCIO

NOES: NONE.

ABSENT: NONE.

PUBLIC HEARING

10. Assembly Bill (AB) 481 - Funding, Acquisition, and Use Policy. Public Hearing and approval of the Chino Police Department's "Military Equipment" Use Policy per the requirements of Assembly Bill (AB) 481.

Staff Report By: Cpl. Matthew Navarro and Chief Kevin Mensen

RECOMMENDATION: 1) Conduct a Public Hearing and 2) approve the introduction of Ordinance No. 2026-003, approving the Chino Police Department's "Military Equipment" Use Policy per the requirements of Assembly Bill (AB) 481, to be read by number and title only and waive further reading of the ordinance.

Mayor Ulloa opened the public hearing.

Police Chief Mensen and Corporal Matthew Navarro, provided a presentation on the item.

There being no requests to address the City Council on this item, Mayor Ulloa closed the public hearing.

Motion by Mayor Pro Tem Burton, seconded by Council Member Comstock, to 1) Conduct a Public Hearing and 2) approve the introduction of Ordinance No. 2026-003, approving the Chino Police Department's "Military Equipment" Use Policy per the requirements of Assembly Bill (AB) 481, to be read by number and title only and waive further reading of the ordinance. The motion carried by the following vote:

AYES: ULLOA, BURTON, COMSTOCK, FLORES, AND LUCIO

NOES: NONE.

ABSENT: NONE.

NEW BUSINESS

11. Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025. Receive and file the City of Chino's Annual Comprehensive Financial Report for Fiscal Year 2024-25.

Staff Report By: Kim Sao, Director of Finance and Ahmed Badawi, Partner, Badawi & Associates

RECOMMENDATION: Receive and file the City of Chino's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025.

Kim Sao, Director of Finance introduced Ahmed Badawi, Partner, Badawi & Associates, who provided a presentation. An updated copy of the Annual Comprehensive Financial Report was provided to the City Council and saved to the meeting record.

Mayor Ulloa inquired about the timeline of the completion of the Annual Comprehensive Financial Report. Ms. Sao noted the FY 2024-25 audit delays were the result of department vacancies and updated audit standards. Ms. Sao assured the goal is to complete the next audit within the required deadline.

Motion by Council Member Lucio, seconded by Council Member Comstock, to Receive and file the City of Chino's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025. The motion carried by the following vote:

AYES: ULLOA, BURTON, COMSTOCK, FLORES, AND LUCIO

NOES: NONE.

ABSENT: NONE.

12. Fiscal Year 2025-26 Midyear Budget Review. Adopt Resolution No. 2026-023 to Approve the Midyear Budget Adjustments for Fiscal Year 2026-26.

Staff Report By: Kim Sao, Director of Finance

RECOMMENDATION: Adopt Resolution No. 2026-023, authorizing the FY 2025-26 Midyear Budget adjustments as detailed in Exhibits A and B, including approval of contract amendments outlined in Exhibit C.

Kim Sao, Director of Finance, and Sheri Beckett, Budget Manager, provided a presentation.

Maureen Moe Mendoza, inquired about the allocation for the Animal Resource Center of the Inland Empire.

Motion by Mayor Pro Tem Burton, seconded by Council Member Lucio, to Adopt Resolution No. 2026-023, authorizing the FY 2025-26 Midyear Budget adjustments as detailed in Exhibits A and B, including approval of contract amendments outlined in Exhibit C. The motion carried by the following vote:

AYES: ULLOA, BURTON, COMSTOCK, FLORES, AND LUCIO

NOES: NONE.

ABSENT: NONE.

MAYOR AND COUNCIL REPORTS

Mayor Ulloa

Mayor Ulloa reported on the Watermaster Agriculture meeting; Watermaster Board of Director's meeting; Chino Hills City Manager Ben Montgomery Retirement Celebration; Northgate Gonzalez Market Grand Opening; Congresswoman Norma Torres check presentation for the Chino Valley Innovation Center; Omnitrans Board of Director's meeting; SBCTA Board of Directors meeting; Senior Birthdays Celebration; West End Regional Navigation Center Groundbreaking event; California Institution for Men meeting; and Closed Session.

Mayor Pro Tem Burton

Mayor Pro Tem Burton reported on the Animal Resource Center of the Inland Empire Board meeting; Ruben S. Ayala Park Batting Cages Grand Reopening; meeting with resident; Chino Basin Watermaster Board meeting; Chino Basin Desalter Authority Finance meeting; Baker to Vegas Relay Race; Northgate Gonzalez Market Grand Opening; Chino Basin Desalter Authority Board of Directors meeting; IEUA Regional Sewerage Policy Committee meeting; West End Regional Navigation Center Groundbreaking event; City Manager meeting; and Closed Session.

Council Member Comstock

Council Member Comstock reported on the Congresswoman Norma Torres check presentation for the Chino Valley Innovation Center.

Council Member Flores

Council Member Flores reported on the grand openings of Liv Coffee, Rustic Chic Cafe, and Northgate Gonzalez Market; and the Congresswoman Norma Torres check presentation for the Chino Valley Innovation Center.

Council Member Lucio

Council Member Lucio reported on the Northgate Gonzalez Market Grand Opening; and the California Institution for Men meeting.

City Manager's Report

City Manager Reich reported on the Annual Comprehensive Financial Report completion timeline; and the Chino Outreach & Resident Engagement (C.O.R.E.) Academy.

City Attorney's Report

City Attorney Galante had no report.

Director's Report

Hye Jin Lee, Director of Public Works, provided an update on the completed Turnkey Turf Transformation Project at City Hall and shared regarding light poles at Ruben S. Ayala Park that were removed and will be replaced to ensure structural integrity.

Silvia Avalos, Director of Community Services, Parks & Recreation, announced that the Chino Days event has been cancelled due to the anticipated rain, and noted that staff is exploring the possibility of rescheduling for a later date.

Police Chief's Report

Police Chief Mensen provided an update regarding the Baker to Vegas Relay Run; the "You Are Not Alone" Project; and issued a community warning following a jewelry-theft incident at the Chino Spectrum.

Fire Chief's Report

Fire Chief Williams announced the Chino Valley Fire Foundation Bike and Hot Rod Car Show on May 30, 2026 and the Chino Valley Fire Ops 101 on April 10, 2026. He provided an update regarding the City of Ontario warehouse fire.

Mayor Ulloa announced the meeting will be adjourned in memory of Los Angeles County Sheriff Deputy Levi Vargas.

ADJOURN

The meeting adjourned at 8:35 p.m. in memory of Deputy Levi Vargas. The next Regular Meeting of the City Council will be held on Tuesday, April 21, 2026 at 6:00 p.m. (Closed Session no earlier than 4:00 p.m. if necessary) in these Council Chambers.

APPROVED AND ADOPTED THIS 21ST DAY OF APRIL 2026.

EUNICE M. ULLOA, MAYOR

ATTEST:

NATALIE GONZAGA, CITY CLERK

(These minutes are not official until signed.)

**CHINO CITY COUNCIL
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
SPECIAL MEETING - CITY HALL COUNCIL CHAMBERS
13220 CENTRAL AVENUE
CHINO, CA 91710**

**CHAFFEY COLLEGE CHINO COMMUNITY CENTER
5890 COLLEGE PARK AVENUE
CHINO, CA 91710**

TUESDAY, APRIL 14, 2026

MINUTES

3:30 PM

CALL TO ORDER

The April 14, 2026 Special Meeting of the Chino City Council / Successor Agency to the Redevelopment Agency was called to order at 3:33 p.m. by Mayor Pro Tem Curtis Burton in the Council Chambers.

ROLL CALL

PRESENT: Mayor Pro Tem Curtis Burton, Council Member Karen C. Comstock, Council Member Christopher Flores, and Council Member Marc Lucio
Mayor Eunice M. Ulloa (*Arrived at 6:00 p.m.*)

ABSENT: NONE.

PUBLIC COMMENT

There were no requests to speak.

ADJOURN

Mayor Pro Tem Burton adjourned the Special Meeting of the City Council at 3:34 p.m. to the presentation of the State of the City, beginning at 6:00 p.m., located at the Chaffey College Chino Community Center, 5890 College Park Avenue, Chino, CA 91710.

Pursuant to the requirements set forth by the Brown Act (California Government Code Section 54950, et. seq.) the State of the City was streamed live at no cost on YouTube, available at www.CityofChino.org/SOTC, and shown live at City Hall Council Chambers, located at 13220 Central Avenue, Chino, CA 91710, on Tuesday, April 14, 2026 at 6:00 p.m.

NEW BUSINESS

1. City of Chino State of the City Presentation. State of the City Presentation.

RECOMMENDATION: That the Chino City Council conduct the State of the City presentation.

Mayor Ulloa presented the State of the City at the Chaffey College Chino Community Center.

ADJOURN

The State of the City presentation adjourned at 7:13 p.m. at the Chaffey College Chino Community Center. The next Regular Meeting of the City Council will be held on Tuesday, April 21, 2026 at 6:00 p.m. (Closed Session no earlier than 4:00 p.m. if necessary) in these Council Chambers.

APPROVED AND ADOPTED THIS 21ST DAY OF APRIL 2026.

CURTIS BURTON, MAYOR PRO TEM

ATTEST:

NATALIE GONZAGA, CITY CLERK

(These minutes are not official until signed.)

**MEMORANDUM
CITY OF CHINO
ADMINISTRATION DEPARTMENT**

CITY COUNCIL MEETING DATE: APRIL 21, 2026

TO: LINDA REICH, CITY MANAGER

FROM: NATALIE GONZAGA, CITY CLERK

SUBJECT

Elected City Officials' Report Regarding Travel, Training, and Meetings.

RECOMMENDATION

Receive and file the Elected City Officials' Report reflecting City Council business related expenses incurred by the City.

FISCAL IMPACT

Sufficient funding is available in the adopted Fiscal Year 2025-26 Operating Budget.

CITY OF CHINO MISSION / VISION / VALUES / STRATEGIC ISSUES

The recommendation detailed above furthers the City's values and strategic issues that serve as key pillars on which identified priorities, goals, and action plans are built, by fostering:

- Superior Customer Service
- Responsible Long-Range Planning
- Exemplary Leadership
- Public Service Excellence through Internal and External Partnerships

Revenue:	Expenditure: 1002000-43320
Transfer In:	Transfer Out:

CITY COUNCIL MEETING DATE: APRIL 21, 2026

TITLE: ELECTED CITY OFFICIALS' REPORT REGARDING TRAVEL, TRAINING, AND MEETINGS.

PAGE: 2

BACKGROUND

In accordance with Government Code Sections 53232.2 and 53232.3, implementing Assembly Bill (AB) 1234 on January 1, 2006, the City adopted Resolution No. 2005-093 establishing a Business-Related Expense Policy. On December 6, 2016, the City approved Resolution No. 2016-075 adopting the latest revisions to this policy. In addition to requiring local agencies to adopt a business-related expense policy, AB 1234 requires that Elected Officials provide a brief report on meetings attended at the expense of the local agency at the next regular meeting of the legislative body.

ISSUES/ANALYSIS

In response to AB 1234, a report regarding Elected City Officials' Travel, Training, and Meetings (Exhibit A) was created and is placed on the City Council Agenda Consent Calendar, as needed. The documents that pertain to the items listed on Exhibit A are available for public inspection at the City Clerk's office located in City Hall at 13220 Central Avenue, Chino, CA.

Attachment – Exhibit A

Event Date	Meeting Purpose and Subject Matter	Location	City Official Attendees
None.			

**MEMORANDUM
CITY OF CHINO
POLICE DEPARTMENT**

CITY COUNCIL MEETING DATE: APRIL 21, 2026

TO: LINDA REICH, CITY MANAGER

FROM: KEVIN MENSEN, CHIEF OF POLICE

SUBJECT

Adoption of Ordinance No. 2026-003.

RECOMMENDATION

Adopt Ordinance No. 2026-003, approving the Chino Police Department's "Military Equipment" Use Policy (Second Reading).

FISCAL IMPACT

There is no fiscal impact.

CITY OF CHINO MISSION / VISION / VALUES / STRATEGIC ISSUES

The recommendation detailed above will further the City's values and strategic issues that serve as key pillars on which identified priorities, goals, and action plans are built, by fostering:

- Public Service Excellence through Internal and External Partnerships

Revenue:	Expenditure:
Transfer In:	Transfer Out:

BACKGROUND

This matter was introduced on first reading by the City Council at their April 7, 2026 meeting. Effective January 1, 2022, Assembly Bill (AB) 481 requires all California law enforcement agencies to obtain approval of the applicable governing body (Mayor and City Council), by adoption of a “military equipment” use policy prior to taking certain actions relating to the funding, acquisition, or use of “military equipment”, as defined.

To meet the requirements of AB 481, the Chino Police Department has updated the policy and ordinance. Once adopted on second reading, the ordinance will go into effect thirty (30) days thereafter.

ISSUES/ANALYSIS

ORDINANCE NO. 2026-003:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHINO, CALIFORNIA APPROVING THE UPDATED CHINO POLICE DEPARTMENT’S MILITARY EQUIPMENT USE POLICY

Attachment – Ordinance 2026-003

ORDINANCE NO. 2026-003

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHINO, CALIFORNIA APPROVING THE UPDATED CHINO POLICE DEPARTMENT'S MILITARY EQUIPMENT USE POLICY

WHEREAS, on September 30, 2021, Governor Gavin Newsom signed into law Assembly Bill 481 (creating Government Code Section 7070, et seq.), relating to use of military equipment by California law enforcement agencies; and

WHEREAS, AB 481 seeks to provide transparency, oversight, and an opportunity for meaningful public input on decisions regarding whether and how military equipment is funded, acquired, or used; and

WHEREAS, the Chino Police Department is in possession of certain items of equipment that qualify under the broad definition of "military equipment" under AB 481; and

WHEREAS, AB 481 requires that a law enforcement agency possessing and using such qualifying equipment prepare a publicly released and written military equipment use policy document covering the inventory, description, purpose, use, acquisition, maintenance, fiscal impacts, procedures, training, oversight, and complaint process, applicable to the Department's use of such equipment; and

WHEREAS, Lexipol Policy 705 "The Use of Military Equipment as defined by AB 481," was published on the Chino Police Department's internet website on February 12, 2026. The same was presented to Chino City Council on April 7, 2026 and adopted on April 21, 2026; and

WHEREAS, the Policy and supporting information must be approved by the governing body by ordinance, and reviewed annually; and

WHEREAS, on March 16, 2026, the City Police Department published on the Chino Police Department's internet website the opportunity for any members of the public to attend a community engagement meeting on Friday, March 27, 2026, at 5:00 p.m. in the Chino Police Department Community Room and discuss the proposed updates to the Military Equipment Use Policy; and

WHEREAS, the City Council of the City of Chino, having received the information required under AB 481 regarding the Chino Police Department's use of "military equipment" as defined in said law, deems it to be in the best interest of the City to approve updates to the Military Equipment Use Policy as set forth herein.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CHINO DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The City Council finds that the above recitals are true and correct and are incorporated herein by this reference.

SECTION 2. City Council hereby approves and adopts the following:

Military Equipment Policy.

(a) The City Council has made the following determinations:

(1) The military equipment inventoried and presented to the City Council is necessary because there is no reasonable alternative that can achieve the same objective of officer and civilian safety;

(2) The proposed updated military equipment use policy attached hereto as Exhibit "A" ("Policy") will safeguard the public's welfare, safety, civil rights, and civil liberties;

(3) The equipment described in the Policy is reasonably cost effective compared to available alternatives that can achieve the same objective of officer and civilian safety (if any);

(4) Prior military equipment use complied with the applicable equipment use policy (which included equipment now defined as military equipment) that was in effect at the time, or if prior uses did not comply with the accompanying Policy, corrective action has been taken to remedy nonconforming uses and ensure future compliance by way of the adoption of the Policy by this Ordinance.

(b) The Chino Police Department has made the Policy available on the Police Department's website for at least 30 days prior to the public hearing concerning the military equipment at issue and described in the Policy and provided an opportunity for any members of the public to attend a community engagement meeting on Monday, March 27, 2026, at 5:00 p.m. in the Chino Police Department Community Room and discuss the proposed updates to the Military Equipment Use Policy.

(c) The Policy was considered by the City Council as an agenda item in an open session of a regular meeting, noticed in accordance with the Ralph M. Brown Act, at which public comment was permitted.

(d) The Policy shall be made publicly available on the Police Department's website for as long as the military equipment is available for use.

(e) The Chino Police Department shall submit an annual military equipment report to the City Council, containing the information required in Government Code Section 7072, and the City Council shall determine whether each type of military equipment identified in that report has complied with the standards for approval set forth in (a)(1)-(4) above.

(f) The City Council shall review this Ordinance, and vote on whether to renew it, on an annual basis at a regular meeting, in accordance with Government Code Section 7071(e)(2).

(g) The City Council approves the use of the Policy and finds that it satisfies the requirements of Government Code Section 7070(d).

SECTION 3. The City Council hereby authorizes and directs the Mayor and the City Clerk to execute this Ordinance on behalf of the City of Chino forthwith upon its adoption.

SECTION 4. The Deputy City Clerk shall certify as to the passage of this Ordinance and shall cause the same to be published and/or posted at the designated locations in the City of Chino.

SECTION 5. This ordinance shall become effective thirty (30) days following its adoption.

PASSED, APPROVED, AND ADOPTED this 21st day of April, 2026.

Eunice M. Ulloa, Mayor

ATTEST:

City Clerk

Attachments incorporated by reference:

1. Exhibit A — Lexipol Policy 705 “Military Equipment”
2. Exhibit B — Military Equipment Inventory as of February, 2026

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO) §
CITY OF CHINO)

I, Natalie Gonzaga, City Clerk of the City of Chino do hereby certify that the foregoing Ordinance of the City of Chino was duly adopted by said City Council at a regular meeting held on the 21st day of April 2026 by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

By: _____
NATALIE GONZAGA, CITY CLERK

705: The use of "Military Equipment" as defined by AB481

STATE

MODIFIED

705.1: PURPOSE AND SCOPE

The purpose of this policy is to provide guidelines for the approval, acquisition, and reporting requirements of "military equipment" as defined by Government Code § 7070; Government Code § 7071, and Government Code § 7072. The Chino Police Department does not use equipment obtained from the military. All equipment obtained and used by the Chino Police Department is designed for municipal police services.

STATE

705.1.1: DEFINITIONS

Definitions related to this policy include (Government Code § 7070):

Governing body – The elected or appointed body that oversees the [Department](#).

Military equipment – Includes but is not limited to the following:

- Unmanned, remotely piloted, powered aerial or ground vehicles.
- Mine-resistant ambush-protected (MRAP) vehicles or armored personnel carriers.
- High mobility multipurpose wheeled vehicles (HMMWV), two-and-one-half-ton trucks, five-ton trucks, or wheeled vehicles that have a breaching or entry apparatus attached.
- Tracked armored vehicles that provide ballistic protection to their occupants.
- Command and control vehicles that are either built or modified to facilitate the operational control and direction of public safety units.
- Weaponized aircraft, vessels, or vehicles of any kind.
- Battering rams, slugs, and breaching apparatuses that are explosive in nature. This does not include a handheld, one-person ram.
- Firearms and ammunition of .50 caliber or greater, excluding standard-issue shotguns and standard-issue shotgun ammunition.
- Specialized firearms and ammunition of less than .50 caliber, including firearms and accessories identified as assault weapons in Penal Code § 30510 and Penal Code § 30515, with the exception of standard-issue firearms.
- Any firearm or firearm accessory that is designed to launch explosive projectiles.
- Noise-flash diversionary devices and explosive breaching tools.
- Munitions containing tear gas or OC, excluding standard, service-issued handheld pepper spray.
- Area denial electroshock devices, microwave weapons, water cannons, long-range acoustic devices (LRADs), acoustic hailing devices, and sound cannons.

- Kinetic energy weapons and munitions.
- Any other equipment as determined by a governing body or a state agency to require additional oversight.

STATE

705.2: POLICY

It is the policy of the [Chino Police Department](#) that members of this [department](#) comply with the provisions of Government Code § 7071 with respect to military equipment.

BEST PRACTICE

MODIFIED

705.3: MILITARY EQUIPMENT COORDINATOR

The [Chief of Police](#) designates the Professional Standards Unit to act as the military equipment coordinator. The responsibilities of the military equipment coordinator include but are not limited to:

- Acting as liaison to the governing body for matters related to the requirements of this policy.
- Identifying [department](#) equipment that qualifies as military equipment in the current possession of the [Department](#), or the equipment the [Department](#) intends to acquire that requires approval by the governing body.
- Conducting an inventory of all military equipment annually.
- Collaborating with any allied agency that may use military equipment within the jurisdiction of [Chino Police Department](#) (Government Code § 7071).
- Preparing for, scheduling, and coordinating the annual community engagement meeting to include:
 - Publicizing the details of the meeting.
 - Preparing for public questions regarding the [department](#)'s funding, acquisition, and use of equipment.
- Preparing the annual military equipment report for submission to the [Chief of Police](#) and insuring that the report is made available on the [department](#) website (Government Code § 7072).
- Establishing the procedure for a person to register a complaint or concern, or how that person may submit a question about the use of a type of military equipment, and how the [Department](#) will respond in a timely manner.

STATE

705.4: APPROVAL

The [Chief of Police](#) or the authorized designee shall obtain approval from the governing body by way of an ordinance adopting the military equipment policy. As part of the approval process, the [Chief of Police](#) or the authorized designee shall ensure the proposed military equipment policy is submitted to the governing body and is available on the [department](#) website at least 30 days prior to any public hearing concerning the military

equipment at issue (Government Code § 7071). The military equipment policy must be approved by the governing body prior to engaging in any of the following (Government Code § 7071):

- a. Requesting military equipment made available pursuant to 10 USC § 2576a.
- b. Seeking funds for military equipment, including but not limited to applying for a grant, soliciting or accepting private, local, state, or federal funds, in-kind donations, or other donations or transfers.
- c. Acquiring military equipment either permanently or temporarily, including by borrowing or leasing.
- d. Collaborating with another law enforcement agency in the deployment or other use of military equipment within the jurisdiction of this [department](#).
- e. Using any new or existing military equipment for a purpose, in a manner, or by a person not previously approved by the governing body.
- f. Soliciting or responding to a proposal for, or entering into an agreement with, any other person or entity to seek funds for, apply to receive, acquire, use, or collaborate in the use of military equipment.
- g. Acquiring military equipment through any means not provided above.

**STATE
MODIFIED**

705.5: COORDINATION WITH OTHER JURISDICTIONS

Military equipment used by any member of this jurisdiction shall be approved for use and in accordance with this Department policy. Military equipment used by other jurisdictions that are providing mutual aid to this jurisdiction shall comply with their respective military equipment use policies in rendering mutual aid.

AGENCY CONTENT

705.6: MAINTENANCE OF MILITARY USE SUPPLY LEVELS

When stocks of military equipment have reached low levels, the Department may order up to 30% of stock in a fiscal quarter without City Council's pre-approval to maintain essential availability for the police department's needs.

AGENCY CONTENT

705.7: COMPLIANCE

The Professional Standards Unit will ensure that all Department members comply with this policy. The Professional Standards Unit will conduct an annual audit. The Chief of Police or the authorized designee will be notified of any policy violations and, if needed, the violation(s) will be referred to the Professional Standards Unit and handled in accordance with the Personnel Complaints Policy. All instances of non-compliance will be reported to Chino City Council via the annual military equipment report.

Any member of the public can register a question or concern regarding military use equipment by contacting the Chino Police Department via email at watchcommander@chinopd.org, which will be routed to the Professional Standards Unit. A response to the question or concern shall be completed by the Department in a timely manner.

Any member of the public can submit a complaint to any member of the Department and in any form (i.e. in person, telephone, email, etc.). Once the complaint is received, it should be routed to the Professional Standards Unit in accordance with Personnel Complaints Policy.

STATE

705.8: ANNUAL REPORT

Upon approval of a military equipment policy, the [Chief of Police](#) or the authorized designee should submit a military equipment report to the governing body for each type of military equipment approved within one year of approval, and annually thereafter for as long as the military equipment is available for use (Government Code § 7072).

The [Chief of Police](#) or the authorized designee should also make each annual military equipment report publicly available on the [department](#) website for as long as the military equipment is available for use. The report shall include all information required by Government Code § 7072 for the preceding calendar year for each type of military equipment in [department](#) inventory.

STATE

MODIFIED

705.9: COMMUNITY ENGAGEMENT

Within 30 days of submitting and publicly releasing the annual "Military Equipment" report, the [Department](#) shall hold at least one well-publicized and conveniently located community engagement meeting, at which the [Department](#) should discuss the report and respond to public questions regarding the funding, acquisition, or use of military equipment.

STATE

MODIFIED

705.10: MILITARY EQUIPMENT INVENTORY

The following constitutes a list of qualifying equipment for the [Department](#)

“MILITARY EQUIPMENT” as defined by AB 481 as of February 2026

1. Unmanned, remotely piloted, powered aerial or ground vehicles (Category 1)
 - a. **Description, quantity, capabilities, and purchase cost:**
 - i. DJI PHANTOM 4 PRO, cost: approximately \$800 each, quantity: 2. UAS that weighs approximately 3 pounds and has video recording capabilities, approximately 30 minutes of flight time.
 - ii. DJI MAVIC 2 ENTERPRISE ADVANCED, cost: approximately \$3,500 each, quantity: 2. UAS that weighs approximately 2.5 pounds has infrared capability and is able to record video with approximately 30 minutes of flight time.
 - iii. DJI MAVIC AIR, cost: approximately \$700 each, quantity: 2. UAS that weighs approximately 1 pound and is able to record video and audio with approximately 20 minutes of flight time.
 - iv. DJI Avata, cost: approximately \$1300 each, quantity 1. UAS weighs approximately 2 pounds and is used to fly indoors. The Avata is able to record video and audio with approximately 20 minutes of flight time.
 - v. DJI Mavic 3T, cost: Approximately \$5500 each, quantity 3. UAS weighs approximately 2.5 pounds , has infrared capability and is able to record video with approximately 35 minutes of flight time.
 - b. **Purpose:** To be deployed when its view would assist officers or incident commanders with the following situations, in compliance with FAA regulations and with respect for constitutional rights and privacy, which include but are not limited to: Crime scene documentation, traffic collision scene documentation, searches for missing persons, disaster response, searches for suspects who are believed to be hiding within a defined incident perimeter, in support of search warrant or tactical operations such as barricaded suspects, mapping of critical infrastructure for Homeland Security purposes, security operations at larger public gatherings, where images are not recorded except for criminal behavior, critical incident management, enforcement of City Municipal Codes related to Health and Safety, such as fireworks, aerial imaging services to other units of government.
 - c. **Authorized Use:** Only assigned operators who have completed the required training shall be permitted to operate UAS equipment during approved missions.
 - d. **Expected Life Span:** All UAS equipment, approximately 3-5 years.
 - e. **Fiscal Impact:** Annual maintenance and battery replacement cost is approximately \$400.
 - f. **Training:** All Department UAS operators are licensed by the Federal Aviation Administration for UAS operation. In addition, each operator must attend a 40-hour department training and ongoing quarterly training.
 - g. **Legal and Procedural Rules:** Use is established in the Unmanned Aerial System’s Policy and FAA Regulation 14 CFR Part 107. It is the policy of the Chino Police Department to utilize UAS only for official law enforcement purposes, and in a manner that respects the privacy of our community, pursuant to State and Federal law.
2. Unmanned, remotely piloted, powered aerial or ground vehicles (Category 1)

- a. **Description, quantity, capabilities, and purchase cost:**
- i. ICOR Mini-Caliber robot, cost: approximately \$80,000, quantity: 1. Designed for rapid tactical missions, the robot is simple to operate and quick to deploy for searching rooms, hallways, stairwells, and confined spaces. With rubber tracks and articulating front and rear flippers, the Mini-CALIBER effortlessly climbs stairs. It also includes an extendible rotating claw arm that simplifies opening door handles.
 - ii. Recon Robotics, Throwbot XT, cost: approximately \$12,000 each, quantity: 2. The Throwbot® XT is a throwable, mobile micro-robot that provides both audio and video reconnaissance of dangerous environments. Personnel can use the new micro-robot to quickly gain situational awareness during high-risk operations and surveillance missions.
 - iii. Recon Robotics, Throwbot® 2 (TB2), cost: \$16,270 each, quantity: 1. The robot is a throwable micro-robot platform that enables operators to obtain instantaneous video and audio reconnaissance within indoor or outdoor environments.
- b. **Purpose:** To be deployed when its capabilities would assist officers or incident commanders when dealing with tactical or lifesaving operations. The robot can be directed to move through a structure and transmit real-time video and audio. These reconnaissance features can locate and identify subjects, confirm presence of hostages, and reveal building layout. These robotic technologies may be used in many different circumstances including but not limited to:
- Searches for suspects who are believed to be hiding within a defined incident perimeter, in support of search warrant or tactical operations such as barricaded suspects, hostage rescue incident, crisis negotiations, disaster response.
- c. **Authorized Use:** These robotic technologies are primarily used by trained SWAT officers, however, may be utilized by additional personnel as needed.
- d. **Expected Life Span:** Approximately 5-10 years.
- e. **Fiscal Impact:** Warranties for these products are limited (2 years). Maintenance costs are then considered out of pocket and can range from \$500 and up for repairs.
- f. **Training:** While not required by law, specialized training in the utilization of these devices is recommended. SWAT personnel train with these devices regularly and maintain their serviceability.
- g. **Legal and Procedural Rules:** It is the policy of the Chino Police Department to utilize a robot only for official law enforcement purposes, and in a manner that respects the privacy of our community, pursuant to State and Federal law.
3. Command and Control Vehicles (Category 5)
- a. **Description, quantity, capabilities, and purchase cost:**
- LENCO BEARCAT, G2, cost: approximately \$273,000, quantity: 1. The Lenco Bearcat, G2, is an armored vehicle that seats 10-12 personnel with open floor plan that allows for rescue of downed personnel or civilians. The Bearcat G2 has increased ground clearance and a robust suspension which allows for an emergency response to almost any situation. It can stop various projectiles, which

provides greater safety to the community and officers beyond the protection level of shield and personal body armor.

- b. **Purpose:** To be used in response to critical incidents to enhance officer and community safety, improve scene containment and stabilization, and assist in resolving critical incidents.
 - c. **Authorized Use:** The use of armored vehicles shall only be authorized by a watch commander or SWAT commander, based on the specific circumstances of a given critical incident. Armored vehicles shall be used only by officers trained in their deployment and in a manner consistent with department policy and training.
 - d. **Lifespan:** Lenco Bearcat model G2, approximately 15 years.
 - e. **Fiscal Impact:** Annual maintenance cost of approximately \$1,000.
 - f. **Training:** All driver/operators shall attend formalized instruction and be trained in vehicle operations and practical driving instruction.
 - g. **Legal and Procedural Rules:** Use is established in the Vehicle Use Policy. It is the policy of the Department to utilize armored vehicles only for official law enforcement purposes, and pursuant to State and Federal law.
4. Command and Control Vehicles (Category 5)
- a. **Description, quantity, capabilities, and purchase cost:**
Mobile Command Center (MCC): A 2002 Workhorse RV, cost: approximately \$195,000, quantity: 1. The MCC is a retrofit recreational vehicle containing a mobile office that provides shelter, access to police department computer systems, and restroom facilities for extended events. The MCC can also be utilized for SWAT/CNT and other critical incidents, preplanned large events, searching for missing persons, natural disasters, and community events.
 - b. **Purpose:** To be used based on the specific circumstances of a given critical incident, large event, operations, natural disaster, or community event.
 - c. **Authorized Use:** The MCC shall be used by officers trained in its deployment and in a manner consistent with department policy and training.
 - d. **Lifespan:** Approximately 15-year lifespan on chassis and vehicle structure. Upgrades needed to maintain IT systems.
 - e. **Fiscal Impact:** Annual maintenance cost is approximately \$3,500.
 - f. **Training:** The driver/operator shall receive training in the safe handling of the vehicle on a closed training course. Once the driver/operator has shown competence in vehicle handling, they will be allowed to deploy the vehicle for department authorized use.
 - g. **Legal and Procedural Rules:** Use is established in the Crisis Response Unit Policy. It is the policy of the Department to use the MCC only for official law enforcement purposes, and in accordance with California State law regarding the operation of motor vehicles.
5. Command and Control Vehicles (Category 5)

- a. **Description, quantity, capabilities, and purchase cost:**
 - b. **Tactical Response Vehicle (TRV):** A 2017 Chevrolet Suburban on a 3500 Chassis, cost: approximately \$83,000, quantity: 1. The TRV is used as a mobile command and control vehicle for extended operations and critical incidents. The TRV is outfitted with specialized equipment to support field personnel and incident commanders.
 - c. **Purpose:** To be used to facilitate command and control at critical incidents, as a rapidly deployable response vehicle. It supports the function of incident commanders until the scene is stabilized or when extended, the MCC is deployed.
 - d. **Authorized Use:** The TRV shall be deployed by officers authorized for its deployment by the Watch Commander or their designee and in a manner consistent with department policy and training.
 - e. **Lifespan:** Approximately 10-year lifespan.
 - f. **Fiscal Impact:** Annual maintenance cost is approximately \$1,000.
 - g. **Training:** The driver/operator shall receive training or instruction in the safe handling of the vehicle.
 - h. **Legal and Procedural Rules:** Use is established in the Vehicle Use Policy. It is the policy of the department to use the TRV only for official law enforcement purposes, and in accordance with California State law regarding the operation of motor vehicles.
6. Command and Control Vehicles (Category 5)
- a. **Description, quantity, capabilities, and purchase cost:**
 - b. **Special Weapons and Tactics (SWAT) Team Van:** A 2016 Ford Transit Van 350 Chassis, cost: approximately \$39,000, quantity: 1. The SWAT Team Van is used to transport specialized SWAT Team equipment and was specially built to do so.
 - c. **Purpose:** To be used for the transportation of specialized SWAT Team equipment for training and for authorized SWAT Team operations.
 - d. **Authorized Use:** The SWAT Team Van shall be used by officers authorized for its deployment by the SWAT Team Commander or their designee and in a manner consistent with department policy and training.
 - e. **Lifespan:** Approximately 10-year lifespan.
 - f. **Fiscal Impact:** Annual maintenance cost is approximately \$1,000.
 - g. **Training:** The driver/operator shall receive training in the safe handling of the vehicle. Once the driver/operator has shown competence in vehicle handling, they will be allowed to deploy the vehicle for department authorized use.
 - h. **Legal and Procedural Rules:** Use is established in the Vehicle Use Policy. It is the policy of the department to use the SWAT Team Van only for official law enforcement purposes, and in accordance with California State law regarding the operation of motor vehicles.
7. Command and Control Vehicles (Category 5)

- a. **Description, quantity, capabilities, and purchase cost:**
 - b. **Crisis Negotiation Team (CNT) Van:** A 2020 Ford Transit Van 350 Chassis, cost: approximately \$41,000, quantity: 1. The CNT Van is used to support the function of the Crisis Negotiation Team as outlined in the Crisis Response Unit (CRU) policy.
 - c. **Purpose:** To be used for the transportation of CNT members and CNT operations conducted in support of the SWAT team.
 - d. **Authorized Use:** The CNT Van shall be used by officers authorized for its deployment by the CRU Commander or their designee and in a manner consistent with department policy and training.
 - e. **Lifespan:** Approximately 10-year lifespan.
 - f. **Fiscal Impact:** Annual maintenance cost is approximately \$1,000.
 - g. **Training:** The driver/operator shall receive training in the safe handling of the vehicle. Once the driver/operator has shown competence in vehicle handling, they will be allowed to deploy the vehicle for department authorized use.
 - h. **Legal and Procedural Rules:** Use is established in the Vehicle Use Policy. It is the policy of the department to use the CNT Van only for official law enforcement purposes, and in accordance with California State law regarding the operation of motor vehicles.
8. Battering rams, slugs and breaching apparatuses that are explosive in nature (Category 7)
- a. **Description, quantity, capabilities, and purchase cost:**
 - i. LENCO BEARCAT, G2 BEAR-CAT vehicles have attachable metal booms that can be used for breaching structures, fences, or ramming objects during high-risk incidents, to include active shooter incidents on school grounds, buildings or other structures, cost: included with purchase of BEARCAT G2 quantity: 1.
 - ii. Ballistic Breaching is used to gain access to fortified structures using steel or security doors. The breaching rounds deployed from a shotgun and are only used by trained personnel with a legitimate law enforcement purpose. The breaching ammunition is as follows:
 - (1) Royal Arms 275 grain copper frangible, cost: \$4.50/round, quantity: 200 rounds. For use on solid wood doors, locks, and hinges.
 - (2) Royal Arms 425 grain copper frangible, cost: \$4.50/round, quantity 100 rounds. For use on heavy locks, dead-bolts & hinges, solid-oak, and steel doors.
 - (3) Royal Arms HP cutter 450 grain, cost: \$5.00/round, quantity 100 rounds. Cuts re-bar, penetrates security glass, car doors, punches into engine blocks.
 - (4) Royal Arms copper frangible 500 grain, cost: \$5.00/round, quantity 100 rounds. For use on heavy Locks, Cross-bolts, and Hinges (Steel Doors / Steel Frames)
 - b. **Purpose:** To be used in response to critical incidents or CRU operations to enhance officer and community safety, improve scene containment and

stabilization. The use of breaching apparatus is for the rapid, positive, and dynamic access to an objective in order to bypass obstructions such as walls, doors and windows to gain access to a desired location with legal authority.

- c. **Authorized Use:** The use of battering rams, slugs and breaching apparatuses that are explosive in nature are limited to incidents under the direction of the CRU Commander or their designee. They shall only be used by officers trained in their deployment and in a manner consistent with department policy and training.
 - d. **Lifespan:** Approximately 10 years.
 - e. **Fiscal Impact:** No measurable fiscal impact for maintenance.
 - f. **Training:** All operators of this equipment shall attend formalized and continuing training in its use prior to deployment. Any personnel deploying breaching rounds will attend a course in its use prior to deployment.
 - g. **Legal and Procedural Rules:** Use is established in the Crisis Response Unit and Rapid Response and Deployment policies. It is the policy of the department to battering rams, slugs and breaching apparatuses that are explosive in nature, only for official law enforcement purposes, and pursuant to State and Federal law.
9. Specialized Firearms and Ammunition of less than .50 caliber (As defined by PC30510 and 30515) (Category 10)
- a. **Description, quantity, capabilities, and purchase cost:**
 - i. Daniel Defense DDM4 MK12 Carbine, caliber: .223 and 5.56 NATO, cost: \$1700 each, quantity: 117. The Daniel Defense DDM4 MK12 is a high-precision rifle that fires .223 caliber and 5.56 NATO rounds accurately at close and long range. This rifle is the primary duty rifle issued for patrol officers, field personnel and specialized investigative units.
 - ii. Daniel Defense DDM5 Carbine, caliber: 308 WIN/ 7.62 x 51mm, cost: \$2,500, quantity: 1. The Daniel Defense DDM5 is a high precision rifle that fires 308 WIN/ 7.62 x 51mm rounds accurately at close and long range. This rifle is the primary duty rifle issued to a SWAT Long Rifle team member.
 - iii. Colt M4 Carbine, caliber: .223 and 5.56 NATO, cost: \$1,700, quantity: 6. The Colt M4 Carbine is a high precision rifle that fires .223 caliber, and 5.56 NATO rounds accurately at close and long range. This rifle is the issued for use of specialized investigative units and as back-up SWAT team weapons.
 - iv. Remington 700 bolt action rifle: 308 WIN, cost: \$900 quantity: 5. The Remington 700 rifles are long-range precision rifles that shoot 308 WIN rounds. The rifles are issued and used by our SWAT Team Long Rifle team.
 - (1) Ammunition: The Chino Police Department maintains an inventory of training and duty ammunition for the rifles listed above. The inventory fluctuates based upon training and the cycling out of duty ammunition, however it maintains approximately 25,000 rounds of duty ammunition and approximately 100,000 rounds of training ammunition. .

- (a) The following is a list of manufacturers and types of the department's duty ammunition:
 - (i) Hornaday 168 grain ELD Match TAP Precision 308 WIN
 - (ii) Hornaday 165 GMX TAP Heavy Barrier 308 WIN
 - (iii) Speer LE Gold Dot 62 grain .223
 - (iv) Hornaday TAP 75 grain .223 and 5.56 NATO
 - (b) The Chino Police Department utilizes ammunition of various types from various reputable manufacturers for training purposes, based upon availability.
 - b. **Purpose:** To be used as precision weapons to address a threat requiring more precision and/or greater distances than that of a handgun, if present and feasible.
 - c. **Authorized Use:** Only officers that complete the required POST-certified Tactical Rifle Course, which satisfies legislative training mandates as described in PC 33220, are authorized to deploy a rifle.
 - d. **Lifespan**
 - i. Daniel Defense DDM4 MK12 Carbine: No expiration.
 - ii. Daniel Defense DDM5 Carbine: No expiration.
 - iii. Colt M4 Carbine: No expiration.
 - iv. Remington 700 Bolt-action rifle: No expiration.
 - v. Ammunition: No expiration.
 - e. **Fiscal Impact:** Annual maintenance is approximately \$50 for each rifle.
 - f. **Training:** Officers shall not carry or utilize the patrol rifle unless they have successfully completed the required POST-certified Tactical Rifle Course, which satisfies legislative training mandates as described in PC 33220. Officers shall thereafter be required to successfully complete yearly training and qualification conducted by a certified firearms instructor.
 - g. **Legal and Procedural Rules:** Use is established under the Patrol Rifles Policy. It is the policy of the Chino Police Department to utilize rifles only for official law enforcement purposes, and pursuant to State and Federal law regarding the use of force.
- 10. Flashbang Devices (Category 12)
 - a. **Description, quantity, capabilities, and purchase cost:**

A Noise Flash Diversionary Devices (NFDD) is a device that creates a bright flash and loud sound to temporarily divert the attention of subjects in the immediate area. NFDD are used to distract and temporarily incapacitate dangerous suspects by overwhelming their senses of vision and hearing. The distraction allows officers to seize a moment of opportunity to take control of high-risk situations.

 - i. Defense Technology Distraction Device Reloadable Body Model 8933. The Low Roll® Distraction Device® is a reloadable gun steel body with hex design. This newest version of the first reusable non-bursting canisters limits movement and rolling once deployed. cost: \$58 each, quantity: 54

- ii. Defense Technology Distraction Device 12-gram reload Model 8901 used in conjunction with the above reloadable body emits a loud “bang” and a flash of light, cost: \$34 each, quantity: 73
 - iii. CTS Flash-Bang 9Bang Model 7290-9 emits a loud “bang” and a flash of light (9) times, cost: \$100 each, quantity: 25
 - b. **Purpose:** To produce atmospheric over-pressure and brilliant white light and, as a result, can cause short-term (6 -8 seconds) physiological/psychological sensory deprivation to give officers a tactical advantage.
 - c. **Authorized Use:** Diversionary Devices shall only be used: By SWAT officers who have been trained in their proper use. In hostage and barricaded subject situations. In high-risk warrant (search/arrest) services where there may be extreme hazards to officers. During other high-risk situations where their use would enhance officer safety. During training exercises.
 - d. **Expected Lifespan:**
 - i. Defense Technology #8933, 25 Uses
 - ii. Defense Technology #8901, 5 years
 - iii. CTS #7209-9, 5 years
 - e. **Fiscal Impact:** Annual cost of the program \$5,000.
 - f. **Training:** The use of these devices is limited to those who have attended certified training course on their proper use.
 - g. **Legal and Procedural Rules:** It is the policy of the Chino Police Department to utilize diversionary devices only for official law enforcement purposes, and pursuant to State and Federal law regarding the use of force. Use of force and Crisis Response Unit policies apply.
11. Explosive Breaching Tools (Category12)
- a. **Description, quantity, capabilities, and purchase cost:**

Explosive breaching is used to gain rapid access to a room or structure when an emergent law enforcement need exists. All efforts are made to minimize the amount of energetics applied to a target, while still achieving a positive breach. Explosive breaching materials are used to make breaching charges of various shapes and strength which are specifically designed for the target. The materials release gasses, heat, and light when initiated. The pressure from the gasses released presses against mediums and or the target to cause the structure of the target to fail for a successful breach. Breaching charges are specially designed to cause structural failure of the desired target. The breaching charges in stock were built in house by the designated SWAT Team Explosive Breachers. Various types, configurations, and energetic weights are maintained for use as needed. Older charges are cycled out of stock during monthly training.

 - i. 20 pounds of C2 Sheet Explosive PETN, cost: \$49.50/ pound. A PETN based sheet explosive.
 - ii. 1500 feet, 50 grain per foot, detonation cord PETN, \$0.63/ foot. The detonating cord is a thin, flexible plastic tube usually filled with pentaerythritol tetranitrate (PETN, pentrite). With the PETN exploding at a rate of approximately 6400 m/s, any common length of detonation cord

appears to explode instantaneously. It is a high-speed fuse which explodes, rather than burns, and is suitable for detonating high explosives.

- iii. 100 Non-electric detonators 40-foot #1 delay, \$10.75 each
- iv. 10 PETN slip-on boosters, 20 gram, \$5.50 each
- b. **Purpose:** To safely gain entry into a structure when an emergent law enforcement need exists.
- c. **Authorized Use:** Explosive breaching may only occur after authorization by the Incident Commander or SWAT Commander in the field, and during training exercises.
- d. **Expected Lifespan:**
 - i. 50 grain Detonation Cord – 5 years
 - ii. C2 Sheet Explosive – Until expended
 - iii. Non-electric detonator – Until expended
 - iv. Slip-on boosters – Until expended
- e. **Fiscal Impact:** Annual cost of the program \$2,000.
- f. **Training:** All Explosive Breachers shall be licensed as a Blaster by Cal-OSHA. All Breachers will attend an approved Explosive Breaching course.
- g. **Legal and Procedural Rules:** It is the policy of the Chino Police Department to utilize rifles only for official law enforcement purposes, and pursuant to State and Federal law regarding the use of force. Use of force and Crisis Response Unit policies apply.

12. Tear Gas (Category 12)

- a. **Description, quantity, capabilities, and purchase cost:**

Chemical agent munitions, which are commonly referred to as “tear gas,” are used by the Chino Police Department as a non-lethal tool to disperse subjects engaged in civil unrest, as described by law and AB48 and Government Code 12525.2, as well as barricaded subjects for a legitimate law enforcement purpose. The Chino Police Department uses chemical agents which are used by law enforcement across the United States: CS (2-Chlorobenzylidenemalononitrile) and OC (Oleoresin Capsicum) CS is an irritating agent and lachrymator (irritates the eyes and causes tears to flow). CS has been medically tested in the UK and US, specifically by the U.S. Army. There are no known allergic reactions to CS. OC was de-regulated in California in 1996, is endorsed by the FBI, and is available to civilians to legally possess (2.5oz or less). OC is an inflammatory agent which causes involuntary closure of eyes (open in 2-5 minutes) and respiratory inflammation (subsides in approximately 2 minutes)

 - i. **CTS #5230B** – Pyrotechnic grenade designed for indoor use delivering a maximum amount of irritant smoke throughout multiple rooms with minimal risk of fire. Cost: \$35 Each, quantity: 13.
 - ii. **Defense Technology #1016** – Pyrotechnic canister grenade emitting CS smoke through for 20 to 40 seconds. This is a launchable grenade; however, it is normally used as a signaling or covering device. Though this device is slightly over four inches in length, it produces a smoke cloud so fast it appears to be an enveloping screen produced by a full-size tactical

- grenade. May be launched or hand thrown. Cost: \$26.40 each, quantity: 15.
- iii. **Defense Technology #1032** – The design of the Tri-Chamber Flameless CS Grenade allows the contents to burn within an internal can and disperse the agent safely with reduced risk of fire. The grenade is designed primarily for indoor tactical situations to detect and/or dislodge a barricaded subject. The purpose of the Tri-Chamber Flameless Grenade is to minimize the risks to all parties through pain compliance, temporary discomfort, and/or incapacitation of potentially violent or dangerous subjects. Cost: \$38.40, quantity: 10.
 - iv. **Defense Technology #2262** – The Ferret® 40mm Round is non-burning and suitable for indoor use. Used primarily by tactical teams, it is designed to penetrate barriers, such as windows, hollow core doors, wallboard, and thin plywood. Upon impacting the barrier, the nose cone ruptures and instantaneously delivers a small chemical payload inside of a structure or vehicle. In a tactical deployment situation, the 40mm Ferret is primarily used to dislodge barricaded subjects from confined areas. Its purpose is to minimize the risks to all parties through pain compliance, temporary discomfort and/or incapacitation of potentially violent or dangerous subjects. Cost: \$23.60, quantity: 35.
 - v. **Defense Technology #6182 Spede-Heat™** - The Spede-Heat™ CS Long-Range Munitions delivers one chemical canister of CS agent from a 40 mm launcher down range up to 150 yards. The Spede-Heat™ is a pyrotechnic round designed specifically for outdoor use in crowd control situations with a high-volume continuous burn that expels its payload in approximately 20-40 seconds from a single source. Cost: \$31 each, quantity: 41.
 - vi. **Defense Technology #1026 Triple-Chaser** – The Triple-Chaser CS consists of three separate canisters pressed together with separating charges between each. When deployed, the canisters separate and land approximately 20 feet apart allowing increased area coverage in a short period of time. This is a hand-thrown munition. Cost \$38.50 each, quantity: 10.
 - vii. **Defense Technology #1080 Riot Control OC** - The Riot Control OC grenade is designed specifically for outdoor use in crowd control situations with a high volume of continuous burn that expels its payload in approximately 20-40 seconds through four gas ports located at the top of the canister. This grenade can be used to conceal tactical movement or to route a crowd. This is a hand-thrown munition. Cost: #38.50 each, quantity: 6.
 - viii. **Defense Technology #6042 Muzzle Blast CS** – The Muzzle Blast CS round can be used in crowd management and in tactical operations such as a barricaded subject, room clearing, area denial and for small space contamination. As a pain compliance round it is an excellent device for deploying chemical-laden CS powder at close ranges. This is deployed from a 40mm launcher. Cost: \$31 each, quantity: 12.
 - ix. **Defense Technology #6040 Muzzle Blast OC** – The Muzzle Blast OC round can be used in crowd management and in tactical operations such as a barricaded subject, room clearing, area denial and for small space contamination. As a pain compliance round it is an excellent device for deploying chemical-laden OC powder at close ranges. This is deployed from a 40mm launcher. Cost: \$31 each, quantity: 8.

