

Written materials relating to an item on this agenda that are distributed to the legislative bodies within 72 hours before the item is to be considered at its regularly scheduled meeting will be made available for public inspection at the City Clerk's Office, 300 West Third Street 4th Floor during customary business hours. Agenda reports are also on the City of Oxnard web site at www.oxnard.org.



AGENDA
OXNARD CITY COUNCIL
PUBLIC WORKS AND TRANSPORTATION COMMITTEE
Council Chambers, 305 West Third Street
March 25, 2025
Regular Meeting - 6:45 PM to 8:15 PM

Zoom details to call-in for public comment during a meeting:

1. Dial Phone Number: (888) 475-4499
2. Enter Meeting ID: 867 2672 9412
3. Passcode: 748230

If you wish to speak during public comments or a particular item on the agenda, please sign-on by following the zoom call-in steps listed above. Once the presiding officer calls for public speakers, press *9 to raise your hand to inform the City Clerk you would like to speak during the public speaking section for that particular item on the agenda, while in the zoom waiting room. Press *6 when asked to unmute. Listen to the instructions provided virtually on the phone while on hold in the zoom waiting room. Please note that there is a slight time delay when viewing the meeting via television.

IN ACCORDANCE WITH ASSEMBLY BILL 2449, MEMBERS OF THE LEGISLATIVE BODY MAY MEET IN-PERSON OR REMOTELY. TO PARTICIPATE REMOTELY VISIT WWW.OXNARD.ORG.

To find out how you may provide public comment, please refer to the instructions below or at [www.https://www.oxnard.org/city-meetings/](https://www.oxnard.org/city-meetings/).

The public may view the meeting from home on Spectrum channel 10, Frontier channel 35, or YouTube at [Youtube.com/oxnardnews](https://www.youtube.com/oxnardnews). Video recordings of the meeting are typically available online following the meeting at the City's website at www.oxnard.org/city-meetings.

*Please see the link for the Measure M pre-recorded presentation video for each item listed on this agenda.

YOU MAY PARTICIPATE IN THE MEETING IN THE FOLLOWING WAYS:

1. ATTEND THE MEETING AT THE LOCATION LISTED ABOVE: Submit a speaker card to the City Clerk.
2. EMAIL COMMENTS OR SIGN UP TO SPEAK REMOTELY BEFORE THE MEETING
 - a. Submit a request to speak remotely by no later than 3 p.m. on the day of the meeting by using the form available at www.oxnard.org/citymeetings.
 - b. Submit an email to cityclerk@oxnard.org no later than 3 p.m. on the day of the meeting (indicate the agenda item number in the subject line). All email correspondence will be forwarded to the legislative body prior to the start of the meeting and made part of the legislative record.
 - c. Contact the City Clerk's Office at (805) 385-7803 to submit your request.
3. PROVIDING PUBLIC COMMENTS REMOTELY DURING THE MEETING

In compliance with the Americans with Disabilities Act, if you require special assistance to participate in a meeting, please contact the City Clerk's Office at 385-7803. Notice at least 72 hours prior to the meeting will enable the City to reasonably arrange for your accessibility to the meeting.

Agenda Item Time Estimates include: (Minutes for Presentation + Council Discussion + Public Comment)

- a. To provide public comment during the meeting dial (888) 475-4499 and enter the Meeting ID and Passcode listed above as the Zoom details for this meeting. When the presiding officer announces the particular item on the agenda you want to speak on, press *9 to raise your hand while in the zoom waiting room. Once called on, press *6 to unmute your phone.
- b. Public comments on agenda items will be taken following the announcement of the item. After the item is announced, members of the public may register or otherwise be recognized for the purpose of providing public comment.

Please review the Zoom instructions on the registration page to help ensure there are no technical difficulties during your comments and help you understand public comment procedures using Zoom. Detailed participation instructions can be found at www.oxnard.org/city-meetings.

In the event of a disruption which prevents a legislative body of the City of Oxnard from broadcasting a meeting using a call-in option or internet-based service option, or in the event of a disruption within the City's control which prevents members of the public from offering public comment using the call-in option or internet-based service option, the legislative body shall take no further action on items appearing on a meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. However, if any of the broadcast options are disrupted, but any of the other broadcast options is still available to the public, the legislative body may take further action on items appearing on a meeting agenda without waiting for the disrupted broadcast option(s) to be restored.

A. ROLL CALL, POSTING OF AGENDA, FLAG SALUTE

Consideration of Teleconference Participation pursuant to Assembly Bill 2449.

B. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

A person may address the legislative body only on matters not appearing on the agenda and within the subject matter jurisdiction of the legislative body. Speaker requests shall be submitted as set forth on the first page of this agenda. Speakers are limited to three minutes. After 30 minutes, if all speakers have not had the opportunity to speak, the remaining speakers will be given an opportunity to speak prior to adjournment of the meeting. The legislative body cannot enter into a detailed discussion or take action on any items presented during public comments at this time. Such items may only be referred to the City Manager/Executive Director/Secretary for administrative action or scheduled on a subsequent agenda for discussion. Persons wishing to speak on public hearing items should do so at the time of the hearing.

C. CONSENT AGENDA

1. City Clerk Department

SUBJECT: Approval of Minutes.

RECOMMENDATION: That the Public Works and Transportation Committee approve the minutes of the February 25, 2025 and March 11, 2025 regular meetings as presented.

Contact: Luly Lopez, (805) 385-7805

D. REPORTS

1. Public Works Department

SUBJECT: Purchase of Material Handler for the Del Norte Regional Recycling and Transfer Station. (10 minutes)

RECOMMENDATION: That the Public Works and Transportation Committee recommend that the City Council approve and authorize the Mayor to execute a purchase order with Quinn Company in the amount of \$548,756.31 for a material handler for the Del Norte Regional Recycling and Transfer Station.

Please click the following link to view the required Measure M pre-recorded presentation video: <https://youtu.be/QhEYPoO06Ek>

Contact: Michael Wolfe, (805) 385-8055

2. Public Works Department

SUBJECT: Draft Maintenance and Funding Policy for Landscape Maintenance Districts. (30 minutes)

RECOMMENDATION: The Public Works and Transportation Committee:

1. Provide final recommendations on the draft policy sections; and
2. Recommend staff present a Maintenance and Funding Policy for Landscape Maintenance Districts to the City Council for consideration.

Please click the following link to view the required Measure M pre-recorded presentation video: <https://youtu.be/AASAXRtPasQ>

Contact: Michael Wolfe, (805) 385-8055

E. ITEMS FOR FUTURE AGENDAS

F. ADJOURNMENT



**PUBLIC WORKS AND TRANSPORTATION COMMITTEE
AGENDA REPORT**

**CONSENT AGENDA
AGENDA ITEM NO. C.1**

DATE: March 25, 2025
TO: Public Works and Transportation Committee
FROM: Luly Lopez, City Clerk, (805) 385-7805, luly.lopez@oxnard.org
SUBJECT: Approval of Minutes.

RECOMMENDATION

That the Public Works and Transportation Committee approve the minutes of the February 25, 2025 and March 11, 2025 regular meetings as presented.

BACKGROUND

Approval of minutes.

STRATEGIC PRIORITIES

This agenda item is a routine operational item or does not relate to the five strategic priorities adopted by City Council on March 16, 2021.

FINANCIAL IMPACT

There is no financial impact.

Prepared by: Luly Lopez, City Clerk

ATTACHMENTS

1. Minutes of Public Works and Transportation Committee for February 25 2025
2. Minutes of Public Works and Transportation Committee for March 11 2025

MINUTES
OXNARD CITY COUNCIL
PUBLIC WORKS AND TRANSPORTATION COMMITTEE
February 25, 2025

A. ROLL CALL, POSTING OF AGENDA, FLAG SALUTE

At 6:45 p.m., Chair Luis Mc Arthur called to order the regular meeting of the Oxnard City Council Public Works and Transportation Committee in the City Hall Council Chambers at 305 West Third Street, Oxnard, California. The City Clerk called the roll and announced the posting of the agenda. Chair Luis Mc Arthur, Member Gabriela Basua and Member Gabe Teran were present.

Member Teran led the pledge of allegiance.

Staff members present were Alexander Nguyen, City Manager; Michelle McCarron, Assistant City Attorney; Michael Wolfe, Public Works Director; Steve Howlett, Assistant Public Works Director; Anthony Miller, Special Projects Manager; and Lourdes A. López, City Clerk.

Consideration of Teleconference Participation pursuant to Assembly Bill 2449.

B. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

Public comments was received from Doug Partello (various landscape maintenance issues).

C. CONSENT AGENDA

1. City Clerk Department

SUBJECT: Approval of Minutes.

RECOMMENDATION: That the Public Works and Transportation Committee approve the minutes of the February 11, 2025 regular meeting as presented.

No public comments were received.

It was moved by Member Teran, seconded by Member Basua, to approve the Information/Consent item as presented. VOTE: Teran, Basua, and Mc Arthur voted in favor; the motion passed 3-0.