- x. **Defense Technology #1097** Rubber Ball CS Blast – The Rubber Ball CS Blast grenade is a maximum effect device that delivers three stimuli for psychological and physiological effects: light, sound, and CS. The Rubber Ball CS Blast combines loud report and flash with effects of chemical agents. This is a hand-thrown munition. Cost: \$35 each, quantity: 3.
- xi. **Defense Technology #1082** Riot Control Continuous Discharge CS – The Riot Control Continuous Discharge CS is specifically designed for outdoor use in crowd control situations with a high-volume continuous burn that expels its payload in approximately 20-40 seconds through four gas ports located on the top of the canister. This is a hand-thrown munition. Cost: \$38.50 each, quantity: 14.
- xii. **Defense Technology #6172** Skat Shell CS – The Skat Shell CS multiple chemical projectile round is designed to deliver multiple CS canisters from a 40mm launcher. It is designed for outdoor use and is widely used for crowd management for the rapid and broad deployment of a chemical agent by a single grenadier. This is deployed from a 40mm launcher. Cost: \$31 each, quantity: 8.
- xiii. **Defense Technology #6320**, 40mm Direct Impact OC. A less lethal 40mm lightweight plastic and crushable foam projectile fired from a 40mm launcher. The 39-gram crushable foam projectile delivers 120 ft/lbs. of energy upon impact in addition to dispersion of 5 grams of OC irritant. The 40mm Direct Impact OC Round provides accurate and effective performance when fired from the approved distance of not less than five (5) feet and as far as 120 feet from the target. Cost \$31, quantity 5.
- xiv. **Defense Technology #6322**, 40mm Direct Impact CS. A less lethal 40mm lightweight plastic and crushable foam projectile fired from a 40mm launcher. The 39-gram crushable foam projectile delivers 120 ft/lbs. of energy upon impact in addition to dispersion of CS. The 40mm Direct Impact CS Round provides accurate and effective performance when fired from the approved distance of not less than five (5) feet and as far as 120 feet from the target. Cost \$31, quantity 4.
- xv. **Defense Technology #1092**, Han-ball CS. The Han-ball CS is an outdoor use grenade expelling its payload in approximately 15-20 seconds. The grenade holds approximately 1.6 ounces of active agent which is expelled through three ports around the equator of the ball. Cost \$35, quantity 13.
- xvi. **Defense Technology #1063**, Military-Style Saf-Smoke Grenade. The Saf-Smoke grenade is designed for training but may also be used in operations. The Saf-Smoke Grenade offers similar burn times as the Speed-Heat and Riot Control Grenade. It emits a very white smoke. This is a hand-thrown munition. Cost \$31, quantity 15.
- xvii. **Defense Technology #1073**, Maximum HC Smoke. The Maximum Smoke grenade is designed for outdoor in crowd control and expels its payload in approximately 1.5-2 minutes through four gas ports located at the top of the canister. The grenade can be used to conceal tactical movement or route a crowd. This is a hand-thrown munition. Cost \$31, quantity 4.
- xviii. **Defense Technology #1017**, Pocket Tactical Saf-Smoke. The Pocket Tactical Saf-Smoke grenade is a small and lightweight. It will burn for approximately 20-40 seconds and is normally used as a signaling or covering device. This is a hand-thrown munition. Cost \$31, quantity 10.

- xix. **Defense Technology #6582**, 40mm Ground Marker CS 200M. The 40mm Ground Marker munition is designed to deliver an irritant payload downrange to specified distances. The spin stabilized projectile and smokeless propulsion system produce extremely consistent velocities and range. Applications for this product include crowd control, marking and obscuration. This is deployed from a 40mm launcher. Cost \$31, quantity 10.
- xx. **Defense Technology #1072**, Spede-Heat Continuous Discharge Chemical CS Grenade. A high-volume CS Grenade with continuous burn, designed for outdoor in crowd control environments, expels its payload in approximately 20-40 seconds through four gas ports at the top of the canister, three on the side and one on the bottom. This is a hand-thrown munition. Cost \$37, quantity 13.
- xxi. **Defense Technology #1082**, The Stinger Grenade is a maximum effect device that delivers three stimuli for psychological and physiological effects: rubber pellets, light and sound. The Stinger Grenade is most widely used as a crowd management tool. The Rubber Ball Blast Grenade is used to deliver 60 Caliber Rubber Balls with the stimuli of light and sound. The grenade is most widely used as a crowd management training tool by Law Enforcement and Corrections. The Rubber Ball Blast has an initial 1.5 second delay that initiates fuze assembly separation, followed by another .5 second delay before the function of the device. Cost \$71.25, quantity 13.
- xxii. **Aerko Clear Out #AER1145**, 6 ounce Burst Fogger. Aerko Clear Out fogger is a non-flammable aerosol which delivers an aerosol comprised of a mixture of CS and OC. It is a chemical agent used to force occupants of an enclosed space to leave the area. This is a hand-thrown munition. Cost \$19, quantity 12.

- b. **Purpose:** To be used in response to incidents of civil unrest as described by law and AB48 and Government Code 12525.2, as well as barricaded subjects, critical incidents, CRU operations to enhance officer and community safety.
- c. **Authorized Use:** The use of chemical agents will be done so at the direction of a Mobile Field Force Commander or SWAT Commander.
- d. **Lifespan:** The lifespan of each chemical agent is approximately 5 years from the date of manufacture (each munition has its manufacture date affixed).
- e. **Fiscal Impact:** No measurable fiscal impact for maintenance. The cost of the program is approximately \$4,000.
- f. **Training:** Certified training in the use of chemical agents for each appropriate use in crowd control or by the SWAT team will be completed prior to its use by any department member.
- g. **Legal and Procedural Rules:** Use is described in the Use of Force, Civil Disturbance or Unusual Occurrence Plan, First Amendment Assemblies policies. It is the policy of the department to use this device only for official law enforcement purposes, and pursuant to State and Federal law.

13. PepperBall Launchers and Munitions (Category 12)

- a. **Description, quantity, capabilities, and purchase cost:**
- PepperBall gives law enforcement professionals a powerful, non-lethal option for defense. PepperBall launchers use high pressure air to deliver PAVA (Pelargoinic Acid Vanillylamide) powder projectiles which are similar to a powdered “pepper spray.” The PAVA projectiles deliver kinetic energy impacts as well as the PAVA powder. It is a de-escalation tool to avoid further injuries or lethal options to a subject.
- i. PepperBall Launcher- The TAC-SA PRO is an advanced semi-automatic launcher, expertly designed for demanding situations such as crowd management and daily patrol. This launcher excels at rapidly dispersing PAVA across large areas or controlled environments, a crucial capability for operational teams in high-intensity scenarios. Cost \$1,116, quantity 7.
 - ii. PepperBall Live Projectiles. The basic PepperBall projectile contains 2% PAVA pepper powder, and is designed for direct impact and area saturation, especially in confined, interior spaces. Discharged from a PepperBall Launcher, the projectile has a velocity of 280-350 FPS. The projectile has a direct impact of 60ft and an area of saturation of 150+ft. The projectile contains 0.5% PAVA Powder. Cost: \$900/ per 375 rounds, quantity: 1500.
 - iii. PepperBall Inert Projectiles. The Inert PepperBall projectile contains a harmless scented powder and is designed for direct impact and for training with a PepperBall Launcher, the projectile has a velocity of 280-350 FPS. The projectile has a direct impact of 60ft. Cost: \$400/ per 375 rounds, quantity: 200.
- b. **Purpose:** To provide officers with a non-lethal option to deliver a chemical agent and kinetic impact to subjects for a legitimate law enforcement purpose, to affect an arrest, prevent escape or overcome resistance as define by law and department policy. It is a de-escalation tool to avoid further injuries or lethal options to a subject.
- c. **Authorized Use:** Officers may deploy a PepperBall launcher in incidents of civil unrest as described by law and AB48 and Penal Code 13652, as a non-lethal option to deliver a chemical agent and kinetic impact on subjects who are violent, threatening violence, who are armed, or threatening self-harm, and barricaded subjects.
- d. **Expected Lifespan:**
- i. Launchers – 5-10 years.
 - ii. Live and inert projectiles - 5 years
- e. **Fiscal Impact:** Annual maintenance costs are approximately \$50/ launcher. Annual cost of the program \$2,000.
- f. **Training:** The use of these devices is limited to those who have attended certified training course on their proper use.
- g. **Legal and Procedural Rules:** Use is described in the Control Devices and Techniques policy. It is the policy of the Chino Police Department to utilize less-

lethal devices only for official law enforcement purposes, and pursuant to State and Federal law regarding the use of force.

14. Long Range Acoustic Device (LRAD) (Category 13)
 - a. **Description, quantity, capabilities, and purchase cost:**

LRAD 100X Portable Hailing System, cost: \$6,000, quantity: 1. The Model 100X Portable Hailing System is a self-contained, hand-held, portable communications device for use in on-scene and tactical communications. It has the capability to be 20- 30 dB louder than legacy bullhorns and vehicle-based P.A. systems, while still being 4x- 6x louder and more intelligible than products with a comparable size and weight. Weighing at only 15 lbs. with battery.
 - b. **Purpose:** To be used in response to critical incidents or CRU operations to enhance officer and community safety, improve scene containment and stabilization. The use of breaching apparatus is for the rapid, positive, and dynamic access to an objective in order to bypass obstructions such as walls, doors and windows to gain access to a desired location with legal authority.
 - c. **Authorized Use:** The LRAD 100X can be used as a public address (PA) system during tactical situations or at large events where its use will benefit the community and public safety.
 - d. **Lifespan:** Approximately 10 years.
 - e. **Fiscal Impact:** No measurable fiscal impact for maintenance.
 - f. **Training:** Training in its use will be conducted prior to its use by any department member.
 - g. **Legal and Procedural Rules:** It is the policy of the department to use this device only for official law enforcement purposes, and pursuant to State and Federal law.

15. 40mm Projectile Launchers, Specialty Impact Munitions (Category 14)
 - a. **Description, quantity, capabilities, and purchase cost:**
 - i. Defense Technology/ LMT, 40mm single-shot launcher, #1425, cost: \$1000 each, quantity: 59. The 40mm single launcher is a tactical single shot launcher will fire standard 40mm less lethal ammunition, up to 4.8 inches in cartridge length.
 - ii. Defense Technology/ LMT, 40mm 4-shot launcher, #1440, cost: \$1000 each, quantity: 3. The 40mm 4-shot launcher is a tactical launcher will fire standard 40mm less lethal ammunition, up to 4.8 inches in cartridge length.
 - iii. Defense Technology/ LMT, 7-inch M203 40mm single-shot launcher, #LMP350/L2X1, cost: \$1500 each, quantity: 2. The 40mm single launcher is a tactical launcher that will fire standard 40mm less lethal ammunition, up to 4.8 inches in cartridge length.
 - iv. Defense Technology #6325, 40mm eXact Impact Sponge Round. A less lethal 40mm lightweight plastic and foam projectile fired from a 40mm launcher. The 40-gram foam projectile delivers 120 ft/lbs. of energy on impact. The 40mm Exact Impact Sponge Round provides accurate and effective performance when fired from the approved distance of not less than five (5) feet and as far as 131 feet from the target. Cost: \$20 each, quantity: 275.

- v. Defense Technology #6326, 40mm Direct Impact Marking Round. A less lethal 40mm lightweight plastic and foam projectile fired from a 40mm launcher. The 40-gram foam projectile delivers 120 ft/lbs. of energy on impact and loaded with a green marking agent. The 40mm Exact Impact Sponge Round provides accurate and effective performance when fired from the approved distance of not less than five (5) feet and as far as 131 feet from the target. Cost: \$20 each, quantity: 10.
- b. **Purpose:** To limit the escalation of conflict where employment of lethal force is prohibited or undesirable.
- c. **Authorized Use:** Situations for use of the less lethal weapon systems may include, but are not limited to:
 Self-destructive, dangerous and/or combative individuals, riot/crowd control and civil unrest incidents as described by law and AB48 and Government Code 12525.2, circumstances where a tactical advantage can be obtained, potentially vicious animals, training exercises or approved demonstrations.
- d. **Training:** Sworn members utilizing 40mm less lethal launchers are trained in their use by POST certified less lethal instructors.
- e. **Lifespan:** Defense Technology/ LMT #1425, 1140, M203: approximately 25 years. Exact Impact Sponge: approximately 5 years.
- f. **Fiscal Impact:** Annual maintenance is approximately \$50 for each launcher.
- g. **Legal and Procedural Rules:** Use is established Control Devices and Techniques Policy. It is the policy of the Chino Police Department to utilize the 40mm only for official law enforcement purposes, and pursuant to State and Federal law, including those regarding the use of force.

MAINTENANCE OF MILITARY USE SUPPLY LEVELS

When stocks of military equipment have reached low levels, the Department may order up to 30% of stock in a fiscal quarter without City Council's pre-approval to maintain essential availability for the police department's needs.

**MEMORANDUM
CITY OF CHINO
PUBLIC WORKS DEPARTMENT**

CITY COUNCIL MEETING DATE: APRIL 21, 2026

TO: LINDA REICH, CITY MANAGER
FROM: HYE JIN LEE, PE, DIRECTOR OF PUBLIC WORKS

SUBJECT

Public Improvement Agreement with Great Dragon, LLC for Site Approval PL22-0027, located at 13787 Oaks Avenue.

RECOMMENDATION

Approve a Public Improvement Agreement with Great Dragon, LLC, for Site Approval PL22-0027, located at 13787 Oaks Avenue, and authorize the City Manager to execute all necessary documents on behalf of the City.

FISCAL IMPACT

There is no direct fiscal impact to the City. All costs associated with the required public improvements will be borne by the Developer. In addition, the Developer has paid an in-lieu fee for the future undergrounding of overhead utility improvements. The funds deposited will be applied toward the undergrounding work when it is determined to be feasible as part of a future Capital Improvement Project.

CITY OF CHINO MISSION / VISION / VALUES / STRATEGIC ISSUES

The recommendation detailed above further the City's values and strategic issues that serve as key pillars on which identified priorities, goals, and action plans are built, by fostering:

- Responsible Long-Range Planning

Revenue: Click or tap here to enter text.	Expenditure:
Transfer In: Click or tap here to enter text.	Transfer Out: Click or tap here to enter text.

BACKGROUND

On May 17, 2023, the Chino Planning Commission approved Site Approval PL22-0027 for the construction of a single-tenant, 20,000-square-foot industrial building on a 1.11-acre site located at 13787 Oaks Avenue (Exhibit A). The project is intended to accommodate a wholesale and distribution business for shoes.

The Engineering Conditions of Approval (COA) require the construction of various public improvements along the project frontage, including curb, gutter, sidewalk, streetlights, asphalt concrete pavement, landscaping, sewer, water, and recycled water improvements. To ensure completion of these improvements, the developer is required to enter into a Public Improvement Agreement (PIA) and provide the necessary improvement securities.

Final engineering has been completed, and the developer is currently constructing the required public improvements. The required bonds have been submitted in accordance with City requirements, and all costs associated with the improvements are borne solely by the developer.

The PIA was delayed from City Council consideration to allow staff and the developer time to finalize terms related to undergrounding overhead utilities along the project frontage, as required by the Conditions of Approval and City Code. However, due to existing overhead transmission lines, which don't require undergrounding, the utility poles would need to remain in place to support those utilities. Since the project frontage represents only a small portion of this segment of Oaks Avenue, staff determined that partial undergrounding of the utilities would provide limited benefit. As a result, staff concluded that an in-lieu fee, consistent with City Code, would be more appropriate to support a future, more comprehensive underground project along this corridor. The City and developer subsequently agreed to a fair-share contribution, and the developer has provided a lump-sum payment of \$239,184 to be applied toward a future Capital Improvement Project. An engineer's estimate of this work is attached as Exhibit C.

ISSUES/ANALYSIS

The requirements made at the time of project approval have been met by the execution of the PIA for Site Approval PL22-0027 and by posting the necessary securities to guarantee the construction of public improvements conditioned for this development. The City Attorney reviewed and approved the PIA, which is attached as Exhibit B.

Attachments – Exhibit A - Map
Exhibit B - PIA



Vicinity Map

PL22-0027 - 13787 Oaks Ave



PUBLIC IMPROVEMENT AGREEMENT

by and between

CITY OF CHINO

and

GREAT DRAGON, LLC

PUBLIC IMPROVEMENT AGREEMENT BETWEEN
THE CITY OF CHINO
AND
GREAT DRAGON, LLC

Agreement Date: April 21, 2026

Developer: Great Dragon, LLC

Project Description: The proposed project includes approval to construct an industrial warehouse facility totaling approximately 20,000 square feet on a 1.11-acre parcel. The project site is located at 13787 Oaks Avenue, approximately 600 feet south of the intersection of Schaefer Avenue and Oaks Avenue, within Assessor's Parcel Number (APN) 1021-061-08. The project also includes construction of associated public improvements consisting of sidewalk, water line laterals, a sewer lateral, streetlight relocation, fire hydrant relocation, and half-street improvements.

Tentative Map No.: N/A

Estimated Total Cost of Improvements: \$85,900.00

Security:

Bond No.: _____

Surety: _____

Designees for the Service of Written Notice:

CITY:	DEVELOPER:
Jesus Plasencia Assistant City Engineer 13220 Central Avenue Chino, CA 91710 (909) 334-3417 jplasencia@cityofchino.org	Great Dragon, LLC Charles Hailong Cui 888 S Azusa Ave, City of Industry, CA 91748 (626) 839-9899 charles@foreverlinkshoes.com
CITY PROJECT INSPECTOR	SURETY
Isaac Ortega Permit & Inspection Supervisor 13220 Central Avenue Chino, CA 91710 (909) 334-3501 iortega@cityofchino.org	

TABLE OF CONTENTS

1. Construction Obligations

- 1.1 Works of Improvement
- 1.2 Other Obligations Referenced in Conditions of Approval
- 1.3 Intent of Plans
- 1.4 Performance of Work
- 1.5 Changes in the Work
- 1.6 Defective Work
- 1.7 No Warranty by City
- 1.8 Authority of the City Engineer
- 1.9 Documents Available at the Site
- 1.10 Inspection
- 1.11 Compliance with Law; Applicable Standards for Improvements
- 1.12 Suspension of Work
- 1.13 Erosion and Dust Control and Environmental Mitigation
- 1.14 Final Acceptance of Works of Improvement
- 1.15 Vesting of Ownership
- 1.16 Developer's Obligation to Warn Public During Construction
- 1.17 Injury to Public Improvements, Public Property or Public Utility

2. Time for Performance

- 2.1 Commencement and Completion Dates
- 2.2 Phasing Requirements
- 2.3 Force Majeure
- 2.4 Continuous Work

3. Labor

- 3.1 Labor Standards
- 3.2 Nondiscrimination
- 3.3 Licensed Contractors
- 3.4 Workers' Compensation

4. Security

- 4.1 Required Security
- 4.2 Form of Security Instruments
- 4.3 Developer's Liability
- 4.4 Letters of Credit
- 4.5 Release of Security Instruments

5. Cost of Construction and Provision of Inspection Service

- 5.1 Developer Responsible for All Related Costs of Construction
- 5.2 Payment to City for Cost of Related Inspection and Engineering Services
- 5.3 Payment of Development Impact Fees

- 6. Acceptance of Offers of Dedication

- 7. Warranty of Work

- 8. Default
 - 8.1 Default by Developer
 - 8.2 Remedies
 - 8.3 Remedies Not Exclusive
 - 8.4 Attorney's Fees and Costs
 - 8.5 Waiver

- 9. Indemnity/Hold Harmless

- 10. Developer's Indemnity of Project Approval

- 11. Insurance Requirements

- 12. Environmental Warranty

- 13. General Provisions
 - 13.1 Successors and Assigns
 - 13.2 No Third-Party Beneficiaries
 - 13.3 No Vesting Rights
 - 13.4 Developer is Not Agent of City
 - 13.5 Time of the Essence
 - 13.6 Notices
 - 13.7 No Apportionment
 - 13.8 Severability
 - 13.9 Captions
 - 13.10 Incorporation of Recitals
 - 13.11 Interpretation
 - 13.12 Entire Agreement; Waivers and Amendments
 - 13.13 Counterparts

- 14. Authority

PUBLIC IMPROVEMENT AGREEMENT

THIS PUBLIC IMPROVEMENT AGREEMENT (this "Agreement") is entered into this 21st day of April, 2026, by and between the CITY OF CHINO, a municipal corporation, organized and existing in the County of San Bernardino, under and by virtue of the laws of the State of California, ("CITY"), and Great Dragon, a Limited Liability Company ("DEVELOPER").

RECITALS

A. Developer is the owner of certain real property located in the City of Chino, County of San Bernardino, State of California (the "Property"), as described on Exhibit "A", which Developer proposes to develop and construct certain works of improvement thereon, as hereafter set forth.

B. Developer has applied for and received conditional approval from the City to construct one speculative shell building totaling 20,000 square feet on a 1.11-acre parcel, at 13787 Oaks Avenue (the "Project").

C. The City desires to assure that said improvements proposed for the Project will be constructed in a good workmanlike manner and in accordance with all applicable laws, statues, ordinances, resolutions and regulations now in force and effect in the City of Chino and the State of California, all of which are incorporated herein.

D. The Developer acknowledges familiarity with the various requirements for public improvements contained in the Chino Municipal Code and agrees to comply therewith.

COVENANTS

Based upon the foregoing Recitals which are incorporated herein by reference and in consideration of City's site plan or other entitlements for the Property and permitting development of the Property to proceed, Developer agrees to timely perform all of its obligations as set forth herein.

1. Construction Obligations.

1.1. Works of Improvement. Developer agrees, at its sole cost and expense, to construct or install, or cause to be constructed or installed the street, drainage, domestic water, sanitary sewer, street lighting, landscaping, utility, and other improvements more fully described as Exhibit "B" attached hereto (the "Works of Improvement"), as the same may be supplemented and revised from time to time as set forth in this Agreement (said plans and specifications, together with all related documents, the "Plans"). The estimated construction cost for the Works of Improvement is \$ 85,900.00.

1.2. Other Obligations Referenced in Conditions of Tentative Map Approval. In addition to the foregoing, Developer shall satisfy all of the other Conditions associated with the

Project and the Property. The Conditions associated with the Map are included in Exhibit "B" attached hereto.

1.3. Intent of Plans. The intent of the Plans referenced in Section 1.1 is to prescribe a complete work of improvement which Developer shall perform or cause to be performed in a manner acceptable to the City Engineer, (or designee), and in full compliance with all codes and the terms of this Agreement. Developer shall complete a functional or operable improvement or facility, even though the Plans may not specifically call out all items of work required for Developer's contractor to complete its tasks, incidental appurtenances, materials, and the like. If any omissions are made or information necessary to carry out the full intent and meaning of the Plans, Developer or its contractor shall immediately notify its design engineer who will seek approval of the City Engineer for furnishing of detailed instructions. In the event of any doubt or question arising regarding the true meaning of any of the Plans, reference shall be made to the City Engineer whose decision thereon shall be final.

Developer recognizes that the Plans consist of general drawings. All authorized alterations affecting the requirements and information given on the Plans shall be in writing and approved by the City Engineer. The Plans shall be supplemented by such working or shop drawings as are necessary to adequately control the work. Without the City Engineer's prior written approval, no change shall be made by Developer or its contractor to any plan, specification, or working or shop drawing after it has been stamped as approved.

1.4. Performance of Work. Developer shall furnish or cause to be furnished all materials, labor, tools, equipment, utilities, transportation, and incidentals required to perform Developer's obligations under this Agreement.

1.5. Changes in the Work. The City Engineer, without invalidating this Agreement and without notification to any of the sureties or financial institutions referenced in Paragraph 4, may order extra work or may make changes by altering or deleting any portion of the Works of Improvement as specified herein or as deemed necessary or desirable by the City Engineer as determined necessary to accomplish the purposes of this Agreement and to protect the public health, safety, or welfare. The City Engineer shall notify Developer or its contractor in writing (by Correction Notice) at the time a determination has been made to require changes in the work. No field changes performed or proposed by Developer or its contractor shall be binding on City unless approved in writing by the City Engineer. The City and Developer may mutually agree upon changes to the Works of Improvement, subject to the security requirements in Section 4.

1.6. Defective Work. Developer shall cause its contractor to repair, reconstruct, replace, or otherwise make acceptable any work found by the City Engineer to be defective.

1.7. No Warranty by City. The Plans for the Works of Improvement have been prepared by or on behalf of Developer or its consultants or contractors, and City makes no representation or warranty, express or implied, to Developer or to any other person regarding the adequacy of the Plans or related documents.

1.8. Authority of the City Engineer. In addition to the authority granted to the City Engineer elsewhere in this Agreement, the City Engineer shall have the authority to decide all

questions which may arise as to the quality and acceptability of materials furnished and work performed, and all questions as to the satisfactory and acceptable fulfillment of the terms of this Agreement by Developer and its contractor.

1.9. Documents Available at the Site. Developer shall cause its contractor to keep a copy of all approved Plans at the job site and shall give access thereto to the City's inspectors and engineers at all times.

1.10. Inspection. Developer shall have an authorized representative on the job site at all times during which work is being done who has full authority to act for Developer, or its design engineer, and Developer's contractor(s) regarding the Works of Improvement. Developer shall cause its contractor to furnish the City with every reasonable facility for ascertaining whether or not the Works of Improvement as performed are in accordance with the requirements and intent of this Agreement, including the Plans. If the City inspector requests it, the Developer's contractor, at any time before acceptance of the Works of Improvement, shall remove or uncover such portions of the finished work as may be directed which have not previously been inspected. After examination, the Developer's contractor shall restore said portions of the work to the standards required hereunder. Inspection or supervision by the City Engineer (or designee) shall not be considered as direct control of the individual workmen on the job site. City's inspectors shall have the authority to stop any and all work not in accordance with the requirements contained or referenced in this Agreement.

The inspection of the work by City shall not relieve Developer or its contractor of any obligations to fulfill this Agreement as herein provided, and unsuitable materials or work may be rejected notwithstanding that such materials or work may have been previously overlooked or accepted.

1.11. Compliance with Law; Applicable Standards for Improvements. In addition to the express provisions of this Agreement and the Plans, Developer shall cause construction of the Works of Improvement to be completed in accordance with all other applicable federal, state, and local laws, ordinances, rules and regulations. In addition, without limiting the foregoing, the Developer shall, at its expense, obtain and comply with the conditions of all necessary permits and licenses for the construction of the Works of Improvement. The Developer shall also give all necessary notices and pay all fees and taxes as required by law.

Developer shall construct the improvements in accordance with the City standards in effect at the time of the adoption of this Agreement. City reserves the right to protect the public safety or welfare or comply with applicable Federal or State law or City zoning ordinances.

1.12. Suspension of Work. The City Engineer shall have authority to order suspension of the work for failure of the Developer's contractor to comply with law pursuant to Section 1.12. In case of suspension of work for any cause whatsoever, Developer and its contractor shall be responsible for all materials and shall store them properly if necessary and shall provide suitable interim drainage and/or dust control measures, and erect temporary structures where necessary.

1.13. Erosion and Dust Control and Environmental Mitigation. All grading, landscaping, and construction activities shall be performed in a manner to control erosion and prevent

flooding problems. The City Engineer shall have the authority to require erosion plans to prescribe reasonable controls on the method, manner, and time of grading, landscaping, and construction activities to prevent nuisances to surrounding properties. Plans shall include without limitation temporary drainage and erosion control requirements, dust control procedures, restrictions on truck and other construction traffic routes, noise abatement procedures, storage of materials and equipment, removal of garbage, trash, and refuse, securing the job site to prevent injury, and similar matters.

1.14. Final Acceptance of Works of Improvement. After Developer's contractor has completed all of the Works of Improvement, Developer shall then request a final inspection of the work. If items are found by the City's inspectors to be incomplete or not in compliance with this Agreement or any of the requirements contained or referenced herein, City will inform the Developer or its contractor of such items. After the Developer's contractor has completed these items, the procedure shall then be the same as specified above for the Developer's contractor's initial request for final inspection. If items are found by City's inspectors to be incomplete or not in compliance after two (2) "final" inspections, the City may require the Developer or its contractor, as a condition to performing further field inspections, to submit in writing a detailed statement of the work performed subsequent to the date of the previous inspection which was found to be incomplete or not in compliance at that time. Developer shall be responsible for payment to City Engineer of re-inspection fees in the amount necessary to cover the City's costs for additional final inspections, as determined by the City Engineer.

No inspection or acceptance pertaining to specific parts of the Works of Improvement shall be construed as final acceptance of any part until the overall final acceptance by the City Engineer is made. The City Engineer shall make a certification of completion and acceptance on the Works of Improvement by recordation of a Notice of Acceptance on behalf of the City. Final acceptance shall not constitute a waiver by the City Engineer of defective work subsequently discovered.

The date on which the Works of Improvement will be considered as complete shall be the date of the Notice of Acceptance.

1.15. Vesting of Ownership. Upon recordation of the Notice of Acceptance, ownership of the Works of Improvement shall vest in the City.

1.16. Developer's Obligation to Warn Public During Construction. Until recordation of the Notice of Acceptance, Developer shall give good and adequate warning to the public of any dangerous condition of the Works of Improvements and shall take reasonable actions to protect the public from such dangerous condition. Until recordation of the Notice of Acceptance, Developer shall provide forty-eight (48) hours' advance written notice to all neighboring property owners and tenants affected by Developer's operations or construction of the hours, dates and duration of any planned construction activities.

1.17. Injury to Public Improvements, Public Property or Public Utility. Until recordation of the Notice of Acceptance of the Works of Improvement, Developer assumes responsibility for the care and maintenance of, and any damage to, the Works of Improvements. Developer shall replace or repair all Works of Improvements, public property, public utility facilities, and

surveying or subdivision monuments and benchmarks which are destroyed or damaged for any reason, regardless whether resulting from the acts of the Developer, prior to the recordation of the Notice of Acceptance. Developer shall bear the entire cost of such replacement or repairs regardless of what entity owns the underlying property. Any repair or replacement shall be to the satisfaction, and subject to the approval, of the City Engineer.

Neither the City, nor any officer or employee thereof, shall be liable or responsible for any accident, loss or damage, regardless of cause, occurring to the work or Works of Improvements prior to recordation of the Notice of Acceptance of the work or improvements.

2. Time for Performance.

2.1. Commencement and Completion Dates. Subject to Sections 2.2 and 2.3 below, Developer shall (i) commence with construction and installation of the Works of Improvement thirty (30) days following City's approval of the Plans ("Commencement Date"); and (ii) complete or cause to be completed all of the Works of Improvement within two (2) years after the Commencement Date. In the event good cause exists as determined by the City Engineer, the time for commencement of construction or completion of the Works of Improvement hereunder may be extended by up to three (3) additional one-year periods. Extensions shall be executed in writing by the City Engineer. The City Engineer in his or her sole discretion determines whether or not the Developer has established good cause for an extension. As a condition of such extension, the City Engineer may require Developer to furnish new security guaranteeing performance of this Agreement, as extended, in an increased amount to compensate for any increase in construction costs as determined by the City Engineer. If Developer requests and is granted an extension of time for completion of the improvements, City may apply the standards in effect at the time of the extension.

2.2. Phasing Requirements. Notwithstanding the provisions of Section 2.1, the City reserves the right to control and regulate the phasing of completion of specific Works of Improvement as required to comply with applicable City ordinances, regulations, and rules relating to the timely provision of public services and facilities. In addition to whatever other remedies the City may have for Developer's failure to satisfy such phasing requirements, as the same now exist or may be amended from time to time, Developer acknowledges City's right to withhold the issuance of further building permits on the Property until such phasing requirements are satisfied. Prior to issuance of building permits, Developer shall provide satisfactory evidence that all applicable requirements that are a condition to issuance of building permits have been satisfied. Such requirements may include the payment of fees, construction of improvements, or both. Final inspections or issuance of Certificates of Occupancy may be withheld from the Developer by the City, if, upon a determination by the City Engineer, completion of specific Works of Improvements or other requirements associated with the development of the Property have not been completed to the City Engineer's satisfaction.

2.3. Force Majeure. Notwithstanding the provisions of Section 2.1, Developer's time for commencement and completion of the Works of Improvement shall be extended for the period of any enforced delay caused due to circumstances beyond the control and without the fault of Developer, including to the extent applicable adverse weather conditions, flood,

earthquakes, strikes, lockouts, pandemics, acts or failures to act of a public agency (including City), required changes to the scope of work required by City, and similar causes; provided, however, that the period of any enforced delay hereunder shall not include any period longer than five (5) days prior to City's receipt of a written notice from Developer or its contractor detailing the grounds for Developer's claim to a right to extend its time for performance hereunder. The City Engineer shall evaluate all claims to Force Majeure and make a reasonable determination regarding the length of any extension of time for commencement and/or completion of the Works of Improvement and the City Engineer's decision shall be final.

2.4. Continuous Work. After commencement of construction of the Works of Improvement (or separate portion thereof), Developer shall cause such work to be diligently pursued to completion and shall not abandon the work for a consecutive period or more than thirty (30) days, events of Force Majeure excepted.

3. Labor.

3.1. Labor Standards. This Agreement is subject to, and Developer agrees to comply with, all of the applicable provisions of the Labor Code including, but not limited to, the wage and hour, prevailing wage, worker compensation, and various other labor requirements in Division 2, Part 7, Chapter 1, including section 1720 to 1740, 1770 to 1780, 1810 to 1815, 1860 to 1861, which provisions are specifically incorporated herein by reference as set forth herein in their entirety. Developer shall expressly require compliance with the provisions of this Section in all agreements with contractors and subcontractors for the performance of the Works of Improvement.

3.2. Nondiscrimination. In accordance with the California Fair Employment and Housing Act ("FEHA"), California Government Code Section 12940 *et seq.*, Developer agrees that Developer, its agents, employees, contractors, and subcontractor performing any of the Works of Improvement shall not discriminate, in any way, against any person on the basis of race, ethnicity, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status. Developer shall expressly require compliance with the provisions of this Section in all agreements with contractors and subcontractors for the performance of this Agreement.

3.3. Licensed Contractors. Developer shall cause all of the Works of Improvement to be constructed by contractors and subcontractors with valid California Contractors' licenses for the type of work being performed. All of Developer's contractors and subcontractors shall obtain a valid City of Chino business license prior to performing any work pursuant to this Agreement. Developer shall provide the City Engineer with a list of all of its contractors and subcontractors prior to initiating any work, and all valid Contractor's licenses and business licenses issued thereto as a condition of constructing the Works of Improvements.

3.4. Worker's Compensation. Developer shall cause every contractor and subcontractor performing any of the Works of Improvement to carry Workers' Compensation Insurance as required by the Labor Code of the State of California and shall cause each such

contractor and subcontractor to submit to City a Certificate of Insurance verifying such coverage prior to such contractor or subcontractor entering onto the job site.

4. Security.

4.1. Required Security.

(a) At the time Developer executes this Agreement, Developer shall furnish to City the following bonds, letters of credit, instruments of credit (assignment of deposit account) or other security acceptable to City in its sole and absolute discretion and satisfying the requirements of the applicable provisions of this Section 4 below (hereinafter "Security Instruments"):

- (i) A Security Instrument securing Developer's faithful performance of all of the Works of Improvement ("Faithful Performance Security Instrument"), in the amount of \$ 85,900.00 equal to 100% of the estimated construction cost referenced in Section 1.1.
- (ii) A Security Instrument guaranteeing the payment to contractors, subcontractors, and other persons furnishing labor, materials, and/or equipment ("Labor and Materials Security Instrument") with respect to the Works of Improvement in an amount equal to \$ 42,900.00 equal to 50% of the estimated construction cost referenced in Section 1.1.

This Agreement shall not be effective for any purpose until such Security Instruments are supplied to and approved by City in accordance herewith.

(b) Required Security Instrument for Maintenance and Warranty. Prior to the City Council's acceptance of the Works of Improvement and recordation of a Notice of Completion, Developer shall deliver a Security Instrument warranting the work accepted for a period of one (1) year following said acceptance ("Maintenance and Warranty Security Instrument"), in the amount of \$ 8,600.00 equal to 10% of the estimated construction cost set forth in Section 1.1 or a suitable amount determined by the City Engineer.

4.2. Form of Security Instruments. All Security Instruments shall be in the amounts required under Section 4.1 (a) or 4.1(b), as applicable, shall meet the following minimum requirements and otherwise shall be in a form provided by City or otherwise approved by the City Attorney:

(a) Bonds. For Security Instruments provided in the form of bonds, any such bond must be issued and executed by an insurance company or bank authorized to transact surety business in the State of California. Any insurance company acting as surety shall have a minimum rating of A-IX, as rated by the current edition of Best's Key Rating Guide published by A.M. Best's Company, Oldwick, New Jersey, 08858. Any bank acting as surety shall have a minimum rating of AA, as rated by Moody's or Standard & Poor's.

(b) Letters of Credit. For Security Instruments which are letters of credit, any letter of credit shall be an original separate unconditional, irrevocable, negotiable and transferable commercial letter of credit issued by a financial institution with offices in the State of California acceptable to City. Any such letter of credit shall specifically permit City to draw on same by unilateral certification of the City Engineer of the City that Developer is in default under its payment or performance obligations hereunder or in the event Developer fails to deliver a replacement letter of credit not less than thirty (30) days prior to the date of expiration of any such letter of credit and shall further be subject to the provisions of Section 4.4.

(c) Instrument of Credit. For Security Instruments which are Instruments of Credit, any Instrument of Credit shall be an assignment of deposit account assigning as security to City all of Developer's interest in funds on deposit in one or more bank accounts with financial institutions acceptable to City.

(d) General Requirements for all Security Instruments.

- (i) Payments under any Security Instruments shall be required to be made (and, with respect to bonds, litigation shall be required to be instituted and maintained) in the City of Chino, State of California (and the Security Instrument shall so provide).
- (ii) Each Security Instrument shall have a minimum term of one (1) year after the deadline for Developer's completing the Works of Improvement, in accordance with Section 2.1 (other than Instruments of Credit, which shall have no defined term or expiration date).
- (iii) Each Security Instrument shall provide that changes may be made in the Works of Improvement pursuant to the terms of this Agreement without notice to any issuer or surety and without affecting the obligations under such Security Instrument.
- (iv) If the Developer seeks to replace any security with another security, the replacement shall: (1) comply with all the requirements for security in this Agreement; (2) be provided by the Developer to the City Engineer; and (3) upon its written acceptance by the City Engineer, be deemed a part of this Agreement. Upon the City Engineer's acceptance of a replacement security, the former security shall be released by the City.

4.3. Developer's Liability. While no action of Developer shall be required in order for City to realize on its security under any Security Instrument, Developer agrees to cooperate with City to facilitate City's realization under any Security Instrument, and to take no action to prevent City from such realization of any Security Instrument. Notwithstanding the giving of any Security Instrument or the subsequent expiration of any Security Instrument or any failure by any surety or financial institution to perform its obligations with respect thereto, Developer shall

be personally liable for performance under this Agreement and for payment of the cost of the labor and materials for the improvements required to be constructed or installed hereby and shall, within ten (10) days after written demand therefor, deliver to City such substitute security as City shall require satisfying the requirements in this Section 4.

4.4. Letters of Credit.

(a) In the event a letter of credit is given pursuant to Section 4.2(b), City shall be entitled to draw on any such letter of credit if a replacement letter of credit (expiring in not less than one (1) year, unless City agrees to a lesser term in City's sole and absolute discretion) is not delivered not less than thirty (30) days prior to the expiration of the original letter of credit, such substitute letter of credit being in the same amount and having the terms and conditions as the initial letter of credit delivered hereunder, issued by a financial institution acceptable to City as of the date of delivery of the replacement letter of credit.

(b) In the event of draw by the City on a letter of credit, the City may elect, in its sole and absolute discretion, to apply any such funds drawn to the obligations secured by such letter of credit or to hold such funds in an account under the control of the City, with no interest accruing thereon for the benefit of the Developer. If the City elects to hold the funds in an account pursuant to the foregoing, City may thereafter at any time elect instead to apply such funds as provided in the foregoing. Developer agrees and hereby grants City a security interest in such account to the extent required for City to realize on its interests therein and agrees to execute and deliver to City any other documents requested by City in order to evidence the creation and perfection of City's security interest in such account.

4.5. Release of Security Instruments. The City shall release all Security Instruments consistent with Government Code Sections 66499.7 and 66499.8, Section 19.09.010 of the Chino Municipal Code, and as follows:

(a) City shall release the Faithful Performance Security Instrument and Labor and Materials Security Instrument when all of the following have occurred:

- (i) Developer has made written request for release and provided evidence of satisfaction of all other requirements in this Section 4.5;
- (ii) the Works of Improvement have been accepted;
- (iii) Developer has delivered the Maintenance and Warranty Security Instrument; and
- (iv) after passage of the time within which lien claims are required to be made pursuant to Title 3 (commencing with Section 9000) of Part 6 of Division 4 of the Civil Code of the State of California. If lien claims have been timely filed, City shall hold the Labor and Materials Security Instrument until such claims have been resolved,

Developer has provided a statutory bond, or otherwise as required by applicable law.

(b) City shall release the Maintenance and Warranty Security Instrument upon Developer's written request upon the expiration of the warranty period, and settlement of any claims filed during the warranty period.

(c) The City may retain from any security released, an amount sufficient to cover costs and reasonable expenses and fees, including reasonable attorney's fees.

5. Cost of Construction and Provision of Inspection Service.

5.1. Developer Responsible for All Costs of Construction. Developer shall be responsible for payment of all costs incurred for construction and installation of the Works of Improvement. In the event Developer is entitled to reimbursement from City for any of the Works of Improvement, such reimbursement shall be subject to a separate Reimbursement Agreement to be entered into between Developer and City prior to construction of the Works of Improvement.

5.2. Payment to City for Cost of Related Inspection and Engineering Services. Developer shall compensate City for all of City's costs reasonably incurred in having its authorized representative make the usual and customary inspections of the Works of Improvement. In addition, Developer shall compensate City for all design, plan check, evaluating any proposed or agreed-upon changes in the work. The procedures for deposit and payment of such fees shall be as established by the City. In no event shall Developer be entitled to additional inspections or a final inspection and acceptance of any of the Works of Improvement until all City fees and charges have been fully paid, including without limitation, charges for applicable penalties and additional required inspections.

5.3. Payment of Development Impact Fees. Developer shall pay Development Impact Fees pursuant to and in accordance with Chino Municipal Code Chapter 3.40 and Chapter 3.45, as applicable.

6. Acceptance of Offers of Dedication. The City Council shall pass as appropriate resolution or resolutions accepting all offers of dedication shown on the approvals for the Project, with acceptance to become effective upon completion and acceptance by City of the Works of Improvement.

7. Warranty of Work. Developer shall guarantee all Works of Improvement against defective materials and workmanship for a period of one (1) year from the date of final acceptance. If any of the Works of Improvement should fail or prove defective within said one (1) year period due to any reason other than improper maintenance, or if any settlement of fill or backfill occurs, or should any portion of the Works of Improvement fail to fulfill any requirements of the Plans, Developer, within fifteen (15) days after written notice of such defects, or within such shorter time as may reasonably be determined by the City in the event of emergency, shall commence to repair or replace the same together with any other work which may be damaged or displaced in so doing. Should Developer fail to remedy defective

material and/or workmanship or make replacements or repairs within the period of time set forth above, City may make such repairs and replacements and the actual cost of the required labor and materials shall be chargeable to and payable by Developer. The warranty provided herein shall not be in lieu of, but shall be in addition to, any warranties or other obligations otherwise imposed by law.

8. Default.

8.1. Default by Developer. Default by Developer shall include, but not be limited to:

- (a) Developer's failure to timely commence construction of Works of Improvement under this Agreement;
- (b) Developer's failure to timely complete construction of the Works of Improvement;
- (c) Developer's failure to perform substantial construction work for a period for 20 consecutive calendar days after commencement of the work;
- (d) Developer's insolvency, appointment of a receiver, or the filing of any petition in bankruptcy, either voluntary or involuntary, which Developer fails to discharge within 30 days;
- (e) The commencement of a foreclosure action against the Property or a portion thereof, or any conveyance in lieu or in avoidance of foreclosure; or
- (f) Developer's failure to perform any other obligation under this Agreement.

8.2. Remedies. The City reserves all remedies available to it at law or in equity for a default or breach of Developer's obligations under this Agreement. The City shall have the right, subject to this Section, to draw upon or use the appropriate security to mitigate the City's damages in the event of default by Developer. The City's right to draw upon or use the security is in addition to any other remedy available to City. The parties acknowledge that the estimated costs and security amounts may not reflect the actual cost of construction of the improvements and, therefore, City's damages for Developer's default shall be measured by the cost of completing the required improvements. The City may use the sums provided by the securities for the completion of the Works of Improvement in accordance with the plans. In the event the Developer fails to cure any default under this Agreement within 20 days after the City mails a notice of such default to the Developer and the Developer's surety, Developer authorizes the City to perform the obligation for which Developer is in default and agrees to pay the entire cost of such performance by the City. The City may take over the work and complete the Works of Improvement, by contract or by any other method City deems appropriate, at the expense of the Developer. In such event, City, without liability for doing so, may complete the Works of Improvement using any of Developer's materials, appliances, plans and other property that are at the work site and that are necessary to complete the Works of Improvement.

8.3. Remedies Not Exclusive. In any case where this Agreement provides a specific remedy to City for a default by Developer hereunder, the Developer agrees that the choice of remedy or remedies for Developer's breach shall be in the discretion of the City. Additionally, any remedy specifically provided in this Agreement shall be in addition to, and not exclusive of, City's right to pursue any other administrative, legal, or equitable remedy to which it may be entitled.

8.4. Attorney's Fees and Costs. In the event that Developer fails to perform any obligation under this Agreement, Developer agrees to pay all costs and expenses incurred by City in securing performance of such obligations, including costs of suit and reasonable attorney's fees. In the event of any dispute arising out of Developer's performance of its obligations under this Agreement or under any of the Security Instruments referenced herein, the prevailing party in such action, in addition to any other relief which may be granted, shall be entitled to recover its reasonable attorney's fees and costs. Such attorney's fees and cost shall include fees and costs on any appeal, and in addition a party entitled to attorney's fees and costs shall be entitled to all other reasonable costs incurred in investigating such action, taking depositions and discovery, retaining expert witnesses, and all other necessary and related costs with respect to the litigation. All such fees and costs shall be deemed to have accrued on commencement of the action and shall be enforceable whether or not the action is prosecuted to judgment.

8.5. Waiver. No waiver by the City of any breach or default by the Developer shall be considered valid unless in writing, and no such waiver by the City shall be deemed a waiver of any subsequent breach or default by the Developer.

9. Indemnity/Hold Harmless. City or any officer, employee or agent thereof shall not be liable for any injury to persons or property occasioned by reason of the acts or omissions of Developer, its agents, employees, contractors and subcontractors in the performance of this Agreement. Developer further agrees to protect, defend, indemnify and hold harmless City, its officials, boards and commissions, and members thereof, agents, and employees from any and all claims, demands, causes of action, liability or loss of any sort, because of, or arising out of, acts or omissions of Developer, its agents, employees, contractors and subcontractors in the performance of this Agreement, except for such claims, demands, causes of action, liability or loss arising out of the sole active negligence of the City, its officials, boards, commissions, the members thereof, agents and employees, including all claims, demands, causes of action, liability or loss because of or arising out of, in whole or in part, the design or construction of the improvements. This indemnification and agreement to hold harmless shall extend to injuries to persons and damages or taking of property resulting from the design or construction of said Project, and the public improvements as provided herein, and in addition, to adjacent property owners as a consequence of the diversion of waters from the design and construction of public drainage systems, streets and other improvements. Recordation of the Notice of Acceptance by the City of the Works of Improvements shall not constitute an assumption by the City of any responsibility for any damage or taking covered by this Section. City shall not be responsible for the design or construction of the property to be dedicated or the improvements pursuant to the approved improvement plans or map, regardless of any negligent action or inaction taken by the City in approving the plans or map, unless the particular improvement design was specifically required by City over written objection by

Developer submitted to the City Engineer before approval of the particular improvement design, which objection indicated that the particular improvement design was dangerous or defective and suggested an alternative safe and feasible design.

After recordation of the Notice of Acceptance, the Developer shall remain obligated to eliminate any latent defect in design or dangerous condition caused by the design or construction defect for a period of one (1) year; however, Developer shall not be responsible for routine maintenance. It is the intent of this section that Developer shall be responsible for all liability for design and construction of the improvements installed or work done pursuant to this Agreement and that City shall not be liable for any negligence, nonfeasance, misfeasance or malfeasance in approving or reviewing any work or construction. The improvement security shall not be required to cover the provisions of this Paragraph.

Developer shall reimburse the City for all costs and expenses, including but not limited to fees and charges of architects, engineers, attorneys, and other professionals, and court costs, incurred by City in enforcing this Section.

10. Developer's Indemnity of Project Approval. Developer shall defend, indemnify, and hold harmless the City and its agents, officers, and employees from any claim, action, or proceeding against the City or its agents, officers, or employees to attack, set aside, void, or annul, an approval of the City, advisory agency, appeal board, or legislative body concerning the Project. The City shall promptly notify the Developer of any claim, action, or proceeding and cooperate fully in the defense of any such claim, action, or proceeding. In the event City fails to promptly notify the Developer of any claim, action, or proceeding, or if the City fails to cooperate in the defense, the Developer shall not thereafter be responsible to defend, indemnify, or hold harmless the City. Nothing in this Section prohibits the City from participating in the defense of any claim, action, or proceeding if City bears its own attorney's fees and costs and defends the action in good faith. Developer shall not be required to pay or perform any settlement unless the settlement is approved by the Developer.

11. Insurance Requirements. Developer, at Developer's sole cost and expense and for the full term of this Agreement and any extensions thereto, shall obtain and maintain all of the following minimum insurance requirements in a form approved by the City's authorized designee for Risk Management prior to commencing any work:

- (a) Commercial General Liability policy with a minimum \$1 million combined single limit for bodily injury and property damage providing all of the following minimum coverage without deductibles:
 - (i) Premises operations; including X, C, and U coverage;
 - (ii) Owners' and contractors' protection;
 - (iii) Blanket contractual;
 - (iv) Completed operations; and
 - (v) Products.

(b) Commercial Business Auto policy with a minimum \$1 million combined single limit for bodily injury and property damage, providing all of the following minimum coverage without deductibles:

- (i) Coverage shall apply to any and all leased, owned, hired, or non-owned vehicles used in pursuit of any of the activities associated with this Agreement; and
- (ii) Any and all mobile equipment including cranes which are not covered under the above Commercial Business Auto policy shall have said coverage provided under the Commercial General Liability policy.

(c) Workers Compensation and Employers' Liability policy in accordance with the laws of the State of California and providing coverage for any and all employees of the Developer:

- (i) This policy shall provide coverage for Workers' Compensation (Coverage A); and
- (i) This policy shall provide coverage for \$1,000,000 Employers' Liability (Coverage B).
- (ii) Pursuant to Labor Code section 1861, Developer by executing this Agreement certifies: *"I am aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and I will comply with such provisions before commencing the performance of the work of this contract."*
- (iii) Prior to commencement of work, the Developer shall file with the City's Risk Manager a Certificate of Insurance or certification of permission to self-insure workers' compensation conforming to the requirements of the Labor Code.

(d) Endorsements. All of the following endorsements are required to be made a part of each of the above-required policies as stipulated below:

- (i) "The City of Chino, its officers, employees and agents are hereby added as additional insureds."
- (ii) "This policy shall be considered primary insurance with respect to any other valid and collectible insurance the City may possess, including any self-insured retention the City may have and any other insurance the City does possess shall be considered excess insurance only."

- (iii) "This insurance shall act for each insured and additional insured as though a separate policy has been written for each. This, however, will not act to increase the limit of the insuring company."
 - (iv) "Thirty (30) days prior written notice of cancellation shall be given to the City of Chino in the event of cancellation and/or reduction in coverage, except that ten (10) days prior written notice shall apply in the event of cancellation for non-payment of premium." Such notice shall be sent to the Risk Manager at the address indicated in Subsection f below.
 - (v) Subsection d(iv) hereinabove "Cancellation Notice" is the only endorsement required of the Workers' Compensation and Employers' Liability policy.
- (e) Admitted Insurers. All insurance companies providing insurance to the Developer under this Agreement shall be admitted to transact the business of insurance by the California Insurance Commissioner.
- (f) Proof of Coverage. Copies of all required endorsements shall be attached to the Certificate of Insurance which shall be provided by the Developer's insurance company as evidence of the coverage required herein and shall be mailed to:

City of Chino
Risk Management
13220 Central Avenue
Chino, CA 91710

12. Environmental Warranty.

12.1. Prior to the acceptance of any dedications or Works of Improvement by City, Developer shall provide City with a written warranty in a form substantially similar to Exhibit "C" attached hereto and incorporated herein by reference, that:

- (a) Neither the property to be dedicated nor Developer are in violation of any environmental law, and neither the property to be dedicated nor the Developer are subject to any existing, pending or threatened investigation by any federal, state or local governmental authority under or in connection with the environmental laws relating to the property to be dedicated.
- (b) Neither Developer nor any other person with Developer's permission to be upon the property to be dedicated shall use, generate, manufacture, produce, or release, on, under, or about the property to be dedicated, any Hazardous Substance except in compliance with all applicable environmental laws. For the purposes of this Agreement, the term "Hazardous Substances" shall mean any substance or material which is capable of posing a risk of injury to health, safety or property, including all those materials and substances designated as

hazardous or toxic by any federal, state or local law, ordinance, rule, regulation or policy, including but not limited to, all of those materials and substances defined as "Toxic Materials" in Sections 66680 through 66685 of Title 22 of the California Code of Regulations, Division 4, Chapter 30, as the same shall be amended from time to time, or any other materials requiring remediation under federal, state or local laws, ordinances, rules, regulations or policies.

(c) Developer has not caused or permitted the release of and has no knowledge of the release or presence of any Hazardous Substance on the property to be dedicated or the migration of any hazardous substance from or to any other property adjacent to, or in the vicinity of, the property to be dedicated.

(d) Developer's prior and present use of the property to be dedicated has not resulted in the release of any hazardous substance on the property to be dedicated.

12.2. Developer shall give prompt written notice to City of:

(a) Any proceeding or investigation by any federal, state or local governmental

(b) authority with respect to the presence of any hazardous substance on the property to be dedicated or the migration thereof from or to any other property adjacent to, or in the vicinity of, the property to be dedicated.

(c) Any claims made or threatened by any third party against City or the property to be dedicated relating to any loss or injury resulting from any hazardous substance; and

(d) Developer's discovery of any occurrence or condition on any property adjoining or in the vicinity of the property to be dedicated that could cause the property to be dedicated or any part thereof to be subject to any restrictions on its ownership, occupancy, use for the purpose for which it is intended, transferability or suit under any environmental law.

13. General Provisions.

13.1. Successors and Assigns. This Agreement shall be binding upon all successors and assigns to Developer's right, title, and interest in and to the Property and any portion thereof. Developer hereby consents to City recording this Agreement as official records of San Bernardino County, affecting fee title interest to the Property to provide constructive notice of the rights and obligations incurred by Developer in the City's approval of this Agreement. In the event the Property is subsequently conveyed by Developer to a third party prior to completion of the Works of Improvement, whereby the third party is intended to assume Developer's responsibilities with regard to this Agreement, (the "Replacement Developer"), the rights and obligations of this Agreement shall transfer to the Replacement Developer; however, the Security Instruments required pursuant to Section 4 of this Agreement, and furnished by Developer as a condition of the City's approval of this Agreement, shall remain Developer's responsibility to maintain until such time as Developer and its Replacement Developer enter

into a Transfer and Assignment of Public Improvement Agreement, (the "Transfer Agreement"), to acknowledge the transfer of fee title to the Property from the Developer to its Replacement Developer, and to acknowledge the rights and obligations associated with this Agreement upon the Replacement Developer, including Replacement Developer's responsibility to furnish replacement Security Instruments meeting the City's approval pursuant to Section 4 of this Agreement. Until such time as a Transfer Agreement, meeting the City's approval, is executed by Developer and its Replacement Developer, and replacement Security Instruments meeting City's approval are furnished by the Replacement Developer, Developer retains sole responsibility for maintaining all Security Instruments required pursuant to Section 4 of this Agreement.

13.2. No Third-Party Beneficiaries. This Agreement is intended to benefit only the parties hereto and their respective successors and assigns. Neither City nor Developer intend to create any third-party beneficiary rights in this Agreement in any contractor, subcontractor, member of the general public, or other person or entity.

13.3. No Vesting Rights. Performance by the Developer of this Agreement shall not be construed to vest Developer's rights with respect to any change in any zoning or building law or ordinance.

13.4. Developer is Not Agent of City. Neither Developer nor Developer's agents, contractors, or subcontractors are agents or contractors of the City in connection with the performance of Developer's obligations under this Agreement.

13.5. Time of the Essence. Time is of the essence of Developer's performance of all of its obligations under this Agreement.

13.6. Notices. Unless otherwise specified in this Agreement, all notices required or provided for under this Agreement shall be in writing and delivered in person or sent by mail, postage prepaid and addressed as provided in this Section. Notice shall be effective on the date is delivered in person, or, if mailed, on the date of deposit in the United States Mail. Notice shall be provided to the persons listed on Pages 1 and 2 of this Agreement by the parties for this purpose.

Either party may provide a new designated representative and/or address by written notice as provided in this Section.

13.7. No Apportionment. Nothing contained in this Agreement shall preclude City from expending monies pursuant to agreements concurrently or previously executed between the parties, or from entering into agreements with other Developers for the apportionment of costs of water and sewer mains, or other improvements pursuant to the provisions of the City ordinances providing, therefore. Nor shall anything in the Agreement commit City to any such apportionment.

13.8. Severability. If any portion of this Agreement is held invalid by a court of competent jurisdiction, the remainder of the Agreement shall remain in full force and effect unless amended or modified by mutual written consent of the parties.

13.9. Captions. The captions of this Agreement are for convenience and reference only and shall not be used in the interpretation of any provision of this Agreement.

13.10. Incorporation of Recitals. The recitals to this Agreement are hereby incorporated into the terms of this Agreement.

13.11. Interpretation. This Agreement shall be interpreted in accordance with the laws of the State of California.

13.12. Entire Agreement; Waivers and Amendments. This Agreement integrates all of the terms and conditions mentioned herein, or incidental hereto, and supersedes all negotiations and previous agreements between the parties with respect to all or part of the subject matter hereof, except as may be expressly provided herein. All waivers of the provisions of this Agreement must be in writing and signed by an authorized representative of the party to be charged, and all amendments hereto must be in writing and signed by the appropriate representatives of both parties.

13.13. Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together shall be deemed one original.

14. Authority. The persons executing this Agreement on behalf of the parties warrant the (i) party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into of this Agreement does not violate any provisions of any other agreement to which said party is bound.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the City and the Developer have caused this Agreement to be executed the day and year first above written.

APPROVED AS TO FORM:

Fred Galante, City Attorney

Dated: _____

APPROVED AS TO CONTENT:

Hye Jin Lee, P.E.
Director of Public Works

Dated: _____

GREAT DRAGON, LLC

By: _____
Its: Authorized Agent
Charles Hailong Cui

CITY OF CHINO

Linda Reich, City Manager

Dated: _____

ATTEST:

Natalie Gonzaga, City Clerk

Dated: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189



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

State of California)
County of _____)

On _____ before me, _____,
Date Here Insert Name and Title of the Officer

personally appeared _____,
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____



EXHIBIT "A"
LOCATION MAP

[attached]



Schaefer Ave

Oaks Ave

13787 Oaks Ave

0 0.01 0.03 0.06 Miles



Vicinity Map

PL22-0027 - 13787 Oaks Ave



EXHIBIT "B"

WORKS OF IMPROVEMENT

13787 OAKS AVENUE

- A. Removal of undesirable, dangerous and dead plant materials and roots.
- B. All onsite and offsite grading as specified on the approved grading plan.
- C. Relocation of all public utility structures as necessary to properly construct the required improvements.
- D. Storm drain facilities as required and shown on the approved construction plans and in accordance with City Standards.
- E. Sanitary sewers constructed as shown on the approved, engineered plans and in accordance with City Standards.
- F. Water mains, valves, hydrants, services, meters and appurtenances to serve each lot as shown on the approved construction plans and in accordance with City Standards.
- G. Underground installation of all electrical, telephone, cable television and any other energy or communication lines that abut or are within the project site.
- H. A street lighting system (City-owned) in accordance with City Standards.
- I. Disposal of all rocks and debris located within any public right-of-way within said development or on the boundary streets thereof.
- J. Installation of concrete curbs, gutters, sidewalks, cross gutters, driveways and intersections as shown on approved construction plans and in accordance with City Standards.
- K. Installation of asphalt concrete or Portland Cement Concrete street pavement on base material as shown on approved construction plans and in accordance with City Standards.
- L. Street signs at intersections per the City Standards.
- M. Installation of approved landscaping (plants and materials).

The Developer shall also perform all work and furnish all materials necessary, in the opinion of the Director of Public Works or her designee and on her order, to complete the improvements in accordance with the plans and specifications on file as hereinbefore specified, or any changes required or ordered by said Engineer which, in his opinion, are necessary or required to complete this work.



CITY OF CHINO

ENGINEERING COST ESTIMATE

PROJECT NO: PL22-0027 (SA) OAKS INDUSTRIAL-PUBLIC IMPROVEMENTS

LOCATION : OAKS STREET

By: GIL EVANGELISTA

DATE: 1/15/2025

CITY OF CHINO ENGINEERING
Approved

By: Daniel Aguirre 02/26/2025 1:54:53 PM
Project No: PL22-0027 (SA)

Quantity	Unit	Item	Unit Price	Total Cost Per Item
----------	------	------	------------	---------------------

STREETS				
	EA	Tree Removal	\$ 800.00	\$ -
3	CY	Concrete Removal	\$ 325.00	\$ 975.00
5	CY	AC Pavement Removal	\$ 100.00	\$ 500.00
	CY	Imported Common Fill (Incl. Compaction)	\$ 34.00	\$ -
1200	SF	Preparation of Subgrade, Sidewalk and Paving	\$ 1.00	\$ 1,200.00
30	LF	PCC 8" Curb & 24" Gutter on 6" AB	\$ 26.00	\$ 780.00
	LF	PCC 6" Curb & 24" Gutter on 6" AB	\$ 24.00	\$ -
	LF	PCC Curb Only	\$ 20.00	\$ -
	LF	8" A.C. Berm	\$ 20.00	\$ -
	SF	8" PCC Cross Gutter on 6" AB	\$ 16.00	\$ -
620	SF	4" PCC Sidewalk	\$ 5.80	\$ 3,596.00
	SF	6" PCC Thick Drive Approach on 6" AB	\$ 12.50	\$ -
700	SF	8" PCC Thick Drive Approach on 6" AB	\$ 15.00	\$ 10,500.00
	LF	2" x 6" Redwood Header	\$ 7.50	\$ -
	EA	Street Sign and Post	\$ 475.00	\$ -
	EA	Traffic Sign and Post	\$ 400.00	\$ -
	EA	Reflector Sign and Post	\$ 175.00	\$ -
	EA	Painted Legend	\$ 6.50	\$ -
	SF	Prime or Tack Coat	\$ 0.08	\$ -
3	TON	AC Variable - <300T	\$ 130.00	\$ 390.00
	TON	AC Variable - >300T	\$ 120.00	\$ -
5	TON	CAB Variable - <300T	\$ 100.00	\$ 500.00
	TON	CAB Variable - >300T	\$ 90.00	\$ -



CITY OF CHINO

ENGINEERING COST ESTIMATE

PROJECT NO: PL22-0027 (SA) OAKS INDUSTRIAL-PUBLIC IMPROVEMENTS

LOCATION : OAKS STREET

By: GIL EVANGELISTA

DATE: 1/15/2025

Quantity	Unit	Item	Unit Price	Total Cost Per Item
STREETS				
	EA	Adjust Sewer Manhole to Grade	\$ 950.00	\$ -
	EA	Adjust Sewer Cleanout to Grade	\$ 500.00	\$ -
	EA	Adjust Water Valve and Can to Grade	\$ 525.00	\$ -
1	EA	Street Light (City Owner)	\$ 7,700.00	\$ 7,700.00
	EA	Electrical Pedestal	\$ 6,500.00	\$ -
	EA	Lot Monument Setting Fee	\$ 550.00	\$ -
130	LF	Sawcut A.C.	\$ 3.00	\$ 390.00
	LF	Sawcut Concrete	\$ 3.00	\$ -
3100	SF	Cold Plane A.C. 2" Thick	\$ 0.28	\$ 868.00
3100	SF	AC Overlay 2" Thick	\$ 2.00	\$ 6,200.00
	LF	Signing & Striping for		
		Arterial	\$ 19.00	\$ -
		Collector	\$ 13.00	\$ -
		Local	\$ 7.00	\$ -
	EA	Traffic Signal (8 - Phase Controller)	\$ 350,000.00	\$ -
	EA	Modify existing Traffic Signal per Quadrant	\$ 75,000.00	\$ -
	LF	Chain Link Fence		
		4 foot Residential Grade (Add \$7.00/LF for Removal of Existing Fence)	\$ 25.00	\$ -
		6 foot School fence (Add \$9.00/LF for Removal of Existing Fence)	\$ 35.00	\$ -
	EA	Utility Poles		
		Transmission	\$ 11,500.00	\$ -
		Distribution	\$ 8,000.00	\$ -
		Service	\$ 3,000.00	\$ -
1	EA	Street Light Removal	\$ 2,000.00	\$ 2,000.00



CITY OF CHINO

ENGINEERING COST ESTIMATE

PROJECT NO: PL22-0027 (SA) OAKS INDUSTRIAL-PUBLIC IMPROVEMENTS

LOCATION : OAKS STREET

By: GIL EVANGELISTA

DATE: 1/15/2025

Quantity	Unit	Item	Unit Price	Total Cost Per Item
STREETS				
450	SF	Landscape (Including shrubs, Hardscape, Irrigation, Ground Cover, Lighting, Installation Labor and Connection to Existing Systems)	\$ 15.00	\$ 6,750.00
	LF	14 foot Median with Landscape, Irrigation, Lighting, Hardscape, Curb, Gutter & Pavement	\$ 300.00	\$ -
		Rail Road Crossing		
	LS	Safety Equipment (Complete Including Crossing Gates, Signs, and Lights)	\$ 500,000.00	\$ -
	SF	Track Crossing (Concrete)	\$ 175.00	\$ -
	SF	Approach	\$ 4.00	\$ -
	EA	S.W. Ramps (A.D.A. Compliant)	\$ 4,000.00	\$ -
	EA	Traffic Signal Loops	\$ 600.00	\$ -
	SF	Gravel Surfacing	\$ 25.00	\$ -
	EA	Local Depression	\$ 700.00	\$ -
STREETS				
		STREET SUBTOTAL		\$ 42,349.00
	LS	Mobilization (5% of Construction Cost)	5%	\$ 2,117.45
	LS	Traffic Control (5% of Construction Cost)	5%	\$ 2,117.45
	LS	Clear & Grub Site (5% of Construction Cost)	5%	\$ 2,117.45
	LS	Excavation (Clean Material) (5% of Construction Cost)	5%	\$ 2,117.45
GRAND TOTAL STREETS ONLY				\$ 50,818.80



CITY OF CHINO

ENGINEERING COST ESTIMATE

PROJECT NO: PL22-0027 (SA) OAKS INDUSTRIAL-PUBLIC IMPROVEMENTS

LOCATION : OAKS STREET

By: GIL EVANGELISTA

DATE: 1/15/2025

Quantity	Unit	Item	Unit Price	Total Cost Per Item
----------	------	------	------------	---------------------

WATER				
	LF	Trench Support/Shoring (6 foot depth)	\$ 15.00	\$ -
	CY	Pipe Bedding & Compaction (Imported)	\$ 90.00	\$ -
	LF	6" Pipe & Fittings Installed, including excavation, bedding, backfill and pavement restoration	\$ 80.00	\$ -
	LF	8" Pipe & Fittings Installed, including excavation, bedding, backfill and pavement restoration.	\$ 100.00	\$ -
	LF	12" Pipe & Fittings Installed, including excavation, bedding, backfill and pavement restoration	\$ 135.00	\$ -
	LF	18" Pipe & Fittings Installed, including excavation, bedding, backfill and pavement restoration	\$ 175.00	\$ -
	LF	Removal, Disposal of ACP and Backfill	\$ 150.00	\$ -
	EA	6" Gate Valve	\$ 2,000.00	\$ -
	EA	8" Gate Valve	\$ 2,600.00	\$ -
	EA	12" Gate Valve	\$ 4,500.00	\$ -
	EA	18" Gate Valve	\$ 7,500.00	\$ -
1	EA	Fire Hydrant Assembly per City Std.	\$ 7,500.00	\$ 7,500.00
	EA	Blow-off Assembly 4" per City Std.	\$ 8,600.00	\$ -
	EA	2" Air Relief Assembly	\$ 4,500.00	\$ -
1	EA	1 1/2" Water Service/Meter	\$ 3,500.00	\$ 3,500.00
	EA	2" Water Service/Meter	\$ 4,500.00	\$ -
1	EA	1 1/2" Backflow Assembly	\$ 900.00	\$ 900.00

WATER				
		WATER SUBTOTAL		\$ 11,900.00
	LS	Mobilization (5% of Construction Cost)	5%	\$ 595.00
	LS	Traffic Control (5% of Construction Cost)	5%	\$ 595.00
GRAND TOTAL WATER ONLY				\$ 13,090.00



CITY OF CHINO

ENGINEERING COST ESTIMATE

PROJECT NO: PL22-0027 (SA) OAKS INDUSTRIAL-PUBLIC IMPROVEMENTS

LOCATION : OAKS STREET

By: GIL EVANGELISTA

DATE: 1/15/2025

Quantity	Unit	Item	Unit Price	Total Cost Per Item
----------	------	------	------------	---------------------

RECYCLED WATER				
	LF	Trench Support/Shoring (6 foot depth)	\$ 15.00	\$ -
	CY	Pipe Bedding (Imported)	\$ 90.00	\$ -
	LF	6" Pipe & Fittings Installed, including excavation, bedding, backfill and pavement restoration	\$ 80.00	\$ -
	LF	8" Pipe & Fittings Installed, including excavation, bedding, backfill and pavement restoration.	\$ 100.00	\$ -
	LF	12" Pipe & Fittings Installed, including excavation, bedding, backfill and pavement restoration	\$ 135.00	\$ -
	LF	18" Pipe & Fittings Installed, including excavation, bedding, backfill and pavement restoration	\$ 175.00	\$ -
	EA	6" Gate Valve	\$ 2,000.00	\$ -
	EA	8" Gate Valve	\$ 2,600.00	\$ -
	EA	12" Gate Valve	\$ 4,500.00	\$ -
	EA	18" Gate Valve	\$ 7,500.00	\$ -
	EA	Fire Hydrant Assembly per City Std.	\$ 7,500.00	\$ -
	EA	Blow-off Assembly 5" per City Std.	\$ 8,600.00	\$ -
	EA	2" Air Relief Assembly	\$ 4,500.00	\$ -
1	EA	1" Water Service/Meter	\$ 3,500.00	\$ 3,500.00
	EA	2" Water Service/Meter	\$ 4,500.00	\$ -

RECYCLED WATER				
		RECYCLED WATER SUBTOTAL		\$ 3,500.00
	LS	Mobilization (5% of Construction Cost)	5%	\$ 175.00
	LS	Traffic Control (5% of Construction Cost)	5%	\$ 175.00
GRAND TOTAL RECYCLED WATER ONLY				\$ 3,850.00



CITY OF CHINO

ENGINEERING COST ESTIMATE

PROJECT NO: PL22-0027 (SA) OAKS INDUSTRIAL-PUBLIC IMPROVEMENTS

LOCATION : OAKS STREET

By: GIL EVANGELISTA

DATE: 1/15/2025

Quantity	Unit	Item	Unit Price	Total Cost Per Item
----------	------	------	------------	---------------------

SEWER				
	LF	Trench Support/Shoring	\$ 15.00	\$ -
	LF	4" V.C.P Installed, including excavation, bedding, backfill and pavement restoration	\$75.00	\$ -
	LF	8" V.C.P Installed, including excavation, bedding, backfill and pavement restoration	\$93.00	\$ -
	LF	10" V.C.P. Installed, including excavation, bedding, backfill and pavement restoration	\$103.00	\$ -
	LF	12" V.C.P. Installed, including excavation, bedding, backfill and pavement restoration	\$123.00	\$ -
	LF	15" V.C.P. Installed, including excavation, bedding, backfill and pavement restoration	\$143.00	\$ -
	LF	18" V.C.P. Installed, including excavation, bedding, backfill and pavement restoration	\$163.00	\$ -
	LF	21" V.C.P. Installed, including excavation, bedding, backfill and pavement restoration	\$193.00	\$ -
	LF	24" V.C.P. Installed, including excavation, bedding, backfill and pavement restoration	\$208.00	\$ -
1	EA	Sewer Saddle	\$450.00	\$ 450.00
	EA	Wyes 4" x 8" Typical	\$225.00	\$ -
	EA	48" Sewer Manhole	\$4,700.00	\$ -
	EA	60" Sewer Manhole	\$7,500.00	\$ -
	EA	Sewer Cleanout	\$1,800.00	\$ -
26	LF	6" PVC Installed, including excavation, bedding, backfill and pavement restoration	\$ 80.00	\$ 2,080.00

SEWER				
		SEWER SUBTOTAL		\$ 2,530.00
	LS	Mobilization (5% of Construction Cost)	5%	\$ 126.50
	LS	Traffic Control (5% of Construction Cost)	5%	\$ 126.50
GRAND TOTAL SEWER ONLY				\$ 2,783.00



CITY OF CHINO

ENGINEERING COST ESTIMATE

PROJECT NO: PL22-0027 (SA) OAKS INDUSTRIAL-PUBLIC IMPROVEMENTS

LOCATION : OAKS STREET

By: GIL EVANGELISTA

DATE: 1/15/2025

Quantity	Unit	Item	Unit Price	Total Cost Per Item
STORM DRAIN				
	LF	24" X 36" C.M.P.A. (10 Gauge)	\$ 230.00	\$ -
	LF	27" x 43" C.M.P.A (10 Gauge)	\$ 250.00	\$ -
	EA	Storm Drain Manhole #1	\$ 10,000.00	\$ -
	EA	Junction Structure #2 (24" or larger)	\$ 8,850.00	\$ -
	EA	Junction Structure #4 (24" or smaller)	\$ 4,000.00	\$ -
	EA	Outlet Structure	\$ 7,000.00	\$ -
	EA	Catch Basin 3.5' Width	\$ 7,200.00	\$ -
	EA	Catch Basin 7' Width/L.D.	\$ 7,900.00	\$ -
	EA	Catch Basin 10' Width/L.D.	\$ 9,950.00	\$ -
	EA	Catch Basin 14' Width/L.D.	\$ 11,000.00	\$ -
	EA	Catch Basin 21' Width/L.D.	\$ 13,000.00	\$ -
	LF	18 inch RCP Installed, including excavation, bedding, backfill and pavement restoration	\$ 200.00	\$ -
	LF	24 inch RCP Installed, including excavation, bedding, backfill and pavement restoration	\$ 240.00	\$ -
	LF	27 inch RCP Installed, including excavation, bedding, backfill and pavement restoration	\$ 260.00	\$ -
	LF	30 inch RCP Installed, including excavation, bedding, backfill and pavement restoration	\$ 280.00	\$ -
	LF	33 inch RCP Installed, including excavation, bedding, backfill and pavement restoration	\$ 295.00	\$ -
	LF	36 inch RCP Installed, including excavation, bedding, backfill and pavement restoration	\$ 310.00	\$ -
	LF	39 inch RCP Installed, including excavation, bedding, backfill and pavement restoration	\$ 320.00	\$ -
	LF	42 inch RCP Installed, including excavation, bedding, backfill and pavement restoration	\$ 330.00	\$ -
	LF	45 inch RCP Installed, including excavation, bedding, backfill and pavement restoration	\$ 360.00	\$ -
	LF	48 inch RCP Installed, including excavation, bedding, backfill and pavement restoration	\$ 385.00	\$ -
	LF	54 inch RCP Installed, including excavation, bedding, backfill and pavement restoration	\$ 440.00	\$ -
	LF	60 inch RCP Installed, including excavation, bedding, backfill and pavement restoration	\$ 500.00	\$ -



CITY OF CHINO

ENGINEERING COST ESTIMATE

PROJECT NO: PL22-0027 (SA) OAKS INDUSTRIAL-PUBLIC IMPROVEMENTS

LOCATION : OAKS STREET

By: GIL EVANGELISTA

DATE: 1/15/2025

Quantity	Unit	Item	Unit Price	Total Cost Per Item
STORM DRAIN				
	LF	66 inch RCP Installed, including excavation, bedding, backfill and pavement restoration	\$ 560.00	\$ -
	LF	72 inch RCP Installed, including excavation, bedding, backfill and pavement restoration	\$ 625.00	\$ -
	LF	78 inch RCP Installed, including excavation, bedding, backfill and pavement restoration	\$ 690.00	\$ -
	LF	84 inch RCP Installed, including excavation, bedding, backfill and pavement restoration	\$ 765.00	\$ -
	LF	90 inch RCP Installed, including excavation, bedding, backfill and pavement restoration	\$ 830.00	\$ -
	LF	96 inch RCP Installed, including excavation, bedding, backfill and pavement restoration	\$ 920.00	\$ -
	LF	102 inch RCP Installed, including excavation, bedding, backfill and pavement restoration	\$ 1,000.00	\$ -
	LF	108 inch RCP Installed, including excavation, bedding, backfill and pavement restoration	\$ 1,075.00	\$ -
	LF	7' x 6' RCB Installed, including excavation, bedding, backfill and pavement restoration	\$ 700.00	\$ -
	LF	7' x 8.5' RCB Installed, including excavation, bedding, backfill and pavement restoration	\$ 820.00	\$ -
	LF	7' x 9.5' RCB Installed, including excavation, bedding, backfill and pavement restoration	\$ 870.00	\$ -
	LF	8' x 11' RCB Installed, including excavation, bedding, backfill and pavement restoration	\$ 1,000.00	\$ -
	LF	8' x 13' RCB Installed, including excavation, bedding, backfill and pavement restoration	\$ 1,100.00	\$ -
	LF	9' x 9' RCB Installed, including excavation, bedding, backfill and pavement restoration	\$ 1,000.00	\$ -
	LF	9' x 12' RCB Installed, including excavation, bedding, backfill and pavement restoration	\$ 1,100.00	\$ -
	LF	4' x 6' RCB Installed, including excavation, bedding, backfill and pavement restoration	\$ 680.00	\$ -
1	EA	Parkway Drain (S=12")	\$ 500.00	\$ 500.00
				\$ -

STORM DRAIN				
		STORM DRAIN SUBTOTAL		\$ 500.00
	LS	Mobilization (5% of Construction Cost)	5%	\$ 25.00
	LS	Traffic Control (5% of Construction Cost)	5%	\$ 25.00
GRAND TOTAL STORM DRAIN ONLY				\$ 550.00



CITY OF CHINO

ENGINEERING COST ESTIMATE

PROJECT NO: PL22-0027 (SA) OAKS INDUSTRIAL-PUBLIC IMPROVEMENTS

LOCATION : OAKS STREET

By: GIL EVANGELISTA

DATE: 1/15/2025

Quantity	Unit	Item	Unit Price	Total Cost Per Item
		GRAND TOTAL STREETS ONLY		\$ 50,818.80
		GRAND TOTAL WATER ONLY		\$ 13,090.00
		GRAND TOTAL RECYCLED WATER ONLY		\$ 3,850.00
		GRAND TOTAL SEWER ONLY		\$ 2,783.00
		GRAND TOTAL STORM DRAIN ONLY		\$ 550.00
		GRAND TOTAL (FOR PLAN CHECK & INSPECTION FEE DETERMINATION)		\$ 71,091.80

PROJECT ADDITIVES		<i>Project Contingencies</i>	10%	\$ 7,109.18
		<i>Construction Staking</i>	3%	\$ 2,132.75
		<i>Soils Testing</i>	1%	\$ 710.92
		<i>Material Testing</i>	1%	\$ 710.92
		<i>Construction Inspection</i>	4.8%	\$ 3,412.41
		<i>Contract Administration</i>	1%	\$ 710.92
		GRAND TOTAL (FOR BOND AMOUNTS)		\$ 85,878.89



CITY OF CHINO

ENGINEERING COST ESTIMATE

PROJECT NO: PL22-0027 (SA) OAKS INDUSTRIAL-PUBLIC IMPROVEMENTS

LOCATION : OAKS STREET

By: GIL EVANGELISTA

DATE: 1/15/2025

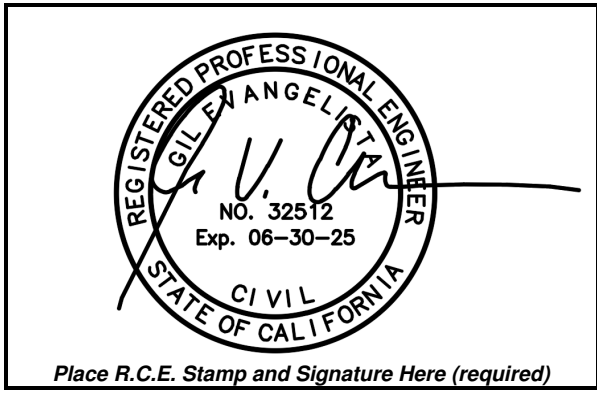
Quantity	Unit	Item	Unit Price	Total Cost Per Item
----------	------	------	------------	---------------------

BY ENGINEER

Prepared By: Gil Evangelista

R.C.E. Number: 32512

Expiration: 6/30/2025



BY CITY	
<i>Faithful Performance Bond (100% of Construction Cost)</i>	\$ <u>85,900.00</u>
<i>Labor & Material Bond (50% of Construction Cost)</i>	\$ <u>42,900.00</u>
<i>Warranty Bond (10% of Construction Cost)</i>	\$ <u>8,600.00</u>

DEVELOPMENT ENGINEERING DIVISION CONDITIONS OF APPROVAL

PROJECT NO. PL22-0027 (SA)

DATE: May 4, 2023 PC MEETING DATE: May 17, 2023

PROJECT DESCRIPTION: New Industrial Building

PROJECT LOCATION: Oaks Avenue s/o Schaefer (APN 1021-061-08)

APPLICANT: Leo D. Cho PROJECT ENGINEER: Jorge Alvarado

PRIOR TO THE THREE MAJOR DEVELOPMENT EVENTS, THE APPLICANT SHALL SATISFY AND FULFILL ALL CONDITIONS OUTLINED BELOW. FAILURE TO COMPLY WITH ANY CONDITIONS OF APPROVAL SHALL BE DEEMED JUST CAUSE FOR REVOCATION OF PROJECT APPROVAL BY THE PLANNING COMMISSION. HOWEVER, THE DIRECTOR OF DEVELOPMENT SERVICES SHALL HAVE THE AUTHORITY TO APPROVE MINOR DEVIATIONS IN THE CONDITIONS OF APPROVAL, AND ALL PLANS INCLUDING THE CONSTRUCTION DRAWINGS.

1.0 PRIOR TO ISSUANCE OF BUILDING OR CONSTRUCTION PERMITS:

- 1.1. All required plans and studies shall be prepared by a Registered Professional Engineer and submitted to the Project Engineer for review and approval. All project plans must be approved by the City Engineer's office before a Building Permit will be issued. All maps, studies, calculation sheets, reports, etc. must be on and/or folded in an 11-inch by 8½-inch standard format.
- 1.2. Prepare and submit a drainage study, including supporting hydraulic and hydrological data to the project engineer for approval. The study shall confirm or recommend changes to the City's adopted Master Drainage Plan by identifying off-site and on-site storm water runoff impact resulting from build-out of permitted General Plan land uses. In addition, the study shall identify the project's contribution and shall provide locations and sizes of catchments and system connection points and all downstream drainage mitigation measures.
- 1.3. Prepare and submit a final grading plan showing building footprints, pad elevations, finished grades, drainage routes, retaining walls, erosion control, slope easements and other pertinent information in accordance with Appendix J of the California Building Code, latest edition.
- 1.4. Provide a certificate, from a Registered Civil Engineer, certifying that the finished grading has been completed in accordance with the City approved grading plan.
- 1.5. Submit a soils/geology report in accordance with Appendix J of the California Building Code, latest edition to the project engineer for review and approval.
- 1.6. Design per City Standards and construct full public improvements for all impacted and interior streets/facilities in accordance with City Code, Standards and Specifications. Such public improvements shall include, but not be limited to, the following: (Please coordinate and verify all requirements with the project engineer.)

Reviewed/Approved By: JP Date: 5/8/23

Updated 5/17/2023

	<u>Street Names</u>		
	<u>Oaks Ave</u>		
<u>Curb & Gutter (Offset from Centerline)</u>			
<u>Sidewalk (Width)</u>	X (5')		
<u>Asphalt Concrete Pavement on Aggregate Base (Width from Centerline)</u>			
<u>Asphalt Concrete Grind & Overlay (Edge of gutter to Street Centerline)</u>	X		
<u>Street Lights (relocation)</u>	X		
<u>Median Island and Landscaping</u>			
<u>Parkway Landscaping</u>	X		
<u>Striping and Traffic Controls</u>			
<u>Traffic Signal Interconnect</u>			
<u>Conduit System for CATV</u>			
<u>Sewer Service</u>	X		
<u>Storm Drain</u>			
<u>Domestic Water Service</u>	X		
<u>Recycled Water Service</u>	X		
<u>Fire Hydrant as req'd by CVIFD (relocation)</u>	X		
<u>Other</u>			

- 1.7. All improvements shall comply with federal, state, and local accessibility regulations and standards. The review or approval of plans and specifications by the City does not permit the violation of any section of the federal law, state law, building code, or local ordinance. Where accessibility standards are contradictory, the provision that provides the most accessible (restrictive) condition shall apply. Where the project's conditions of approval conflict with accessibility regulations and standards, the prevailing provision shall be determined by City's Accessibility Coordinator and City Engineer.
- 1.8. Design and install a monitoring manhole (per City Standard No. 530) on each domestic sewer lateral connection from any industrial building into the City's main sewer or into a private sewer main that is tributary to the City's main sewer. In addition, design and install a sampling Wye on a stubbed-out sewer lateral connection into the main sewer for each industrial building in this development.
- 1.9. Execute a Public Improvement Agreement and submit security in an amount acceptable to the City Engineer to guarantee construction of the public improvements listed in 1.7. All security must be accessible to the City at any time and in a form acceptable to the Assistant City Manager, pursuant to Government Code, Section 66499.
- 1.10. Complete and file the petition for annexation of your project property to the City's Landscape and Street Lighting Maintenance District MD 2002-01.
- 1.11. Obtain design and plan approval from appropriate utility companies for undergrounding all utility lines adjoining and interior to the project, including power lines of 34.5kV or less in accordance with City Code, Chapter 13.32.
- 1.12. Comply with all applicable requirements of the City Code.
- 1.13. Provide a Pedestrian Accessibility Route Plan that labels and indicates the path location and conceptual design of the following structures and facilities:
 - a. Sidewalks and walks (public right of way sidewalk, walks within the development);
 - b. Vehicular crossings (at driveways)

- 1.14. The Pedestrian Accessibility Route Plan requested in 1.13 should clearly indicate structures that are proposed with this site and future per other phases and/or site plans. Pedestrian facilities (privately or publicly owned) that are open to the public shall comply with accessibility standards in the CBC and ADA regulations per Part 36 of Title 28, which include the 2010 (ADA) Standards.
- 1.15. Pay all applicable fees pursuant to City Code including, but not limited to, the Development Impact Fees (DIF) and Sewage Facilities Development Fee (SFDF). The actual amount of fees due to the City will be based on the fee schedule in place on the date that the fees are due, or the date that they are paid, whichever occurs last. The fee amount stated in this notice is subject to change based on (1) annual adjustments for inflation, pursuant to Chino Municipal Code Section 3.40.100 or 3.45.100, (2) revisions to the Chino Municipal Code, and (3) updates to the fee studies and nexus reports adopted by the City.

Developer is solely responsible for remaining informed about changes in the fee amounts. City shall have no obligation to inform Developer of changes in the fee amounts unless Developer requests notice of such changes, pursuant to Government Code Section 66019(b) and Chino Municipal Code Section 3.40.080(B) or 3.45.080(B).
- 1.16. All projects developing one (1) acre or more of total land area, or which are part of a larger phased development that will disturb one acre of land, are required to obtain coverage under the State Water Resources Control Board's (SWRCB) General Permit for storm water discharges associated with construction activity. Proof of filing a Notice of Intent (NOI) with the SWRCB for coverage under this permit is required. A copy of the Waste Discharger's Identification Number (WDID), issued by the SWRCB, must be submitted to the Project Engineer prior to issuance of grading permits. More detailed information regarding this General Permit, applicable fee information and the necessary forms to complete the NOI are available by calling (916) 341-5537 or on the SWRCB web site at: http://www.swrcb.ca.gov/water_issues/programs/stormwater/constpermits.shtml.
- 1.17. Pursuant to Santa Ana Regional Water Quality Control Board Order Number R8-2010-0036, NPDES Permit No. CAS618036, prepare a project-specific Water Quality Management Plan (WQMP) and submit to the project engineer for review and approval. To address NPDES Permit requirements to the maximum extent practicable, the project shall be designed to specify preferential use of Low Impact Development Best Management Practices that reduce pollutants and runoff volume through structural measures (e.g., infiltration, harvesting, and bio-treatment) and non-structural measures (e.g., preserving natural areas, clustering development, and reducing impervious areas). The WQMP shall conform to the requirements of the San Bernardino County Stormwater Program, 2013 WQMP Technical Guidance Document.
- 1.18. Any future maintenance and repair of sewer laterals, except for the portion of lateral located within the public right-of-way or public easement, and domestic water or fire service laterals to the project site shall be the sole responsibility of the applicant/property owner in accordance with City Code, Chapter 13.04.175 and 13.12.150.
- 1.19. Convey ownership of all existing onsite water wells to the City and convert to monitoring wells as directed by the City's Water Utilities Supervisor. Prepare and record any necessary easements to provide the City with access to the monitoring wells. Any existing water wells that cannot be feasibly converted to monitoring wells shall be destroyed per City Standard No. 465.
- 1.20. Potable water to be used for grading operations, dust control activities, and common area/public landscape irrigation at the time of permit issuance.
- 1.21. Provide adequate sight distance per City Standard No. 865 for each project driveway and at all intersections. Landscaping type and height shall be maintained to ensure sight distance requirements are perpetuated.
- 1.22. Submit to the City electronic files, in Adobe Acrobat PDF format, of all submittals, including reports, studies, improvement plans and City redlines of previous submittals. Include AutoCAD and Esri GIS shape files as an e-transmitted zip file of all approved improvement plans.

- 1.23. Comply with all requirements of the approved Traffic Impact Analysis (TIA) dated January 20, 2023 including participation in fair share contributions and construction of required improvements and mitigation measures.
- 1.24. Relocation of streetlight shall per City of Chino standards and shall continue to meet City of Chino standards for lighting requirements on Oaks Avenue.

2.0 PRIOR TO REQUEST FOR AND RELEASE OF OCCUPANCY PERMITS/ACCEPTANCE OF PUBLIC IMPROVEMENTS:

- 2.1. Construct and secure Development Services Department approval of all public facilities enumerated under Section 1.0 above (per Resolution No. 88-23).
- 2.2. Underground all utility lines adjoining and interior to the project, including power lines of 34.5kV or less in accordance with City Code, Chapter 13.32.
- 2.3. Distribute for signature of all buyers, the information and disclosure notice announcing that the development will be annexed to the City's Landscape and Street Lighting Maintenance Assessment District before transfer of property title and completion and acceptance of all public improvements.
- 2.4. The applicant's Civil Engineer shall field verify that all BMPs are designed, constructed, and functional in accordance with the approved WQMP. BMPs shall also be inspected by Public Works Environmental staff. Coordinate inspection with staff and submit a completed City of Chino BMP field verification form for review and approval.
- 2.5. Pay all remaining applicable fees pursuant to City Code.
- 2.6. Slurry seal along all streets impacted by the development as directed by City staff. Install signing and striping per approved plans.
- 2.7. Submit to the City, electronic files of Tract/Parcel Map and "as-built" improvement plans in AUTOCAD, Ersi GIS shape and Adobe Acrobat PDF formats. AUTOCAD files shall be submitted as an etransmitted zip file of the CAD drawings with all base files attached. Scanned resolution of PDF shall be a minimum of 360 dpi.

3.0 PRIOR TO FINAL ACCEPTANCE/PROJECT CLOSEOUT:

- 3.1 Complete all Conditions of Approval listed under Sections 1-3 above.
- 3.2 Submit to the City, electronic files of "as-built" improvement plans in AUTOCAD, Ersi GIS shape and Adobe Acrobat PDF formats. AUTOCAD files shall be submitted as an etransmitted zip file of the CAD drawings with all base files attached. Scanned resolution of PDF shall be a minimum of 360 dpi.

Attachment

**CITY OF CHINO
DEVELOPMENT SERVICES DEPARTMENT
DEVELOPMENT ENGINEERING DIVISION**

ITEMS REQUIRED FOR FIRST PLAN CHECK SUBMITTAL

PROJECT NO. PL22-0027 (SA)

PROJECT ENGINEER: Jorge Alvarado

DATE: 5/4/2023

- A COPY OF THIS CHECK LIST MUST BE SUBMITTED WITH THE FIRST PLAN CHECK
- Copy of Development Engineering Division Conditions of Approval
- Maps (Subdivision Only)
- Preliminary Title Report (no older than six months) (Subdivision Only)
- Closure Calculations (Subdivision Only)
- Referenced Maps (Subdivision Only)
- Preliminary Soils Report (no older than sixty days)
- Lot line adjustment certificate
- Lot merger
- Right-of-way dedication
- Rough Grading Plans
- Precise Grading Plans
- Storm Drain Plans (may be included in Precise Grading Plans)
- Hydrology and Hydraulic Calculations with Backup Data (Signed and Sealed by a Registered Civil Engineer)
- Engineering Cost Estimate (On City Forms) with Engineer's Wet Signature and Stamp
- Street Improvements Plans (for all work within public right-of-way)
- Cross-Sections (if street plans are required) at 50' intervals and extended a minimum of 100' beyond limits of improvements
- Sewer Plans (Delta Revision for sewer service addition)
- Domestic Water Plans (Delta Revision for water services)
- Recycled Water Plans (Delta Revision for recycled water service)
- Street Light Plans (Delta Revision for Street Light relocation)
- Voltage Drop Calculations (Signed and Sealed by a Registered Engineer)
- Signing and Striping Plans
- Traffic Signal Interconnect Plans
- Traffic Signal Plans
- Water Quality Management Plan
- Construction Management Plan

EXHIBIT “C”

ENVIRONMENTAL WARRANTY

13787 OAKS AVENUE

As a condition precedent to acceptance of the dedications and public improvements to be conveyed by the above-named Developer to the City of Chino for the above-referenced Subdivision, Developer hereby warrants to the City of Chino that:

1. Neither the property to be dedicated nor Developer are in violation of any environmental law, and neither the property to be dedicated nor the Developer are subject to any existing, pending or threatened investigation by any federal, state or local governmental authority under or in connection with the environmental laws relating to the property to be dedicated.

2. Neither Developer nor any other person with Developer's permission to be upon the property to be dedicated has used, generated, manufactured, produced, or released, on, under, or about the property to be dedicated, any Hazardous Substance except in compliance with all applicable environmental laws. For the purposes of this warranty, the term “Hazardous Substances” shall mean any substance or material which is capable of posing a risk of injury to health, safety or property, including all those materials and substances designated as hazardous or toxic by any federal, state or local law, ordinance, rule, regulation or policy, including but not limited to, all of those materials and substances defined as “Toxic Materials” in Sections 66680 through 66685 of Title 22 of the California Code of Regulations, Division 4, Chapter 30, as the same shall be amended from time to time, or any other materials requiring remediation under federal, state or local laws, ordinances, rules, regulations or policies.

3. Developer has not caused or permitted the release of and has no knowledge of the release or presence of any Hazardous Substance on the property to be dedicated or the migration of any hazardous substance from or to any other property adjacent to, or in the vicinity of, the property to be dedicated.

4. Developer's prior and present use of the property to be dedicated has not resulted in the release of any Hazardous Substance on the property to be dedicated.

5. All persons executing this warranty hereby represent and warrant to the City of Chino, and Developer hereby represents and warrants, that the signators hereto have the legal power, right and authority to execute this warranty on behalf of the Developer and that the signators hereto have sufficient knowledge or expertise, either personally, through reasonable inspection and investigation of the property, or through reasonable reliance upon the investigation and professional opinion of Developer's environmental experts, to make the representations herein, and that no consent of any other party is required to execute this warranty and make the representations herein on behalf of the Developer to the City of Chino.

Each of the undersigned persons declares under penalty of perjury that the foregoing is true and correct.

Dated: _____

GREAT DRAGON, LLC*

By: _____

*Proof of authorization for Developer's signatures is required to be submitted concurrently with this environmental warranty.

**MEMORANDUM
CITY OF CHINO
PUBLIC WORKS DEPARTMENT**

CITY COUNCIL MEETING DATE: APRIL 21, 2026

TO: LINDA REICH, CITY MANAGER

FROM: HYE JIN LEE, DIRECTOR OF PUBLIC WORKS

SUBJECT

Conditional Approval of a Covenant Agreement to Annex for Sanitary Sewer Service and request approval from the San Bernardino Local Agency Formation Commission (LAFCO) for sanitary sewer service for the property located at 3910 Chino Avenue for a proposed single-family home and Accessory Dwelling Unit (ADU) located within the City of Chino's Sphere of Influence.

RECOMMENDATION

1) Adopt Resolution No. 2026-024 conditionally approving a Covenant Agreement to Annex for Sanitary Sewer; 2) request approval from the San Bernardino Local Agency Formation Commission for sanitary sewer service for the property located at 3910 Chino Avenue within the City of Chino's Sphere of Influence; and 3) authorize the City Manager to execute all the necessary documents on behalf of the City.

FISCAL IMPACT

There is no direct fiscal impact to the City's General Fund. All costs associated with utility connections, plan check, and LAFCO processing will be fully burdened by the applicant. Upon connection to the public sewer, the following fees will apply:

- Sewer Development Impact Fee (DIF): This one-time fee is assessed for all new connections to the City's sewer system.
- Inland Empire Utilities Agency (IEUA) Sewage Facilities Development Fee (SFDF): one-time fee for a new sewer connection within the IEUA service area.

In addition to one-time fees, property owners will be billed monthly for ongoing sewer service:

- Sewer Maintenance Fee (City)
- Wastewater Treatment Fee (pass-through to IEUA)

CITY OF CHINO MISSION / VISION / VALUES / STRATEGIC ISSUES

The recommendation detailed above further the City's values and strategic issues that serve as key pillars on which identified priorities, goals, and action plans are built, by fostering:

- Responsible Long-Range Planning
- Positive City Image

Revenue: Click or tap here to enter text.	Expenditure:
Transfer In: Click or tap here to enter text.	Transfer Out: Click or tap here to enter text.

CITY COUNCIL MEETING DATE: APRIL 21, 2026

TITLE: CONDITIONAL APPROVAL OF A COVENANT AGREEMENT TO ANNEX FOR SANITARY SEWER SERVICE AND REQUEST APPROVAL FROM THE SAN BERNARDINO LOCAL AGENCY FORMATION COMMISSION (LAFCO) FOR SANITARY SEWER SERVICE FOR THE PROPERTY LOCATED AT 3910 CHINO AVENUE FOR A PROPOSED SINGLE-FAMILY HOME AND ACCESSORY DWELLING UNIT (ADU) LOCATED WITHIN THE CITY OF CHINO'S SPHERE OF INFLUENCE.

PAGE: 2

BACKGROUND

The subject property, located at 3910 Chino Avenue, is situated within the unincorporated area of San Bernardino County and within the City of Chino's Sphere of Influence (SOI). The property has a General Plan land use designation of Residential RD 2 (1–2 dwelling units per acre). The site is contiguous to the City's corporate boundaries and is currently a vacant parcel proposed for development with a single-family residence and an Accessory Dwelling Unit (ADU).

The property owner has submitted a development application to the County of San Bernardino for the proposed project. As part of this request, the property owner is seeking to connect the future single-family residence, and ultimately the proposed ADU, to the City's public sanitary sewer system.

City staff evaluated service availability and confirmed that connection can be provided via an existing 8-inch sewer main in Roswell Avenue. This facility is adequate to serve both the residence and the proposed ADU.

In 2025, the City Council adopted Resolution No. 2025-021, updating the Sewer Connection Policy and establishing revised criteria for requests within the SOI. Pursuant to this policy, staff evaluated the subject request and determined that annexation, while technically feasible given the property's contiguity to the City boundary, is not practical due to the disproportionate cost associated with annexation for a single property owner.

Accordingly, an Ability to Serve Letter was issued on March 2, 2026. The current request qualifies under Section 1 of the policy, which applies to properties within the SOI. The proposed development is considered non-sizable, is consistent with the applicable General Plan land use and zoning designation and meets all criteria for connection to the City's public sanitary sewer system.

Pursuant to the current policy, a recommendation from the Infrastructure and Streets Committee is not required for this type of request. Therefore, staff is authorized to present the application directly to the City Council for consideration.

ISSUES/ANALYSIS

The San Bernardino County Local Agency Formation Commission (LAFCO) would likely require annexation of a broader area beyond the subject property in order to establish a logical and cohesive service boundary. However, coordinating such an annexation effort would impose an unreasonable administrative and financial burden on a single property owner. The combined cost of LAFCO application fees, together with associated City, County, and construction-related costs, renders annexation cost-prohibitive for the applicant at this time.

Consistent with the City's adopted policy, the property owner will instead execute an Irrevocable Agreement to Annex (attached to the Resolution as Exhibit B), which commits the property to annex into the City of Chino at a future date when a broader annexation becomes feasible.

Upon adoption of Resolution No. 2026-024, the City Manager will be authorized to execute and submit a LAFCO Application for Extension of Services by Contract (attached as Exhibit A). Approval of the Irrevocable Agreement to Annex is contingent upon the following:

CITY COUNCIL MEETING DATE: APRIL 21, 2026

TITLE: CONDITIONAL APPROVAL OF A COVENANT AGREEMENT TO ANNEX FOR SANITARY SEWER SERVICE AND REQUEST APPROVAL FROM THE SAN BERNARDINO LOCAL AGENCY FORMATION COMMISSION (LAFCO) FOR SANITARY SEWER SERVICE FOR THE PROPERTY LOCATED AT 3910 CHINO AVENUE FOR A PROPOSED SINGLE-FAMILY HOME AND ACCESSORY DWELLING UNIT (ADU) LOCATED WITHIN THE CITY OF CHINO'S SPHERE OF INFLUENCE.

PAGE: 3

1. LAFCO approval of the City's request to extend sanitary sewer service by contract; and
2. Full reimbursement by the applicant for all costs incurred by the City in the preparation, submittal, and processing of the LAFCO application.

The City Manager shall be authorized to execute the Irrevocable Agreement to Annex on behalf of the City only upon receipt of written confirmation from LAFCO that the service extension request has been approved. If LAFCO denies the request, or if the applicant fails to fully reimburse the City, the agreement shall not be executed and sanitary sewer service shall not be extended.

Attachments:

Resolution No. 2026-024

Exhibit A – LAFCO Application for Extension of Services by Contract

Exhibit B – Irrevocable Agreement to Annex

Exhibit C – Sewer Lateral Map

Ability to Serve Letter (dated March 2, 2026)

City Sanitary Sewer Policy – Resolution No. 2025-021

RESOLUTION NO. 2026-024

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHINO, CALIFORNIA, CONDITIONALLY APPROVING A COVENANT AGREEMENT TO ANNEX FOR SANITARY SEWER SERVICE AND REQUEST APPROVAL FROM LAFCO (ASSESSOR PARCEL NUMBER 1019-272-06)

WHEREAS, the City of Chino received a request to provide sanitary sewer service to a property outside of its jurisdictional boundaries but within its sphere of influence, located at 3910 Chino, Chino, CA 91710 (APN 1019-272-06) (“Property”); and

WHEREAS, pursuant to Resolution No. 2025-021, the City’s policy is to only allow new or existing developments located outside of the City’s jurisdictional boundaries but within its sphere of influence to connect to the City’s sanitary sewer system in accordance with the following requirements:

(1) If the parcel is not contiguous to the City boundary, the owner of the parcel must execute and file an irrevocable agreement to annex to the City at such time as sufficient parcels can be assembled and qualify for annexation in accordance with Local Agency Formation Commission (“**LAFCO**”) policy pertaining to such annexations.

(2) If the parcel is contiguous to a City boundary, the owner will be required to annex the parcel to the City, or, if this is determined to be infeasible, to execute an irrevocable agreement to annex.

(3) Finally, all parcels requesting sewer service must be developed in accordance with the City’s General Plan and in conformance with all City codes and standards; and

WHEREAS, the Property is contiguous to the City boundary, but annexation has been determined to be infeasible at this time and the owner of the Property has executed an irrevocable agreement to annex; and

WHEREAS, pursuant to Government Code Section 56133, the City may only provide new or extended services by agreement outside of its jurisdictional boundary if it first requests and receives written approval from LAFCO.

NOW, THEREFORE, BE IT RESOLVED, that the City of Chino does hereby determine, find, resolve, and order as follows:

SECTION 1. The City Manager or designee is authorized to execute the San Bernardino LAFCO Application for Extension of Service by Contract (attached to this Resolution as Exhibit A) and to submit the Application to the San Bernardino County LAFCO.

SECTION 2. The Covenant Agreement to Annex for Sanitary Sewer Service (“**Agreement**”) (attached to this Resolution as Exhibit B) is approved, conditioned on (i) approval by LAFCO, and (ii) reimbursement by the applicant of all application fees and other costs incurred by the City in preparing, submitting, and processing a request to LAFCO to extend sewer service to the Property

pursuant to Government Code Section 56133 (“**Reimbursement**”). The City Manager is authorized to execute the Agreement on behalf of the City following notification by LAFCO that the City’s request to extend services to the Property has been approved and following Reimbursement by the applicant. If the City’s request to extend service to the Property is not approved by LAFCO or if applicant does not submit a full Reimbursement to the City, the Agreement shall not be executed by the City.

APPROVED AND ADOPTED THIS 21st DAY OF APRIL 2026.

EUNICE M. ULLOA, MAYOR

ATTEST:

NATALIE GONZAGA, CITY CLERK

State of California)
County of San Bernardino) ss.
City of Chino)

I, NATALIE GONZAGA, City Clerk of the City of Chino, do hereby certify that the forgoing Resolution was duly adopted by the City Council at a regular meeting held on the 21st day of April 2026, by the following votes:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

NATALIE GONZAGA, CITY CLERK

Attachments: Exhibit A – LAFCO Application
Exhibit B – Covenant Agreement to Annex

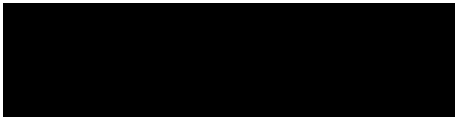
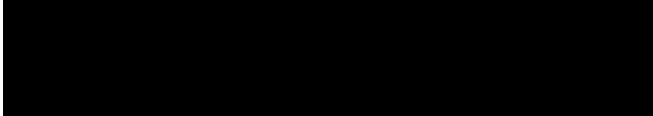
**SAN BERNARDINO LAFCO
APPLICATION FOR
EXTENSION OF SERVICE BY CONTRACT**

(A certified copy of the City Council/District Board of Directors resolution or a letter from the City Manager/General Manager requesting approval for an out-of-agency service agreement must be submitted together with this application form.)

AGENCY TO EXTEND SERVICE:

AGENCY NAME: City of Chino
CONTACT PERSON: Jesus Plasencia
ADDRESS: 13220 Central Avenue
Chino, CA 91710
PHONE: (909) 334-3418
EMAIL: _____

CONTRACTING PARTY:

NAME OF PROPERTY OWNER: Adam Think Chung
CONTACT PERSON: Adam Think Chung
MAILING ADDRESS: 
PHONE: 
EMAIL: _____
ADDRESS OF PROPERTY PROPOSED FOR CONTRACT: 3910 Chino Avenue
Chino, CA 91710
CONTRACT NUMBER/IDENTIFICATION: _____
PARCEL NUMBER(S): 1019-272-06
ACREAGE: 10,500 SF

The following questions are designed to obtain information related to the proposed agreement/contract to allow the Commission and staff to adequately assess the proposed service extension. You may include any additional information which you believe is pertinent. Please use additional sheets where necessary.

1. (a) List the type or types of service(s) to be provided by this agreement/contract.

Sewer service for the single-family residence and

Accessory Dwelling Unit (ADU).

- (b) Are any of the services identified above "new" services to be offered by the agency? YES NO. If yes, please provide explanation on how the agency is able to provide the service.

2. Is the property to be served within the agency's sphere of influence? YES NO

3. Please provide a description of the service agreement/contract.

The property owner is entering into an irrevocable agreement to annex

the property as a condition of receiving sewer service.

4. (a) Is annexation of the territory by your agency anticipated at some point in the future? YES NO. If yes, please provide a projected timeframe when it anticipates filing an application for annexation of territory that would include the area to be served. If no, please provide an explanation as to why a jurisdictional change is not possible at this time.

- (b) Is the property to be served contiguous to the agency's boundary?
 YES NO. If yes, please provide explanation on why annexation to the agency is not being contemplated.

The financial burden of annexation is not feasible for an

individual property owner with a single lot.

5. Is the service agreement/contract outside the Agency's sphere of influence in response to a threat to the public health and safety of the existing residents as defined by Government Code Section 56133(c)?
 YES NO. If yes, please provide documentation regarding the circumstance (i.e. letter from Environmental Health Services or the Regional Water Quality Control Board).

6. (a) What is the existing use of the property?
Residential (RD 2)

- (b) Is a change in use proposed for the property? YES NO. If yes, please provide a description of the land use change.

7. If the service agreement/contract is for development purposes, please provide a complete description of the project to be served and its approval status.

n/a

8. Are there any land use entitlements/permits involved in the agreement/contract?
 YES NO. If yes, please provide documentation for this entitlement including the conditions of approval and environmental assessment that are being processed together with the project. Please check and attach copies of those documents that apply:

Tentative Tract Map / Parcel Map	<input type="checkbox"/>
Permit (Conditional Use Permit, General Plan Amendment, etc.)	<input type="checkbox"/>
Conditions of Approval	<input type="checkbox"/>
Negative Declaration (Initial Study)	<input type="checkbox"/>
Notice of Determination (NOD)/Notice of Exemption (NOE)	<input type="checkbox"/>
Department of Fish and Game (DFG) Receipt	<input type="checkbox"/>
Others (please identify below)	<input type="checkbox"/>

9. Has the agency proposing to extend service conducted any CEQA review for this contract? YES NO. If yes, please provide a copy of the agency's environmental assessment including a copy of the filed NOD/NOE and a copy of the DFG Receipt.

10. Plan for Service:

- (a) Please provide a detailed description of how services are to be extended to the property. The response should include, but not be limited to, a description of: 1) capacity of existing infrastructure, 2) type of infrastructure to be extended or added to serve the area, 3) location of existing infrastructure in relation to the area to be served, 4) distance of infrastructure to be extended to serve the area, and 5) other permits required to move forward with the service extension.

An 8-inch sewer main is available within the public right-of-way on Roswell Avenue. There is sufficient capacity to accommodate the proposed service connection. The proposed project is located within 250 feet of the main line.

The property owner will retain a licensed contractor for the construction of the sewer lateral. This work will require a delta revision to the approved plans.

Upon approval of the revised plan, the connection may proceed in accordance with the City's requirements.

- (b) Please provide a detailed description of the overall cost to serve the property. The response should include the costs to provide the service (i.e. fees, connection charges, etc.) and also the costs of all improvements necessary to serve the area (i.e. material/equipment costs, construction/installation costs, etc.).

<i>Description of Fees/Charges</i>	<i>Cost</i>	<i>Total</i>
Sewer Development Impact Fee	\$610.98	\$610.98
Sewage Facilities Development	\$8,620	\$8,620
Estimated Construction Costs	tbd	tbd
Plan Check & Inspection	\$1,500	\$1,500
Right-of-Way Permit	\$282	\$282
Note: Does not include other costs such as County permit fees, mobilization, road, repair, etc.		
Total Costs	tbd	tbd

- (c) Please identify any unique costs related to the service agreement such as premium outside City/District rates or additional 3rd-party user fees and charges (i.e. fees/charges attributable to other agencies).

n/a

- (d) If financing is to occur, please provide any special financial arrangement between the agency and the property owner, including a discussion of any later repayment or reimbursement (If available, a copy of the agreement for repayment/reimbursement is to be provided).

n/a

- 11 Does the City/District have any policies related to extending service(s) outside its boundary? YES NO. If yes, has a copy been provided to LAFCO? YES NO. If not, please include a copy of the policy or policies (i.e. resolution, municipal code section, etc.) as part of the application.

Resolution 2025-021

CERTIFICATION

As a part of this application, the City/Town of CHINO, or the _____ District/Agency agree to defend, indemnify, hold harmless, promptly reimburse San Bernardino LAFCO for all reasonable expenses and attorney fees, and release San Bernardino LAFCO, its agents, officers, attorneys, and employees from any claim, action, proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it.

This indemnification obligation shall include, but not be limited to, damages, penalties, fines and other costs imposed upon or incurred by San Bernardino LAFCO should San Bernardino LAFCO be named as a party in any litigation or administrative proceeding in connection with this application.

The agency signing this application will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I understand that if this application is approved, the Commission will impose a condition requiring the applicant to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

*Extension of Service by Contract
Application Form*

(FOR LAFCO USE ONLY)

I hereby certify that the statements furnished above and in the attached exhibits present the data and information required for this evaluation of service extension to the best of my ability, and that the facts, statement and information presented herein are true and correct to the best of my knowledge and belief.

SIGNED

NAME:

Jesus Plasencia

POSITION TITLE:

Assistant City Engineer

DATE:

REQUIRED EXHIBITS TO THIS APPLICATION:

1. Copy of the agreement/contract.
2. Map(s) showing the property to be served, existing agency boundary, the location of the existing infrastructure, and the proposed location of the infrastructure to be extended.
3. Certified Plan for Service (if submitted as a separate document) including financing arrangements for service.

Please forward the completed form and related information to:

Local Agency Formation Commission for San Bernardino County
1170 W. Third Street, Unit 150,
San Bernardino, CA 92415-0490
PHONE: (909) 388-0480 • FAX: (909) 388-0481

Rev: krm – 8/19/2015

RECORDING REQUESTED BY AND WHEN
RECORDED MAIL TO:

City of Chino
City Clerk
P.O. Box 667
Chino, CA 91708

Exempt from recording fees according to
Government Code Section No. 27383

SPACE ABOVE THIS LINE FOR RECORDER'S USE

COVENANT AGREEMENT TO ANNEX AND FOR SANITARY SEWER CONNECTION

This Covenant Agreement ("**Agreement**") is made this ____ day of _____, 2026, by and between the City of Chino, a municipal corporation, hereinafter referred to as "**City**", and Adam Think Chung and Alvin Chung hereinafter referred to as "**Owners**."

RECITALS

A. Owners own that certain real property located at 3910 Chino Ave, Chino, in the County of San Bernardino, State of California, and more particularly described in Exhibit "A" attached hereto ("**Property**").

B. The Property is outside of the City's territorial boundaries but within City's Sphere of Influence.

C. Owners have requested permission to connect the Property, and existing and/or proposed improvements on the Property, to the City's sanitary sewer system ("**Sewer**").

D. City is willing to allow Owners to connect the Property to the Sewer on the condition that Owners (i) enter into an irrevocable agreement to annex the Property to the City at such time as the City determines a sufficient number of parcels are assembled for annexation and the number of parcels or area qualifies for annexation in accordance with the Local Agency Formation Commission (LAFCO) policy pertaining to such annexations, and (ii) that Owners agree to develop the Property in accordance with the City's General Plan and in conformance with all City codes and standards pertaining to the Sewer.

E. As required by Government Code Section 56133, the City has requested and received approval from the Local Agency Formation Commission (LAFCO) of San Bernardino County ("**LAFCO**") to provide Sewer services to the Property.

AGREEMENT

NOW, THEREFORE, the Parties agree as follows:

1. **Incorporation of Recitals.** The foregoing recitals are incorporated herein by reference.
2. **Effective Date; Duration.** This Agreement shall be effective ("**Effective Date**") on the date it is recorded in the Official Records of San Bernardino County ("**Official Records**") and shall continue in full force and effect until terminated in accordance with Section 7 below. Owners shall execute and acknowledge this Agreement and deliver it to City for execution after which City shall have it recorded in the Official Records and send a recorded copy to Owner.
3. **Owners' Representations and Warranties.** Owners represents and warrants to the City that, as of the Effective Date, Owners are the fee owners of the Property, that there are no other owners of the Property other than those listed in this Agreement, and that Owners have authority to execute this Agreement which shall be binding on the Property.
4. **Covenants, Restrictions and Obligations.** Owners covenant and agree as follows:
 - (a) **Annexation.**
 - (i) At such time as the City decides to seek annexation of the Property to the City ("**Annexation**"), in the City's sole discretion, Owners shall consent to the Annexation, shall fully cooperate with, and provide all necessary assistance to the City during the Annexation process, and shall take all actions required to effectuate the Annexation. Owners waive all rights to protest or otherwise oppose the Annexation of the Property to the City of Chino. Specifically, Owners shall not present any written or oral protest of or objection to Annexation to LAFCO and shall not object (either orally or in writing) to any proposal by LAFCO to waive protest proceedings concerning the Annexation, whether at a public hearing or otherwise.
 - (ii) Additionally, Owners shall pay all fees and costs, at the time that they become due and payable, as would ordinarily be charged to Owners whose property is being considered for annexation or is annexed to the City, if any.
 - (b) **Development of Property.** Upon and after connecting the Property to the Sewer, Owners shall use and develop the Property only in a manner consistent with the permitted use(s) for the Property as show in the Land Use Element of the City's General Plan ("**General Plan**"), in addition to any other land use and development standards imposed by the County of San Bernardino. Prior to connecting to and receiving Sewer service, Owners shall provide the City with sufficient information and documentation, including plans, drawings, and specifications, if necessary, to demonstrate to the City's reasonable satisfaction that the existing or proposed use of the Property is consistent with the General Plan; provided that any accessory dwelling unit meeting the standards of the County of San Bernardino zoning regulations shall not require conformance with the City's General Plan, Codes or standards. Notwithstanding any other provision of this Agreement, a proposed use that is not consistent with the General Plan will not be permitted to connect to the Sewer.
 - (c) **Sewer Connection.** Owners shall (i) pay all fees, charges, and deposits required by the City for connection to and use of the Sewer including but not limited to fees for Sewer Maintenance and IEUA Sewage Treatment; (ii) shall complete all improvements required to extend the Sewer to the Property, in accordance with City standards (as determined by the City Engineer), at Owners' sole expense; and (iii) shall comply with all City

codes and standards regarding use of the Sewer, including but not limited to, discharge regulations.

5. **Extension of Sewer Services.** City agrees to allow the Property to connect to the Sewer, subject to Owners' compliance with the terms of this Agreement and subject to any conditions imposed by LAFCO in its approval of City's request to extend Sewer services to the Property, if any, which are incorporated herein.

6. **Runs with the Land.** This Agreement shall run with and burden the Property and all future owners, tenants, and occupants of the Property, and shall run in favor of the City in gross as a covenant and equitable servitude and shall benefit all real property owned by the City from time to time.

7. **Release of Covenant.** Provided the Owners are not in default of this Agreement, Owners may request that this Agreement be released by sending written notice to City requesting the release after the Property has been annexed to the City of Chino. Upon confirmation of compliance with the foregoing to the reasonable satisfaction of the City, City shall execute a release in a form approved by the City Attorney, which shall be executed and acknowledged by the City and recorded in the Official Records. The release may be executed by the City Manager.

8. **Violations; Remedies.**

(a) **Breach of Annexation Covenant.**

(i) Owners' breach of Section 4(a)(i) of this Agreement will cause substantial injury to the City, including but not limited to delaying and potentially preventing City's ability to annex the Property and other properties to the City, which is the City's primary aim and intent in entering into this Agreement. Since the determination of actual damages caused by a breach of Section 4(a)(i) would be difficult or impractical to determine, City and Owners agree that if Owners breach Section 4(a)(i) either by making a protest or objection as described in Section 4(a)(i) or refusing to take any actions required to effectuate the Annexation, Owners shall be liable for and shall pay to the City the sum of Ten Thousand Dollars (\$10,000), and shall also reimburse the City for all costs (including legal fees) incurred by the City as a result of Owners' breach, all of which shall be due upon demand by the City, and shall be due whether or not Owners' breach prevents Annexation. City may also seek any other remedy for such breach available under law.

(ii) If Owners refuse or fails to timely make any payment described in Section 4(a)(ii), Owners authorize City to make such payment on Owners' behalf and Owners shall reimburse City for such payment within (30) days of a written demand by the City.

(b) **Breach of Sewer Regulations.** If the City believes Owner have violated Section 4(c) of this Agreement, City may provide written notice of breach and demand that Owners remedy the breach within thirty (30) days of receipt of the notice. If Owners fail to remedy the breach in the specified time period and provide proof thereof to the reasonable satisfaction of the City, Owners shall be liable for and shall pay to the City One Hundred Dollars (\$100.00) per day until the breach is cured to the City's reasonable satisfaction.

(c) **Rights and Remedies are Cumulative.** The rights and remedies of the City listed in this Section 8 are cumulative and the exercise by City of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by Owners.

(d) **Lien.** If any amount due to the City under this Section 8 is not paid within thirty (30) days of a written demand by the City, City shall have the right to record a lien against the Property for such amount.

9. **Amendment or Modification.** This Agreement may not be amended or modified except (i) in writing executed by the then current owner(s) of the Property and the City, and (ii) recorded in the Official Records.

10. **Notices.** Any notice to be given under this Agreement shall be given by personal delivery or by depositing the same in the United States Mail, certified or registered, postage prepaid, at the following addresses:

City: City of Chino
13220 Central Avenue
Chino, CA 91710
Attn: Director of Development Services

With Copy to: City of Chino
13220 Central Avenue
Chino, CA 91710
Attn: City Attorney

Owners: Adam Thinh Chung
Alvin Chung



Any notice delivered personally shall be effective upon delivery. Any notice given by mail as above provided shall be effective forty-eight (48) hours after deposit in the mail. Any party may change address for notice by giving written notice of such change to the other party.

11. **Miscellaneous.**

(a) **Severability.** If any term of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, then this Agreement, including all of the remaining terms, will remain in full force and effect as if such invalid or unenforceable term had never been included.

(b) **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of California and any legal action shall be brought in a court of competent jurisdiction in San Bernardino County.

(c) **Attorney's Fees.** In the event of any litigation or other legal proceeding arising from this Agreement, the prevailing party will be entitled to recover, in addition to any other relief awarded or granted, its reasonable costs and expenses, including attorney's fees, incurred in the proceeding.

(d) **Final Agreement.** This Agreement contains the entire understanding and agreement with respect to the subject matter of this Agreement and all prior or contemporaneous documents, communications, understandings, representations, and statements shall be of no force or effect.

(e) **Construction.** This Agreement shall be construed according to its fair meaning as if prepared by all parties to this Agreement. Headings used in this Agreement are provided for convenience only and shall not be used to construe meaning or intent.

(f) **No Waiver.** The failure to enforce any term, covenant, or condition of this Agreement shall not be construed as a waiver of the right to enforce this, or any other, term, covenant, or condition of this Agreement.

(g) **Counterparts.** This Agreement may be executed in any number of counterparts each of which shall be an original but all of which shall constitute one and the same document.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their respective officials thereunto duly authorized.

CITY:

CITY OF CHINO, a municipal corporation

Linda Reich, City Manager

ATTEST:

Natalie Gonzaga, City Clerk

**APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP**

Fred Galante, City Attorney

APPROVED AS TO CONTENT:

Hye Jin Lee
Director of Public Works

OWNERS:

By:  _____

By:  _____

Name: Adam Thinh Chung

Name: Alvin Chung

[OWNER'S SIGNATURE SHALL BE NOTARIZED]

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

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

State of California)

County of Orange)

On 4/6/26 before me, Howie Phan, Notary Public, Here Insert Name and Title of the Officer

Personally appeared Adam Thinh Chung and Alvin Chung Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.



Signature [Signature] Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document Agreement to Annex

Title or Type of Document Covenant HP Document Date 4/6/26

Number of Pages Signer(s) Other Than Named Above

Capacity(ies) Claimed by Signer(s)

- Signer's Name
Corporate Officer—Title(s)
Partner Limited General
Individual Attorney in Fact
Trustee Guardian or Conservator
Other

- Signer's Name
Corporate Officer—Title(s)
Partner Limited General
Individual Attorney in Fact
Trustee Guardian or Conservator
Other

Signer Is Representing

Signer Is Representing

EXHIBIT A

PROPERTY DESCRIPTION

That certain real property in the County of San Bernardino, State of California, legally described as follows:

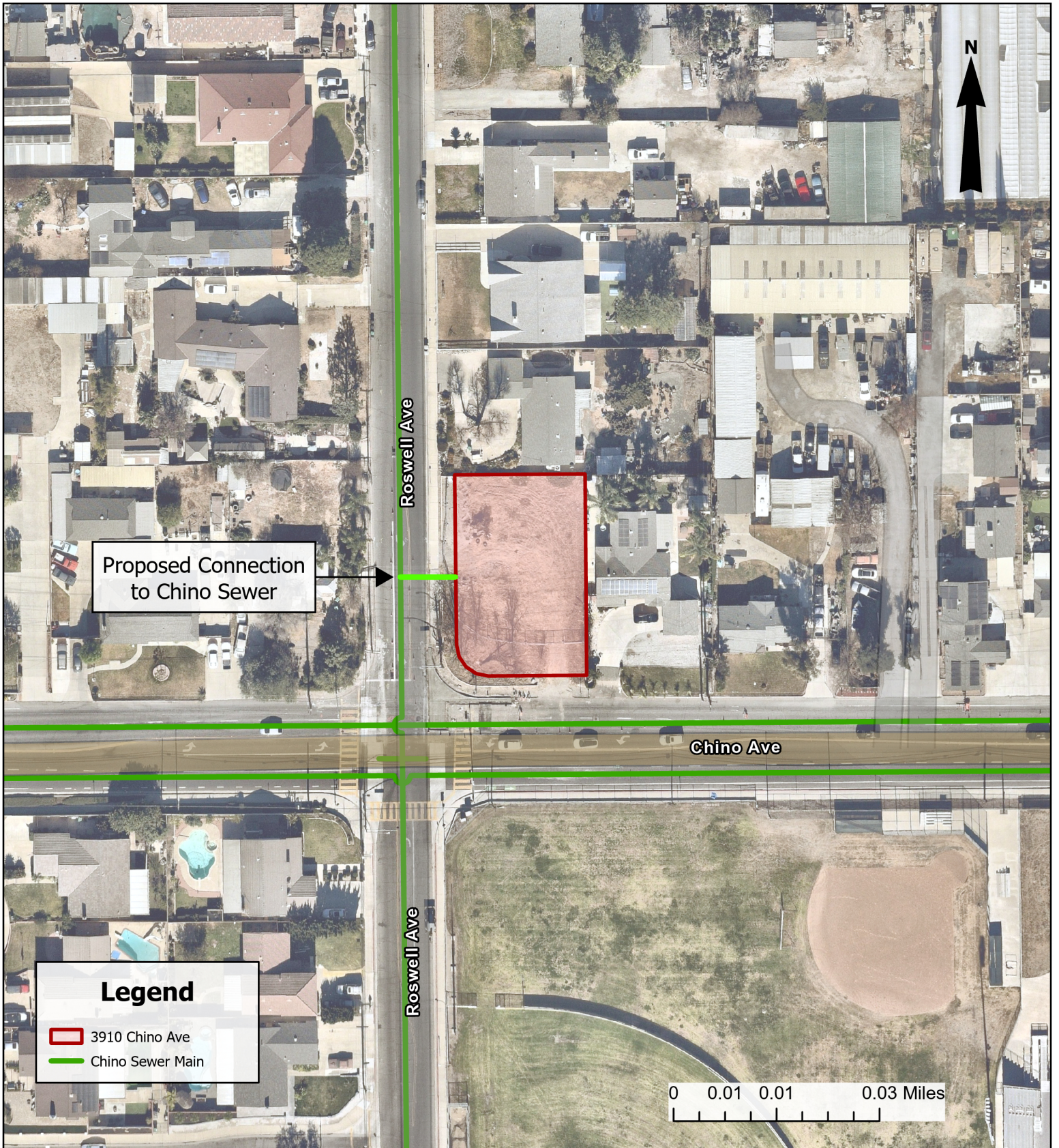
THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

LOCATED ON THAT CERTAIN PART OF LOT 31, SECTION 9, TOWNSHIP 2 SOUTH, RANGE 8 WEST, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, SAN BERNARDINO BASE AND MERIDIAN, ACCORDING TO MAP OF SUBDIVISION OF PART OF RANCHO DEL CHINO, RECORDED IN BOOK OF MAPS, PAGE 15, RECORDS OF SAID COUNTY.

EXPECTING AT THE SOUTHWEST CORNER OF LOT 31;
THENCE NORTH 170 FEET TO A POINT;
THENCE EASTERLY 118 FEET TO A POINT;
THENCE SOUTHERLY 170 FEET TO A POINT;
THENCE WEST 118 FEET TO THE POINT OF BEGINNING
EXCEPTING THEREFORM THAT PORTION THEREOF CONVEYED TO THE COUNTY OF SAN BERNARDINO BY DEED RECORDED JANUARY 7, 1960, IN BOOK 5026, PAGE 389 OF OFFICLA RECORDS.

AREAS AND DISTANCES OF THE ABOVE DESRIVED PROPERTY ARE COMUTED TO THE CENTER OF THE ADJOINING STREETS.

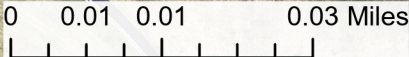
APN: 1019-272-06



Proposed Connection
to Chino Sewer

Legend

- 3910 Chino Ave
- Chino Sewer Main

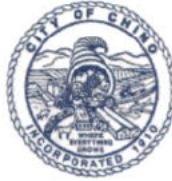


Sewer Lateral Map

3910 Chino Avenue



EUNICE M. ULLOA
Mayor



KAREN C. COMSTOCK
CHRISTOPHER FLORES
MARC LUCIO
Council Members

CURTIS BURTON
Mayor Pro Tem

DR. LINDA REICH
City Manager

CITY of CHINO

March 2, 2026

Attn: Property Owner



Subject: Ability to Serve Letter - 3910 Chino Avenue

To Whom It May Concern:

This letter serves as confirmation that the City of Chino is the exclusive provider of sanitary sewer services within the City's limits and Sphere of Influence (SOI). Property owners within SOI may submit requests to connect their property to the City's sewer system.

Following a review of the existing sewer infrastructure surrounding the property at 3910 Chino Avenue, City staff has determined that the nearest public sewer line is located on Roswell Avenue, adjacent to the subject property. Therefore, the City of Chino hereby issues this "Ability to Serve" letter, confirming the availability of sewer service to the subject property, a single-family residence, for the proposed Accessory Dwelling Unit (ADU).

If you remain interested in connecting to the public sewer system, City staff will require a copy of the recorded Grant Deed for the subject property. Upon receipt of the deed, the City will prepare an Irrevocable Offer of Annexation Agreement. Execution of the agreement will be conditioned upon payment of all applicable connection fees and approval of improvement plans for the required sewer infrastructure.

Should you have any questions or require further information, please feel free to contact me, at 909.334.3417 or via email at JPlasencia@cityofchino.org.

Sincerely,

Jesus Plasencia
Assistant City Engineer



13220 Central Avenue, Chino, California 91710
Mailing Address: P.O. Box 667, Chino, California 91708-0667
(909) 334-3250 • (909) 334-3720 Fax
Web Site: www.cityofchino.org

RESOLUTION NO. 2025-021

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHINO, CALIFORNIA, SUPERSEDING RESOLUTION 2022-041 AND AMENDING THE SANITARY SEWER POLICY TO ESTABLISH CRITERIA FOR SEWER AND WATER SERVICE REQUESTS WITHIN THE CITY'S SPHERE OF INFLUENCE AND OUT-OF-BOUNDARY SERVICE AREAS

WHEREAS, the City of Chino ("City"), pursuant to its authority as a municipal corporation, previously adopted Resolution No. 2022-041 to establish a policy governing the provision of sanitary sewer services in the Sphere of Influence ("SOI"); and

WHEREAS, the City has determined that an amendment to the Sanitary Sewer Policy ("Policy") is necessary to establish clear and enforceable criteria for evaluating sewer and water service requests within its SOI and out-of-boundary service areas; and

WHEREAS, the amended Policy provides a structured framework for assessing infrastructure capacity, regulatory compliance, financial feasibility, and regional public benefits to ensure that sewer and water service extensions align with the City's General Plan, Capital Improvement Program, and long-term infrastructure investment priorities as applicable; and

WHEREAS, in furtherance of these objectives, all requests for sewer and water service within the SOI and out-of-boundary service areas shall be evaluated on a case-by-case basis utilizing the criteria in the amended Policy; and

WHEREAS, any request for sewer or water service that does not conform to the City's General Plan land use designations and Zoning Code within the SOI or any request for municipal service connections outside the City's boundaries shall require review by the Infrastructure Committee and a recommendation to the City Council prior to issuance of an "Ability to Serve" letter to the requesting party; and

WHEREAS, an "Ability to Serve" letter shall not constitute approval of a utility service connection but shall serve solely as confirmation that the City has the capacity to provide service at the time of issuance; final authority to approve any sewer or water service connection shall remain exclusively with the City Council, which must authorize service through the execution of a formal agreement.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CHINO DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. PROPERTIES WITHIN THE SPHERE OF INFLUENCE (SOI)

Properties located within the SOI seeking connection to the public sewer system shall exclusively obtain sewer service from the City. Pursuant to Section 713.4 of the California Plumbing Code, titled Public Sewer Availability, any property situated within two hundred (200) feet of an existing public sewer line is required to connect to the City's sanitary sewer system. All requests for connection shall be reviewed on a case-by-case basis and shall comply fully with the guidelines set forth herein for properties within the SOI. Any deviations from the General Plan and zoning requirements, irrespective of degree or nature, are subject to review and approval at the sole discretion of the City Council.

A. General Plan & Zoning Requirements

Properties within the SOI must conform to the City's General Plan land use and zoning requirements to qualify for sewer service connection:

Staff may not independently authorize any deviation from the City's General Plan or zoning requirements. All such requests must first be presented to the Infrastructure Committee for review. The Committee shall provide a recommendation to the City Council, which holds final authority to approve or deny any deviation and associated utility connection.

B. Annexation Requirements

1. Non-Contiguous Parcels (SOI parcels not adjacent to the City boundary):

- a. Non-adjacent properties within the SOI that do not qualify as a Sizable Project as defined herein, may connect to the public sewer system upon execution and recording of an Irrevocable Agreement to Annex. City staff is authorized to issue an "Ability to Serve" letter for such requests, provided the subject property fully complies with all applicable General Plan and zoning requirements. The issuance of an "Ability to Serve" letter by staff shall not constitute final approval; the ultimate approval authority for sewer connection remains solely with the City Council, contingent upon approval of the formal Irrevocable Agreement to Annex.
- b. Non-adjacent properties within the SOI that qualify as a Sizable Projects as defined herein, may connect to the public sewer system upon execution and recording of an Irrevocable Agreement to Annex; provided annexation into the City is determined to be economically or practically infeasible as defined in Section 2 herein. The Infrastructure Committee shall provide a recommendation to the City Council, which holds final authority to approve or deny the issuance of the Ability to Serve Letter contingent upon the project's full compliance with all applicable General Plan and zoning requirements. Recommendation of such letter by the Infrastructure Committee shall not constitute final approval; ultimate approval authority for sewer connection serving Sizable Projects remains solely with the City Council, contingent upon approval of the Irrevocable Agreement to Annex.
- c. Additionally, in the event a proposed project fails to conform with applicable General Plan or Zoning requirements, such project shall be subject to the provisions set forth in Section 1 of this policy. Furthermore, depending upon the size, scale, and anticipated impacts of the proposed development, the City reserves the right to require annexation into the City, with all associated annexation costs and expenses borne solely by the applicant.

2. Contiguous Parcels (SOI parcels bordering the City boundary)

Contiguous properties within the SOI shall be required to annex into the City to connect to the public sewer system, unless the City determines annexation to be economically or practically infeasible, as defined in Section 2 herein. In cases where annexation is deemed infeasible, connection may be permitted upon execution and recording of an Irrevocable Agreement to Annex. All provisions and requirements governing sewer connections under

an Irrevocable Agreement to Annex, including but not limited to parcel size, project type, compliance with General Plan and zoning requirements, Infrastructure Committee recommendation, and final approval by the City Council, as outlined above for non-adjacent properties, shall fully apply.

3. Accessory Dwelling Units (ADUs) Exemption

- a) Accessory Dwelling Units (ADUs) located within the SOI shall remain exempt from mandatory connection to the City's public sewer system pursuant to California Government Code Section 65852.2(f)(2), as amended. Notwithstanding this exemption, City staff shall proactively provide property owners requesting an "Ability to Serve" or "Not Serve" letter with comprehensive information regarding available public sewer connection options, particularly in cases where public sewer infrastructure exists adjacent or in close proximity to the subject property. Further, staff shall actively encourage connection to the public sewer system for all structures located on the subject parcel, including but not limited to ADUs and associated single-family residences, wherever connection is determined by the City to be feasible.
- b) In cases where an ADU property owner within the SOI voluntarily elects to connect to the public sewer system, City staff is authorized to issue an "Ability to Serve" letter irrespective of compliance with General Plan or zoning requirements. All applicable provisions, requirements, and procedures associated with executing and recording an Irrevocable Agreement to Annex, as outlined in Section 1 of this policy, shall fully apply. Issuance of an "Ability to Serve" letter by staff shall not constitute final approval; ultimate authority to approve sewer connections remains solely with the City Council.

4. Sizable Projects

- a) "Sizable Projects" shall be defined as new developments or infill projects within the Sphere of Influence (SOI) consisting of more than four (4) residential dwelling units, or commercial and industrial developments exceeding 10,000 square feet of gross floor area. The determination of annexation requirements for these projects shall consider criteria including, but not limited to, proximity or contiguity to the City boundary, projected impacts on City infrastructure and municipal services, and the type, scope, and overall scale of the proposed development.
- b) All "Sizable Projects," as defined herein, shall be subject to review and recommendation by the Infrastructure Committee prior to the issuance of an "Ability to Serve" letter. Such letter may only be issued by City staff, following City Council approval. Final authority for sewer connection for all Sizable Projects resides exclusively with the City Council and shall be granted only upon the execution of an Irrevocable Agreement to Annex for Sanitary Sewer Service.

SECTION 2. INFEASIBILITY DETERMINATIONS SPHERE OF INFLUENCE (SOI):

The City of Chino expressly reserves the right to determine, in its sole discretion, that annexation is infeasible under any of the following conditions:

1. Disproportionate Burden on an Individual Property Owner – Where the proposed annexation would impose an undue financial or procedural obligation on the requesting property owner, rendering the annexation inequitable.
2. Insufficient Support from Adjacent Property Owners – Where there is inadequate participation or concurrence from surrounding parcels necessary to justify or effectuate the annexation.
3. Infrastructure Deficiencies – Where existing municipal sewer or water infrastructure is inadequate or otherwise incapable of accommodating the proposed annexation.
4. Economic Viability – Where the extension of municipal services to the subject property, absent broader support or financial participation from neighboring parcels, would result in an unsustainable fiscal obligation to the City.
5. Excessive Long-Term Liabilities – Where annexation would create undue or excessive ongoing maintenance, operational, or financial burdens on the City, compromising its ability to efficiently manage municipal infrastructure.

City staff shall make the initial determination for infeasibility; however, depending on the nature of the request, the Infrastructure Committee and, ultimately, the City Council shall retain the final authority to determine whether a property is deemed infeasible for annexation into the City as a prerequisite to connecting to the public sewer system.

SECTION 3. OUT-OF-BOUNDARY SERVICE AGREEMENTS

An Out-of-Boundary Service Agreement ("Agreement") is a legally binding instrument between the City of Chino ("City") and another municipal jurisdiction ("Requesting Municipality") for the provision of municipal sewer and water services to properties located outside the City's corporate limits and beyond its Sphere of Influence. The extension of such services shall be considered an extraordinary measure and will only be granted when the City Council, at its sole and absolute discretion, determines that:

1. No other reasonable or feasible alternative exists for the property to connect to a sewer or water system; and
2. The requested service extension is technically feasible; and
3. The extension will not adversely impact existing or planned infrastructure.
4. The service extension will not create significant impacts on the economic interests of the City, its residents or businesses.

Each request for an "Out-of-Boundary" Sewer and Water Service Agreement shall be subject to a case-by-case review and undergo a Service Feasibility Analysis, as defined below.

Service Feasibility Analysis

No Agreement shall be approved unless and until a comprehensive feasibility analysis has been conducted by the City, which shall include, but not be limited to, an assessment of the following factors:

1. Infrastructure Capacity and Accessibility – The extent to which the City's existing sewer and water infrastructure possesses sufficient capacity to accommodate the proposed service extension without compromising existing or planned service obligations.

2. Long-Term Maintenance Obligations – The anticipated financial and operational burden associated with maintaining, repairing, and replacing infrastructure necessary to facilitate service under the Agreement, including lifecycle costs, depreciation, and projected capital improvement needs.
3. Impact on Existing and Future Service Demands – A determination as to whether the proposed service extension would negatively impact the City's ability to meet current or future service demands, including regulatory compliance and long-term sustainability considerations.
4. Technical Study Requirement – As a condition precedent to approval, the Requesting Municipality shall be required to commission and submit a comprehensive study, prepared by a licensed professional engineer, analyzing the feasibility, impact, and technical requirements associated with the requested utility service connection. Such study shall include capacity assessments, identification of necessary infrastructure improvements, and a projection of long-term system impacts. The City shall have full authority to review, approve, or reject the findings of the said study, and all costs associated with the preparation and submission thereof shall be borne solely by the Requesting Municipality.
5. A Recycled Water Allocation Service Feasibility Analysis shall be conducted to determine whether the proposed service extension results in a net increase in the recycled water allocated to the City. Any Out-of-Boundary Service Agreement for sewer connections shall expressly state that all recycled water generated from wastewater treated within the City's system remains part of the City of Chino's allocated supply. No rights, claims, or entitlements to the recycled water shall be granted to the external agency or development receiving sewer service.

Infrastructure Committee Oversight

- a) All requests for municipal sewer or water connections under this Agreement shall be subject to a comprehensive review by the Infrastructure Committee. The Infrastructure Committee may, at its discretion, recommend to the City Council the issuance of an "Ability to Serve" letter; however, such recommendation shall not constitute approval of the requested service connection.
- b) Final authority to approve or deny any service extension request shall rest solely with the City Council. No connection shall be permitted unless and until the City Council grants final approval.
- c) Additionally, the "Ability to Serve" letter will include an acknowledgment stating that the Requesting Municipality understands its applicants assume certain risks when proceeding with projects that rely on out-of-boundary sewer or water service. While City of Chino staff adheres to all formal policy requirements in processing such requests, the ultimate outcome remains uncertain, as approval or denial is solely at the discretion of the City Council.

Requesting Agency's Cost Participation and Applicant Obligations

If the City grants approval to extend service, the City and the adjacent jurisdiction shall enter into an agreement outlining the terms and conditions of the service extension. This agreement shall include, but is not limited to, the following provisions

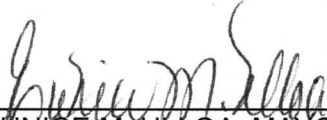
- a) Where the extension of sewer or water service necessitates new infrastructure, the applicant shall be solely responsible for all costs associated with constructing the necessary service line or laterals to establish the connection to the City's utility line.
- b) If future downstream upsizing or replacement of the existing City-owned utility line is required to accommodate increased capacity needs, the applicant shall provide a one-time, lump-sum fair share contribution toward the cost of such improvements, determined per the Service Feasibility Analysis.
- c) The applicant shall also be responsible for the payment of all applicable Development Impact Fees (DIF) and any required pass-through fees to the Inland Empire Utilities Agency (IEUA) in accordance with prevailing fee schedules and agency requirements.

SECTION 4. SUPERSESSION

Resolution 2022-041 is hereby superseded and replaced in its entirety by this resolution. Any provisions, policies, or approvals established under Resolution 2022-041 that conflict with this resolution are hereby repealed and shall have no further force or effect.

All references to Resolution 2022-041 in any existing agreements, policies, or documents shall be interpreted in accordance with this resolution. In the event of any inconsistency between this resolution and prior City policies, the terms of this resolution shall govern.

PASSED, APPROVED, AND ADOPTED THIS 3rd DAY OF JUNE 2025.

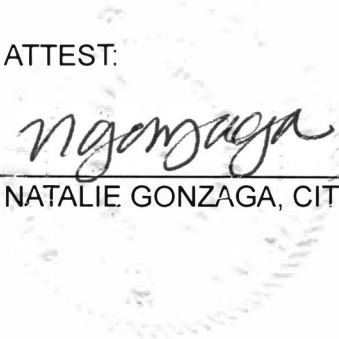


 EUNICE M. ULLOA, MAYOR

ATTEST:



 NATALIE GONZAGA, CITY CLERK



STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO) §.
CITY OF CHINO)

I, NATALIE GONZAGA, City Clerk of the City of Chino, do hereby certify the foregoing Resolution 2025-021 was duly adopted by the Chino City Council at a regular meeting held on the 3rd day of June 2025, by the following votes:

AYES: COUNCIL MEMBERS: LUCIO, FLORES, BURTON, ULLOA

NOES: COUNCIL MEMBERS: NONE.

ABSENT: COUNCIL MEMBERS: COMSTOCK



NATALIE GONZAGA, CITY CLERK

**MEMORANDUM
CITY OF CHINO
HUMAN RESOURCES DEPARTMENT**

CITY COUNCIL MEETING DATE: APRIL 21, 2026

TO: LINDA REICH, CITY MANAGER

FROM: TERRY DOYLE, DIRECTOR OF HUMAN RESOURCES/RISK MANAGEMENT

SUBJECT

Authorize the City of Chino to join Public Risk Innovation, Solutions, and Management (PRISM) for Fiscal Year 2026-27 for general and excess municipal liability insurance coverage.

RECOMMENDATION

Adopt Resolution No. 2026-025 authorizing the City of Chino to join Public Risk Innovation, Solutions, and Management (PRISM) for the City's general and excess municipal liability insurance coverage effective Fiscal Year 2026-27; designate the City Manager as primary member and Director of Human Resources/Risk Management as alternate member representative to the PRISM Governing Board; and authorize the City Manager to execute all required membership agreements to bind coverage with PRISM and related carriers.

FISCAL IMPACT

There is no fiscal impact for FY 2025-26. The approximate net fiscal impact for Fiscal Year 2026-27 will be an increase of \$1,284,552, which will be incorporated into the FY2026-27 Proposed Budget, within Fund 630 Liability Insurance.

CITY OF CHINO 2026-2027 MISSION / VISION / VALUES / STRATEGIC ISSUES

The recommendation detailed above further the City's values and strategic issues that serve as key pillars on which identified priorities, goals, and action plans are built, by fostering:

- Superior Customer Service
- Financial Stability
- Responsible Long-Range Planning
- Public Service Excellence through Internal and External Partnerships

Revenue:	Expenditure: 6305010-43270 & 43250
Transfer In:	Transfer Out:

CITY COUNCIL MEETING DATE: APRIL 21, 2026

TITLE: AUTHORIZE THE CITY OF CHINO TO JOIN PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM) FOR FISCAL YEAR 2026-27 FOR GENERAL AND EXCESS MUNICIPAL LIABILITY INSURANCE COVERAGE.

PAGE: 2

BACKGROUND

As a municipal organization, the City of Chino is authorized to manage all risks associated with local government operations, including general liability, workers' compensation, claims against the City and lawsuits.

Since 2007, the City has maintained stand-alone insurance coverage and utilizes an insurance broker to procure insurance programs to mitigate significant risks that could otherwise impact the City's ability to operate and provide services to the community. The City's current insurance broker is AON Risk Insurance Services West.

As the cost of claims continues to increase, insufficient coverage may expose the City to significant financial risk. To ensure the City remains properly protected, staff conducted a comprehensive review and analysis of the City's existing insurance portfolio and compared it to four Joint Powers Insurance Authorities (JPAs) commonly used by California cities, counties, and special districts.

ISSUES/ANALYSIS

During the February 10, 2026, Study Session, City staff presented to the City Council a comprehensive overview of the City's current insurance programs and four JPAs: the California Joint Powers Risk Management Authority (CJPRMA), California Intergovernmental Risk Authority (CIRA), Public Entity Risk Management Authority (PERMA), and Public Risk Innovation, Solutions, and Management (PRISM).

The presentation highlighted the benefits and key considerations associated with joining a JPA. Benefits include reduced exposure to catastrophic losses, access to specialized legal and risk management resources, and opportunities for member involvement in governance and oversight. Key considerations include shared liability for losses incurred by other members, the possibility of future assessments or increased contributions, reduced autonomy over certain coverage decisions, and mandatory advance notice for withdrawing from a JPA.

In addition, City staff presented a thorough overview and comparison of the out-of-pocket deductibles and limits provided by the City's current insurance carriers and each of the four JPAs. The intent of the comparison was to find alternative insurance that reduces the City's out-of-pocket deductibles while maintaining the same, or higher, coverage limits under a JPA.

Based on this analysis, staff recommended pursuing membership with PRISM. Participation in PRISM would strengthen the City's overall risk management program while providing enhanced financial protection through risk pooling, reduced out-of-pocket deductibles, and greater comprehensive coverage. In addition, many JPAs already purchase coverage through PRISM, giving the City direct access to this coverage while avoiding extra administrative fees that other JPAs may charge.

At the conclusion of the Study Session, the City Council directed staff to proceed with pursuing PRISM membership effective July 1, 2026.

CITY COUNCIL MEETING DATE: APRIL 21, 2026

TITLE: AUTHORIZE THE CITY OF CHINO TO JOIN PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM) FOR FISCAL YEAR 2026-27 FOR GENERAL AND EXCESS MUNICIPAL LIABILITY INSURANCE COVERAGE.

PAGE: 3

Below is a table summarizing the City's insurance elections for Fiscal Year 2026-27 by insurance coverage type, out-of-pocket deductibles, coverage limits, and premium estimates.

Insurance Coverage Type	Out-of-pocket Deductible	Coverage Limit	Premium Estimates
General Liability (Includes Employment Practice Liability)	\$1 MIL	\$50 MIL	\$2,655,000
Workers' Compensation	\$500 K	Statutory	\$395,000
Property (DIC -Flood and Earthquake)	\$25 K	\$700 MIL	\$580,000
Cyber	\$3 MIL	\$100 K	\$69,300
Crime	\$1 MIL	\$10 K	\$5,500
Aviation	\$50 K	\$3.7 MIL (Hull)/ \$25 MIL Liability	\$60,000
-	-	Total	\$3,764,800

As part of the underwriting process for membership, PRISM has begun evaluating the City's risk profile, including claims history, operational exposures, and existing risk management practices. In addition, the City's membership application will be presented for final underwriting approval to the PRISM Underwriting Committee meeting on May 6, 2026.

Prior to PRISM's Board Meeting, the City Council is required to formally approve Resolution No. 2026-025, approving membership into PRISM and designating the City Manager as the primary board representative and the Director of Human Resources/Risk Management as the alternate.

The approximate cost of the premium estimates will increase by \$1,284,552, with \$640,000 due to the including of earthquake, flood and aviation insurance.

Attachments: Resolution No. 2026-025
PRISM Membership Application
MOU's

CITY COUNCIL MEETING DATE: APRIL 21, 2026

TITLE: AUTHORIZE THE CITY OF CHINO TO JOIN PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM) FOR FISCAL YEAR 2026-27 FOR GENERAL AND EXCESS MUNICIPAL LIABILITY INSURANCE COVERAGE.

PAGE: 4

RESOLUTION NO. 2026-025

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHINO, CALIFORNIA TO JOIN PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT

WHEREAS, Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (Section 6500 et seq.) permits two or more public agencies by agreement to exercise jointly powers common to the contracting parties; and

WHEREAS, the City of Chino desires to join together with the members of the Public Risk Innovation, Solutions, and Management (PRISM) for the purpose of jointly funding and/or establishing excess and other insurance programs as determined; and

WHEREAS, PRISM has determined that it is necessary for each member of PRISM to delegate to a person[s] or position[s] authority to act on the member's behalf in matters relating to the member and PRISM;

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Chino that the City of Chino does hereby approve becoming a member of the Public Risk Innovation, Solutions, and Management, and authorizes the execution of the Public Risk Innovation, Solutions, and Management Joint Powers Agreement, and except as to actions that must be approved by the City Manager or Director of Human Resources/Risk Management, is hereby appointed to act in all matters relating to the member and PRISM.

PASSED AND ADOPTED by the City Council this 21ST day of April, 2026.

By: _____
EUNICE M. ULLOA, MAYOR

ATTEST:

NATALIE GONZAGA
CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO) §
CITY OF CHINO)

I, NATALIE GONZAGA, City Clerk of the City of Chino, California, do hereby certify that the foregoing Resolution was adopted by the City Council of said City at a regular meeting of said City Council held on the 21st day of April 2026, and that it was so adopted by called vote as follows:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

NATALIE GONZAGA, CITY CLERK



Adopted: October 5, 1979
Amended: May 12, 1980
Amended: January 23, 1987
Amended: October 7, 1988
Amended: March 1993
Amended: November 18, 1996
Amended: October 4, 2005
Amended: February 28, 2006
Amended: June 30, 2020

**JOINT POWERS AGREEMENT
PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**

This Agreement is executed in the State of California by and among those counties and public entities organized and existing under the Constitution of the State of California, which are parties signatory to this Agreement. Public Risk Innovation, Solutions, and Management (referred to herein as PRISM), formerly known as CSAC Excess Insurance Authority, was formed under the sponsorship of CSAC. California counties, hereinafter called member counties, and public entities, hereinafter called member public entities, (collectively "members") shall be listed in Appendix A, which shall be attached hereto and made a part hereof.

RECITALS

WHEREAS, Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (Section 6500 et seq.) permits two or more public agencies by agreement to exercise jointly powers common to the contracting parties; and

WHEREAS, Article 16, Section 6 of the California Constitution provides that insurance pooling arrangements under joint exercise of power agreements shall not be considered the giving or lending of credit as prohibited therein; and

WHEREAS, California Government Code Section 990.4 provides that a local public entity may self-insure, purchase insurance through an authorized carrier, or purchase insurance through a surplus line broker, or any combination of these; and

WHEREAS, pursuant to California Government Code Section 990.6, the cost of insurance provided by a local public entity is a proper charge against the local public entity; and

WHEREAS, California Government Code Section 990.8 provides that two or more local entities may, by a joint powers agreement, provide insurance for any purpose by any one or more of the methods specified in Government Code Section 990.4 and such pooling of self-insured claims or losses is not considered insurance nor subject to regulation under the Insurance Code; and

WHEREAS, the counties and public entities executing this Agreement desire to join together for the purpose of jointly funding and/or establishing excess and other insurance programs as determined;

NOW THEREFORE, the parties agree as follows:

**ARTICLE 1
DEFINITIONS**

"CSAC" shall mean the County Supervisors Association of California, dba California State Association of Counties.

"Board of Directors" or **"Board"** shall mean the governing body of PRISM.

"Claim" shall mean a claim made against a member arising out of an occurrence, which is covered by an excess or primary insurance program of PRISM in which the member is a participant.

"Executive Committee" shall mean the Executive Committee of the Board of Directors of PRISM.

"Fiscal year" shall mean that period of twelve months which is established by the Board of Directors as the fiscal year of PRISM.

"Government Code" shall mean the California Government Code.

"Insurance program" or **"program"** shall mean a program which has been designated as a major program of PRISM under which participating members are protected against designated losses, either through joint purchase of primary or excess insurance, pooling of self-insured claims or losses, purchased insurance or any other combination as determined by the Board of Directors. The Board of Directors, the Executive Committee, or a program's governing committee may determine applicable criteria for determining eligibility in any insurance program, as well as establishing program policies and procedures.

"Joint powers law" shall mean Article 1, Chapter 5, Division 7, Title 1 (commencing with Section 6500) of the Government Code.

"Loss" shall mean a liability or potential liability of a member, including litigation expenses, attorneys' fees and other costs, which is covered by an insurance program of PRISM in which the member is a participant.

"Member county" shall mean any county in the State of California which has executed this Agreement and become a member of PRISM. "Member County" shall also include those entities or other bodies set forth in Article 3 (c).

"Member Public Entity" shall mean any California public entity, which is not a California county, which has executed this Agreement, and become a member of PRISM, "Member Public Entity" shall also include those entities or other bodies set forth in Article 3(c).

"Miscellaneous Program" is an insurance program of PRISM that does not involve pooling of self-insured claims or losses and may be made available to members as well as non-member public entities that are not a party to this Agreement.

"Occurrence" shall mean an event which is more fully defined in the memorandums of coverage and/or policies of an insurance program in which the participating county or participating public entity is a member.

"Participating county" shall mean any member county which has entered into a program offered by PRISM pursuant to Article 14 of this Agreement and has not withdrawn or been canceled therefrom pursuant to Articles 20 or 21.

"Participating public entity" shall mean any member public entity which has entered into a program offered by PRISM pursuant to Article 14 of this Agreement and has not withdrawn or been canceled therefrom pursuant to Articles 20 or 21.

"Self-insured retention" shall mean that portion of a loss resulting from an occurrence experienced by a member, which is retained as a liability or potential liability of the member and is not subject to payment by PRISM.

"Reinsurance" shall mean insurance purchased by PRISM as part of an insurance program to cover that portion of any loss, which exceeds the joint funding capacity of that program.

**ARTICLE 2
PURPOSES**

This Agreement is entered into by the member counties and member public entities in order to jointly develop and fund insurance programs as determined. Such programs may include, but are not limited to, the creation of joint insurance funds, including primary and excess insurance funds, the pooling of self-insured claims and losses, purchased insurance, including reinsurance, and the provision of necessary administrative services. Such administrative services may include, but shall not be limited to, risk management consulting, loss prevention and control, centralized loss reporting, actuarial consulting, claims adjusting, and legal defense services.

**ARTICLE 3
PARTIES TO AGREEMENT**

- (a) There shall be two classes of membership of the parties pursuant to this Agreement consisting of one class designated as Member Counties and another class designated as Member Public Entities.
- (b) Each member county and member public entity, as a party to this Agreement, certifies that it intends to and does contract with all other members as parties to this Agreement and, with such other members as may later be added as parties to this Agreement pursuant to Article 19 as to all programs of which it is a participating member. Each member also certifies that the removal of any party from this Agreement, pursuant to Articles 20 or 21, shall not affect this Agreement or the member's obligations hereunder.
- (c) A member for purposes of providing insurance coverage under any program of PRISM, may contract on behalf of, and shall be deemed to include:
 - Any public entity as defined in Government Code § 811.2 which the member requests to be added and from the time that such request is approved by the Executive Committee of PRISM.
 - Any nonprofit entity, including a nonprofit public benefit corporation formed pursuant to Corporations Code §§ 5111, 5120 and, 5065, which the member requests to be added and from the time that such request is approved by the Executive Committee.
- (d) Any public entity or nonprofit so added shall be subject to and included under the member's SIR or deductible, and when so added, may be subject to such other terms and conditions as determined by the Executive Committee.
- (e) Such public entity or nonprofit shall not be considered a separate party to this Agreement. Any public entity or nonprofit so added, shall not affect the member's representation on the Board of Directors and shall be considered part of and represented by the member for all purposes under this Agreement.
- (f) The Executive Committee shall establish guidelines for approval of any public entity or nonprofit so added in accordance with Article 3(c) and (d).
- (g) Should any conflict arise between the provisions of this Article and any applicable Memorandum of Coverage or other document evidencing coverage, such Memorandum of Coverage or other document evidencing coverage shall prevail.

**ARTICLE 4
TERM**

This Agreement shall continue in effect until terminated as provided herein.

**ARTICLE 5
CREATION OF PRISM**

Pursuant to the joint powers law, there is hereby created a public entity separate and apart from the parties hereto, to be known as Public Risk Innovation, Solutions, and Management ("PRISM"), with such powers as are hereinafter set forth.

**ARTICLE 6
POWERS OF PRISM**

PRISM shall have all of the powers common to General Law counties in California, such as Alpine County and all additional powers set forth in the joint powers law, and is hereby authorized to do all acts necessary for the exercise of said powers. Such powers include, but are not limited to, the following:

- (a) To make and enter into contracts.
- (b) To incur debts, liabilities, and obligations.
- (c) To acquire, hold, or dispose of property, contributions and donations of property, funds, services, and other forms of assistance from persons, firms, corporations, and government entities.
- (d) To sue and be sued in its own name, and to settle any claim against it.
- (e) To receive and use contributions and advances from members as provided in Government Code Section 6504, including contributions or advances of personnel, equipment, or property.
- (f) To invest any money in its treasury that is not required for its immediate necessities, pursuant to Government Code Section 6509.5.
- (g) To allow non-member public entities and non-member counties to participate in Miscellaneous Programs and for risk management services to be provided to non-member counties and non-member public entities including out-of-state participants in a PRISM program.
- (h) To carry out all provisions of this Agreement.

Said powers shall be exercised pursuant to the terms hereof and in the manner provided by law.

**ARTICLE 7
BOARD OF DIRECTORS**

PRISM shall be governed by the Board of Directors, which shall be composed as follows:

- (a) One director from each member county, appointed by the member county board of supervisors and serving at the pleasure of that body. Each member county board of supervisors shall also appoint an alternate director who shall have the authority to attend, participate in and vote at any meeting of the Board of Directors when the director is absent. A director or alternate director shall be a county supervisor, other county official, or staff person of the member county, and upon termination of office or employment with the county, shall automatically terminate membership or alternate membership on the Board of Directors.
- (b) Ten directors consisting of seven directors and three alternate directors chosen in the manner specified in the Bylaws from those participating as public entity members. A director or alternate public entity director shall be an official, or staff person of the public

entity member, and upon termination of office or employment with the public entity, shall automatically terminate membership or alternate membership on the Board of Directors.

- (c) Member county directors shall consist of a minimum of 80% of the eligible voting members on the Board of Directors. The public entity member directors shall be reduced accordingly to ensure at least 80% of the Board of Directors consists of county director members (By way of example, if the number of county members is reduced from the current 54 by member withdrawals to a level of 28, then county members would be at the 80% level, 28/35. If the county members go to 27, then the public entity members would lose one seat and would only have 6 votes).

Any vacancy in a county director or alternate director position shall be filled by the appointing county's board of supervisors, subject to the Provisions of this Article. Any vacancy in a public entity director position shall be filled by vote of the public entity members.

A majority of the membership of the Board of Directors shall constitute a quorum for the transaction of business. Each member of the Board of Directors shall have one vote. Except as otherwise provided in this Agreement or any other duly executed agreement of the members, all actions of the Board of Directors shall require the affirmative vote of a majority of the members; provided, that any action which is restricted in effect to one of PRISM's insurance programs, shall require the affirmative vote of a majority of those Board of Directors members who represent counties and public entities participating in that program. For purposes of an insurance program vote, to the extent there are public entity members participating in a program, the public entity Board of Directors members as a whole shall have a minimum of one vote. The public entity Board of Directors members may in no event cast more votes than would constitute 20% of the number of total county members in that program (subject to the one vote minimum). Should the number of public entity Board of Directors votes authorized herein be less than the number of public entity Board of Directors members at a duly noticed meeting, the public entity Board of Directors members shall decide among themselves, which Board of Directors member shall vote. Should they be unable to decide, the President of PRISM shall determine which director(s) shall vote.

ARTICLE 8 POWERS OF THE BOARD OF DIRECTORS

The Board of Directors shall have the following powers and functions:

- (a) The Board of Directors shall exercise all powers and conduct all business of PRISM, either directly or by delegation to other bodies or persons unless otherwise prohibited by this Agreement, or any other duly executed agreement of the members or by law.
- (b) The Board of Directors may adopt such resolutions as deemed necessary in the exercise of those powers and duties set forth herein.
- (c) The Board of Directors shall form an Executive Committee, as provided in Article 11. The Board of Directors may delegate to the Executive Committee and the Executive Committee may discharge any powers or duties of the Board of Directors except adoption of PRISM's annual budget. The powers and duties so delegated shall be specified in resolutions adopted by the Board.
- (d) The Board of Directors may form, as provided in Article 12, such other committees as it deems appropriate to conduct the business of PRISM. The membership of any such other committee may consist in whole or in part of persons who are not members of the Board of Directors.

- (e) The Board of Directors shall elect the officers of PRISM and shall appoint or employ necessary staff in accordance with Article 13.
- (f) The Board of Directors shall cause to be prepared, and shall review, modify as necessary, and adopt the annual operating budget of PRISM. Adoption of the budget may not be delegated.
- (g) The Board of Directors shall develop, or cause to be developed, and shall review, modify as necessary, and adopt each insurance program of PRISM, including all provisions for reinsurance and administrative services necessary to carry out such program.
- (h) The Board of Directors, directly or through the Executive Committee, shall provide for necessary services to PRISM and to members, by contract or otherwise, which may include, but shall not be limited to, risk management consulting, loss prevention and control, centralized loss reporting, actuarial consulting, claims adjusting, and legal services.
- (i) The Board of Directors shall provide general supervision and policy direction to the Chief Executive Officer.
- (j) The Board of Directors shall receive and act upon reports of the committees and the Chief Executive Officer.
- (k) The Board of Directors shall act upon each claim involving liability of PRISM, directly or by delegation of authority to the Executive Committee or other committee, body or person, provided, that the Board of Directors shall establish monetary limits upon any delegation of claims settlement authority, beyond which a proposed settlement must be referred to the Board of Directors for approval.
- (l) The Board of Directors may require that PRISM review, audit, report upon, and make recommendations with regard to the safety or claims administration functions of any member, insofar as those functions affect the liability or potential liability of PRISM. The Board of Directors may forward any or all such recommendations to the member with a request for compliance and a statement of potential consequences for noncompliance.
- (m) The Board of Directors shall receive, review and act upon periodic reports and audits of the funds of PRISM, as required under Articles 15 and 16 of this Agreement.
- (n) The Board of Directors may, upon consultation with a casualty actuary, declare that any funds established for any program has a surplus of funds and determine a formula to return such surplus to the participating counties and participating public entities, which have contributed, to such fund.
- (o) The Board of Directors shall have such other powers and duties as are reasonably necessary to carry out the purposes of PRISM.

**ARTICLE 9
MEETINGS OF THE BOARD OF DIRECTORS**

- (a) The Board of Directors shall hold at least one regular meeting each year and shall provide for such other regular meetings and for such special meetings as it deems necessary.
- (b) The Chief Executive Officer of PRISM shall provide for the keeping of minutes of regular and special meetings of the Board of Directors, and shall provide a copy of the minutes to each member of the Board of Directors at the next scheduled meeting.
- (c) All meetings of the Board of Directors, the Executive Committee and such committees as established by the Board of Directors pursuant to Article 12 herein, shall be called,

noticed, held and conducted in accordance with the provisions of Government Code Section 54950 et seq.

ARTICLE 10 OFFICERS

The Board of Directors shall elect from its membership a President and Vice President of the Board, to serve for one-year terms.

The President, or in his or her absence, the Vice President, shall preside at and conduct all meetings of the Board of Directors and shall chair the Executive Committee.

ARTICLE 11 EXECUTIVE COMMITTEE

The Board of Directors shall establish an Executive Committee of the Board of Directors, which shall consist of eleven members: the President and Vice President of the Board of Directors, and nine members elected by the Board of Directors from its membership.

The terms of office of the nine non-officer members shall be as provided in the Bylaws of PRISM.

The Executive Committee shall conduct the business of PRISM between meetings of the Board of Directors, exercising all those powers as provided for in Article 8, or as otherwise delegated to it by the Board.

ARTICLE 12 COMMITTEES

The Board of Directors may establish committees, as it deems appropriate to conduct the business of PRISM. Members of the committees shall be appointed by the Board of Directors, to serve two year terms, subject to reappointment by the Board of Directors. The members of each committee shall annually select one of their members to chair the Committee.

Each committee shall be composed of at least five members and shall have those duties as determined by the Board of Directors, or as otherwise set forth in the Bylaws.

Each committee shall meet on the call of its chair, and shall report to the Executive Committee and the Board of Directors as directed by the Board of Directors.

ARTICLE 13 STAFF

- (a) **Principal Staff.** The **Chief Executive Officer** shall be appointed by and serve at the pleasure of the Board of Directors. The Chief Executive Officer shall serve as the Board Secretary and administer the business and activities of PRISM, subject to the general supervision and policy direction of the Board of Directors and Executive Committee; shall be responsible for all minutes, notices and records of PRISM and shall perform such other duties as are assigned by the Board and Executive Committee.
- (b) **Treasurer and Auditor.** Pursuant to Government Code Section 6505.6, the Chief Financial Officer shall serve as the Treasurer/Auditor. The duties of the Treasurer are set forth in Article 16 of this Agreement. The Chief Financial Officer shall draw warrants to pay demands against PRISM. The Chief Financial Officer shall comply with the provisions of Government Code Section 6505.5 (a-d) and shall be appointed by and serve at the pleasure of the Chief Executive Officer.
- (c) **Other Staff.** The Board of Directors, Executive Committee or Chief Executive Officer shall provide for the appointment of such other staff as may be necessary for the administration of PRISM.

**ARTICLE 14
DEVELOPMENT, FUNDING AND IMPLEMENTATION
OF INSURANCE PROGRAMS**

- (a) **Program Coverage.** Insurance programs of PRISM may provide coverage, including excess insurance coverage for:
- (1) Workers' compensation;
 - (2) Comprehensive liability, including but not limited to general, personal injury, contractual, public officials errors and omissions, and incidental malpractice liability;
 - (3) Comprehensive automobile liability;
 - (4) Hospital malpractice liability;
 - (5) Property and related programs;

and may provide any other coverages authorized by the Board of Directors. The Board of Directors shall determine, for each such program, a minimum number of participants required for program implementation and may develop specific program coverages requiring detailed agreements for implementation of the above programs.

- (b) **Program and PRISM Funding.** The members developing or participating in an insurance program shall fund all costs of that program, including administrative costs, as hereinafter provided. Costs of staffing and supporting PRISM, hereinafter called PRISM general expenses, shall be equitably allocated among the various programs by the Board of Directors, and shall be funded by the members developing or participating in such programs in accordance with such allocations, as hereinafter provided. In addition, the Board of Directors may, in its discretion, allocate a share of such PRISM general expense to those members, which are not developing or participating in any program, and require those counties and public entities to fund such share through a prescribed charge.
- (1) **Annual Premium.** Except as provided in (2) below, all post-development costs of an insurance program shall be funded by annual premiums charged to the members participating in the program each policy year, and by interest earnings on the funds so accumulated. Such premiums shall be determined by the Board of Directors or the program's governing committee upon the basis of a cost allocation plan and rating formula developed by PRISM with the assistance of a casualty actuary, risk management consultant, or other qualified person. The premium for each participating member shall include that participant's share of expected program losses including a margin for contingencies as determined by the Board of Directors, program reinsurance costs, and program administrative costs for the year, plus that participant's share of PRISM general expense allocated to the program by the Board of Directors.
 - (2) **Premium Surcharge**
 - (i) If PRISM experiences an unusually large number of losses under a program during a policy year, such that notwithstanding reinsurance coverage for large individual losses, the joint insurance funds for the program may be exhausted before the next annual premiums are due, the Board of Directors or the program's governing committee may, upon consultation with a casualty actuary, impose premium surcharges on all participating members; or

- (ii) If it is determined by the Board of Directors or the program's governing committee, upon consultation with a casualty actuary, that the joint insurance funds for a program are insufficient to pay losses, fund known estimated losses, and fund estimated losses, which have been incurred but not reported, the Board of Directors or the program's governing committee may impose a surcharge on all participating members.
- (iii) Premium surcharges imposed pursuant to (i) and/or (ii) above shall be in an amount which will assure adequate funds for the program to be actuarially sound; provided that the surcharge to any participating member shall not exceed an amount equal to three (3) times the member's annual premium for that year, unless otherwise determined by the Board of Directors or the program's governing committee.

Provided, however, that no premium surcharge in excess of three times the member's annual premium for that year may be assessed unless, ninety days prior to the Board of Directors taking action to determine the amount of the surcharge, PRISM notifies the governing body of each participating member in writing of its recommendations regarding its intent to assess a premium surcharge and the amount recommended to be assessed each member. PRISM shall, concurrently with the written notification, provide each participating member with a copy of the actuarial study upon which the recommended premium surcharge is based.

- (iv) A member which is no longer a participating member at the time the premium surcharge is assessed, but which was a participating member during the policy year(s) for which the premium surcharge was assessed, shall pay such premium surcharges as it would have otherwise been assessed in accordance with the provisions of (i), (ii), and (iii) above.
- (c) **Program Implementation and Effective Date.** Upon establishment of an insurance program by the Board of Directors, PRISM shall determine the manner of program implementation and shall give written notice to all members of such program, which shall include, but not be limited to: program participation levels, coverages and terms of coverage of the program, estimates of first year premium charges, effective date of the program (or estimated effective date) and such other program provisions as deemed appropriate.
 - (d) **Late Entry Into Program.** A member which does not elect to enter an insurance program upon its implementation, pursuant to (c) above, or a county or public entity which becomes a party to this Agreement following implementation of the program, may petition the Board of Directors for late entry into the program. Such request may be granted upon a majority vote of the Board of Directors members, plus a majority vote of those board members who represent participants in the program. Alternatively, a county or public entity may petition the Executive Committee for late entry into the program, or a program committee, when authorized by an MOU governing that specific program, may approve late entry into that program. Such request may be granted upon a majority vote of the Executive Committee or program committee.
 - (e) **Reentry Into A Program.** Except as otherwise provided in a Program Memorandum of Understanding, any county or public entity that is a member of an insurance program of PRISM who withdraws or is cancelled from an insurance program under Articles 21 and 22, may not reenter such insurance program for a period of three years from the effective date of withdrawal or cancellation.

**ARTICLE 15
ACCOUNTS AND RECORDS**

- (a) **Annual Budget.** PRISM shall annually adopt an operating budget pursuant to Article 8 of this Agreement, which shall include a separate budget for each insurance program under development or adopted and implemented by PRISM.
- (b) **Funds and Accounts.** The Auditor of PRISM shall establish and maintain such funds and accounts as may be required by good accounting practices and by the Board of Directors. Separate accounts shall be established and maintained for each insurance program under development or adopted and implemented by PRISM. Books and records of PRISM in the hands of the Auditor shall be open to inspection at all reasonable times by authorized representatives of members.
- PRISM shall adhere to the standard of strict accountability for funds set forth in Government Code Section 6505.
- (c) **Auditor's Report.** The Auditor, within one hundred and eighty (180) days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Board and to each member.
- (d) **Annual Audit.** Pursuant to Government Code Section 6505, PRISM shall either make or contract with a certified public accountant to make an annual fiscal year audit of all accounts and records of PRISM, conforming in all respects with the requirements of that section. A report of the audit shall be filed as a public record with each of the members and also with the county auditor of the county where the home office of PRISM is located and shall be sent to any public agency or person in California that submits a written request to PRISM. The report shall be filed within six months of the end of the fiscal year or years under examination. Costs of the audit shall be considered a general expense of PRISM.

**ARTICLE 16
RESPONSIBILITIES FOR FUNDS AND PROPERTY**

- (a) The Treasurer shall have the custody of and disburse PRISM's funds. He or she may delegate disbursing authority to such persons as may be authorized by the Board of Directors to perform that function, subject to the requirements of (b) below.
- (b) Pursuant to Government Code Section 6505.6, the Treasurer shall:
- (1) Receive and acknowledge receipt for all funds of PRISM and place them in the treasury of the Treasurer to the credit of PRISM.
 - (2) Be responsible upon his or her official bond for the safekeeping and disbursements of all PRISM funds so held by him or her.
 - (3) Pay any sums due from PRISM, as approved for payment by the Board of Directors or by any body or person to whom the Board of Directors has delegated approval authority, making such payments from PRISM funds upon warrants drawn by the Auditor.
- (c) Pursuant to Government Code Section 6505.1, the Chief Executive Officer, the Treasurer, and such other persons as the Board of Directors may designate shall have charge of, handle, and have access to the property of PRISM.
- (d) PRISM shall secure and pay for a fidelity bond or bonds, in an amount or amounts and in the form specified by the Board of Directors, covering all officers and staff of PRISM, and all officers and staff who are authorized to have charge of, handle, and have access to property of PRISM.

**ARTICLE 17
RESPONSIBILITIES OF MEMBERS**

Members shall have the following responsibilities under this Agreement.

- (a) The board of supervisors of each member county shall appoint a representative and one alternate representative to the Board of Directors, pursuant to Article 7.
- (b) Each member shall appoint an officer or employee of the member to be responsible for the risk management function for that member and to serve as a liaison between the member and PRISM for all matters relating to risk management.
- (c) Each member shall maintain an active risk control program, and shall consider and act upon all recommendations of PRISM concerning the reduction of unsafe practices.
- (d) Each member shall maintain its own claims and loss records in each category of liability covered by an insurance program of PRISM in which the member is a participant, and shall provide copies of such records to PRISM as directed by the Board of Directors or Executive Committee, or to such other committee as directed by the Board of Directors or Executive Committee.
- (e) Each member shall pay premiums and premium surcharges due to PRISM as required under Article 14. Penalties for late payment of such premiums and/or premium surcharges shall be as determined and assessed by the Board of Directors. After withdrawal, cancellation, or termination action under Articles 20, 21, or 23, each member shall pay promptly to PRISM any additional premiums due, as determined and assessed by the Board of Directors under Articles 22 or 23. Any costs incurred by PRISM associated with the collection of such premiums or other charges, shall be recoverable by PRISM.
- (f) Each member shall provide PRISM such other information or assistance as may be necessary for PRISM to develop and implement insurance programs under this Agreement.
- (g) Each member shall cooperate with and assist PRISM, and any insurer of PRISM, in all matters relating to this Agreement, and shall comply with all Bylaws, and other rules by the Board of Directors.
- (h) Each member shall have such other responsibilities as are provided elsewhere in this Agreement, and as are established by the Board of Directors in order to carry out the purposes of this Agreement.

**ARTICLE 18
ADMINISTRATION OF CLAIMS**

- (a) Subject to subparagraph (e), each member shall be responsible for the investigation, settlement or defense, and appeal of any claim made, suit brought, or proceeding instituted against the member arising out of a loss.
- (b) PRISM may develop standards for the administration of claims for each insurance program of PRISM so as to permit oversight of the administration of claims by the members.
- (c) Each participating member shall give PRISM timely written notice of claims in accordance with the provisions of the Bylaws and the applicable program Memorandum of Coverage.

- (d) A member shall not enter into any settlement involving liability of PRISM without the advance written consent of PRISM.
- (e) PRISM, at its own election and expense, shall have the right to participate with a member in the settlement, defense, or appeal of any claim, suit or proceeding, which, in the judgment of PRISM, may involve liability of PRISM.

ARTICLE 19 NEW MEMBERS

Any California public entity may become a party to this Agreement and participate in any insurance program in which it is not presently participating upon approval of the Board of Directors, by a majority vote of the members, or by majority vote of the Executive Committee.

ARTICLE 20 WITHDRAWAL

- (a) A member may withdraw as a party to this Agreement upon thirty (30) days advance written notice to PRISM if it has never become a participant in any insurance program pursuant to Article 14, or if it has previously withdrawn from all insurance programs in which it was a participant.
- (b) After becoming a participant in an insurance program, a member may withdraw from that program only at the end of a policy year for the program, and only if it gives PRISM at least sixty (60) days advance written notice of such action.

ARTICLE 21 CANCELLATION

- (a) Notwithstanding the provisions of Article 20, the Board of Directors may:
 - (1) Cancel any member from this Agreement and membership in PRISM, on a majority vote of the Board of Directors members. Such action shall have the effect of canceling the member's participation in all insurance programs of PRISM as of the date that all membership is canceled.
 - (2) Cancel any member's participation in an insurance program of PRISM, without canceling the member's membership in PRISM or participation in other programs, on a vote of two-thirds of the Board of Directors members present and voting who represent participants in the program.

The Board of Directors shall give sixty (60) days advance written notice of the effective date of any cancellation under the foregoing provisions. Upon such effective date, the member shall be treated the same as if it had voluntarily withdrawn from this Agreement, or from the insurance program, as the case may be.

- (b) Except as otherwise provided in a program Memorandum of Understanding, a member that does not enter one or more of the insurance programs developed and implemented by PRISM within the member's first year as a member of PRISM shall be considered to have withdrawn as a party to this Agreement at the end of such period, and its membership in PRISM shall be automatically canceled as of that time, without action of the Board of Directors.
- (c) A member which withdraws from all insurance programs of PRISM in which it was a participant and does not enter any program for a period of six (6) months thereafter shall be considered to have withdrawn as a party to the Agreement at the end of such period, and its membership in PRISM shall be automatically canceled as of that time, without action of the Board of Directors.

ARTICLE 22
EFFECT OF WITHDRAWAL OR CANCELLATION

- (a) If a member's participation in an insurance program of PRISM is canceled under Article 21, with or without cancellation of membership in PRISM, and such cancellation is effective before the end of the policy year for that program, PRISM shall promptly determine and return to that member the amount of any unearned premium payment from the member for the policy year, such amount to be computed on a pro-rata basis from the effective date of cancellation.
- (b) Except as provided in (a) above or as otherwise provided in a program Memorandum of Understanding, a member which withdraws or is canceled from this Agreement and membership in PRISM, or from any program of PRISM, shall not be entitled to the return of any premium or other payment to PRISM, or of any property contributed to PRISM. However, in the event of termination of this Agreement, such member may share in the distribution of assets of PRISM to the extent provided in Article 23 provided; however, that any withdrawn or canceled member, which has been assessed a premium surcharge pursuant to Article 14 (b) (3) (ii) shall be entitled to return of said member's unused surcharge, plus interest accrued thereon, at such time as the Board of Directors declares that a surplus exists in any insurance fund for which a premium surcharge was assessed.
- (c) Except as provided in (d) below, a member shall pay any premium charges, which the Board of Directors determines are due from the member for losses and costs incurred during the entire coverage year in which the member was a participant in such program regardless of the date of entry into such program. Such charges may include any deficiency in a premium previously paid by the member, as determined by audit under Article 14 (b) (2); any premium surcharge assessed to the member under Article 14 (b) (3); and any additional amount of premium, which the Board of Directors determines to be due from the member upon final disposition of all claims arising from losses under the program during the entire coverage year in which the member was a participant regardless of date of entry into such program. Any such premium charges shall be payable by the member in accordance with PRISM's invoice and payment policy.
- (d) Those members that have withdrawn or been canceled pursuant to Articles 20 and 21 from any program of PRISM during a coverage year shall pay any premium charges which the Board of Directors determines are due from the members for losses and costs which were incurred during the member's participation in any program.

ARTICLE 23
TERMINATION AND DISTRIBUTION OF ASSETS

- (a) A three-fourths vote of the total voting membership of PRISM, consisting of member counties, acting through their boards of supervisors, and the voting Board of Directors members from the member public entities, is required to terminate this Agreement; provided; however, that this Agreement and PRISM shall continue to exist after such election for the purpose of disposing of all claims, distributing all assets, and performing all other functions necessary to conclude the affairs of PRISM.
- (b) Upon termination of this Agreement, all assets of PRISM in each insurance program shall be distributed among those members which participated in that program in proportion to their cash contributions, including premiums paid and property contributed (at market value when contributed). The Board of Directors shall determine such distribution within six (6) months after disposal of the last pending claim or other liability covered by the program.
- (c) Following termination of this Agreement, any member which was a participant in an insurance program of PRISM shall pay any additional amount of premium, determined by the Board of Directors in accordance with a loss allocation formula, which may be

necessary to enable final disposition of all claims arising from losses under that program during the entire coverage year in which the member was a participant regardless of the date of entry into such program.

**ARTICLE 24
LIABILITY OF BOARD OF DIRECTORS, OFFICERS, COMMITTEE MEMBERS
AND LEGAL ADVISORS**

The members of the Board of Directors, Officers, committee members and legal advisors to any Board of Directors or committees of PRISM shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. They shall not be liable for any mistake of judgment or any other action made, taken or omitted by them in good faith, nor for any action taken or omitted by any agent, employee or independent contractor selected with reasonable care, nor for loss incurred through investment of PRISM funds, or failure to invest.

No Director, Officer, committee member, or legal advisor to any Board of Directors or committee shall be responsible for any action taken or omitted by any other Director, Officer, committee member, or legal advisor to any committee. No Director, Officer, committee member or legal advisor to any committee shall be required to give a bond or other security to guarantee the faithful performance of their duties pursuant to this Agreement.

The funds of PRISM shall be used to defend, indemnify and hold harmless PRISM and any Director, Officer, committee member or legal advisor to any committee for their actions taken within the scope of the authority of PRISM. Nothing herein shall limit the right of PRISM to purchase insurance to provide such coverage, as is hereinabove set forth.

**ARTICLE 25
BYLAWS**

The Board of Directors may adopt Bylaws consistent with this Agreement, which shall provide for the administration and management of PRISM.

**ARTICLE 26
NOTICES**

PRISM shall address notices, billings and other communications to a member as directed by the member. Each member shall provide PRISM with the address to which communications are to be sent. Members shall address notices and other communications to PRISM to the Chief Executive Officer of PRISM, at the office address of PRISM as set forth in the Bylaws.

**ARTICLE 27
AMENDMENT**

A two-thirds vote of the total voting membership of PRISM, consisting of member counties, acting through their boards of supervisors, and the voting Board of Directors members from member public entities, is required to amend this Agreement. However, the Executive Committee is authorized to make non-substantive, clerical amendments to the Agreement and does not need to obtain approval from the Board of Directors to make such amendments.

**ARTICLE 28
EFFECTIVE DATE OF AMENDMENTS**

Any amendment of this Agreement shall become effective upon the date specified by the Board of Directors and upon approval of any Amended Agreement as required in Article 27. Approval of any amendment by the voting boards of supervisors and public entity board members must take place no later than 30 days from the effective date specified by the Board of Directors.

**ARTICLE 29
PROHIBITION AGAINST ASSIGNMENT**

No member may assign any right, claim or interest it may have under this Agreement, and no creditor, assignee or third party beneficiary of any member shall have any right, claim or title to any part, share, interest, fund, premium or asset of PRISM.

**ARTICLE 30
AGREEMENT COMPLETE**

This Agreement constitutes the full and complete Agreement of the parties.

**ARTICLE 31
DISPUTE RESOLUTION**

When a dispute arises between PRISM and a member, the following procedures are to be followed:

- (a) Request for Reconsideration. The member will make a written request to PRISM for the appropriate Committee to reconsider their position, citing the arguments in favor of the member and any applicable case law that applies. The member can also, request a personal presentation to that Committee, if it so desires.
- (b) Committee Appeal. The committee responsible for the program or having jurisdiction over the decision in question will review the matter and reconsider PRISM's position. This committee appeal process is an opportunity for both sides to discuss and substantiate their positions based upon legal arguments and the most complete information available. If the member requesting reconsideration is represented on the committee having jurisdiction, that committee member shall be deemed to have a conflict and shall be excluded from any vote.
- (c) Executive Committee Appeal. If the member is not satisfied with the outcome of the committee appeal, the matter will be brought to the Executive Committee for reconsideration upon request of the member. If the member requesting reconsideration is represented on the Executive Committee, that Executive Committee member shall be deemed to have a conflict and shall be excluded from any vote.
- (d) Arbitration. If the member is not satisfied with the outcome of the Executive Committee appeal, the next step in the appeal process is arbitration. The arbitration, whether binding or non-binding, is to be mutually agreed upon by the parties. The matter will be submitted to a mutually agreed arbitrator or panel of arbitrators for a determination. If Binding Arbitration is selected, then the decision of the arbitrator is final. Both sides agree to abide by the decision of the arbitrator. The cost of arbitration will be shared equally by the involved member and PRISM.
- (e) Litigation. If, after following the dispute resolution procedure paragraphs a-d, either party is not satisfied with the outcome of the non-binding arbitration process, either party may consider litigation as a possible remedy to the dispute.

**ARTICLE 32
FILING WITH SECRETARY OF STATE**

The Chief Executive Officer of PRISM shall file a notice of this Agreement with the office of California Secretary of State within 30 days of its effective date, as required by Government Code Section 6503.5 and within 70 days of its effective date as required by Government Code Section 53051.

IN WITNESS WHEREOF, the undersigned party hereto has executed this Agreement on the date indicated below.

DATE: _____

MEMBER: _____
(Print Name of Member)

BY: _____
(Authorized signature of Member)

Seal:

MEMORANDUM OF UNDERSTANDING MASTER CRIME INSURANCE PROGRAM

This Memorandum of Understanding (hereinafter “Memorandum”) is entered into by and between Public Risk Innovation, Solutions, and Management (hereinafter referred to as “PRISM”) and the participating entities (hereinafter “Members”) who are signatories to this Memorandum.

1. CREATION AND PURPOSE OF THE PROGRAM. There is hereby created by this Memorandum the Master Crime Insurance Program (hereafter “Program”). The purpose of the Program is to provide participating Members with group purchase and coverage for illegal acts committed by employees while on the job, as more fully described in the applicable coverage documents.

2. JOINT POWERS AGREEMENT. Each participating member of the Program shall have executed the Joint Powers Agreement Creating Public Risk Innovation, Solutions, and Management (hereinafter referred to as “Agreement”). Except as otherwise provided herein, all terms used herein shall be as defined in Article 1 of the Agreement, and all other provisions of the Agreement not in conflict with this Memorandum shall be applicable.

3. GOVERNANCE AND PROGRAM OVERSIGHT

The Executive Committee of PRISM (hereafter “Committee”) shall have full authority over all matters affecting the Program, including but not limited to:

- a. Approval of new members;
- b. Program structure and participation requirements;
- c. Premium and rate setting;
- d. Retention levels, limits, and reinsurance;
- e. Underwriting standards; and
- f. Policies regarding withdrawal and cancellation

4. PROGRAM PARTICIPATION AND MEMBERSHIP

- a. Participation in the Program is voluntary and subject to approval by PRISM in accordance with the Agreement and Program underwriting guidelines.
- b. A Member approved for participation shall remain in the Program until withdrawal or cancellation in accordance with the Agreement and this Memorandum.
- c. PRISM may establish eligibility criteria, including but not limited to training, and compliance with applicable laws and standards.

5. ANNUAL PREMIUM

In accordance with Article 14(b)(2) of the Agreement, participating Members shall be assessed an annual premium for the purpose of funding the Program. Annual rates/premiums will be established by the Committee in consultation with the carrier, actuaries and/or other consultants.

6. COST ALLOCATION

Each Member's share of the annual premium shall be determined pursuant to a Committee-approved cost allocation methodology, which may consider factors such as exposure, size, loss experience, and other risk characteristics. The cost allocation methodology may be amended from time to time by action of the Committee.

7. COVERAGE DOCUMENTS

PRISM shall issue applicable coverage documents evidencing a Member's participation in the Program and setting forth the specific terms, conditions, limits, retentions, exclusions, and endorsements applicable to the coverage.

8. CLAIMS AND INCIDENT REPORTING

- a. Members shall comply with all incident reporting, claims reporting, and cooperation requirements established by PRISM and/or the carrier, and as set forth in the coverage documents.
- b. Members shall promptly notify PRISM of any known or suspected incident that may give rise to a claim under the Program.
- c. Failure to comply with these reporting requirements could adversely impact coverage.

9. CLAIMS ADMINISTRATION

Claims administration services shall be provided by the insurance carrier(s) and/or their assignee.

10. WITHDRAWAL AND CANCELLATION

Withdrawal or cancellation from the Program shall be governed by Articles 20 and 21 of the Agreement, subject to policy provisions and any additional Program-specific requirements adopted by the Committee.

11. LATE PAYMENTS

Notwithstanding any other provision to the contrary regarding late payment of invoices or cancellation from a Program, at the discretion of the Executive Committee, any Member that fails to pay an invoice when due may be given a ten (10) day written notice of cancellation.

12. DISPUTE RESOLUTION

Any question or dispute with respect to the rights and obligations of the parties to this Memorandum regarding coverage shall be determined in accordance with the Agreement Article 31, Dispute Resolution.

13. AMENDMENT

This Memorandum may be amended by a majority vote of the Executive Committee and signature on the Memorandum by the Member's designated representative who shall have authority to execute this Memorandum. Should a Member of the Program fail to execute any amendment to this Memorandum within the time provided by the Executive Committee, the Member will be deemed to have withdrawn at the following renewal.

14. COMPLETE AGREEMENT

Except as otherwise provided herein, this Memorandum constitutes the full and complete agreement of the Members.

15. SEVERABILITY

If any provision of this Memorandum is judicially determined to be void or unenforceable, such determination shall not affect the validity of the remaining provisions.

16. EFFECTIVE DATE

This Memorandum shall become effective on the effective date of coverage for the Member and upon approval by the Executive Committee of any amendment, whichever is later.


17. EXECUTION IN COUNTERPARTS

This Memorandum may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Memorandum as of the dates set forth below.

PRISM:

Dated: 7/1/2026

Signature: 
Printed Name & Title: Gina Dean, CEO
Public Risk Innovation, Solutions, and Management

Member:

Dated: _____

Signature: _____
Printed Name & Title: _____
Member Entity: _____

MEMORANDUM OF UNDERSTANDING CYBER LIABILITY PROGRAM

This Memorandum of Understanding (hereinafter “Memorandum”) is entered into by and between Public Risk Innovation, Solutions, and Management (hereinafter referred to as “PRISM”) and the participating entities (hereinafter “Members”) who are signatories to this Memorandum.

1. CREATION AND PURPOSE OF THE PROGRAM. There is hereby created by this Memorandum the Cyber Liability Program (hereafter “Program”). The purpose of the Program is to provide participating Members with coverage and risk-sharing for cyber-related losses, including but not limited to data breaches, network security failures, privacy liability, cyber extortion, business interruption due to cyber events, and related costs, as more fully described in the applicable coverage documents.

2. JOINT POWERS AGREEMENT. Each participating member of the Program shall have executed the Joint Powers Agreement Creating Public Risk Innovation, Solutions, and Management (hereinafter referred to as “Agreement”). Except as otherwise provided herein, all terms used herein shall be as defined in Article 1 of the Agreement, and all other provisions of the Agreement not in conflict with this Memorandum shall be applicable.

3. GOVERNANCE AND PROGRAM OVERSIGHT

The Executive Committee of PRISM (hereafter “Committee”) shall have full authority over all matters affecting the Program, including but not limited to:

- a. Approval of new members;
- b. Program structure and participation requirements;
- c. Premium and rate setting;
- d. Retention levels, limits, and reinsurance;
- e. Allocation of aggregate limits (as needed);
- f. Underwriting standards;
- g. Data submission requirements and cybersecurity controls; and
- h. Policies regarding withdrawal and cancellation

4. PROGRAM PARTICIPATION AND MEMBERSHIP

- a. Participation in the Program is voluntary and subject to approval by PRISM in accordance with the Agreement and Program underwriting guidelines.
- b. A Member approved for participation shall remain in the Program until withdrawal or cancellation in accordance with the Agreement and this Memorandum.
- c. PRISM may establish eligibility criteria, including but not limited to minimum cybersecurity controls, incident response planning, training, and compliance with applicable laws and standards.

5. ANNUAL PREMIUM

In accordance with Article 14(b)(2) of the Agreement, participating Members shall be assessed an annual premium for the purpose of funding the Program. Annual

rates/premiums will be established by the Committee in consultation with the carrier, actuaries and/or other consultants.

6. COST ALLOCATION

Each Member's share of the annual premium shall be determined pursuant to a Committee-approved cost allocation methodology, which may consider factors such as exposure, size, cybersecurity posture, loss experience, and other risk characteristics. The cost allocation methodology may be amended from time to time by action of the Committee.

7. COVERAGE DOCUMENTS

PRISM shall issue applicable coverage documents evidencing a Member's participation in the Program and setting forth the specific terms, conditions, limits, retentions, exclusions, and endorsements applicable to the cyber liability coverage.

8. CLAIMS AND INCIDENT REPORTING

- a. Members shall comply with all incident reporting, claims reporting, and cooperation requirements established by PRISM, and/or the carrier, and as set forth in the coverage documents.
- b. Members shall promptly notify PRISM of any known or suspected cyber incident that may give rise to a claim under the Program.
- c. PRISM may establish cyber incident response protocols, panel vendors, breach response requirements, and claims administration standards applicable to the Program.
- d. Failure to comply with these reporting requirements could adversely impact coverage.

9. CLAIMS ADMINISTRATION

Claims administration services shall be provided by the insurance carrier(s) and/or their assignee.

10. CYBERSECURITY STANDARDS

Each Member shall maintain reasonable and appropriate cybersecurity controls, policies, and procedures, and shall cooperate with PRISM in risk management initiatives, assessments, training, and audits related to cyber risk.

11. WITHDRAWAL AND CANCELLATION

Withdrawal or cancellation from the Program shall be governed by Articles 20 and 21 of the Agreement, subject to policy provisions and any additional Program-specific requirements adopted by the Committee.

12. LATE PAYMENTS

Notwithstanding any other provision to the contrary regarding late payment of invoices or cancellation from a Program, at the discretion of the Executive Committee, any Member that fails to pay an invoice when due may be given a ten (10) day written notice of cancellation.

13. DISPUTE RESOLUTION

Any question or dispute with respect to the rights and obligations of the parties to this Memorandum regarding coverage shall be determined in accordance with the Agreement Article 31, Dispute Resolution.

14. AMENDMENT

This Memorandum may be amended by a majority vote of the Executive Committee and signature on the Memorandum by the Member’s designated representative who shall have authority to execute this Memorandum. Should a Member of the Program fail to execute any amendment to this Memorandum within the time provided by the Executive Committee, the Member will be deemed to have withdrawn at the following renewal.

15. COMPLETE AGREEMENT

Except as otherwise provided herein, this Memorandum constitutes the full and complete agreement of the Members.

16. SEVERABILITY

If any provision of this Memorandum is judicially determined to be void or unenforceable, such determination shall not affect the validity of the remaining provisions.

17. EFFECTIVE DATE

This Memorandum shall become effective on the effective date of coverage for the Member and upon approval by the Executive Committee of any amendment, whichever is later.


18. EXECUTION IN COUNTERPARTS

This Memorandum may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Memorandum as of the dates set forth below.

PRISM:

Dated: 7/1/2026

Signature: 
Printed Name & Title: Gina Dean, CEO
Public Risk Innovation, Solutions, and Management

Member:

Dated: _____

Signature: _____
Printed Name & Title: _____
Member Entity: _____



Adopted: March 5, 1993
Amended: October 4, 1996
Amended: October 6, 2006
Amended: March 6, 2009

MEMORANDUM OF UNDERSTANDING EXCESS WORKERS' COMPENSATION PROGRAM

This Memorandum of Understanding is entered into by and between Public Risk Innovation, Solutions, and Management (hereinafter referred to as "PRISM") and the participating members who are signatories to this Memorandum.

1. **Joint Powers Agreement.** Except as otherwise provided herein, all terms used herein shall be as defined in Article 1 of the Joint Powers Agreement Creating PRISM (hereinafter referred to as "Agreement"), and all other provisions of the Agreement not in conflict with this Memorandum shall be applicable.

2. **Annual Premium.** The participating members, in accordance with the provisions of Article 14(b)(2) of the Agreement, shall be assessed an annual premium for the purpose of funding the Excess Workers' Compensation Program (hereinafter referred to as the "Program"). Annual premiums shall include expected losses for the policy period, including Incurred But Not Reported losses (IBNR), as well as a margin for contingencies based upon a confidence level as determined by the Board of Directors of PRISM (hereinafter Board), and adjustments, if any, for a surplus or deficit from all program policy periods. In addition, the premium shall include program reinsurance costs and program administrative costs, plus PRISM's general expense allocated to the Program by the Board for the next policy period.

3. **Cost Allocation.** Each participating member's share of annual premium shall be determined pursuant to a cost allocation plan as described in Article 14(b)(2) of the Agreement. The Board approved cost allocation plan is attached hereto as Exhibit A and may be amended from time to time by an affirmative vote of the majority of the Board representing the members participating in the Program.

4. **Dividends and Assessments.** The Program shall be funded in accordance with paragraph 2 above. In general, the annual premium, as determined by the Board, will be established at a level which will provide adequate overall funding without the need for adjustments to past policy period(s) in the form of dividends and assessments. However, should the Program for any reason not be adequately funded, except as otherwise provided herein, pro-rata assessments to the participating members may be utilized to ensure the approved funding level for those policy periods individually or for a block of policy periods, in accordance with the provisions of Article 14(b)(3) of the Agreement.

Pro-rata dividends will be declared as provided herein. Dividends may also be declared as deemed appropriate by the Board.

5. **Closure of Policy Periods.** Notwithstanding any other provision of this Memorandum, the following provisions are applicable:

- (a) Upon reaching ten (10) years of maturity after the end of a program period, that period shall be "closed" and there shall be no further dividends declared or assessments made with respect to those program periods except as set forth in paragraph 6(a), below;
- (b) Notwithstanding sub-paragraph (a) above, the Board may take action to leave a policy period "open" even though it may otherwise qualify for closure. In addition, the last ten (10) policy periods shall always remain "open" unless the Board takes specific action to declare any of the last ten (10) policy periods closed.
- (c) Dividends and assessments (other than as outlined in paragraph 6(a), below) shall be administered to the participating members based upon the proportion of premiums paid to the Program in "open" periods only. For purposes of administering dividends and assessments pursuant to this sub-paragraph, all "open" policy periods shall be considered as one block. New members to the Program shall become eligible for dividends and assessments upon participating in the Program for three (3) consecutive policy periods (not less than 24 months). Participating members who withdraw from the Program prior to the three-year policy period restriction are still eligible for any assessments that arose out of the policy years they participated in the Program.

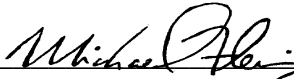
6. **Declaration of Dividends.** Dividends shall be payable from the Program to a participating member in accordance with its proportionate funding to the Program during all "open" policy periods except as follows:

- (a) A dividend shall be declared at the time a program period is closed on all amounts which represent premium surcharge amounts assessed pursuant to Article 14(b)(3) of the Agreement where the funding exceeds the 80% confidence level. This dividend shall be distributed based upon each member's proportionate share of assessment paid and accrued to the policy period being closed.

7. **Memorandum of Coverage.** A Memorandum of Coverage will be issued by PRISM evidencing membership in the Program and setting forth terms and conditions of coverage.
8. **Claims Administration.** Each participating member is required to comply with PRISM's Underwriting and Claims Administration Standards (including Addendum A - W.C. Claims Administration Guidelines) as amended from time-to-time, and which are attached hereto as Exhibit B and incorporated herein.
9. **Late Payments.** Notwithstanding any other provision to the contrary regarding late payment of invoices or cancellation from a Program, at the discretion of the Executive Committee, any member that fails to pay an invoice when due may be given a ten (10) day written notice of cancellation.
10. **Disputes.** Any question or dispute with respect to the rights and obligations of the parties to this Memorandum regarding coverage shall be determined in accordance with the Joint Powers Agreement Article 31, Dispute Resolution.
11. **Amendment.** This Memorandum may be amended by two-thirds of PRISM's Board of Directors and signature on the Memorandum by the member's designated representative who shall have authority to execute this Memorandum. Should a member of the Program fail to execute any amendment to this Memorandum within the time provided by the Board, the member will be deemed to have withdrawn as of the end of the policy period.
12. **Complete Agreement.** Except as otherwise provided herein, this Memorandum constitutes the full and complete agreement of the members.
13. **Severability.** Should any provision of this Memorandum be judicially determined to be void or unenforceable, such determination shall not affect any remaining provision.
14. **Effective Date.** This Memorandum shall become effective on the effective date of coverage for the member and upon approval by the Board of any amendment, whichever is later.
15. **Execution in Counterparts.** This Memorandum may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Memorandum as of the date set forth below.

Dated: 3/6/2009



Public Risk Innovation, Solutions, and Management

Dated: _____

Member Entity: _____



EXHIBIT A

EXCESS WORKERS' COMPENSATION PROGRAM COST ALLOCATION PLAN

As delegated by the Board of Directors, the Executive Committee will determine the specific allocation of all costs among the members subject to the following parameters:

Actuarial Analysis

An annual actuarial analysis will be performed using loss data and payroll collected from the members. The analysis will determine the necessary funding rates at various confidence levels and using various discount assumptions. Different rates may be developed for different groups or classes of business as is deemed necessary or appropriate by the Executive Committee. At the March Board meeting, the Board of Directors will select the funding level rates and discount factors to be used based upon the actuarial analysis and recommendations from the Actuary, the Underwriting Committee and the Executive Committee.

Pool Contributions

The total needed deposit pool contribution will be determined by multiplying the rates described above by the payroll for all of the members participating in the pool. Estimated payroll for the year being funded will be used. The Executive Committee may break the pool into different layers for allocation purposes, and may apply a different loss experience modification for each layer as is deemed appropriate based on loss frequency. In general, the lower layers will be subject to greater experience modification and the higher layers will be subject to lower experience modification or no experience modification. Within the layers, the larger members will be subject to greater experience modification than the smaller members. After the experience modification has been applied for each layer, there will be a pro-rata adjustment back to the total needed deposit pool contribution. This amount will be collected from the members at the beginning of the policy period. The actual payroll for the period will be determined after the completion of the policy period and an adjustment to each member's pool contribution will be made to account for the difference between the estimated and actual payroll. Additional contributions will be collected or return contributions will be refunded as appropriate.

Reinsurance Premiums

The reinsurance premium will be determined through negotiations with the reinsurer(s) and approved by the Board upon recommendation of the Underwriting and Executive Committees. This premium will then be allocated among the members based upon their estimated payroll. Adjustments will be

made based on the actual payroll upon completion of the policy period in the same manner as described in the Pool Contribution section above.

PRISM Administration Fees

The total PRISM Administration Fees will be determined through the annual budgeting process with an appropriate amount allocated to the Excess Workers' Compensation Program. These fees will be allocated among the members as determined by the Executive Committee. In general, the basis for this allocation will be each member's percentage of the total pool contributions and reinsurance premium.

Deviation From the Standard

The Executive Committee may establish policies to deviate from the standard allocation methodology selected for each year on a case-by-case basis, if necessary. They may also elect to further delegate some or all of the decision-making authority described herein to the Underwriting Committee.



Adopted: December 6, 1985
Last Amended: July 1, 2019

EXHIBIT B

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM) UNDERWRITING AND CLAIMS ADMINISTRATION STANDARDS

I. GENERAL

- A. Each Member shall appoint an official or employee of the Member to be responsible for the risk management function and to serve as a liaison between the Member and PRISM for all matters relating to risk management.
- B. Each Member shall maintain a loss prevention program and shall consider and act upon all recommendations of PRISM concerning the reduction of unsafe conditions.

II. EXCESS WORKERS' COMPENSATION PROGRAM

- A. Members of the Excess Workers' Compensation Program, except those members of the Primary Workers' Compensation Program whose responsibilities are outlined in Section IV below, shall be responsible for the investigation, settlement, defense and appeal of any claim made, suit brought or proceeding instituted against the Member.
 - 1. The Member shall use only qualified personnel to administer its workers' compensation claims. At least one person in the claims office (whether in-house or outside administrator) shall be certified by the State of California as a qualified administrator of self-insured workers' compensation plans.
 - 2. Qualified defense counsel experienced in workers' compensation law and practice shall handle litigated claims. Members are encouraged to utilize attorneys who have the designation "Certified Workers' Compensation Specialist, the State Bar of California, Board of Legal Specialization".
 - 3. The Member shall use PRISM's Workers' Compensation Claims Administration Standards (Addendum A) and shall advise its claims administrator that these standards are utilized in PRISM's workers' compensation claims audits.
- B. The Member shall provide PRISM written notice of any potential excess workers' compensation claims in accordance with the requirements of PRISM's Bylaws. Updates on such claims shall be provided pursuant to the reporting provisions of PRISM's Workers'

Compensation Claims Administration Standards (Addendum A) or as requested by PRISM and/or PRISM's excess carrier.

- C. A claims administration audit utilizing PRISM's Workers' Compensation Claims Administration Standards (Addendum A) shall be performed once every two (2) years. In addition, an audit will be performed within twelve (12) months of any of the following events:
1. There is an unusual fluctuation in the Member's claim experience or number of large claims, or
 2. There is a change of workers' compensation claims administration firms, or
 3. The Member is a new member of the Excess Workers' Compensation Program.

The claims audit shall be performed by a firm selected by PRISM unless an exception is approved. Recommendations made in the claims audit shall be addressed by the Member and a written response outlining a program for corrective action shall be provided to PRISM within sixty (60) days of receipt of the audit.

- D. Each Member shall maintain records of claims in each category of coverage (i.e. indemnity, medical, expense) or as defined by PRISM and shall provide such records to PRISM as directed by the Board of Directors, Claims Review Committee, Underwriting Committee, or Executive Committee. Such records shall include both open and closed claims, allocated expenses, and shall not be capped by the Member's self-insured retention.
- E. The Member shall obtain an actuarial study performed by a Fellow of the Casualty Actuarial Society (FCAS) at least once every three (3) years. Based upon the actuarial recommendations, the Member should maintain reserves and make funding contributions equal to or exceeding the present value of expected losses and a reasonable margin for contingencies.

III. GENERAL LIABILITY PROGRAMS

- A. Members of the General Liability 1 or General Liability 2 Programs, except those members of the Deductible Buy-Down Program whose responsibilities are outlined in Section V below, shall be responsible for the investigation, settlement, defense and appeal of any claim made, suit brought or proceeding instituted against the Member.
1. The Member shall use only qualified personnel to administer its liability claims.

2. Qualified defense counsel experienced in tort liability law shall handle litigated claims. Members are encouraged to utilize defense counsel experienced in the subject at issue in the litigation.
 3. The Member shall use the Liability Claims Administration Standards (Addendum B) and shall advise its claims administrator that these standards are utilized in PRISM's liability claims audits.
- B. The Member shall provide PRISM written notice of any potential excess liability claim in accordance with the requirements of PRISM's Bylaws. Updates on such claims shall be provided pursuant to the reporting provisions of PRISM's Liability Claims Administration Standards (Addendum B) or as requested by PRISM and/or PRISM's excess carrier.
- C. A claims administration audit utilizing PRISM's Liability Claims Administration Standards (Addendum B) shall be performed once every two (2) years. In addition, an audit will be performed within twelve (12) months of any of the following events:
1. There is an unusual fluctuation in the Member's claims experience or number of large claims, or
 2. There is a change of liability claims administration firms, or
 3. The Member is a new member of the General Liability 1 or General Liability 2 Program.

The claims audit shall be performed by a firm selected by PRISM unless an exception is approved. Recommendations made in the claims audit shall be addressed by the Member and a written response outlining a program for corrective action shall be provided to PRISM within sixty (60) days of receipt of the audit.

- D. Each Member shall maintain records of claims in each category of coverage (i.e. bodily injury, property damage, expense) or as defined by PRISM and shall provide such records to PRISM as directed by the Board of Directors or applicable committee. Such records shall include open and closed claims, allocated expenses, and shall not be capped by the Member's self-insured retention.
- E. The Member shall obtain an actuarial study performed by a Fellow of the Casualty Actuarial Society (FCAS) at least once every three (3) years. Based upon the actuarial recommendations, the Member should maintain reserves and make funding contributions equal to or exceeding the present value of expected losses and a reasonable margin for contingencies.

IV. PRIMARY WORKERS' COMPENSATION PROGRAM

- A. Members of the Primary Workers' Compensation Program shall provide the third party administrator written notice of any claim in accordance with the requirements of PRISM. Members must also cooperate with the third party administrator in providing all necessary information in order for claims to be administered appropriately.
- B. PRISM shall be responsible for ensuring qualified personnel administer claims in the Primary Workers' Compensation Program and that claims are administered in accordance with PRISM's Workers' Compensation Claims Administration Standards (Addendum A).
- C. PRISM shall be responsible for ensuring a claims administration audit utilizing PRISM's Workers' Compensation Claims Administration Standards (Addendum A) is performed once every two (2) years.
- D. PRISM shall be responsible for obtaining an actuarial study performed by a Fellow of the Casualty Actuarial Society (FCAS) annually.

V. DEDUCTIBLE BUY-DOWN PROGRAM

- A. Members of the Deductible Buy-Down Program shall provide the third party administrator written notice of any claim or incident in accordance with the requirements of PRISM. Members must also cooperate with the third party administrator in providing all necessary information in order for claims to be administered appropriately.
- B. PRISM shall be responsible for ensuring qualified personnel administer claims in the Deductible Buy-Down Program and that claims are administered in accordance with PRISM's Liability Claims Administration Standards (Addendum B).
- C. PRISM shall be responsible for ensuring a claims administration audit utilizing PRISM's Liability Claims Administration Standards (Addendum B) is performed once every two (2) years.
- D. PRISM shall be responsible for obtaining an actuarial study performed by a Fellow of the Casualty Actuarial Society (FCAS) annually.

VI. PROPERTY PROGRAM

- A. Members of the Property Program shall maintain appropriate records including a complete list of insured locations and schedule of values pertaining to all real property. Such records shall be provided to PRISM or its brokers as requested by the Executive or Property Committees.

- B. Each Member shall perform a real property replacement valuation for all locations over \$250,000. Valuations shall be equivalent to the Marshall Swift system and shall be performed at least once every five (5) years for all locations over \$1,000,000 and at least once every ten (10) years for all locations with a valuation between \$250,000 and \$1,000,000. New members shall have an appraisal or valuation performed within one year from entry into the Program.

VII. MEDICAL MALPRACTICE PROGRAM

A. Program I

1. Members of Medical Malpractice Program I (hereinafter Program I) shall be responsible for the investigation, settlement, defense and appeal of any claim made, suit brought or proceeding instituted against the Member.
 - a. Members of Program I shall use only qualified personnel to administer its health facility claims.
 - b. Qualified defense counsel experienced in health facility law shall handle litigated claims.
 - c. Members of Program I shall use the "Claims Reporting and Handling Guidelines" in the PRISM Medical Malpractice Program Operating and Guidelines Manual (hereinafter Operating and Guidelines Manual), and shall advise its claims administrator that these claims handling guidelines are utilized in PRISM's medical malpractice claims audits.
2. Members of Program I shall provide PRISM written notice of any potential excess claim or "major incident" in accordance with the requirements of PRISM and of the excess carrier as stated in the Operating and Guidelines Manual. Updates on such claims or major incidents shall be provided as requested by PRISM.
3. A claims administration audit utilizing PRISM's Claims Reporting and Handling Guidelines in the Operating and Guidelines Manual shall be performed once every three (3) years. In addition, an audit will be performed within twelve (12) months of any of the following events:
 - a. There is an unusual fluctuation in the Member's claims experience or number of large claims, or
 - b. There is a change of health facility claims administration firms, or

- c. The Member is a new member of the Medical Malpractice Program, or
 - d. The Medical Malpractice Committee requests an audit. The claims audit shall be performed by a firm(s) selected by PRISM. Recommendations made in the claims audit shall be addressed by the Member and a written response outlining a program for corrective action shall be provided to PRISM within sixty (60) days of receipt of the audit.
- 4. Each Member shall maintain records of claims in each category of coverage (i.e. bodily injury, property damage, expense) or as defined by PRISM and shall provide such records to PRISM as directed by the Board of Directors or applicable committee. Such records shall include open and closed claims, allocated expenses, and shall not be capped by the Member's self-insured retention.
 - 5. Members of Program I shall obtain an actuarial study performed by a Fellow of the Casualty Actuarial Society (FCAS) at least once every three (3) years. Based upon the actuarial recommendations, the Member should maintain reserves and make funding contributions equal to or exceeding the present value of expected losses and a reasonable margin for contingencies.
 - 6. The Member shall have an effective risk management program in accordance with the "Risk Management Guidelines" as stated in the Operating and Guidelines Manual.

B. Program II

- 1. For Medical Malpractice Program II (hereinafter Program II) Members, PRISM shall be responsible for the investigation, settlement, defense and appeal of any claim made, suit brought or proceeding instituted against the Member. PRISM may contract with a third party administrator for handling of such claims.
- 2. PRISM shall be responsible for ensuring the third party administrator uses qualified personnel to administer Program II claims.
- 3. PRISM shall be responsible for ensuring qualified defense counsel experienced in health facility law shall handle litigated claims.
- 4. PRISM shall be responsible for ensuring a claims administration audit utilizing PRISM's Claims Reporting and Handling Guidelines in the Operating and Guidelines Manual shall be performed once every two (2) years.

The claims audit shall be performed by a firm(s) selected by PRISM. Recommendations made in the claims audit shall be addressed by the third party administrator and a written response outlining a program for corrective action shall be provided to PRISM within sixty (60) days of receipt of the audit.

5. PRISM shall be responsible for obtaining an actuarial study performed by a Fellow of the Casualty Actuarial Society (FCAS) annually.
6. The Member shall have an effective risk management program in accordance with the "Risk Management Guidelines" as stated in the Operating and Guidelines Manual.

VIII. SANCTIONS

- A. PRISM shall provide the Member written notification of the Member's failure to meet any of the above-mentioned standards or of other concerns, which affect or could affect PRISM.
- B. The Member shall provide a written response outlining a program for corrective action within sixty (60) days of receipt PRISM's notification.
- C. After approval by the Executive or applicable Program Committee of the Member's corrective program, the Member shall implement the approved program within ninety (90) days. The Member may request an additional sixty (60) days from the Executive or applicable Program Committee. Further requests for extensions shall be referred to the Board of Directors.
- D. Failure to comply with subsections B or C may result in cancellation of the Member from the affected PRISM Program in accordance with the provisions in the Joint Powers Agreement.
- E. Notwithstanding any other provision herein, any Member may be canceled pursuant to the provision of the Joint Powers Agreement.



ADDENDUM TO EXHIBIT B

Adopted: December 6, 1985
Last Amended: July 1, 2019

ADDENDUM A WORKERS' COMPENSATION CLAIMS ADMINISTRATION STANDARDS

The following Standards have been adopted by Public Risk Innovation, Solutions, and Management (hereinafter PRISM) in accordance with Article 18(b) of the PRISM Joint Powers Agreement. It is the intent of these Standards to ensure compliance with all applicable Labor Code and California Code of Regulations Sections. In the event that there exists a conflict between the Standards, the Labor Code or the Code of Regulations, the most stringent requirement shall apply.

I. CLAIMS HANDLING - ADMINISTRATIVE

A. Case Load

1. Each claims examiner assigned to the Member should handle a targeted caseload of 150 but not to exceed 165 claims. In situations where caseloads include future medical and medical only claims, these claims shall be counted as 2:1 in the caseload limit.
2. Supervisory personnel should not handle a caseload, although they may handle specific issues or a small number of conflict claims.

B. Case Review and Documentation

1. Documentation shall reflect any significant developments in the file and include a plan of action. Plan of action statements shall be updated at the time of examiner diary review.
2. The examiner shall review indemnity and medical-only files at intervals not to exceed 45 calendar days. Future medical files shall be reviewed at intervals not to exceed 90 calendar days.
3. The supervisor shall review all new claims within 60 calendar days of initial set up and subsequently monitor activity on indemnity files at intervals not to exceed 120 calendar days. Future medical files shall be reviewed by the supervisor at intervals not to exceed 180 calendar days.

4. File contents shall comply with Code of Regulations Sections 10101, 10101.1 and 15400, and be kept in a neat and orderly fashion. If claims are maintained in a paperless system, documents shall be clearly identified (e.g., medical report, WCAB Orders, legal, etc.).
5. Medical Only Claims
 - a. If a medical-only claim is still open at 90 calendar days, it shall be transferred to an indemnity examiner.
 - b. If, at any time, it is anticipated there will be indemnity benefits paid, the claim shall be transferred to an indemnity claim type.
 - c. If the medical-only claim remains open at 180 days, the claim shall be converted to an indemnity claim type, unless there is documentation showing that medical treatment will be ending and the claimant will be discharged from care within the next 30 days, or the claimant is only seeking treatment for a blood-borne pathogen exposure protocol.

C. Communication

1. Telephone Inquiries

Return calls shall be made within 1 working day of the original telephone inquiry. All documentation shall reflect these efforts.

2. Incoming Correspondence

All correspondence received shall be clearly stamped with the date of receipt.

3. Return Correspondence

All correspondence requiring a written response shall have such response completed and transmitted within 5 working days of receipt.

4. Ongoing Claimant Contact

On cases involving unrepresented injured workers who are off work, telephone contact shall be made at a minimum of once every 30 days and within 3 working days after discharge from the hospital or outpatient facility following a surgical procedure. This is in addition to nurse case management involvement on claims where nurse case managers are assigned.

D. Fiscal Handling

1. Fiscal handling for indemnity benefits on active cases shall be balanced with appropriate file documentation on a semi-annual basis and prior to sending a benefit termination notice to verify that statutory benefits are paid appropriately. Balancing is defined as, “an accounting of the periods and amounts due in comparison with what was actually paid”.
2. In cases of multiple losses with the same person, payments shall be made on the appropriate claim file.

E. Medicare Reporting

Mandatory reporting to the Center for Medicaid Services (CMS) shall be completed directly or through a reporting agent in compliance with Section 111 of the Medicare Medicaid and SCHIP Extension Act of 2007 (“MMSEA”). Medicare eligibility shall be documented in the claim file at time of settlement evaluation.

II. CLAIM CREATION

A. Three-Point Contact

Three-point contact shall be conducted on all claims with the non-represented injured worker, employer representative and treating physician within 3 working days of receipt of the claim by the third party administrator or self-administered entity. If a nurse case manager is assigned to the claim, initial physician contact may be conducted by either the claims examiner or the nurse case manager. This initial contact should be substantive and clearly documented in the claim file. In the event a party is non-responsive, there shall be evidence of at least three documented attempts to reach the individual.

B. Compensability

1. The initial compensability determination (accept claim, deny claim or delay acceptance pending the results of additional investigation) and the reasons for such a determination shall be made and documented in the file within 14 calendar days of the filing of the claim with the employer. In the event the claim is not received by the third party administrator or self-administered entity within 14 calendar days of the filing of the claim with the employer, the third party administrator or self-administered entity shall make the initial compensability determination within 7 calendar days of receipt of the claim.

2. Delay of benefit letters shall be mailed in compliance with the Division of Workers' Compensation (DWC) guidelines. In the event the employer does not provide notice of lost time to the third party administrator or self-administered entity timely to comply with DWC guidelines, the third party administrator or self-administered entity shall mail the benefit letters within 7 calendar days of notification.
3. The final compensability determination shall be made by the claims examiner or supervisor within 90 calendar days of employer receipt of the claim form.

C. AOE/COE Investigation

If a decision is made to delay benefits on a claim, an AOE/COE investigation shall be initiated within 3 working days of the decision to delay. This may include, but is not limited to, assigning out for witness/injured worker statements, initiating the QME/AME process, requesting medical records, etc.

D. Reserves

1. Using the information available at claim file set up, an initial reserve shall be established for the most probable case value.
2. The initial reserve shall be electronically posted to the claim within 14 calendar days of receipt of the claim.

E. Indexing

All claims shall be reported to the Index Bureau at time of initial set up and re-indexed on an as needed basis thereafter. Blood borne pathogen exposure claims are an exception to this requirement.

PRISM maintains membership with the Index Bureau that members can access.

III. CLAIM HANDLING – TECHNICAL

A. Payments

1. Initial Temporary and Permanent Disability Indemnity Payment
 - a. The initial indemnity payment shall be issued to the injured worker within 14 calendar days of knowledge of the injury and disability. In the event the third party administrator or self-administered entity is not notified of the injury and disability

within 14 calendar days of the employer's knowledge, the third party administrator or self-administered entity shall make payment within 7 calendar days of notification. Initial permanent disability payments shall be issued within 14 calendar days after the date of last payment of temporary disability. Effective 1/1/2013, permanent disability payments shall be issued upon approval of an Award pursuant to Labor Code Section 4650(b)(2). Prior to a PD Award, advances may be due if the employer has not offered the employee a position paying at least 85% of their wages and compensation at time of injury or the employee is not employed in a position paying at least 100% of their wages and compensation at time of injury. This shall not apply with salary continuation.

- b. The properly completed DWC Benefit Notice shall be mailed to the employee within 14 calendar days of the first day of disability. In the event the third party administrator or self-administered entity is not notified of the first day of disability until after 14 calendar days, the DWC Benefit Notice shall be mailed within 7 calendar days of notification.
- c. Self-imposed penalty shall be paid on late payments in accordance with Section III. A.7 of this document.
- d. Overpayments shall be identified and reimbursed timely where appropriate. The third party administrator or self-administered entity shall request reimbursement of overpaid funds from the party that received the funds. If necessary, a credit shall be sought as part of any resolution of the claim.

2. Subsequent Temporary and Permanent Disability Payments

- a. Eligibility for indemnity payments subsequent to the first payment shall be verified, except for established long-term disability.
- b. Ongoing indemnity payments shall be paid in accordance with Labor Code Section 4650(c).
- c. Subsequent DWC benefit notices shall be issued in accordance with CCR 9812.
- d. Self-imposed penalty shall be paid on late payments in accordance with Section III. A.7 of this document.

3. Final Temporary and Permanent Disability Payments

- a. All final indemnity payments shall be issued timely.
- b. The appropriate DWC benefit notices shall be issued in accordance with CCR 9812.
- c. Self-imposed penalty shall be paid on late payments in accordance with Section III. A.7. of this document.

4. Award Payments

- a. The claim file shall reflect demonstrated efforts to initiate/batch payments on undisputed Awards, Commutations, or Compromise and Release agreements within 10 working days following receipt of the appropriate document, unless the Award indicates payment is due sooner.
- b. For all claims in the Primary Workers' Compensation (PWC) Program and/or excess reportable claims, copies of all Awards shall be provided to PRISM at time of payment.

5. Medical Payments

- a. Medical treatment billings (physician, pharmacy, hospital, physiotherapist, etc.) shall be reviewed for correctness, approved for payment and paid within 60 days of receipt.
- b. The medical provider shall be notified in writing within 30 days of receipt of an itemized bill if a medical bill is contested, denied or incomplete.
- c. A bill review process should be utilized whenever possible. There should be participation in a PPO and/or MPN whenever possible.

6. Injured Worker Reimbursement Expense

- a. Reimbursements to injured workers shall be issued within 15 working days of the receipt of the claim for reimbursement.
- b. Advance travel expense payments shall be issued to the injured worker 10 working days prior to the anticipated date of travel.

7. Penalties

- a. Penalties shall be coded so as to be identified as a penalty payment.
- b. If the Member utilizes a third party administrator, the Member shall be advised of the assessment of any penalty for delayed payment and the reason thereof, and the administrator's plans for payment of such penalty, on a monthly basis.
- c. If the Member utilizes a third party administrator, the Member, in their contract with the administrator, shall specify who is responsible for specific penalties.

B. Medical Treatment

1. Each Member shall have in place a Utilization Review process as set forth in Labor Code Section 4610.
2. Disputes regarding utilization review determinations shall be resolved using the Independent Medical Review process set forth in Labor Code Section 4610.5.
3. Nurse case managers shall be utilized where appropriate. Rationale for assignment and continued necessity shall be documented in the claim notes at each regular diary review.
4. If enrolled in a Medical Provider Network, the network shall be utilized whenever appropriate.

C. Apportionment

1. Investigation into the existence of apportionment shall be documented.
2. If potential apportionment is identified, all efforts to reduce exposure shall be pursued.

D. Disability Management

1. The third party administrator or self-administered entity shall work proactively to obtain work restrictions and/or a release to full duty on all cases. The TPA or self-administered entity shall notify a designated Member representative immediately upon receipt of temporary work restrictions or a release to full duty, and work closely with the Member to establish a return to work as soon as possible.

2. The third party administrator or self-administered entity shall notify a designated Member representative immediately upon receipt of an employee's permanent work restrictions so that the Member can determine the availability of alternative, modified or regular work.
3. If there is no response within 20 calendar days, the third party administrator or self-administered entity shall follow up with the designated Member representative.
4. Members shall have in place a process for complying with laws preventing disability discrimination, including Government Code Section 12926.1, which requires an interactive process with the injured worker when addressing a return to work particularly with permanent work restrictions.
5. Third party administrators or self-administered claims professional shall cooperate with members to the fullest extent, in providing medical and other information the member deems necessary for the member to meet its obligations under federal and state disability laws.

E. Supplemental Job Displacement Benefits

1. Supplemental Job Displacement Benefits – Dates of injury on or after 1/1/04 and before 1/1/13: Benefits pursuant to Labor Code Section 4658.5 shall be timely provided. Dates of injury on or after 1/1/13: Benefits pursuant to Labor Code 4658.7 shall be timely provided.
2. The third party administrator or self-administered entity shall secure the prompt conclusion of SJDB.

F. Reserving

1. Reserves shall be reviewed at regular diary and at time of any significant event, e.g. - surgery, P&S/MMI, return to work, etc., and adjusted accordingly. This review shall be documented in the file regardless of whether a reserve change was made. Where the SIP model does not apply, claims shall be reserved for the most probable value.
2. Indemnity reserves shall reflect actual temporary disability indemnity exposure with 4850 differential listed separately.
3. Permanent disability indemnity exposure shall include life pension reserve if appropriate.

4. Future medical claims shall be reserved in compliance with CCR 15300 (b)(4) allowing adjustment for reductions in the approved medical fee schedule, undisputed utilization review, medically documented non-recurring treatment costs and medically documented reductions in life expectancy.
5. Allocated expense reserves shall include medical cost containment, legal, investigation, copy service and other related fees.
6. A reserve worksheet shall be utilized and/or detailed rationale substantiating reserve levels shall be documented within the claim file.

G. Resolution of Claim

1. Within 10 working days of receiving medical information indicating that a claim can be finalized, the claims examiner shall begin appropriate action to finalize the claim.
2. Follow up finalization efforts shall continue and be documented at regular diary reviews until resolution is complete.
3. Settlement value shall be documented appropriately utilizing all relevant information.
4. Where settlement includes resolution of future medical for a Medicare beneficiary or an expected Medicare beneficiary, the settlement shall document the strategy to protect Medicare's secondary payer status.
5. Pursuant to CCR15400.2, claim files with awards for future benefits shall be reviewed for administrative closure two years after the last provision of benefits.

H. Settlement Authority

1. No agreement shall be authorized involving liability, or potential liability, of PRISM without the advance written consent of PRISM. The member shall be notified of any settlement request submitted to PRISM.
2. The third party administrator shall obtain the Member's authorization on all settlements or stipulations in excess of the settlement authority provided in any provision of the individual contract between the Member and the claims administrator.

3. Proof of settlement authorization(s) shall be maintained in the claim file.

IV. LITIGATED CASES

The third party administrator or self-administered entity shall establish written guidelines for the handling of litigated cases. The guidelines should, at a minimum, include the points below, which may be adopted and incorporated by reference as "the Guidelines".

1. The third party administrator or self-administered entity shall promptly initiate investigation of issues identified as material to potential litigation. The Member shall be alerted to the need for in-house investigation, or the need for a contract investigator who is acceptable to the Member. The Member shall be kept informed on the scope and results of investigations.
2. The third party administrator or self-administered entity shall, in consultation with the Member, assign defense counsel from a list approved by the Member. Initial referral and ongoing litigation management shall be timely and appropriate. The third party administrator or self-administered entity shall maintain control of the ongoing claim activities.
3. Settlement proposals directed to the Member shall be forwarded by the third party administrator, self-administered entity or defense counsel in a concise and clear written form with a reasoned recommendation. Settlement proposals shall be presented to the Member as directed so as to insure receipt in sufficient time to process the proposal.
4. Knowledgeable Member personnel shall be involved in the preparation for medical examinations and trial, when appropriate or deemed necessary by the Member so that all material evidence and witnesses are utilized to obtain a favorable result for the defense.
5. The third party administrator or self-administered entity shall comply with any reporting requirement of the Member.

V. SUBROGATION

1. In all cases where a third party (other than a Member employee or agent) is responsible for the injury to the employee, attempts to obtain information regarding the identity of the responsible party shall be made within 14 calendar days of recognition of subrogation potential.

2. Once identified, the third party shall be contacted within 14 calendar days with notification of the Member's right to subrogation and the recovery of certain claim expenses.
3. If the third party is a governmental entity, a claim shall be filed with the governing board (or State Board of Control as to State entities) within 6 months of the injury or notice of the injury. If the third party is a non-governmental entity, a complaint shall be filed in civil court within two years in order to preserve the statute of limitations.
4. Periodic contact shall be made with the responsible party and/or insurer to provide notification of the amount of the estimated recovery to which the Member shall be entitled.
5. If the injured worker brings a civil action against the party responsible for the injury, the claims administrator shall consult with the Member about the value of the subrogation claim and other considerations. Upon Member authorization, subrogation counsel shall be assigned to file a Lien or a Complaint in Intervention in the civil action.
6. Whenever practical, the claims administrator shall aggressively pursue recovery in any subrogation claim. They should attempt to maximize the recovery for benefits paid, and assert a credit against the injured worker's net recovery for future benefit payments.
7. Member (and PRISM if applicable) approval is required to waive pursuit of subrogation or agree to a settlement of a third party recovery. This approval shall be documented in the claim file. In cases of self-administered entities, a process shall be documented noting the authority levels within the member organization to waive pursuit of subrogation or agree to a settlement of a third party recovery.

VI. EXCESS COVERAGE

- A. Claims meeting the definition of reportable excess workers' compensation claims as defined by the Memorandum of Coverage Conditions Section shall be reported to PRISM within five working days of the day on which it is known the criterion is met. Utilize the Excess Workers' Compensation First Report Form available through PRISM's website.
- B. Subsequent reports shall be transmitted to PRISM on a quarterly basis on all indemnity claims and on a semi-annual basis on all future medical claims or sooner if claim activity warrants, or at such other intervals as requested by PRISM, in accordance with Underwriting and Claims Administration Standards. Utilize the Excess Workers' Compensation Status Report Form

available through PRISM's website, or a comparable form to be approved by PRISM.

- C. Reimbursement requests shall be submitted in accordance with PRISM's reporting and reimbursement procedures on a quarterly or semi-annual basis depending on claims payment activity. Utilize the Excess Workers' Compensation Claim Reporting and Reimbursement Procedures available through PRISM's website.
- D. A closing report with a copy of any settlement documents not previously sent shall be sent to PRISM.

Following is the history of amendments to this document:

Amended: March 4, 1988
Amended: October 7, 1988
Amended: October 6, 1995
Amended: October 1, 1999
Amended: June 6, 2003
Amended: March 2, 2007
Amended: July 1, 2009
Amended: July 1, 2011
Amended: March 2, 2012
Amended: October 4, 2013
Amended: July 1, 2019



Adopted: March 5, 1993
Amended: October 2, 1998
Amended: October 6, 2006
Amended: March 6, 2009

MEMORANDUM OF UNDERSTANDING EXCESS LIABILITY PROGRAM

This Memorandum of Understanding is entered into by and between Public Risk Innovation, Solutions, and Management (hereinafter referred to as "PRISM") and the participating members who are signatories to this Memorandum.

1. **JOINT POWERS AGREEMENT.** Except as otherwise provided, all terms used herein shall be as defined in Article 1 of Joint Powers Agreement Creating PRISM (hereinafter referred to as "Agreement"), provisions of any applicable coverage agreement and all other provisions of the Agreement not in conflict with this Memorandum shall be applicable.

2. **ANNUAL PREMIUM.** The participating members, in accordance with the provisions of Article 14(b)(2) of the Agreement, shall be assessed an annual premium for the purpose of funding the Program. Annual premiums shall include the participating member's share of expected losses for the policy period, including Incurred But Not Reported (IBNR) losses, as well as margin for contingencies based upon a confidence level as determined by the Board of Directors of PRISM (hereinafter Board), and adjustments, if any, for a surplus or deficit from all program policy periods. In addition, the premium shall include program reinsurance costs and program administrative costs, plus PRISM's general expense allocated to the Program by the Board for the next policy period.

3. **COST ALLOCATION.** Each participating member's share of annual premium shall be determined pursuant to a cost allocation plan as described in Article 14(b)(2) of the Agreement. The Board approved cost allocation plan is attached hereto as Exhibit A and may be amended from time to time by an affirmative vote of the majority of the Board representing the members participating in the Program.

4. **DIVIDENDS AND ASSESSMENTS.** The Program shall be funded in accordance with paragraph 2 above. As a general rule, the annual premium, as determined by the Board, shall be established at a level which shall provide adequate overall funding without the need for adjustments to past policy period(s) in the form of dividends and assessments. Should the Program for any reason not be adequately funded, except as otherwise provided herein, pro-rata assessments to the participating members may be utilized to ensure the approved funding level for those policy periods individually or for a block of policy periods, in accordance with the provisions of Article 14(b)(3) of the Agreement. Pro-rata dividends shall be declared as provided herein. Dividends may also be declared as deemed appropriate by the Board.

5. **CLOSURE OF POLICY PERIODS.** Notwithstanding any other provision of this Memorandum, the following provisions are applicable:

- (a) Upon reaching ten (10) years of maturity after the end of a program period, that period shall be “closed” and there shall be no further dividends declared or assessments made with respect to those program periods, except as set forth in paragraph 6(a), below;
- (b) Notwithstanding subparagraph (a) above, the Board may take action to leave a policy period “open” even though it may otherwise qualify for closure. In addition, the last ten (10) policy periods shall always remain “open” unless the Board takes specific action to declare any of the last ten (10) policy periods closed.
- (c) Dividends and assessments, other than those set forth in paragraph 6(a) below, shall be administered to the participating members based upon the proportion of premiums paid to the Program in “open” periods only. For purposes of administering dividends and assessments pursuant to this subparagraph, all “open” policy periods shall be considered as one block. New members to the Program shall become eligible for dividends and assessments upon participating in the Program for three (3) consecutive policy periods (not less than twenty-four (24) months). Participating members who withdraw from the Program prior to the three (3) year policy period restriction are still eligible for any assessments that arose out of the policy years they participated in the Program.

6. **DECLARATION OF DIVIDENDS.** Dividends shall be payable from the Program to a participating member in accordance with its proportionate funding to the Program during all “open” policy periods except as follows:

- (a) A dividend shall be declared at the time a program period is closed on all amounts, which represent premium surcharge amounts assessed pursuant to Article 14(b)(3) of the Agreement where the funding exceeds the 80% confidence level. This dividend shall be distributed based upon each member’s proportionate share of assessment paid and accrued to the policy period being closed.

7. **MEMORANDUM OF COVERAGE.** A Memorandum of Coverage shall be issued by PRISM evidencing membership in the Program and setting forth terms and conditions of coverage.

8. **CLAIMS ADMINISTRATION.** Each participating member shall comply with PRISM’s Underwriting and Claims Administration Standards (including Addendum B - Liability Claims Administration Guidelines) as amended from time-to-time, and which are attached hereto as Exhibit B and incorporated herein.

9. **LATE PAYMENTS.** Notwithstanding any other provision to the contrary regarding late payment of invoices or cancellation from a Program, at the discretion of the Executive

Committee, any member that fails to pay an invoice when due may be given a ten (10) day written notice of cancellation.

10. **RESOLUTIONS OF DISPUTES.** Any question or dispute with respect to the rights and obligations of the parties to this Memorandum regarding coverage shall be determined in accordance with the Joint Powers Agreement Article 31, Dispute Resolution.

11. **AMENDMENT.** This Memorandum may be amended by a two-thirds vote of the Board and signature on the Memorandum by the member's designated representative who shall have authority to execute this Memorandum. Should a member of the Program fail to execute any amendment to this Memorandum within the time provided by the Board, the member shall be deemed to have withdrawn as of the end of the policy period.

12. **COMPLETE AGREEMENT.** Except as otherwise provided herein, this Memorandum constitutes the full and complete agreement of the members.

13. **SEVERABILITY.** Should any provision of this Memorandum be judicially determined to be void or unenforceable such determination shall not affect any remaining provision.

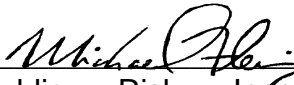
14. **EFFECTIVE DATE.** This Memorandum shall become effective on the effective date of coverage for the member and upon approval by the Board of any amendment, whichever is later.

15. **EXECUTION IN COUNTERPARTS.** This Memorandum may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

In Witness Hereof, the undersigned have executed this Memorandum as of the date set forth below:

Dated: 3/6/2009

Management


Public Risk Innovation, Solutions, and

Dated: _____

Name

Member Entity: _____



EXHIBIT A

EXCESS LIABILITY PROGRAM COST ALLOCATION PLAN

As delegated by the Board of Directors, the Executive Committee will determine the specific allocation of all costs among the members subject to the following parameters:

Actuarial Analysis

An annual actuarial analysis will be performed using loss and exposure data collected from the members. The analysis will determine the necessary funding rates at various confidence levels and using various discount assumptions. Different rates may be developed for different groups or classes of business as is deemed necessary or appropriate by the Executive Committee. At the March Board meeting, the Board of Directors will select the funding level rates and discount factors to be used based upon the actuarial analysis and recommendations from the actuary, the Underwriting Committee, and the Executive Committee.

Pool Contributions

The total needed pool contribution will be determined by multiplying the rates described above by the exposure for all of the members participating in the Pool. For schools, the exposure base will be the reported Average Daily Attendance (ADA). For all other members, the exposure base will be estimated payroll for the year being funded. The Executive Committee may break the Pool into different layers for allocation purposes, and may apply a different loss experience modification for each layer as is deemed appropriate based on loss frequency. In general, the lower layers will be subject to greater experience modification and the higher layers will be subject to lower experience modification or no experience modification. Within the layers, the larger members will be subject to greater experience modification than the smaller members. After the experience modification has been applied for each layer, there will be a pro-rata adjustment back to the total needed pool contribution.

Reinsurance Premiums

The reinsurance premium will be determined through negotiations with the reinsurer(s) and approved by the Board upon recommendation of the Underwriting and Executive Committees. This premium will then be allocated among the members based upon their exposure (ADA or estimated payroll).

PRISM Administration Fees

The total PRISM Administration Fees will be determined through the annual budgeting process with an appropriate amount allocated to the Excess Liability Program. These fees will be allocated among the members as determined by

the Executive Committee. In general, the basis for this allocation will be each member's percentage of the total Pool contributions and reinsurance premium.

Deviation From the Standard

The Executive Committee may establish policies to deviate from the standard allocation methodology selected for each year on a case-by-case basis, if necessary. They may also elect to further delegate some or all of the decision making herein to the Underwriting Committee.



Adopted: December 6, 1985
Last Amended: July 1, 2019

EXHIBIT A

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM) UNDERWRITING AND CLAIMS ADMINISTRATION STANDARDS

I. GENERAL

- A. Each Member shall appoint an official or employee of the Member to be responsible for the risk management function and to serve as a liaison between the Member and PRISM for all matters relating to risk management.
- B. Each Member shall maintain a loss prevention program and shall consider and act upon all recommendations of PRISM concerning the reduction of unsafe conditions.

II. EXCESS WORKERS' COMPENSATION PROGRAM

- A. Members of the Excess Workers' Compensation Program, except those members of the Primary Workers' Compensation Program whose responsibilities are outlined in Section IV below, shall be responsible for the investigation, settlement, defense and appeal of any claim made, suit brought or proceeding instituted against the Member.
 - 1. The Member shall use only qualified personnel to administer its workers' compensation claims. At least one person in the claims office (whether in-house or outside administrator) shall be certified by the State of California as a qualified administrator of self-insured workers' compensation plans.
 - 2. Qualified defense counsel experienced in workers' compensation law and practice shall handle litigated claims. Members are encouraged to utilize attorneys who have the designation "Certified Workers' Compensation Specialist, the State Bar of California, Board of Legal Specialization".
 - 3. The Member shall use PRISM's Workers' Compensation Claims Administration Standards (Addendum A) and shall advise its claims administrator that these standards are utilized in PRISM's workers' compensation claims audits.
- B. The Member shall provide PRISM written notice of any potential excess workers' compensation claims in accordance with the requirements of PRISM's Bylaws. Updates on such claims shall be provided pursuant to the reporting provisions of PRISM's Workers'

Compensation Claims Administration Standards (Addendum A) or as requested by PRISM and/or PRISM's excess carrier.

- C. A claims administration audit utilizing PRISM's Workers' Compensation Claims Administration Standards (Addendum A) shall be performed once every two (2) years. In addition, an audit will be performed within twelve (12) months of any of the following events:
1. There is an unusual fluctuation in the Member's claim experience or number of large claims, or
 2. There is a change of workers' compensation claims administration firms, or
 3. The Member is a new member of the Excess Workers' Compensation Program.

The claims audit shall be performed by a firm selected by PRISM unless an exception is approved. Recommendations made in the claims audit shall be addressed by the Member and a written response outlining a program for corrective action shall be provided to PRISM within sixty (60) days of receipt of the audit.

- D. Each Member shall maintain records of claims in each category of coverage (i.e. indemnity, medical, expense) or as defined by PRISM and shall provide such records to PRISM as directed by the Board of Directors, Claims Review Committee, Underwriting Committee, or Executive Committee. Such records shall include both open and closed claims, allocated expenses, and shall not be capped by the Member's self-insured retention.
- E. The Member shall obtain an actuarial study performed by a Fellow of the Casualty Actuarial Society (FCAS) at least once every three (3) years. Based upon the actuarial recommendations, the Member should maintain reserves and make funding contributions equal to or exceeding the present value of expected losses and a reasonable margin for contingencies.

III. GENERAL LIABILITY PROGRAMS

- A. Members of the General Liability 1 or General Liability 2 Programs, except those members of the Deductible Buy-Down Program whose responsibilities are outlined in Section V below, shall be responsible for the investigation, settlement, defense and appeal of any claim made, suit brought or proceeding instituted against the Member.
1. The Member shall use only qualified personnel to administer its liability claims.

2. Qualified defense counsel experienced in tort liability law shall handle litigated claims. Members are encouraged to utilize defense counsel experienced in the subject at issue in the litigation.
 3. The Member shall use the Liability Claims Administration Standards (Addendum B) and shall advise its claims administrator that these standards are utilized in PRISM's liability claims audits.
- B. The Member shall provide PRISM written notice of any potential excess liability claim in accordance with the requirements of PRISM's Bylaws. Updates on such claims shall be provided pursuant to the reporting provisions of PRISM's Liability Claims Administration Standards (Addendum B) or as requested by PRISM and/or PRISM's excess carrier.
- C. A claims administration audit utilizing PRISM's Liability Claims Administration Standards (Addendum B) shall be performed once every two (2) years. In addition, an audit will be performed within twelve (12) months of any of the following events:
1. There is an unusual fluctuation in the Member's claims experience or number of large claims, or
 2. There is a change of liability claims administration firms, or
 3. The Member is a new member of the General Liability 1 or General Liability 2 Program.

The claims audit shall be performed by a firm selected by PRISM unless an exception is approved. Recommendations made in the claims audit shall be addressed by the Member and a written response outlining a program for corrective action shall be provided to PRISM within sixty (60) days of receipt of the audit.

- D. Each Member shall maintain records of claims in each category of coverage (i.e. bodily injury, property damage, expense) or as defined by PRISM and shall provide such records to PRISM as directed by the Board of Directors or applicable committee. Such records shall include open and closed claims, allocated expenses, and shall not be capped by the Member's self-insured retention.
- E. The Member shall obtain an actuarial study performed by a Fellow of the Casualty Actuarial Society (FCAS) at least once every three (3) years. Based upon the actuarial recommendations, the Member should maintain reserves and make funding contributions equal to or exceeding the present value of expected losses and a reasonable margin for contingencies.

IV. PRIMARY WORKERS' COMPENSATION PROGRAM

- A. Members of the Primary Workers' Compensation Program shall provide the third party administrator written notice of any claim in accordance with the requirements of PRISM. Members must also cooperate with the third party administrator in providing all necessary information in order for claims to be administered appropriately.
- B. PRISM shall be responsible for ensuring qualified personnel administer claims in the Primary Workers' Compensation Program and that claims are administered in accordance with PRISM's Workers' Compensation Claims Administration Standards (Addendum A).
- C. PRISM shall be responsible for ensuring a claims administration audit utilizing PRISM's Workers' Compensation Claims Administration Standards (Addendum A) is performed once every two (2) years.
- D. PRISM shall be responsible for obtaining an actuarial study performed by a Fellow of the Casualty Actuarial Society (FCAS) annually.

V. DEDUCTIBLE BUY-DOWN PROGRAM

- A. Members of the Deductible Buy-Down Program shall provide the third party administrator written notice of any claim or incident in accordance with the requirements of PRISM. Members must also cooperate with the third party administrator in providing all necessary information in order for claims to be administered appropriately.
- B. PRISM shall be responsible for ensuring qualified personnel administer claims in the Deductible Buy-Down Program and that claims are administered in accordance with PRISM's Liability Claims Administration Standards (Addendum B).
- C. PRISM shall be responsible for ensuring a claims administration audit utilizing PRISM's Liability Claims Administration Standards (Addendum B) is performed once every two (2) years.
- D. PRISM shall be responsible for obtaining an actuarial study performed by a Fellow of the Casualty Actuarial Society (FCAS) annually.

VI. PROPERTY PROGRAM

- A. Members of the Property Program shall maintain appropriate records including a complete list of insured locations and schedule of values pertaining to all real property. Such records shall be provided to PRISM or its brokers as requested by the Executive or Property Committees.

- B. Each Member shall perform a real property replacement valuation for all locations over \$250,000. Valuations shall be equivalent to the Marshall Swift system and shall be performed at least once every five (5) years for all locations over \$1,000,000 and at least once every ten (10) years for all locations with a valuation between \$250,000 and \$1,000,000. New members shall have an appraisal or valuation performed within one year from entry into the Program.

VII. MEDICAL MALPRACTICE PROGRAM

A. Program I

1. Members of Medical Malpractice Program I (hereinafter Program I) shall be responsible for the investigation, settlement, defense and appeal of any claim made, suit brought or proceeding instituted against the Member.
 - a. Members of Program I shall use only qualified personnel to administer its health facility claims.
 - b. Qualified defense counsel experienced in health facility law shall handle litigated claims.
 - c. Members of Program I shall use the "Claims Reporting and Handling Guidelines" in the PRISM Medical Malpractice Program Operating and Guidelines Manual (hereinafter Operating and Guidelines Manual), and shall advise its claims administrator that these claims handling guidelines are utilized in PRISM's medical malpractice claims audits.
2. Members of Program I shall provide PRISM written notice of any potential excess claim or "major incident" in accordance with the requirements of PRISM and of the excess carrier as stated in the Operating and Guidelines Manual. Updates on such claims or major incidents shall be provided as requested by PRISM.
3. A claims administration audit utilizing PRISM's Claims Reporting and Handling Guidelines in the Operating and Guidelines Manual shall be performed once every three (3) years. In addition, an audit will be performed within twelve (12) months of any of the following events:
 - a. There is an unusual fluctuation in the Member's claims experience or number of large claims, or
 - b. There is a change of health facility claims administration firms, or

- c. The Member is a new member of the Medical Malpractice Program, or
 - d. The Medical Malpractice Committee requests an audit. The claims audit shall be performed by a firm(s) selected by PRISM. Recommendations made in the claims audit shall be addressed by the Member and a written response outlining a program for corrective action shall be provided to PRISM within sixty (60) days of receipt of the audit.
- 4. Each Member shall maintain records of claims in each category of coverage (i.e. bodily injury, property damage, expense) or as defined by PRISM and shall provide such records to PRISM as directed by the Board of Directors or applicable committee. Such records shall include open and closed claims, allocated expenses, and shall not be capped by the Member's self-insured retention.
 - 5. Members of Program I shall obtain an actuarial study performed by a Fellow of the Casualty Actuarial Society (FCAS) at least once every three (3) years. Based upon the actuarial recommendations, the Member should maintain reserves and make funding contributions equal to or exceeding the present value of expected losses and a reasonable margin for contingencies.
 - 6. The Member shall have an effective risk management program in accordance with the "Risk Management Guidelines" as stated in the Operating and Guidelines Manual.

B. Program II

- 1. For Medical Malpractice Program II (hereinafter Program II) Members, PRISM shall be responsible for the investigation, settlement, defense and appeal of any claim made, suit brought or proceeding instituted against the Member. PRISM may contract with a third party administrator for handling of such claims.
- 2. PRISM shall be responsible for ensuring the third party administrator uses qualified personnel to administer Program II claims.
- 3. PRISM shall be responsible for ensuring qualified defense counsel experienced in health facility law shall handle litigated claims.
- 4. PRISM shall be responsible for ensuring a claims administration audit utilizing PRISM's Claims Reporting and Handling Guidelines in the Operating and Guidelines Manual shall be performed once every two (2) years.

The claims audit shall be performed by a firm(s) selected by PRISM. Recommendations made in the claims audit shall be addressed by the third party administrator and a written response outlining a program for corrective action shall be provided to PRISM within sixty (60) days of receipt of the audit.

5. PRISM shall be responsible for obtaining an actuarial study performed by a Fellow of the Casualty Actuarial Society (FCAS) annually.
6. The Member shall have an effective risk management program in accordance with the "Risk Management Guidelines" as stated in the Operating and Guidelines Manual.

VIII. SANCTIONS

- A. PRISM shall provide the Member written notification of the Member's failure to meet any of the above-mentioned standards or of other concerns, which affect or could affect PRISM.
- B. The Member shall provide a written response outlining a program for corrective action within sixty (60) days of receipt of PRISM's notification.
- C. After approval by the Executive or applicable Program Committee of the Member's corrective program, the Member shall implement the approved program within ninety (90) days. The Member may request an additional sixty (60) days from the Executive or applicable Program Committee. Further requests for extensions shall be referred to the Board of Directors.
- D. Failure to comply with subsections B or C may result in cancellation of the Member from the affected PRISM Program in accordance with the provisions in the Joint Powers Agreement.
- E. Notwithstanding any other provision herein, any Member may be canceled pursuant to the provision of the Joint Powers Agreement.



EXHIBIT A NATIONAL LIABILITY CLAIMS ADMINISTRATION STANDARDS

The following Standards have been adopted by the Public Risk, Innovation, Solutions, and Management (hereinafter PRISM). It is the intent that these standards shall be followed by the Participant and/or third party administrator.

I. CLAIMS INVESTIGATION

- A. Complete initial investigation answering questions such as who, what, where, when and why. Investigations shall be completed within forty-five (45) days of the Participant's knowledge of claim, including statements from participants and witnesses, appropriate official reports, investigative reports, site inspections, relevant documents and photos/videos.
- B. Identify liability issues, including immunities, comparative negligence, joint tortfeasors and joint and several liability.
- C. Initiate the development of information on damages including, but not limited to:
 - 1. Property damage
 - 2. Nature and extent of injuries
 - 3. Medical costs (billed and paid)
 - 4. Lost wages (past and future)
 - 5. Other economic damages
 - 6. Non-economic damages
- D. Obtain and review relevant contracts and insurance documents, to determine whether there is any sharing or complete transfer of the risk.
 - 1. Hold-harmless and/or indemnity agreements
 - 2. Additional insured requirements
- E. Ensure proper preservation of evidence.
- F. Evaluate the need to utilize experts.
- G. Indexing.
 - 1. All bodily injury claims shall be initially reported to the Index Bureau and re-indexed on an as needed basis thereafter.

PRISM maintains a membership with the Index Bureau that Participants can

access.

- H. Secure estimates or appraisals for damaged property.
- I. All notices (pertaining to claim insufficiency, returning late claims, claims rejections, etc.) shall be done in accordance with the relevant Governmental Code provisions.

II. PRISM REPORTING REQUIREMENTS

A. First Report

The Participant shall give PRISM immediate written notice for any claims or suits which the Participant becomes aware of that include injury of the following types:

- a. Death
- b. Paralysis, paraplegia, quadriplegia
- c. Loss of eye(s), or limbs
- d. Spinal cord or brain injury
- e. Dismemberment or amputation
- f. Sensory organ or nerve injury or neurological deficit
- g. Serious burns
- h. Severe scarring
- i. Sexual assault or battery including but not limited to rape, molestation or sexual abuse
- j. Substantial disability or disfigurement
- k. Any class action
- l. Any claim or suit in which PRISM is named as a defendant;
or
- m. Any injury caused by lead.

Additionally, the Participant must report to PRISM an occurrence, offense, or wrongful act as follows:

As respect to the General Liability 1 Program Participants, this includes any occurrence, offense, or wrongful act in which the amount incurred has reached 50 percent or more of their individual self-insured retention or \$500,000, whichever is lower.

As respect to the General Liability 2 Program Participants, this includes any occurrence, offense, or wrongful act in which the amount incurred has reached 50 percent of their individual self-insured retention.

Utilize the current First Report Potential Excess Liability Claims form,

available through PRISM's website, and transmit to PRISM by email to LiabilityClaims@prismrisk.gov.

First report forms shall, at a minimum, include the following:

- Participant's name
- Participant's claim number
- Defense counsel's name and firm name
- Lead Claimant's first and last name
- Specific date of loss
- Brief description of the incident
- Established reserves for indemnity, litigation, and expense

B. Status Reports

After the First Report to PRISM, status reports, whether provided by the Participant, third party administrator or defense counsel, shall be provided at a minimum of every ninety (90) days (more frequently if warranted). Status reports shall focus on changes in liability analysis, damages, and reserves.

C. Photos, diagrams, estimates, statements, contracts, medical, law enforcement and coroner's reports (where applicable), claim forms, lawsuits (including amended complaints), motions for summary judgment, demurrers, dismissals, appellate briefs and orders/rulings/judgments shall be in the claims file, and provided to PRISM, within ninety (90) days of receipt of the material.

D. Closure Reports

When a claim or suit that has been reported to PRISM is settled, dismissed or closed in any other fashion, PRISM shall be provided with the closing documents and an accounting of the final paid amounts on the exposure for indemnity, litigation, and expense within 90 days from the day the final defense bill is paid.

III. MEDICARE REPORTING

A. Proper verification of a claimant's status as to Medicare eligibility shall be completed and documented in every file involving a bodily injury. In those cases where the claimant does meet the eligibility requirements, mandatory reporting to the Center for Medicare and Medicaid Services (CMS) must be completed directly or through a reporting agent in compliance with State Children's Health Insurance Program (SCHIP) Section 111 of the Medicare Medicaid and SCHIP Extension Act of 2007.

IV. RESERVING

Each claim should be reviewed and evaluated according to the merits of the claim and based upon the most current and reliable information received, starting with the initial report of claim and continuing through final resolution. Delays result in understated reserves and, possibly, missed opportunities to settle.

- A. An accurate and appropriate initial indemnity reserve shall be established on all reportable claims based on facts known, upon completion of the initial investigative report or when suit is filed, whichever occurs first. In addition, separate legal and adjusting reserves shall be established.

Indemnity reserves shall reflect the most probable outcome plus exposure to plaintiff attorney's fees and costs.

Most probable outcome is the potential total amount a plaintiff could expect to receive, either through settlement or verdict, after factoring in the Participant's percentage of liability. (This approach is neither the best nor worst case outcome).

Factors to consider when evaluating the potential total settlement or verdict a plaintiff could expect to receive include but are not limited to:

- Extent of injuries and/or damages
- Medical expenses
- Loss of income
- Any other related expenses
- Future anticipated expenses
- Total of both gross and out-of-pocket expenses
- Permanent injury
- Disfigurement/scarring
- Pain and suffering
- Any other intangible factors which may result in a higher or lower claim value such as jurisdiction, credibility of parties/witnesses, etc.

Percentage of liability is determined by various factors that are discovered during an investigation. Reserves shall be adjusted accordingly, as facts are developed, to properly reflect the exposure. These factors include but are not limited to:

- a. Facts of loss
- b. Applicable laws
- c. Defense Counsel evaluations
- d. Jury Verdict evaluation
- e. The extent of plaintiff's liability (comparative negligence)

- f. The number of co-defendants and their percentage of liability
 - g. The ability of the co-defendants to respond financially to any settlement or verdict
 - h. Any other mitigating factors
- 2. Reserves shall be set at the most probable outcome even if it exceeds the Participant's Self-Insured Retention. In all litigated Excess reportable cases, the Participant shall set a meaningful indemnity reserve.
- 3. Reserves shall be evaluated for adequacy at least every ninety (90) days. All reserve changes shall be documented in a paper or electronic file providing explanation of the reason for the reserve change or notation that the current reserve is adequate and why. PRISM shall be notified of all reserve changes within thirty (30) days of the change being made.

V. DOCUMENTATION

- A. Each file shall contain information necessary to document the decisions made, including: all demands, offers of settlement and settlement authority.

For those cases in which the: (1) Bodily Injury claim is reserved above twenty five (25) percent of the SIR.; (2) Property Damage claim is reserved above twenty five (25) percent of the SIR; and (3) All claims that meet PRISM's excess reporting requirements regardless of reserves, the following information shall be contained in each file:

- 1. Claimant(s) Information
- 2. Date of Loss
- 3. Claim Number
- 4. Facts of accident or occurrence
- 5. Witness/Participant Statement
- 6. Reserve rationale
- 7. Assessment of liability
- 8. Damages/injuries, including medical costs, lost wages, dependency, property damage estimates, total loss evaluations, loss of use claims, and other damages
- 9. Index Bureau reporting
- 10. Coverage questions
- 11. Excess potential
- 12. Structured Settlement possibilities (where applicable)
- 13. Alternative Dispute Resolution
- 14. Subrogation potential (where applicable)
- 15. Immunities
- 16. Future course of action
- 17. Next diary date
- 18. If litigated, identify counsel on both sides

19. Offsets or liens that may need to be considered
20. Medicare eligibility and reporting
21. Risk and insurance transfer

VI. CASE SETTLEMENT FACTORS

- A. Settlement evaluation and authority by the Participant shall be documented. On cases exceeding the SIR, prior written settlement authority must be obtained from PRISM.
- B. The settlement shall be reasonable in light of damages, injuries, liability, and any obligations to Medicare.
- C. Settlements shall be effected in a timely manner, with consideration given to structures, statutory offers (Rule 68 or state statute) where applicable, and/or alternative dispute resolution.
- D. Contributions from joint tortfeasors shall be considered.
- E. Proper releases and dismissals shall be secured and copies provided to PRISM.

VII. LITIGATED FILES

- A. Defense litigation plan shall be in the file.
- B. Defense attorney's initial evaluation and budget shall be completed and in the file within sixty (60) days of assignment. If the billed amount of attorney's fees and costs exceeds seventy-five (75) percent of the total budget, then the defense attorney shall provide an updated budget.
- C. On litigated cases, defense counsel shall also include PRISM on their mailing lists for copies of correspondence, reports, evaluations, interrogatory summaries, deposition summaries and medical summaries. Actual deposition transcripts, interrogatories, their answers to interrogatories and interim billings are not required.

Updated reports shall provide a summary of pertinent information based on the status of a case. Pertinent information includes, but is not limited to:

- Identified experts – what their analysis has concluded, their credibility as a witness (both plaintiff and defense), and how their testimony will/will not influence the case potential.
- Witness deposition summaries including an evaluation of their

credibility as a witness and how their testimony will/will not influence the case potential.

- A summary of relevant documents disclosed or obtained through discovery and an analysis of their impact on the case.
 - A summary of applicable case law and immunities.
 - Updated evaluation of damages including, but not limited to, billed and paid medical bills, estimated future medical expenses, past and future wage loss estimates, and general damage estimates.
 - Analysis of liability and potential settlement/verdict value as well as suggested next steps (MSJ, Motion to Dismiss, Mediation, etc.).
- D. The defense attorney shall make proper follow-up requests for investigation.
- E. There shall be timely recommendations from defense firms regarding expert retention, settlements, and trial preparation.
- F. Defense costs shall be controlled by the Participant. Depositions, retention of experts, expert costs, and other defense costs shall be approved by the Participant.
- G. Litigation outcome and total costs shall be documented.
- H. There shall be timely notification to relevant employees and other parties regarding pending litigation.

No less than forty-five (45) days prior to trial, counsel shall provide a pre-trial report that discusses the following:

1. Case Summary
 - Plaintiff and any individual Defendants including counsel's opinion as to how each will be viewed by a jury
 - List of claims
 - Summary of Facts
 - Expected percipient witness testimony
 - Expected Liability Expert Testimony
 - Summary of Critical Liability Issues
 - Summary of Special and General Damages including expected damage expert testimony
 - Summary of Punitive Damages and non-monetary relief requested (if applicable)
 - Attorneys' fees and costs estimate for claims that involve

the potential award of attorneys' fees

2. Evaluation

- Potential Verdict Value
- Comparative Fault Analysis
- Settlement Discussion summary
- Probability of Defense Verdict

Throughout trial, a daily trial status update shall be provided to PRISM by defense counsel, the Participant, or the Third-Party Administrator. This can be informal, such as an email or voicemail advising of the day's activities, impressions of witnesses, any impacting developments, and an update regarding the next day's schedule.

- I. Appropriate Dismissal Motions shall be made for failure to meet the applicable jurisdictional statutes for timely serving a complaint, conducting discovery, or bringing a complaint to trial.

VIII. SUMMARY

The file shall be completely documented. Audits conducted by PRISM's Auditor shall measure whether performance is consistent with these standards.



Adopted: June 4, 1999
Amended: October 1, 2004
Amended: June 19, 2008

MEMORANDUM OF UNDERSTANDING PROPERTY PROGRAM

This Memorandum of Understanding is entered into by and between the Public Risk Innovation, Solutions, and Management (hereinafter referred to as "PRISM") and the participating members who are signatories to this Memorandum.

1. **Joint Powers Agreement.** Except as is otherwise provided herein, all terms used herein shall be as defined in Article 1 of the Joint Powers Agreement Creating the Public Risk Innovation, Solutions, and Management (hereinafter referred to as "Agreement"), and all other provisions of the Agreement not in conflict with this Memorandum shall also be applicable.

2. **Program Committee.** There is hereby established a Property Program Committee (hereinafter referred to as "Property Committee" or "Committee") and, except as otherwise provided herein, said Committee shall have full authority to determine all matters affecting the members including, but not limited to, approval of new members and premium/rate setting and establishment of policies regarding data submission and provisions for notice of withdrawal, as long as such policies are not in conflict with the Joint Powers Agreement.

The Property Committee shall consist of eleven (11) voting members and two (2) alternates. The Executive Committee of PRISM shall appoint the Committee members, to be selected from members in the Program as follows: Seven (7) of the Committee members are to be appointed from the members who make up the top fourteen (14) members according to the amount of annual property premium paid ("Large Members"). Two (2) of the Committee members are to be appointed from those remaining members not within the top fourteen (14) members ("Smaller Members"). One (1) of the members may be appointed from any member ("At Large"). The remaining seat shall be designated for a Public Entity member. If there are no Public Entity nominees or not enough members available from a category (Large, Smaller, At Large), the Executive Committee shall make the appointment from members participating in the Program without regard to category. The two (2) alternates may be appointed from any member.

The terms of the members of the Committee shall be for two (2) years, except for the Public Entity representative and the alternate representatives whose terms shall be for one (1) year. The expiration dates of the two-year appointments shall be staggered so that terms of no more than five (5) members will expire at any one time. The Committee will annually, at its first meeting of the calendar year, select its officers, consisting of a Chair and Vice Chair.

The Committee, when necessary to fulfill the purposes of this Memorandum, shall meet on the call of the Chair of the Committee as provided in Article 12 of the Agreement and Article VI of the Bylaws of PRISM (hereinafter referred to as the "Bylaws").

A majority of the members of the Committee shall constitute a quorum for the transaction of business. Except as otherwise provided herein, all actions of the Property Committee shall require the affirmative vote of a majority of the members of the Committee. Any meeting of the Committee shall be subject to the applicable provisions of Government Code § 54950 et seq., commonly known as the "Brown Act."

3. **Premiums.** The participating members, in accordance with the provisions of Article 14 of the Agreement, shall be assessed an annual premium for the purpose of funding the Property Program. Annual premium contributions, including administrative costs associated with the Program shall be established by the Property Committee.

4. **Cost Allocation.** Each member's share of annual premium shall be determined by the Property Committee; however, the Committee may delegate any or all of this authority as it deems appropriate.

5. **Application to the Program.** All applications to join the Property Program will be evaluated and subject to approval by the Committee and the underwriter. Any entity, which makes application to become a participating member of the Program, who is not already a participating member in PRISM must also be approved in accordance with the provisions of Article 19 of the Agreement.

New members may be added to the Program during the term of the coverage year on a pro-rata basis.

6. **Withdrawal and/or Cancellation From the Program.** Withdrawal of a member from the Program shall be in accordance with the withdrawal provisions of Article 20 or 21 of the Agreement.

7. **Late Payments.** All provisions for payments shall be in accordance with the Invoicing and Payment Policy adopted by the Board of Directors. Notwithstanding any other provision to the contrary regarding late payment of invoices or cancellation from a Program, at the discretion of the Executive Committee, any member that fails to pay an invoice when due may be given a ten (10) day written notice of cancellation.

8. **Resolution of Disputes.** Any question or dispute with respect to the rights and obligations of the parties to this Memorandum shall be determined in accordance with Article 31 of the Agreement, Dispute Resolution.

9. **Amendment.** This Memorandum may be amended by a majority vote of the Property Committee, upon ninety (90) days advance written notice to the members and county counsels. Each member shall approve of any amendment by signature on the Memorandum by a member's representative who shall have authority to execute this Memorandum. Should a member of the Program fail to execute any amendment to this Memorandum within the time provided by the Committee, the member will be deemed to have withdrawn from the Program on the next annual renewal date.

10. **Complete Agreement.** Except as otherwise provided herein, this Memorandum constitutes the full and complete agreement of the members.

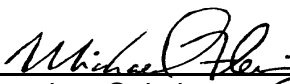
11. **Severability.** Should any provision of this Memorandum be judicially determined to be void or unenforceable, such determination shall not affect any remaining provision.

12. **Effective Date of Agreement.** This Memorandum shall become effective on the date of coverage for the member or upon approval by the Property Committee of any amendment, whichever is later.

13. **Execution in Counterparts.** This Memorandum may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Memorandum as of the date set forth below.

6/19/2008
Dated



Public Risk Innovation, Solutions, and Management

Dated

Member Entity: _____

**MEMORANDUM
CITY OF CHINO
PUBLIC WORKS DEPARTMENT**

CITY COUNCIL MEETING DATE: APRIL 21, 2026

TO: LINDA REICH, CITY MANAGER
FROM: HYE JIN LEE, DIRECTOR OF PUBLIC WORKS

SUBJECT

Approve the Consolidation, Amendment, and Reconciliation of Lewis Companies Construction Credit Reimbursement Agreements for Circulation Development Impact Fees (DIF).

RECOMMENDATION

1) Approve the First Amendment to Contract No. 2025-167, the Construction Credit and Reimbursement Agreement for The Preserve Circulation (Streets, Signals and Bridges) Development Impact Fee Program for projects constructed between 2004 and 2019, in the amount of \$2,944,627.25, for a revised total contract amount not to exceed \$38,076,155.62, between the City of Chino and Chino Development Corporation, a California corporation, and Chino Preserve Development Corporation, a California corporation; 2) accept the updated Circulation DIF Credit and Reimbursement Reconciliation for project-specific development projects in the amount of \$10,720,544.70 through May 31, 2025; and 3) authorize the City Manager to execute all the necessary documents on behalf of the City.

FISCAL IMPACT

There is no direct fiscal impact to the City.

Staff will conduct an annual reconciliation of Development Impact Fee (DIF) credits and will return to the City Council annually with an updated audit and reconciliation until the outstanding obligations and balances under the applicable agreements have been fully resolved.

Public improvements financed through Community Facilities District No. 2003-3 are not eligible for cash reimbursement under the DIF Program. Such improvements may only be recognized as DIF credits to the extent permitted under the applicable agreements and in a manner consistent with the City's DIF program requirements.

CITY OF CHINO MISSION / VISION / VALUES / STRATEGIC ISSUES

The recommendation detailed above further the City's values and strategic issues that serve as key pillars on which identified priorities, goals, and action plans are built, by fostering:

- Financial Stability
- Responsible Long-Range Planning
- Public Service Excellence through Internal and External Partnerships

Revenue:	Expenditure:
Transfer In:	Transfer Out:

BACKGROUND

In preparation for the upcoming Development Impact Fee (DIF) Nexus Study Update, staff is conducting a comprehensive review of all existing DIF-related agreements, including those associated with circulation, water, sewer, storm drain, and miscellaneous residential amenity improvements. This reconciliation is intended to identify and confirm any outstanding deferred DIF obligations, including remaining credit balances and reimbursement amounts owed to the developer. The purpose of this review is to ensure prior commitments are accurately documented and appropriately incorporated into the updated Nexus Study.

Please note, this City Council item is limited to the Circulation DIF Program. This program includes several existing agreements and obligations, including construction credit and reimbursement agreements, covenant agreements, and project-specific agreements as discussed below. Collectively, these agreements establish the framework for issuing DIF credits and reimbursements for eligible backbone infrastructure, such as arterial roadways, traffic signals, and related circulation improvements necessary to support growth within the City.

1. Validation of Additional Eligible Costs Contract No 2025-167 (First Amendment)

The Preserve Development Agreement required the master developer, Lewis Management Corporation (Lewis), to construct major circulation improvements necessary to support long-term development within The Preserve. Accordingly, Lewis completed various eligible circulation improvements, including streets and traffic signals, that qualify for reimbursement or credit under the City's Circulation DIF Program.

On November 19, 2024, the City and Lewis entered Contract No. 2025-167 as a comprehensive true-up and reconciliation of eligible Preserve circulation improvements constructed between 2004 and 2019. The agreement established the total validated cost of the eligible improvements, documented the Circulation DIF credits issued to date, and identified the remaining reimbursement and credit balance owed to the developer. The total not-to-exceed amount under the original agreement is \$35,131,528.37.

Following execution of Contract No. 2025-167, staff continued reviewing historical documentation and coordinating with the developer to ensure that all eligible circulation improvements had been accurately captured. As part of that reconciliation effort, staff, in coordination with David Taussig & Associates, Inc. (DTA), identified an additional \$2,944,627.25 in eligible circulation improvements that were not included in the original agreement. These improvements are associated with Tract Map Nos. 18840 and 19994 (Harvest Project), generally located at the northwest corner of Hellman Avenue and Pine Avenue, as well as the Block 4 development, generally located at the southwest corner of Hellman Avenue and Market Street.

The additional eligible costs include street, traffic signal, landscaping, parkway, and median improvements along Market Street, Discovery Park Avenue, East Preserve Loop, and Hellman Avenue. These costs were not included in the original reconciliation under Contract No. 2025-167, as they were associated with subsequent reimbursement requests submitted by Lewis through CFD Payment Request No. 61, CFD Payment Request No. 61 Supplement 1, and CFD

CITY COUNCIL MEETING DATE: APRIL 21, 2026

TITLE: APPROVE THE CONSOLIDATION, AMENDMENT, AND RECONCILIATION OF LEWIS COMPANIES CONSTRUCTION CREDIT REIMBURSEMENT AGREEMENTS FOR CIRCULATION DEVELOPMENT IMPACT FEES (DIF).

PAGE: 3

Payment Request No. 62. The timing of these CFD reimbursement requests did not align with the initial reconciliation process, and therefore, the costs were not available for inclusion at that time.

Below is a summary of the Validated Costs:

<u>Description</u>	<u>Amount</u>
Original Validated Costs	\$35,131,528.37
Total Additional Eligible Costs	<u>\$ 2,944,627.25</u>
Revised Total Validated Costs	\$38,076,155.62

As a result of this reconciliation, Contract No. 2025-167 must be amended to incorporate the additional validated costs. The First Amendment increases the total validated cost under the agreement from \$35,131,528.37 to \$38,076,155.62.

Additionally, under the reconciled totals reflected in Contract No. 2025-167, Lewis received \$4,000,000 in cash reimbursement in December 2024 and \$28,527,475.23 in Circulation DIF credits toward eligible circulation improvement costs. After application of those reimbursements and credits to the total validated cost of the eligible improvements, a remaining credit/reimbursement balance of \$5,548,680.39 is still owed to the developer, as summarized below.

<u>Description</u>	<u>Amount</u>
Revised Total Validated Costs	\$38,076,155.62
Circulation DIF Credits	(\$28,527,475.23)
Cash Reimbursement	<u>(\$ 4,000,000.00)</u>
Remaining Balance	\$ 5,548,680.39

2. Circulation DIF Credit Reconciliation Project Specific Agreements (2020 through Present)

In addition to Contract No. 2025-167, the City has executed several project-specific Construction Credit and Reimbursement Agreements for Preserve circulation improvements completed from 2020 through the present. These agreements document additional eligible circulation infrastructure associated with specific tracts and development phases. Collectively, these agreements account for \$10,720,544.70 in additional Circulation DIF credits issued to the developer through May 31, 2025.

<u>Contract No.</u>	<u>Tract No.</u>	<u>Project Description</u>	<u>DIF Credits</u>
2022-029	18480	Harvest (for Pine)	\$ 5,326,638.73
2022-163	16420-3	Commercial Town Center	\$ 2,154,012.17
2022-163	16420-3	Homecoming Phase 5	\$ 1,070,696.00
2023-249	16420-4	Block 9	\$ 1,340,967.46
2024-277	16420-5	Block 3A	\$ 635,628.00
2026-209	16420-6	Block 11	<u>\$ 192,602.34</u>
		Total	\$10,720,544.70

3. Covenant Agreement Reconciliation

As part of staff's broader reconciliation of Preserve-related Circulation DIF obligations, staff also reviewed previously executed Covenant Agreements associated with prepaid DIF obligations for certain residential developments along Pine Avenue within The Preserve.

These agreements were established to support the ultimate design and construction of Pine Avenue. Lewis was originally conditioned to construct Pine Avenue from Euclid Avenue to Johnson Avenue under Tract Map No. 20161 as part of its development obligations. That requirement was subsequently removed through a development modification, and the City ultimately assumed responsibility for delivery of the project.

As a result, Lewis was required to prepay the applicable Circulation DIF to ensure funding would be available for the City to proceed with the improvements. These improvements include elevating the roadway profile with embankments on both the north and south sides, as well as improvements to the Euclid Avenue and Pine Avenue intersection to enhance safety and reduce congestion.

The prepaid DIF was collected through building permits associated with the Van Vliet development, generally located north of Pine Avenue, south of Bickmore Avenue, west of Rincon Meadows Avenue, and east of Mayhew Avenue, as well as the Block 4 development located at the southwest corner of Hellman Avenue and Market Street. Collectively, these developments generated a little over \$7 million in prepaid Circulation DIF.

Because the developer prepaid the DIF, they are entitled to corresponding DIF credits in accordance with the terms of the Covenant Agreements.

As part of this reconciliation effort, staff, in coordination with DTA conducted a comprehensive review of all Circulation DIF credits issued through May 31, 2025. The purpose of this review was to confirm that the appropriate fees were assessed and that all associated prepaid balances were properly applied.

Based on this analysis, staff identified the need to true-up the remaining prepaid fee balances to ensure that the City's records accurately reflect the final reconciled credit amounts. Specifically, the proposed amendment acknowledges and reconciles the status of the following agreements:

- Covenant Agreement for Prepayment of Circulation DIF related to Tract Map No. 20161 (Van Vliet), dated July 21, 2020; and
- Covenant Agreement for Prepayment of Circulation DIF related to Tract Map No. 20164 (Block 4), dated July 21, 2020.

The reconciliation confirms that:

- No remaining credit balance exists under the Block 4 Covenant Agreement; and
- A balance of \$169,977.90 Circulation DIF credits remain under the Tract 20161 Covenant Agreement, which will be applied toward the remaining 32 units within that tract moving into the future.

CITY COUNCIL MEETING DATE: APRIL 21, 2026

TITLE: APPROVE THE CONSOLIDATION, AMENDMENT, AND RECONCILIATION OF LEWIS COMPANIES CONSTRUCTION CREDIT REIMBURSEMENT AGREEMENTS FOR CIRCULATION DEVELOPMENT IMPACT FEES (DIF).

PAGE: 5

This reconciliation does not create any new credit or reimbursement obligation. Rather, it formally documents the remaining prepaid balance held under the existing agreements and confirms the amount to be applied to future building permits.

ISSUES/ANALYSIS

In addition to reconciling the various credit, reimbursement, and covenant agreements, staff and DTA conducted a detailed review of historical fee application records to verify that all DIFs, across all fee categories, were assessed using the appropriate land use categories and fee schedules in effect at the time each fee was paid or credited.

Staff's analysis also includes fee categories for which Lewis is responsible for direct payment, including Law Enforcement, Fire Suppression, Congestion Management Program (CMP), Administrative, and General Facilities fees. These categories represent obligations for which Lewis is required to remit payment, and for which no DIF credits or reimbursements are permitted under the applicable ordinances, nexus methodology, and governing agreements.

Based on staff's audit, Lewis owed the City \$160,206 in Administrative fees, \$11,696 in Police DIF, and \$2,091 in Fire DIF; these amounts have been invoiced and paid. The review also determined that Lewis is entitled to a refund of \$309,567 in Congestion Management Program (CMP) fees and \$2,710 in General Facilities fees.

Staff is in the process of issuing the refunds, which will require a corresponding accounting adjustment to Community Facilities District (CFD) No. 2003-3, as these fees were previously satisfied through CFD bond proceeds. Staff will coordinate with the City's CFD consultant, Webb & Associates, to ensure the adjustment is implemented in a legally compliant and fiscally defensible manner, and that no duplication of funding occurs.

Therefore, staff recommends that the City Council take the following actions:

1. Approve the First Amendment to the Construction Credit and Reimbursement Agreement for The Preserve Circulation (Streets, Signals & Bridges) DIF Program to incorporate the additional eligible circulation improvements and update the corresponding credit and reimbursement balances; and
2. Approve the Circulation DIF Credit Reconciliation through May 31, 2025, for the project-specific agreements identified above.

Approval of these actions will finalize the City's reconciliation of Preserve Circulation DIF obligations, bring all related agreements current, improve the accuracy and defensibility of the City's DIF records, and provide a reliable foundation as staff moves forward with the upcoming DIF Nexus Study Update. This effort also establishes a clean baseline for future administration. Staff anticipates returning in September with an annual reconciliation item to true up all Circulation DIF credits and reimbursements for Fiscal Year 2025-26.

Attachment - Rev Circulation DIF Credit Reconciliation and Amendment

Contract No.: _____
Approved: _____

CIRCULATION DIF CREDIT RECONCILIATION THROUGH MAY 31, 2025 FOR THE FOLLOWING AGREEMENTS:

1. **CONTRACT NO 2025-167**
2. **CONTRACT NO. 2022-029 Tr 18480 (Harvest (for Pine))**
3. **CONTRACT NO. 2022-163 Tr 16420-3 (Commercial Town Center)**
4. **CONTRACT NO. 2022-163 Tr 16420-3 (Homecoming Phase 5)**
5. **CONTRACT NO. 2023-249 Tr 16420-4 (Block 9 – Independence)**
6. **CONTRACT NO. 2024-277 Tr 16420-5 (Block 3A)**
7. **CONTRACT NO. Tr 16420-6 (Club in Main Block 11)**

AND

**FIRST AMENDMENT TO CONSTRUCTION CREDIT AND REIMBURSEMENT AGREEMENT FOR THE PRESERVE CIRCULATION (STREETS, SIGNALS AND BRIDGES) DEVELOPMENT IMPACT FEE PROGRAM
(Circulation Projects 2004-2025)**

THIS CIRCULATION DIF CREDIT RECONCILIATION (“**Reconciliation**”) and FIRST AMENDMENT TO CONSTRUCTION CREDIT AND REIMBURSEMENT AGREEMENT FOR THE PRESERVE CIRCULATION (STREETS, SIGNALS AND BRIDGES) DEVELOPMENT IMPACT FEE PROGRAM (“**Amendment No. 1**”) is made and entered into this ___ day of _____, 20__ (“**Reconciliation Date**”), by and between the CITY OF CHINO, a California municipal corporation (“**City**”) and CHINO DEVELOPMENT CORPORATION, a California corporation and CHINO PRESERVE DEVELOPMENT CORPORATION, a California Corporation (collectively, “**Developer**”). City and Developer are sometimes hereinafter referred to individually as “**Party**” and jointly as “**Parties**”. All capitalized terms used and not defined herein, shall have that definition ascribed to it in the Contract 2025-167 (defined below).

RECITALS

WHEREAS, City and Developer entered into that certain Contract No. 2025-167 entitled “Construction Credit and Reimbursement Agreement for the Preserve Circulation (Streets, Signals and Bridges) Development Impact Fee Program (Circulation Projects 2004-2019)” on November 19, 2024

(the “**Contract 2025-167**”) whereby the City agreed to reimburse Developer for the design and construction of various Circulation Facilities from The Preserve Circulation DIF funds.

WHEREAS, Developer has completed the design and construction of additional circulation facilities under Contract 2025-167 as described in Section 1(a) below as the “Additional Tracts 19994/18480 Circulation Facilities”. For the purposes of this Reconciliation, all of those circulation improvements described in Contract 2025-167 and the Additional Tracts 19994/18480 Circulation Facilities are collectively referred to as the “**Contract 2025-167 Circulation DIF Improvements**”. All of the Contract 2025-167 Circulation DIF Improvements have been completed and accepted by the City for which Circulation DIF Credits in the total amount of \$38,076,155.62 were provided to Developer under Contract 2025-167 as identified in **Exhibit B** attached hereto.

WHEREAS, City and Developer subsequently entered into the following additional contracts for the design and construction of additional circulation improvements required within The Preserve Specific Plan by the Preserve Development Agreement No. 2004-073 for the Developer Properties covered by these additional contracts (the “**Additional Circulation DIF Agreements**”):

- *CONTRACT NO. 2022-029 Tr 18480 (Harvest (for Pine))*
- *CONTRACT NO. 2022-163 Tr 16420-3 (Commercial Town Center)*
- *CONTRACT NO. 2022-163 Tr 16420-3 (Homecoming Phase 5)*
- *CONTRACT NO. 2023-249 Tr 16420-4 (Block 9 – Independence)*
- *CONTRACT NO. 2024-277 Tr 16420-5 (Block 3A)*
- *CONTRACT NO. Tr 16420-6 (Club in Main Block 11)*

WHEREAS, all of the circulation improvements required under the Additional Circulation DIF Agreements (the “**Additional Circulation DIF Improvements**”) have been completed and accepted by the City for which Circulation DIF Credits in the total amount of \$10,720,544.70 were provided to Developer as identified in **Exhibit B** attached hereto.

WHEREAS, pursuant to Section 4 of the Contract 2025-167, City and Developer met for the purpose of ascertaining Credits to the Circulation DIFs issued by City to the Developer after the Effective Dates of the Contract 2025-167 and the Additional Circulation DIF Agreements for Developer's Properties, the amount of any cash reimbursements made to Developer, and remaining amount of the Circulation DIFs held by the City through and including May 31, 2025.

TERMS

NOW, THEREFORE, the Parties agree as follows:

1. AMENDMENT AND RECONCILIATION.

- (a) Amendment to Contract 2025-167/Additional Tracts 19994/18480 Circulation Facilities. Between the Effective Date and May 31, 2025, DEVELOPER has completed all work

required in connection with the design and construction of certain additional Circulation Facilities in Tract 19994 and Tract 18480 of Developer's Properties (collectively the "**Additional Tracts 19994/18480 Circulation Facilities**") at the following additional DIF Costs: Tract 18840 \$67,970.29 ; Tract 19994 \$2,876,656.96 . Exhibit A to the Contract 2025-167 is amended by adding page "A-4" attached hereto, which identifies the Additional Tracts 19994/18480 Circulation Facilities and the Circulation DIF Credit amounts for those Circulation Facilities. The Summary of Improvements in the Contract 2025-167 is amended to include the Additional Tracts 19994/18480 Circulation Facilities and Section 2.1 of the Contract 2025-167 is amended to increase the Total DIF Cost of the Project from \$35,131,528.37 to \$ 38,076,155.62.

- (b) Circulation DIF Credit and Reimbursement Reconciliation. Exhibit B of the Contract 2025-167 is hereby deleted in its entirety and replaced with an updated Exhibit B attached hereto which shall constitute a revision to and update of the Circulation DIF Credit and Reimbursement Reconciliation and the Circulation DIF Credit and Reimbursement Amount in the Contract 2025-167 from the Effective Date of the Contract 2025-167 though and including May 31, 2025. Section 2.2 of the Contract 2025-167 is amended to increase the Circulation DIFs from \$28,208,553.49 to \$28,527,475.23 and Section 2.3 is amended to reduce the Remaining Circulation DIF Credit and Reimbursement Amount from \$6,922,974.88 to \$5,548,680.39 (the "**Remaining Credit Balance**") all as set forth in Exhibit B attached. The Remaining Credit Balance does not include the Remaining Tract 20161 Circulation DIF Credits set forth in Section 2 below.
- (c) Updated DIF Credit Addendum. Exhibit C of the Contract 2025-167 is hereby deleted and replaced with an updated Exhibit C attached hereto.

- 2. COVENANT AGREEMENT RECONCILIATION. City and Developer are also parties to: (1) that certain Covenant Agreement for Prepayment of Development Impact Fees for Tract 20161 dated July 21, 2020 (the "**Tract 20161 Covenant Agreement**"), and (2) that certain Covenant Agreement for Prepayment of Development Impact Fees Credits for approved the Developer's application for PL 18-0012 (Master Site Approval) and PLI 8-0013, -0014, -0015, -0016, -0017, -0097 and -0098 (Tentative Tract Map Nos. 20164,20165, 20166, 20167, 20168, 20248 and 20249) dated July 21, 2020 (the "**Block 4 Covenant Agreement**") (together the "**Covenant Agreements**"). Capitalized terms used in this Section 2 are as defined in the Covenant Agreements. Developer has pre-paid Cash Amounts for the Circulation DIF for all of the dwelling units required by the Covenant Agreements. The Parties agree that there are no Cash Amounts for Circulation DIF remaining under the Block 4 Covenant Agreement and that there is only \$169,977.90 of Cash Amounts for Circulation DIF remaining under the Tract 20161 Covenant Agreement ("**Remaining Tract 20161 Circulation Cash Amount**") from the Covenant Agreement as referenced in Exhibit B. The CITY hereby agrees to apply the Remaining Tract 20161 Circulation Cash Amounts for Circulation DIF for the remaining 32 units in Tract 20161.
- 3. WARRANTY RE ABSENCE OF DEFAULTS. Developer represents and warrants to City that, as of the Reconciliation Date, Developer is not in default of any material term of Contract 2025-167 or the Additional Circulation DIF Agreements (collectively the "**Agreements**"), and that there have been no events that, with the passing of time or the giving of notice, or both, would constitute a material default under the Agreements by Developer.

4. CONTINUING EFFECT OF AGREEMENT. Except as amended by this Amendment, all provisions of the Contract 2025-167 shall remain unchanged and in full force and effect.
5. COUNTERPARTS. This Reconciliation and Amendment may be executed in multiple identical counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have caused this Amendment No. 1 to be executed as of the day and year first above written.

DEVELOPER

CHINO DEVELOPMENT CORPORATION, a California corporation

Bryan Goodman
Its: _____

CHINO PRESERVE DEVELOPMENT CORPORATION, a California corporation

Bryan Goodman
Its: _____

CITY

CITY OF CHINO, a municipal corporation

Linda Reich
City Manager

ATTEST:

Natalie Gonzaga
City Clerk

APPROVED AS TO CONTENT:

Hye Jin Lee
Director of Public Works

APPROVED AS TO FORM:

Fred Galante
City Attorney

EXHIBIT A

Page A-4

Additional Street Improvements Added to Contract
#2025-167

<u>Project -Tract #</u>	<u>Additional Costs</u>
Tr. 18840	\$ 67,970.29
Tr. 19994	<u>\$ 2,876,656.96</u>
Total Additional Streets Costs to be added to Contract 2025-167	\$ 2,944,627.25

EXHIBIT B

Streets DIF Credit Summary as of 5/31/2025 Contract # 2025-167

					Totals Thru 05/31/2025	
Tract	Builder	Project	Density	Total Units	Total Building Permits	Total Credits
16420.1	LMC	HCP Maintenance Bldg	SqFt		-	(17,663.24)
		HCP Pool Bldg	SqFt		-	(7,544.60)
		HCP Rec Center Bldg	SqFt		-	(107,042.00)
		Homecoming- Ph 1	HDR	152	152	(984,200.00)
		Homecoming- Ph 2	HDR	189	189	(1,223,775.00)
		Homecoming- Ph 3	HDR	458	458	(2,965,550.00)
16519	John Laing	Secret Garden	MDR	84	84	(468,399.00)
16520	Lennar	Garden Glen I	LDR	51	51	(447,216.00)
16521	K Hovnanian	Ten Bloom Road	MDR	69	69	(375,659.00)
16522	Centex	Canterbury Grove I	LDR	48	48	(423,328.00)
16523	Shea	Iris	LDR	61	61	(526,242.00)
17148	Standard Pacific	Hidden Hollow	MDR	81	81	(586,183.00)
17149	Standard Pacific	Shady Lane	MDR	60	60	(428,915.00)
17150	Shea	Enchanted Forest	LDR	55	55	(505,890.00)
17266	Pardee	Candlewood	LDR	64	64	(776,215.00)
17357	KB	Evergreen	MDR	58	58	(327,562.00)
17390	Brookfield	Mulberry - Casita	MDR	126	126	(760,141.00)
17514	Centex	Citrus Commons	HDR	118	118	(659,856.00)
17515	Centex	Agave	MDR	104	104	(588,020.00)
17571	Western National	Affordable Apartments	HDR	250	250	(1,801,250.00)
17574	Cal Atlantic	Amelia (stark)	MDR	110	110	(888,910.00)
17610	Centex	Canterbury Grove II	LDR	48	48	(441,504.00)
17611	KB	Cantana	MDR	21	21	(143,199.00)
17612	KB	Ariatta	MDR	42	42	(286,398.00)
17613	Lennar	Garden Glen II	LDR	51	51	(469,098.00)
17616	Shea	Tetherwind	MDR	162	162	(945,756.00)
17635	Woodside Homes	Palisades	LDR	79	79	(999,595.00)
18693	KB	Lynbrook	MDR	114	114	(777,366.00)
18778	K Hovnanian	Sonata	MDR	65	65	(443,235.00)
18890	William Lyon	Laurel Lane (Deboer)	MDR	70	70	(558,530.00)
19749	7 Eleven	Mill Creek - Gas Station	SqFt	-	-	(47,169.10)
		Boos Development	SqFt	-	-	(61,199.27)
		DL Fine	SqFt	-	-	(77,098.12)
19980	LMC	Homecoming- Ph 4	HDR	454	454	(3,520,316.00)
20102	TriPointe	Lot 14/15 - Hazel	HDR20	133	133	(773,171.00)
20102.1	TriPointe	Lot 14/15 - Ivy	HDR20	113	113	(657,043.00)
		Lot 14/15 - Ivy II AG Buffer	HDR20	21	21	(122,199.00)
20165	Century	PA 5 Greenway	LDR	79	79	(240,969.75)
20166	KB Home	PA 4 Driftstone	LDR	69	69	(210,467.25)
20167	Lennar	Voyage PA1	LDR	60	60	(183,015.00)
20168	Richmond American	Parklin PA2&3	LDR	68	68	(207,417.00)
20169	Lewis-TBD	TBD	MDRD	26	-	-
20170	Richmond American	PA-3 Liberty - Gardenside	MDRD	80	80	(244,020.00)
20171	TriPointe	PA-2/8/9 Bungalow - Delia	MDRA	123	123	(250,507.95)
20172	Pulte	PA-4 - Monarch	MDRD	76	76	(231,819.00)
20173	Beazer	PA-6/7 Zinnia	MDRA	149	143	(291,240.95)
20231	Lennar	Lot 11 - Morning Sun	HDR20	106	106	(616,814.00)
20232	William Lyon	Lot 11 - Verbena	HDR20	70	70	(407,330.00)
20248	Lennar	Voyage PA6&7	LDR	56	56	(170,814.00)
20249	Richmond American	Parklin PA8&9	LDR	56	56	(170,814.00)
20270	Richmond American	PA-5 Liberty - Gardenside	MDRD	36	36	(109,809.00)
			Totals	4,565	4,533	(28,527,475.23)
Contract #2025-167 Credits Total excludes:		Total Streets DIF Credits 2025-167 to 5/31/25			4,533	28,527,475.23
Projects covered under other Contracts		Total Streets DIF Credits Additional Contracts:				
2022-029, 2022-163, 2023-249, 2024-277		2022-029, 2022-163, 2023-249, 2024-277				
and Tract 16420-6 projects		and Tract 16420-6 projects to 5/31/25			1,061	10,720,544.70
Total also excludes Streets Cash DIF prepayments		Total Streets Cash DIF Prepayments used to 5/31/25			-	4,291,660.10
per Covenant Agreements Tr 20161 & 20164		Total Streets DIF Credits & Cash Prepayments to 5/31/25			5,594	43,539,680.03
totaling \$4,461,637.70 less used to date \$4,291,660.10						
leaves balance \$169,977.60 for 32 units in Tr 20161						

Transportation DIF Credit Summary			
Existing Contracts	Tract Map No.	Development	Allocated Credits
2022-029	18480	Harvest (for Pine)	\$ 5,326,638.73
2022-163	16420-3	Commercial Town Center	\$ 2,154,012.17
"	"	Homecoming Ph 5	\$ 1,070,696.00
2023-249	16420-4	Block 9 - Independence	\$ 1,340,967.46
2024-277	16420-5	Block 3A	\$ 635,628.00
	16420-6	Club on Main Block 11	<u>\$ 192,602.34</u>
Subtotal			\$ 10,720,544.70
Contract #2025-167 DIF Agreement (Projects Constructed from 2004-2019)			\$ 38,076,155.62
Total DIF Credits Issued to Developer (as of May 31, 2025)			\$ 48,796,700.32
Contract 2025-167 Validated Costs (Projects 2004-2019)			\$ 38,076,155.62
Allocated DIF Credits Proposed DIF Agreement			\$ (28,527,475.23)
Cash paid 12/2024			\$ (4,000,000.00)
Remaining Credit Balance			\$ 5,548,680.39

EXHIBIT C

DIF CREDIT ADDENDUM

**ADDENDUM NO. 1
(Assignment of Credit)**

❖ DIF Credit and Reimbursement Summary:

	Total Credit Amount	Credits Applied	Balance
Circulation DIF	\$ 38,076,155.62	(\$32,527,475.23)	\$5,548,680.39
	Balance	Credits Assigned	Balance Forward
Assigned DIF Credit	\$		

Chino Preserve Development Corporation is hereby transferring DIF *Credit* in the amount of \$_____ to:

❖ Assignee: _____

❖ Credit Transfer Amount \$_____

❖ Remaining Credit: \$_____

"Any transfer or assignment of credits or reimbursement rights acknowledged in this Addendum shall be made in accordance with City procedures, on a form approved by and acknowledged by the City. All parties to this Addendum agree that City will have no obligation to recognize or honor an assignment or transfer that does not comply with the terms of this Addendum."

**MEMORANDUM
CITY OF CHINO
ADMINISTRATION DEPARTMENT**

CITY COUNCIL MEETING DATE: APRIL 21, 2026

TO: LINDA REICH, CITY MANAGER

FROM: FRED GALANTE, CITY ATTORNEY

SUBJECT

Purchase of Real Property at 13272 6th Street.

RECOMMENDATION

1) Adopt Resolution 2026-026, authorizing the Purchase and Sale of Real Property and Joint Escrow Instructions (“Purchase Agreement”) to acquire a property at 13272 6th Street (“Property”) from Terri Gillette, as Successor Trustee of the Sturzenegger Family Trust, and Kent H. Cheng, as Successor Trustee of the Langdon and Jo Ann Tannehill 1992 Trust (jointly the “Owner”) in the amount of \$2,500,000, including \$11,000 for fees and other costs related to the sale; 2) appropriate \$2,511,000 from the General Fund balance; and 3) authorize the City Manager to execute all necessary documents.

FISCAL IMPACT

The acquisition was not previously anticipated and therefore not included in the FY 2025-26 Adopted Budget. Approval of the Purchase Agreement will utilize the remaining \$1.8 million FY 2025-26 budget surplus and a portion of the \$6.8 million available unassigned General Fund balance to cover the purchase in the amount of (i) the purchase price of \$2,500,000, (ii) costs to conduct due diligence estimated at approximately \$6,000, plus (iii) escrow fees and costs not to exceed \$5,000. The City is also exploring other alternative funding sources to reimburse the General Fund.

CITY OF CHINO MISSION / VISION / VALUES / STRATEGIC ISSUES

The recommendation detailed above further the City’s values and strategic issues that serve as key pillars on which identified priorities, goals, and action plans are built, by fostering:

- Positive City Image
- Responsible Long-Range Planning

Revenue:	Expenditure: 1009020-48000-MS267
Transfer In:	Transfer Out:

BACKGROUND

The Property at 13272 6th Street (APN 1020-282-12) is directly across from the Chino Civic Center. The Property consists of approximately 2.38 acres and is improved with a 70+ year old commercial building of approximately 67,000+ square feet, which is not worth renovating.

City Staff has confirmed by a Comparative Analysis issued by Doverspike & Associates, Inc. (“Doverspike”) dated November 11, 2025, comparing appraisal reports issued by Doverspike and Micheal Freudenthal & Associates that the Property is worth the Owner’s asking price of \$2,500,000.

ISSUES/ANALYSIS

With City Council approval, the Property may be repurposed for public use in the future.

Purchase Agreement Terms: City and Owner have negotiated the Purchase Agreement, which contains the following terms.

Purchase Price: \$2,500,000

Deposit: \$60,000

Escrow: Commonwealth Land Title Insurance Company

Title Insurance:

Insurer: Commonwealth Land Title Insurance Company

Title Policy: An ALTA (non-extended) owner’s title policy to be issued to City closing with exceptions approved by City.

Due Diligence Period: 90 days from City’s receipt of all required information from Owner. If Phase I report recommends a Phase II report be obtained, the due diligence period will be extended to 10 days after receipt of the Phase II report. City is responsible for the cost of all due diligence work.

Close of Escrow: 7 business days after expiration of due diligence period. However, Owner has the right to extend the closing for up to 90 days if necessary for Owner to cause the tenant to vacate the Property.

Representations & Warranties: City is acquiring the Property in AS-IS condition except for limited representations and warranties by Owner. The representations and warranties survive for 2 years from the closing.

Costs: Owner shall pay the cost of the owner’s title insurance policy, cost of natural hazard disclosure report and ½ of all escrow charges. City shall pay ½ of escrow charges. City will also be responsible for the cost of all its due diligence work. Real estate taxes shall be prorated to closing and utilities shall be terminated by Owner prior to the closing.

Liquidated Damage Clause: City has the right to terminate the agreement with the Deposit returned if it disapproves the Property prior to the end of the Due Diligence Period. If the City elects not to purchase the Property after that period has expired, it may do so but will technically be in breach of the PSA and will forfeit the Deposit (\$60,000) to the Owner pursuant to a liquidated damage clause, which means that the maximum liability for breach is \$60,000.

Broker: City is represented by Paul Collins of Highland Partners Corp. (“**City’s Broker**”) pursuant to that certain Buyer-Broker Exclusive Representation Agreement dated May 22, 2025, as amended which provides that City’s Broker will only be paid by Owner. Accordingly, the

Purchase Agreement provides for Owner to pay City's Broker an amount equal to 2% of the Purchase Price at the closing.

City Manager Authority: The Purchase Agreement provides authority for the City Manager to execute all documents to implement the transaction including authority to make modifications or amendments including extensions of time.

Planning Commission Approval:

At its meeting held on April 15, 2026, the Planning Commission, with a vote of 6-0-1, found the acquisition as being in conformance with the general plan.

Attachment: Resolution 2026-026 including Purchase and Sale Agreement

RESOLUTION NO. 2026-026

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHINO, CALIFORNIA, APPROVING A PURCHASE AND SALE AGREEMENT WITH TERRI GILLETTE, AS SUCCESSOR TRUSTEE OF THE STURZENEGGER FAMILY TRUST AND KENT H. HENG, AS SUCCESSOR TRUSTEE OF THE LANGDON AND JO ANN TANNEHILL 1992 TRUST, TO ACQUIRE THAT CERTAIN PROPERTY LOCATED AT 13272 6TH STREET IN THE CITY OF CHINO

WHEREAS, Terri Gillette, as Successor Trustee of the Sturzenegger Family Trust and Kent H. Heng, as Successor Trustee of the Langdon and Jo Ann Tannehill 1992 Trust (“Owner”) owns that certain commercial real property located at 13272 6th Street in the City of Chino, (APN: 1020-282-12) which is improved with a 68,524 square foot commercial building, as depicted on Exhibit A (“Property”); and

WHEREAS, the Owner leases the Property to a wholly-owned subsidiary which operates a commercial cabinet manufacturing business on the Property (“Current Tenant”); and

WHEREAS, Staff recommends the City acquire the Property free of the Current Tenant as the city deems appropriate for future uses adjacent to the Civic Center; and

WHEREAS, Staff recommends the City Council approve the Agreement for Purchase and Sale of Real Property and Joint Escrow Instructions pursuant to which City will acquire the Property free of the Current Tenant for the purchase price of \$2,500,000 (“Purchase Price”) attached hereto as Exhibit B (“Purchase Agreement”), which Purchase Price includes an initial deposit required to be made by the City of \$60,000 upon the opening of escrow; and

WHEREAS, Staff has confirmed that the Purchase Price is supported by comparable sales prices of commercial property in the area of the Property; and

WHEREAS, Staff will continue to perform its due diligence investigation of the Property after opening of escrow and following Owner’s delivery of all reports, surveys, environmental assessments, engineering reports and other documents material to the Property per the terms of the Purchase Agreement; and

WHEREAS, Section 65402 of the Government Code requires that the Planning Commission report to the City Council as to whether the acquisition of real property conforms with the City of Chino General Plan; and

WHEREAS, on April 15, 2026, the Planning Commission of the City of Chino duly considered the proposed acquisition and determined that the proposed acquisition of the Property at 13272 6th Street, Chino is in conformance with the General Plan.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF CHINO, CALIFORNIA, HEREBY RESOLVES AS FOLLOWS:

SECTION 1. The foregoing recitals are hereby incorporated and adopted as the findings of the City Council.

SECTION 2. That the City Council hereby approves the purchase of the Property located at 13272 6th Street in the amount of \$2,500,000 pursuant to the Purchase Agreement plus the cost for due diligence (estimated at \$6,000) and escrow and closing costs not to exceed \$5,000.

SECTION 3. The City Manager or designee is hereby authorized and directed to proceed with the acquisition of the Property pursuant to the Purchase Agreement and to execute all documents on behalf of the City, including execution of all related escrow, closing, and similar documents necessary to finalize the acquisition pursuant to the Purchase Agreement.

SECTION 4. The City Clerk shall certify to the passage and adoption of this resolution, and the same shall thereupon take effect and be in force.

PASSED, APPROVED, AND ADOPTED THIS 21st DAY OF APRIL 2026.

Eunice M. Ulloa, Mayor

ATTEST:

Natalie Gonzaga, City Clerk

STATE OF CALIFORNIA }
COUNTY OF SAN BERNARDINO } ss
CITY OF CHINO }

I, Natalie Gonzaga, City Clerk, City of Chino, California do hereby certify that the foregoing Resolution No. 2026-026 was duly adopted by the City Council of the City of Chino, at the regular meeting on the 21st day of April 2026 by the following vote:

AYES	Councilmembers
NOES	Councilmembers
ABSENT	Councilmembers
ABSTAIN	Councilmembers

Attachments

Exhibit A – Depiction of Property

Exhibit B – Purchase Agreement

EXHIBIT A
DEPICTION OF PROPERTY



**AGREEMENT FOR PURCHASE AND SALE
OF REAL PROPERTY AND JOINT ESCROW INSTRUCTIONS**

THIS AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY AND JOINT ESCROW INSTRUCTIONS (“**Agreement**”) is made this ___ day of _____, 2026 (“**Agreement Date**”) by and between TERRI GILLETTE, as Successor Trustee of the Sturzenegger Family Trust and KENT H. CHENG, as Successor Trustee of the Langdon and Jo Ann Tannehill 1992 Trust (jointly and severally “**Seller**”), and CITY OF CHINO, a California municipal corporation (“**Buyer**”).

RECITALS:

A. Seller owns that certain improved real property (approximately 2.38 acres) located at 13272 6th Street, in the City of Chino, County of San Bernardino, State of California (APN 1020-282-12) more particularly described in Exhibit A (“**Property**”) which is improved with a commercial building containing approximately 68,524 sq ft (“**Building**”).

B. The Property is currently leased to Oak Design Corporation (“**Current Tenant**”) which operates a commercial cabinet manufacturing business on the Property which lease terminates on July 2, 2026 (“**Current Lease**”).

C. Seller desires to sell and Buyer desires to buy, the Property together upon the terms and conditions more particularly set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the parties hereto agree as follows:

TERMS AND CONDITIONS:

1. PURCHASE AND SALE OF PROPERTY.

1.1 Purchase and Sale. Pursuant to the terms and conditions of this Agreement, Buyer hereby agrees to purchase from Seller and Seller agrees to sell to Buyer, the Property AS-IS but free and clear of the Current Lease pursuant to Section 1.3. Seller hereby agrees to continue to maintain the Property in its current operating condition until the Closing (as defined in Section 5.1) and not to extend the Current Lease during the term of this Agreement.

1.2 Waiver and Release. The Purchase Price (as defined in Section 3.1) is all-inclusive of Seller’s interest in the Property and Seller knowingly and voluntarily waives, releases and discharges Buyer from liability and responsibility for or related to any right Seller has, has had or in the future may have to any claim for compensation or damages or liability of any kind, whether known, unknown, foreseen or unforeseen, relating in any way to or arising out of City’s acquisition of the Property including, without limitation, severance damages, relocation expenses or damages, loss of business goodwill and/or lost profits, loss or impairment of any “bonus value” attributable to any lease; damage to or loss of improvements pertaining to realty, costs, interest, attorneys’ fees, and any claim whatsoever.


Seller’s Initials

1.3 Termination of Current Lease. Seller agrees to not amend or extend the Current

Lease. Seller shall promptly notify Buyer when the Current Tenant has vacated the Property. If Tenant does not vacate the Property as required by the Current Lease, Seller shall promptly and diligently pursue all applicable remedies to acquire possession of the Property free from the Current Tenant and terminating the Current Lease. Seller shall promptly notify Buyer in writing when the Current Tenant has vacated the Property ("**Tenant Vacation Notice**"). If Seller is diligently pursuing all applicable remedies to acquire possession of the Property from the Current Tenant and terminating the Current Lease, Seller shall have the right to extend the Closing Date (as defined in Section 5.1) for a period of up to ninety (90) days upon written notice to Buyer and Escrow.

2. OPENING OF ESCROW. Within three (3) days after the execution of this Agreement by both Buyer and Seller, the parties shall open an escrow ("**Escrow**") with by causing an executed copy of this Agreement to be deposited with Kim Hernandez, Senior Escrow Officer, at Commonwealth Land Title Insurance Company, 4400 MacArthur Blvd., Ste. 800, Newport Beach, CA 92660 (702) 219-4846 kdhernandez@fnf.com ("**Escrow Officer**") together with the Deposit (as defined in Section 2.2(a)) ("**Opening of Escrow**").

3. PURCHASE PRICE; DEPOSIT; PAYMENT OF PURCHASE PRICE.

3.1 Purchase Price. The purchase price for the Property is Two Million Five Hundred Thousand Dollars (\$2,500,000) ("**Purchase Price**").

3.2 Payment of Purchase Price.

- a. **Deposit.** Concurrently with Opening of Escrow, Buyer shall deposit with Escrow Holder the sum of Sixty Thousand Dollars (\$60,000) ("**Deposit**") to be held by Escrow Holder for the benefit of the parties and applied against the Purchase Price at Closing (as defined in Section 5) or released, refunded or forfeited in accordance with the terms of this Agreement.
- b. **Payment of Purchase Price.** On or before 12:00 p.m. on the business day preceding the Closing Date or such earlier time as required by Escrow Holder in order to close Escrow on the Closing Date, Buyer shall deposit in Good Funds the Purchase Price less the Deposit plus any additional amounts to be paid by Buyer.

3.3 Good Funds. Prior to Closing, all funds deposited in Escrow shall be in "**Good Funds**" which shall mean a wire transfer of funds from a financial institution located in the State of California. All funds provided for herein shall be in U.S. Dollars.

4. CLOSING FUNDS AND DOCUMENTS REQUIRED FROM BUYER AND SELLER.

4.1 Seller. Seller agrees that on or before 12:00 noon on the day preceding the Closing Date, Seller will deposit or cause to be deposited with Escrow Holder all of the following:

- a. The grant deed in the form attached as Exhibit B executed and acknowledged by Seller ("**Grant Deed**").
- b. Any documents reasonably required by the Title Company to issue the Owner's Title Policy.
- c. Seller has provided the Tenant Vacation Notice to Buyer.

- d. A Non-Foreign Affidavit as required by federal law.
- e. Such funds and other items and instruments as may be necessary in order for Escrow Holder or the Title Company to comply with this Agreement.

4.2 Buyer. Buyer agrees that on or before 12:00 noon on the day preceding the Closing Date, Buyer will deposit with Escrow Holder all additional funds and all of the following:

- a. The cash balance of the Purchase Price, together with Buyer's share of any Escrow closing costs and prorations in the amount determined by Escrow Holder, shall be delivered to Escrow Holder by Buyer in Good Funds.
- b. A Certificate of Acceptance in the form attached to the Grant Deed executed by Buyer ("**Certificate of Acceptance**").
- c. A Preliminary Change of Ownership Statement completed in the manner required by San Bernardino County ("**PCOR**").
- d. Such other items and instruments as may be necessary in order for Escrow Holder to comply with this Agreement.

4.3 Recordation, Completion and Distribution of Documents. Escrow Holder shall confirm that any documents signed in counterpart are matching documents and shall combine the signature pages thereof so as to create fully executed documents. Escrow Holder will date all the documents with the date of Close of Escrow. Escrow Holder will cause the Grant Deed (with the Certificate of Acceptance attached) to be recorded when it can issue the Owner's Title Policy in accordance with Section 6.2, and hold for the account of Buyer and Seller, respectively, the funds and items described above to be delivered to Buyer and Seller, respectively, through Escrow, less costs, expenses and disbursements chargeable to the parties pursuant to this Agreement.

5. CLOSING DATE; EXTENSION OF CLOSING; TIME IS OF ESSENCE.

5.1 Closing Date. Escrow shall close ("**Close of Escrow**") not later than seven (7) business days after Buyer has issued the Due Diligence Approval Notice. Seller has the right to extend the Close of Escrow pursuant to Section 1.3.

5.2 Definition of Closing. The terms "**Close of Escrow**" and/or "**Closing**" mean the time Grant Deed is recorded in the Official Records of the County Recorder of San Bernardino County, California.

5.3 Time is of Essence. The parties specifically agree that time is of the essence of this Agreement.

5.4 Possession. Upon the Close of Escrow, possession of the Property shall be delivered to Buyer free and clear of any persons or claimants including, but not limited to, the Current Tenant which must have vacated the Property leaving it in good condition and repair.

5.5 Authority of City Manager. By its execution of this Agreement, Buyer authorizes its City Manager or his/her designee (who has been designated by City Manager's written notice delivered to Seller and Escrow Holder) shall have the authority to execute documents on behalf

of Buyer including, but not limited to, issuing approvals, disapprovals, extensions and amendments as approved by the City Attorney. Any such approval, disapproval, extension or amendment executed by the City Manager or his/her designee shall be binding on Seller.

6. TITLE POLICY.

6.1 Approval of Title.

(a) **Preliminary Title Report; Disapproved Exceptions.** Promptly following execution of this Agreement but in no event later than five (5) days following Opening of Escrow, a preliminary title report shall be issued by Commonwealth Land Title Insurance Company ("**Title Company**"), describing the state of title of the Property, together with legible copies of all exceptions and a map plotting all easements ("**Preliminary Title Report**"). Within ten (10) days after Buyer's receipt of the Preliminary Title Report, Buyer shall notify Seller in writing ("**Buyer's Title Notice**") of Buyer's disapproval of any matters contained in the Preliminary Title Report ("**Disapproved Exceptions**").

(b) **Buyer's Review of Preliminary Title Report.** In the event Buyer delivers Buyer's Title Notice within said period, Seller shall have a period of seven (7) days after receipt of Buyer's Title Notice in which to notify Buyer of Seller's election to either (i) agree to attempt to remove the Disapproved Exceptions prior to the Close of Escrow; or (ii) decline to remove any such Disapproved Exceptions ("**Seller's Notice**"). Seller's failure to deliver Seller's Notice shall be deemed to be Seller's election to not remove and such Disapproved Exceptions. If Seller notifies Buyer of its election to decline to remove the Disapproved Exceptions (or fails to notify Buyer), or if Seller is unable to remove the Disapproved Exceptions (other than any obligations of Buyer under Section 7), Buyer may elect either to terminate this Agreement and the Escrow or to accept title to the Property subject to the Disapproved Exception(s). Buyer shall exercise such election by delivery of written notice to Seller and Escrow Holder within five (5) days following the earlier of (i) the date of written advice from Seller that such Disapproved Exception(s) cannot be removed; or (ii) the date Seller declines to remove such Disapproved Exception(s).

(c) **Amendments/Supplement.** Upon the issuance of any amendment or supplement to the Preliminary Title Report which adds additional exceptions, the foregoing right of review and approval shall also apply to said amendment or supplement; provided, however, that Buyer's initial period of review and approval or disapproval of any such additional exceptions shall be limited to seven (7) days following receipt of notice of such additional exceptions and limited only to such additional exceptions.

(d) **Monetary Liens are Disapproved Exceptions.** Nothing to the contrary herein withstanding, Buyer shall be deemed to have automatically objected to all deeds of trust, mortgages, judgment liens, federal and state income tax liens, delinquent general and special real property taxes and assessments and similar monetary encumbrances affecting the Property (excluding any such items caused by Buyer) ("**Monetary Liens**"), and Seller shall discharge any such Monetary Liens prior to or concurrently with the Close of Escrow except as otherwise specifically provided in this Agreement.

(e) **Current Lease is Disapproved Exception.** Buyer has disapproved the Current Lease and Seller shall provide such documents as required by the Title Company so the Current Lease will not be shown as an exception and the Current Lease is a Disapproved Exception.

6.2 Owner's Title Policy. At the Close of Escrow, Escrow Holder shall furnish Buyer with an ALTA (non-extended) owner's policy of title insurance ("**Owner's Title Policy**") insuring title to the Property vested in Buyer, containing only (i) non-delinquent real property taxes and assessments; (ii) exceptions approved by Buyer in accordance with Section 6.1; and (iii) exceptions caused solely by the acts of Buyer (collectively the "**Permitted Exceptions**"). The amount of the insurance coverage shall be the Purchase Price. The cost of the Owner's Title Policy shall be paid by Seller. If Buyer elects to obtain an extended ALTA owner's policy, Buyer shall be responsible to secure a survey at its own cost and expense which shall be delivered to the Title Company not less than ten (10) days prior to Closing and Buyer shall be responsible to pay for any additional premium. The Title Policy shall include extended coverage or endorsements that Buyer may request but at Buyer's expense. Buyer's election to obtain any such extended coverage and/or additional endorsements shall be at Buyer's sole costs and expense and shall not be a condition to or otherwise delay the Closing unless the additional coverage is agreed to by Seller in writing with respect to a Disapproved Exception.

7. DUE DILIGENCE AND DUE DILIGENCE PERIOD. For a period of ninety (90) days following Buyer's receipt of all the Materials (as defined in Section 7.1 below) subject to extension as provided below ("**Due Diligence Period**"), Buyer shall have the right to perform any investigations or inspections (including, but not limited to, review of title) as Buyer may reasonably determine in order to assess its willingness to purchase the Property pursuant to the terms of this Agreement. Notwithstanding the foregoing, if the Phase I report recommends that a Phase II report be obtained, the Due Diligence Period shall be extended until fifteen (15) days after Buyer's receipt of the Phase II report. Buyer shall have the right to exercise this extension by providing written notice of the exercise of the extension together with a copy of the Phase I report. Upon receipt of the Phase II report, Buyer shall promptly provide a copy of same to Seller.

7.1 Review and Approval of Documents and Materials.

a. Materials. Within three (3) days of the Opening of Escrow, Seller shall deliver to Buyer any and all reports, surveys, environmental assessments, engineering reports and other documents which are material to the Property in Seller's possession or under its control or of its agents, respecting the Property, including, but not limited to, the following (collectively "**Materials**"):

- All plans & specifications, construction documents, surveys, geological, soils, engineering, environmental, structural, mechanical, and safety inspections and reports and any other similar documents;
- NHD Report (pursuant to Section 7.4);
- A list of all capital improvements made to the Property by Seller;
- Copies of any governmental correspondence regarding zoning, use or code compliance issues affecting the Property;
- Copies of the Current Lease; and
- Copies of all contracts affecting the Property ("**Contracts**").

Seller is makes no representation to Buyer that it has any of the Materials above except the (i) Current Lease; and (ii) Contracts.

7.2 Buyer's Due Diligence and Right of Entry. During the Due Diligence Period, Buyer and its agents may, at Buyer's sole expense, conduct tests and physical inspections of the Property, including building inspections, environmental site assessments including a Phase

I and an asbestos and lead paint investigation as desired by Buyer. If the Phase I report recommends a Phase II report, Buyer shall have the right to obtain same. Buyer may also conduct such investigations with regard to the Materials, zoning, building codes, and availability of permits and approvals for its intended construction and use of the Property, as it deems prudent in its sole discretion provided same do not unreasonably interfere with the Current Tenant or its operations. Prior to entry upon the Property, Buyer, and/or any of its consultants entering upon the Property, shall provide evidence to Seller that Buyer has procured and paid premiums for an all-risk public liability insurance policy written on a per occurrence and not claims made basis in a combined single limit of not less than ONE MILLION DOLLARS (\$1,000,000) which insurance names Seller as additional insured. Buyer shall keep the Property free and clear of all mechanic liens, lis pendens and other liens arising out of the entry and work performed under this paragraph and shall maintain or assure maintenance of workers' compensation insurance (or state approved self-insurance) on all persons entering the Property in the amounts required by the State of California. Buyer shall promptly repair and restore the Property to the condition that it was in prior to those tests and inspections and shall indemnify, defend and hold Seller harmless from all damages, costs, loss, expense (including attorney fees) and liability resulting from Buyer's activities, acts, and omissions on the Property, including, but not limited to, mechanic liens. Buyer's indemnity obligations under this Section 7.2 shall survive Closing and termination of this Agreement. At Closing, Buyer shall take the Property subject to any title exceptions caused by Buyer exercising this license to enter the Property and such shall be deemed a Permitted Exception. Prior to entry, Buyer shall submit written requests in writing to Seller for date, time, contact information and purpose for such entry and Buyer shall not unreasonably withhold access for Buyer to enter the Property.

7.3 Buyer's Termination Right. If Buyer approves the Property, Buyer shall deliver a written approval notice to Seller with a copy to Escrow Holder ("**Due Diligence Approval Notice**") on or before the expiration of the Due Diligence Period. Buyer shall have the right at any time on or before the expiration of the Due Diligence Period (as may be extended) to terminate this Agreement if, during the course of Buyer's due diligence investigations of the Property, Buyer determines in its sole and absolute discretion that the Property is not acceptable to Buyer. Buyer may exercise its right to terminate by delivering written notice of termination to Seller and Escrow Agent ("**Termination Notice**") on or before the expiration of the Due Diligence Period. Upon the timely delivery of such Termination Notice, (i) Escrow Holder shall promptly return the Deposit to Buyer; and (ii) this Agreement shall automatically terminate and be of no further force or effect and neither party shall have any further rights or obligations hereunder except for those obligations which expressly survive termination.

7.4 NHD Report. Within five (5) days of Opening of Escrow, Escrow shall order and deliver to Buyer and Seller a Natural Hazards Disclosure report from Disclosure Source for the Property ("**NHD Report**") for Buyer's approval. The cost of the NHD Report shall be paid by Seller.

8. CONDITIONS PRECEDENT TO CLOSE OF ESCROW.

8.1 Conditions to Buyer's Obligations. The obligations of Buyer under this Agreement are subject to the satisfaction or written waiver, in whole or in part, by Buyer of each of the following conditions precedent ("**Buyer's Conditions Precedent**"):

- (a) Title Company will issue the Owner's Title Policy as specified in Section 6.2.
- (b) Buyer has issued the Due Diligence Approval Notice in accordance with Section 7.3.

- (c) Seller has issued the Tenant Vacation Notice and provided written confirmation of termination of the Current Lease and that Current Tenant has vacated the Property to the Title Company and Buyer in a form satisfactory to the Title Company and Buyer.
- (d) Seller has terminated all the Contracts and provided written confirmation of same to Buyer.
- (e) Escrow Holder holds and will deliver to Buyer the instruments and funds, if any, accruing to Buyer pursuant to this Agreement.
- (f) Seller is not in default of its obligations under this Agreement.

8.2 Conditions to Seller's Obligations. The obligations of Seller under this Agreement are subject to the satisfaction or written waiver, in whole or in part, by Seller of the following conditions precedent ("**Seller's Conditions Precedent**"):

- (a) Buyer has delivered the balance of the Purchase Price to Escrow Holder.
- (b) Escrow Holder holds and will deliver to Seller the instruments and funds accruing to Seller pursuant to this Agreement.
- (c) Buyer is not in default of its obligations under this Agreement.

9. REPRESENTATIONS AND WARRANTIES. Seller represents and warrants to Buyer that, to best of Seller's knowledge, as of the Agreement Date and as of the Closing Date, that:

- a. This Agreement has been duly authorized and executed on behalf of Seller. As of the Opening of Escrow, this Agreement constitutes a valid and binding agreement, enforceable in accordance with its terms.
- b. Seller is not a party to any contract, agreement or commitment to sell, convey, assign, transfer, or otherwise dispose of any portion or portions of the Property.
- c. Seller represents that, except as provided in the Materials (which are actually in Seller's possession or control), to Seller's knowledge: (i) the Property is not in breach of any environmental laws; and (ii) the Property is free of any Hazardous Materials that would trigger response or remedial action under any environmental laws or any existing common law theory based on nuisance or strict liability. This warranty is limited to matters of which Seller has current actual knowledge, and Buyer acknowledges that Seller has not made (nor will make) any affirmative investigation or inquiry as to environmental issues affecting the Property in connection with this Agreement. As used in this Agreement, the term "Hazardous Material" means any flammable items, explosives, radioactive materials, hazardous or toxic substances, material or waste or related materials, including any substance defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" now or subsequently regulated under any applicable federal, state or local laws or regulations, including without limitation petroleum-based products, paints, solvents, lead, cyanide, DDT, printing inks, acids, pesticides, ammonia compounds and other chemical products, asbestos, PCBs and similar compounds, and including any different products and materials which are subsequently found to have adverse effects on the environment or the health and safety

of persons.

- d. There is no litigation pending, threatened against or by Seller or the Property which relates to, or if decided adversely, could have a material adverse effect upon, the Property (including condemnation or similar proceedings).
- e. Except as disclosed to Buyer by Seller as part of the Materials, the Property is not subject to any other Contracts and Seller has the right to terminate the Contracts prior to Closing.
- f. The Current Lease will terminate by its terms prior to the Closing and to deliver the Property to Buyer at Closing free of the Current Lease and the Current Tenant will have no right to claim any rights against the Property or Buyer.

No representation, statement or warranty by Seller in this Agreement contains or will contain any untrue statements or omits, or will omit, a material fact necessary to make the statement of fact therein recited not misleading. The representations and warranties of Seller and any other representations and warranties of Seller contained elsewhere in this Agreement are true and correct on and as of the date of this Agreement and at Closing and shall survive the Closing, until the date which is twenty-four (24) months after the Closing ("**Survival Date**") without the necessity of a separate written certificate regarding the same, whereupon such representations and warranties shall be of no further force or effect. Actual knowledge shall not be deemed to exist merely by assertion by Buyer of a claim that any of the foregoing persons should have known of such facts or circumstances, if such person did not have actual knowledge thereof.

The preceding notwithstanding, Seller shall promptly advise Buyer if Seller acquires any information following the Agreement Date which would make any of the representations and warranties set forth in this Section 9 above untrue; provided that it shall not be a breach of such representation or warranty if the information which renders the representation or warranty untrue was not known by Seller as of the Agreement Date. If Seller or Buyer acquires any information following the Agreement Date which would make any of the foregoing representations or warranties untrue, then, as Buyer's sole and exclusive remedy, Buyer shall have the right, upon ten (10) business days written notice to Seller after learning of such information, to terminate this Agreement by delivery of written notice to Seller and, in the event of such termination, all rights and obligations under this Agreement shall cease and the Deposit shall be promptly returned to Buyer; provided, however, if Buyer fails to give written notice of termination within ten (10) business days, then Buyer shall not have the right to terminate this Agreement nor receive the return of the Deposit as provided in this paragraph above based on such representation or warranty that becomes untrue. If, prior to the Closing Date, Buyer becomes aware of any facts that make any of the representations or warranties set forth in Section 8 untrue, but Buyer nevertheless elects to close escrow hereunder, then Buyer shall be deemed to have waived any claim against Seller based on such representation or warranty that Buyer knew was untrue as of the Closing Date. The provisions of the immediately preceding sentence shall survive the Close of Escrow.

10. ESCROW PROVISIONS.

10.1 Escrow Instructions. Sections 1 through 6, inclusive; 8, 10, 14, and 15 constitute the escrow instructions to Escrow Holder. If required by Escrow Holder, Buyer and Seller agree to execute Escrow Holder's standard escrow instructions, provided that the same are consistent with and do not conflict with the provisions of this Agreement. In the event of any such conflict, the provisions of this Agreement shall prevail. The terms and conditions in sections of this

Agreement not specifically referenced above are additional matters for information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions directly from Escrow Holder and will execute such provision upon Escrow Holder's request. To the extent that the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller agree to execute additional instructions, documents and forms provide by Escrow Holder that are reasonably necessary to close Escrow.

10.2 General Escrow Provisions. Escrow Holder shall deliver the Owner's Title Policy to the Buyer and instruct the San Bernardino County Recorder to mail the Grant Deed to Buyer at the address set forth in Section 14 after recordation. All funds received in this Escrow shall be deposited in one or more general escrow accounts of the Escrow Holder with any bank doing business in San Bernardino County, California, and may be disbursed to any other general escrow account or accounts. All disbursements shall be according to that party's instructions.

10.3 Real Property Taxes; Utilities.

- a. Real Property Tax Prorations.** Real property taxes shall not be delinquent and shall be prorated to Closing.
- b. Utilities.** Buyer and Seller shall cause all utilities which are in the name of Seller to be transferred to the name of Buyer as of the Close of Escrow or as soon thereafter as practicable. Seller shall be entitled to retain (and receive a refund) for any and all utility deposits which are held by the utility company.
- c. No Rent Proration.** As the Current Lease is to be terminated prior to Closing, there shall be no proration of any rent required under this Agreement.

10.4 Payment of Costs.

- a. Cost Allocation.** Seller shall pay the costs for the Owner's Title Policy, the cost of NHD Report and one-half (1/2) of the escrow costs ("**Seller's Charges**"). Buyer shall pay one-half (1/2) of the escrow costs ("**Buyer's Charges**"). All other costs of Escrow not otherwise specifically allocated by this Agreement shall be apportioned between the parties in a manner consistent with the custom and usage of Escrow Holder for major commercial real estate transactions in San Bernardino County.

NOTE: No documentary transfer taxes shall be paid or charged to Seller based on the exemption set forth in R&T Code Section 11922 as the Property is being transferred to a governmental agency. No recording fees for the Grant Deed shall be payable pursuant to Government Code Section 27383.

- b. Commission.** Seller shall be charged with payment of the Commissions pursuant to Section 10.8.
- c. Closing Statement.** At least two (2) days prior to the Closing Date, Escrow Holder shall furnish Buyer and Seller with a preliminary escrow closing statement which shall include each party's respective shares of costs. The preliminary closing statement shall be approved in writing by the parties. As soon as reasonably possible following the Close of Escrow, Escrow Holder shall deliver a copy of the

final Escrow closing statement to the parties.

10.5 Termination and Cancellation of Escrow. If Escrow fails to close as provided above, either party may elect to cancel this Escrow upon written notice to the other party and Escrow Holder. Cancellation of Escrow, as provided herein, shall be without prejudice to whatever legal rights Buyer or Seller may have against each other arising from the Escrow or this Agreement.

10.6 Information Report. Escrow Holder shall file and Buyer and Seller agree to cooperate with Escrow Holder and with each other in completing any report (“**Information Report**”) and/or other information required to be delivered to the Internal Revenue Service pursuant to Internal Revenue Code Section 6045(e) regarding the real estate sales transaction contemplated by this Agreement, including without limitation, Internal Revenue Service Form 1099-B as such may be hereinafter modified or amended by the Internal Revenue Service, or as may be required pursuant to any regulation now or hereinafter promulgated by the Treasury Department with respect thereto. Buyer and Seller also agree that Buyer and Seller, their respective employees and attorneys, and escrow Holder and its employees, may disclose to the Internal Revenue Service, whether pursuant to such Information Report or otherwise, any information regarding this Agreement or the transactions contemplated herein as such party reasonably deems to be required to be disclosed to the Internal Revenue Service by such party pursuant to Internal Revenue Code Section 6045(e), and further agree that neither Buyer nor Seller shall seek to hold any such party liable for the disclosure to the Internal Revenue Service of any such information.

10.7 No Withholding as Foreign Seller. Seller represents and warrants to Buyer that Seller is not, and as of the Close of Escrow will not be, a foreign person within the meaning of Internal Revenue Code Section 1445 or an out-of-state seller under California Revenue and Tax Code Section 18805 and that it will deliver to Buyer on or before the Close of Escrow a non-foreign affidavit on Escrow Holder's standard form pursuant to Internal Revenue Code Section 1445(b)(2) and the Regulations promulgated thereunder and a California Form 590-RE.

10.8 Brokerage Commission. Seller and Buyer represent to each other that they have had no dealings with any broker or finder in connection with this Agreement or the transaction contemplated hereby except (i) Huang Wang of HW & Associates (Broker Lic. #01709495) represents Seller (“**Seller's Broker**”), and (ii) Paul Collins of Highland Partners Corp (Broker Lic. #01904030) represents Buyer (“**Buyer's Broker**”). Seller shall be responsible (i) for any commission that may be owed to Seller's Broker; and (ii) to pay Two Percent (2%) of the Purchase Price to Buyer's Broker at the Closing. The parties represent to each other that no other broker or person other than the Broker listed above are entitled to receive any broker's commissions or finder's fees or similar compensation in connection with any aspect of this transaction. It is agreed that if any claims for brokerage commissions or fees are ever made against Seller or Buyer in connection with this transaction other than the commission to the Seller's Broker set forth above, all such claims shall be handled and paid by the party whose actions or alleged commitments form the basis of such claim. The party against whom the claim for such fees is made shall indemnify and defend and hold the other party harmless from any and all such claims or demands with respect to any brokerage fees or agent's commissions or other compensation asserted by any person, firm, or corporation in connection with this Agreement or the transactions contemplated herein.

11. INTENTIONALLY OMITTED.

12. **BREACH.** A party shall only be in breach of this Agreement after written notice has been provided and such party has failed to cure such breach within ten (10) days of such notice; provided, however, if the party in breach has committed to attempt to cure and has commenced to cure and is diligently prosecuting such cure the breaching party shall have twenty (20) days to cure the issue. The parties shall execute an extension of Escrow in accordance with this provision.

13. **LIQUIDATED DAMAGES. IF BUYER SHOULD DEFAULT UNDER THIS AGREEMENT, THEN BUYER AND SELLER AGREE THAT SELLER WILL INCUR DAMAGES BY REASON OF SUCH DEFAULT BY BUYER OR FAILURE OF ESCROW TO CLOSE ON OR BEFORE THE CLOSING DATE, WHICH DAMAGES SHALL BE IMPRACTICAL AND EXTREMELY DIFFICULT, IF NOT IMPOSSIBLE, TO ASCERTAIN. BUYER AND SELLER, IN A REASONABLE EFFORT TO ASCERTAIN WHAT SELLER'S DAMAGES WOULD BE IN THE EVENT OF SUCH DEFAULT BY BUYER HAVE AGREED BY PLACING THEIR INITIALS BELOW THAT THE DEPOSIT SHALL BE DEEMED TO CONSTITUTE A REASONABLE ESTIMATE OF SELLER'S DAMAGES UNDER THE PROVISIONS OF SECTION 1671 OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. IN THE EVENT OF AND FOR SUCH DEFAULT BY BUYER, THE DEPOSIT (AS DEFINED IN SECTION 3.2.a.iii) SHALL BE SELLER'S SOLE MONETARY REMEDY THEREFOR, ALTHOUGH THE FOREGOING LIMITATION OF DAMAGES SHALL NOT APPLY TO ANY INDEMNIFICATION OBLIGATIONS OF BUYER UNDER SECTION 7.**

Seller's Initials

Buyer's Initials

14. **NOTICES.** All notices required or permitted under this Agreement shall be in writing and shall be served on the parties at the addresses set forth below. Any such notices shall, unless otherwise provided herein, be given or served (i) by depositing the same in the United States mail, postage paid, certified and addressed to the party to be notified, with return receipt requested, (ii) by overnight delivery using a nationally recognized overnight courier, (iii) by personal delivery, or (iv) by email (provided the email was acknowledged as received by the recipient). Notice deposited in the mail in the manner hereinabove described shall be effective upon receipt or rejection of such notice. Notice given in any other manner shall be effective only if and when received (or rejected) by the party to be notified between the hours of 8:00 a.m. and 5:00 p.m. California time of any business day with delivery made after such hours to be deemed received the following business day. A party's address may be changed by written notice to the other party; however, no notice of a change of address shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice. Notices given by counsel to the Buyer shall be deemed given by Buyer and notices given by counsel to the Seller shall be deemed given by Seller.

To Buyer:

City of Chino
13220 Central Ave
Chino, CA 91710
Attention: Dr. Linda Reich, City Manager
Email: lreich@cityofchino.org

With a copy to:

Aleshire & Wynder, LLP
1 Park Plaza, Suite 1000
Irvine, CA 92614
Attention: Fred Galante, City Attorney

Email: fgalante@awattorneys.com

With a copy to: Highland Partners Corp.
Attn: Paul Collins
880 Apollo Street Suite 329
El Segundo, CA 90245
paul@highlandpartnerscorp.com

To Seller: TERRI GILLETTE, Trustee
KENT H. CHENG, Trustee
1499 Huntington Drive Suite 315
South Pasadena, CA 91030
kchengcpa@yahoo.com

With a copy to: Huang Wang
HW & Associates
1499 Huntington Drive Suite 315
South Pasadena, CA 91030
Hwang725@gmail.com

To Escrow Holder: Commonwealth Land Title Insurance Company
4400 MacArthur Blvd. Suite 800
Newport Beach, CA 92660
Attn: Kim Hernandez, Senior Escrow Officer
Email: kdhernandez@fnf.com

15. ADDITIONAL BUSINESS TERMS.

15.1 No Marketing of Property. While this Agreement is in effect, Seller agrees that it will not market the Property to any other party in any manner.

15.2 No Impairing of Title. Until the Closing, Seller shall not do anything which would impair Seller's title to the Property.

15.3 Current Lease. While this Agreement is in effect, Seller shall not amend or extend the Current Lease or agree to allow the tenant to holdover under the Current Lease.

16. GENERAL PROVISIONS.

16.1 Assignment. Neither party shall have the right to assign this Agreement or any interest or right hereunder or under the Escrow without the prior written consent of the other party. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of Buyer and Seller and their respective heirs, personal representatives, successors and assigns.

16.2 Attorney's Fees. In any action between the parties hereto, seeking enforcement of any of the terms and provisions of this Agreement or the Escrow, or in connection with the Property, the prevailing party in such action shall be entitled, to have and to recover from the other party its reasonable attorneys' fees and other reasonable expenses in connection with such action or proceeding, in addition to its recoverable court costs.

16.3 Interpretation; Governing Law. This Agreement shall be construed according to its fair meaning and as if prepared by both parties hereto. This Agreement shall be construed in accordance with the laws of the State of California in effect at the time of the execution of this Agreement. Titles and captions are for convenience only and shall not constitute a portion of this Agreement. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others wherever and whenever the context so dictates.

16.4 No Waiver. No delay or omission by either party in exercising any right or power accruing upon the compliance or failure of performance by the other party under the provisions of this Agreement shall impair any such right or power or be construed to be a waiver thereof. A waiver by either party of a breach of any of the covenants, conditions or agreements hereof to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions hereof.

16.5 Modifications. Any amendment or modification to this Agreement, in order to become effective, shall be made by written document executed by both parties.

16.6 Severability. If any term, provision, condition or covenant of this Agreement or the application thereof to any party or circumstances shall, to any extent, be held invalid or unenforceable, the remainder of this instrument, or the application of such term, provisions, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

16.7 Merger. This Agreement and other documents incorporated herein by reference contain the entire understanding between the parties relating to the transaction contemplated hereby and all prior to contemporaneous agreements, understandings, representations and statements (including letters of intent), oral or written, are merged herein and shall be of no further force or effect.

16.8 Execution of Documents. The parties agree to execute such instructions to Title Company and such other instruments and to do such further acts as may be reasonably necessary to carry out the provisions of this Agreement.

16.9 Relationship of Parties. Notwithstanding anything to the contrary contained herein, this Agreement shall not be deemed or construed to make the parties hereto partners or joint venturers, or to render either party liable for any of the debts or obligations of the other, it being the intention of the parties to merely create the relationship of Seller and Buyer with respect to the Property to be conveyed as contemplated hereby.

16.10 No Personal Liability. No member, official, employee, agent or contractor of Buyer shall be personally liable to Seller in the event of any default or breach by Buyer or for any amount which may become due to Seller for any Buyer obligations under the terms of the Agreement.

16.11 Force Majeure. If either party is delayed or prevented from performing any act required in this Agreement by reason of any event beyond the reasonable control of either party, including without limitation, by labor disputes, pandemic, fire, unusual delay in deliveries, weather or acts of God, terrorism, delay in the issuance of permits or approvals, acts of governmental entities, unavoidable casualties or any other such causes beyond such party's control, then the

time herein fixed for completion of such obligation(s) shall be extended by the number of days that such party has been delayed.

16.12 Representation by Counsel. Each party hereto represents and agrees with each other that it has been represented by or had the opportunity to be represented by, independent counsel of its own choosing, and that it has had the full right and opportunity to consult with its respective attorney(s), that to the extent, if any, that it desired, it availed itself of this right and opportunity, that it or its authorized officers (as the case may be) have carefully read and fully understand this Agreement in its entirety and have had it fully explained to them by such party's respective counsel, that each is fully aware of the contents thereof and its meaning, intent and legal effect, and that it or its authorized officer (as the case may be) is competent to execute this Agreement and has executed this Agreement free from coercion, duress or undue influence.

16.13 No Third-Party Beneficiaries. Except as otherwise expressly set forth herein, Seller and Buyer do not intend, and this Agreement shall not be construed, to create a third-party beneficiary status or interest in, nor give any third-party beneficiary rights or remedies to, any other person or entity not a Party to this Agreement.

16.14 Execution in Counterparts. This Agreement may be executed in several counterparts, and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all parties are not signatories to the original or the same counterpart.

16.15 Electronic Execution. This Agreement may be electronically executed by the parties in accordance with the requirements of E-SIGN and UETA by such third-party providers such as DocuSign or AdobeSign.

16.16 Exhibits. Exhibits A and B are attached hereto and incorporated herein by reference.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement for Purchase and Sale of Real Property and Joint Escrow Instructions as of the Agreement Date.

Note: Sections 1.2 and 13 must be initialed by the parties as indicated.

SELLER:

AuthentiSIGN
Terri Gillette 03/18/26
TERRI GILLETTE, as Successor Trustee
of the Sturzenegger Family Trust

AuthentiSIGN
Kent H. Cheng 03/18/26
KENT H. CHENG, as Successor Trustee
of the Langdon and Jo Ann Tannehill
1992 Trust

Accepted and Agreed to:

ESCROW HOLDER:

COMMONWEALTH LAND TITLE
INSURANCE COMPANY

By: _____
Kim Hernandez, Senior Escrow Officer

Dated: _____, 2026

BUYER:

CITY OF CHINO, a California municipal
corporation

By: _____
Dr. Linda Reich, City Manager

ATTEST:

Natalie Gonzaga, City Clerk

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

By: _____
Fred Galante, City Attorney

EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY

That certain real property located in the City of Chino, County of San Bernardino, State of California legally described as follows:

LOTS 1 TO 6, INCLUSIVE, AND 17 TO 24, INCLUSIVE, BLOCK 37, TOWN OF CHINO, IN THE CITY OF CHINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 4, PAGE 51 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

TOGETHER WITH VACATED ALLEY LYING BETWEEN LOTS 1 TO 6, INCLUSIVE, AND 19 TO 24, INCLUSIVE, AND VACATED ALLEY LYING BETWEEN LOTS 18 AND 19.

EXHIBIT B
GRANT DEED

**Recording Requested By and
When Recorded Return to:**

City of Chino
13220 Central Ave
Chino, CA 91710
Attention: City Clerk

(Space Above This Line for Recorder's Office Use Only)
Exempt from recording fees per Govt Code Section 27383

APN. 1020-282-12

THE UNDERSIGNED GRANTOR DECLARES that the documentary transfer tax (computer on full value) is not applicable pursuant to R&T Code Section 11922.

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged TERRI GILLETTE, as Successor Trustee of the Sturzenegger Family Trust and KENT H. CHENG, as Successor Trustee of the Langdon and Jo Ann Tannehill 1992 Trust ("**Grantor**") grants to the CITY OF CHINO, a California municipal corporation ("**Grantee**"), all of its rights, title, and interest in that certain real property in the City of Chino, County of San Bernardino, State of California, as more particularly described in Exhibit A attached hereto and incorporated by this reference ("**Property**").

IN WITNESS WHEREOF, Grantor has caused this Grant Deed to be executed on its behalf as of the date written below.

GRANTOR:

_____, 2026

NOT TO BE EXECUTED UNTIL CLOSING

DONALD STURZENEGGER as Successor Trustee
of the Donald Sturzenegger 1992 Trust

NOT TO BE EXECUTED UNTIL CLOSING

LANGDON H. TANNEHILL as Successor Trustee of
the Langdon and Jo Ann Tannehill 1992 Trust

CERTIFICATE OF ACCEPTANCE

(California Government Code Section 27281)

This is to certify that the interest in real property conveyed by that certain Grant Deed dated as of _____, 2026, executed by TERRI GILLETTE, as Successor Trustee of the Sturzenegger Family Trust and KENT H. CHENG, as Successor Trustee of the Langdon and Jo Ann Tannehill 1992 Trust as Grantor, in favor of the CITY OF CHINO (“**Grantee**”) is accepted by the undersigned officer on behalf of Grantee and the Grantee consents to the recordation thereof by its duly authorized officer.

Dated as of: _____, 2026.

CITY OF CHINO

By:

NOT TO BE EXECUTED UNTIL CLOSING

Dr. Linda Reich, City Manager

**EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY**

That certain real property located in the City of Chino, County of San Bernardino, State of California, and is described as follows:

LOTS 1 TO 6, INCLUSIVE, AND 17 TO 24, INCLUSIVE, BLOCK 37, TOWN OF CHINO, IN THE CITY OF CHINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 4, PAGE 51 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

TOGETHER WITH VACATED ALLEY LYING BETWEEN LOTS 1 TO 6, INCLUSIVE, AND 19 TO 24, INCLUSIVE, AND VACATED ALLEY LYING BETWEEN LOTS 18 AND 19.