D. REPORTS

1. Public Works Department

SUBJECT: Maintenance and Funding Policy Workshop for Landscape Maintenance Districts. (30 minutes)

RECOMMENDATION: The Public Works and Transportation Committee:

1. Discuss key elements for a potential Maintenance and Funding Policy for Landscape Maintenance Districts; and
2. Recommend staff develop a Maintenance and Funding Policy for Landscape

Maintenance Districts to be presented to the City Council for consideration.

Michael Wolfe, Public Works Director; Anthony Miller, Special Projects Manager; and Mark Mandell with Mandell Municipal Counseling presented and answered the Committee's questions. Discussion ensued among the Committee and staff.

Public comments were received from Ray Blattel; Imelda Garcia-Ramirez; Doug Partello; Debbie Mitchell; and Alicia Purcell.

It was moved by Member Basua, seconded by Member Teran, to direct staff to bring back another draft of the proposed policy to the Committee before sending it to the City Council. VOTE: Basua, Teran, and Mc Arthur voted in favor; the motion passed 3-0.

At 8:30 p.m., the Committee voted to continue the meeting discussion past 8:15 p.m.

It was moved by Chair Mc Arthur, seconded by Member Basua, to approve continuing the meeting past 8:15 p.m. VOTE: Mc Arthur, Basua, and Teran voted in favor; the motion passed 3-0.

E. ITEMS FOR FUTURE AGENDAS

No requests were made.

F. ADJOURNMENT

There being no further business on the agenda, and without objection, Chair Mc Arthur adjourned the meeting at 8:42 p.m.

LOURDES A. LÓPEZ
City Clerk

LUIS MC ARTHUR
Chair

MINUTES
OXNARD CITY COUNCIL
PUBLIC WORKS AND TRANSPORTATION COMMITTEE
March 11, 2025

Because there were no items requiring consideration on this date, there was no regular meeting.

LOURDES A. LÓPEZ
City Clerk

LUIS MC ARTHUR
Chair



PUBLIC WORKS AND TRANSPORTATION COMMITTEE AGENDA REPORT

REPORTS AGENDA ITEM NO. D.1

DATE: March 25, 2025

TO: Public Works and Transportation Committee

FROM: Michael Wolfe, Public Works Director, (805) 385-8055, michael.wolfe@oxnard.org

SUBJECT: Purchase of Material Handler for the Del Norte Regional Recycling and Transfer Station. (10 minutes)

RECOMMENDATION

That the Public Works and Transportation Committee recommend that the City Council approve and authorize the Mayor to execute a purchase order with Quinn Company in the amount of \$548,756.31 for a material handler for the Del Norte Regional Recycling and Transfer Station.

Please click the following link to view the required Measure M pre-recorded presentation video: <https://youtu.be/QhEYPoO06Ek>

BACKGROUND

The Environmental Resources (ER) Division is responsible for the operation of the Del Norte Regional Recycling and Transfer Station (Del Norte) which is a regional, material recovery facility (MRF). The MRF receives and processes residential, commercial, and industrial solid waste, recyclables, and organic waste within the City of Oxnard collection boundaries as well as material from areas in the Ventura County region. The Del Norte facility is permitted to accept municipal solid waste which includes refuse, recyclables, and organic waste material.

DISCUSSION

SB 1383 Local Assistance Grant Program under the Department of Resources Recycling and Recovery (CalRecycle) provides funding up to the full grant amount of \$519,396, with no local match required, for the purchase of the material handler. Daily MRF operations rely heavily on using essential heavy equipment to process solid waste materials. A wheel loader is currently used to move solid waste material for processing and transferring purposes.

The material handler will be an additional piece of equipment that will assist in the day-to-day operations by moving material for processing and transferring to the landfill. In addition, the material handler allows operators to remove materials from roll-off bins and trailers that may be overfilled by pulling materials out from the top rather than having to empty out the overfilled bins and trailers through walking-floor trailers and/or tipper trailers, which is a much more time-consuming process. The material handler can also move organic and recyclable material to the sorting line at a more consistent pace allowing more materials to be processed with less contamination.

Staff identified Sourcewell Cooperative Agreement No. 011723 with Quinn Company. Utilizing a cooperative purchasing method, such as a Sourcewell, allows the City to “piggyback” on the agreement and obtain the material handler at a discounted price. Sourcewell is a cooperative purchasing program that unites the buying power of government, education, and nonprofit organizations. By utilizing hundreds of competitively solicited and awarded contracts, Sourcewell simplifies the public procurement process and ensures the efficient use of taxpayer dollars. Thousands of public entities are enrolled as participating agencies in this program. Furthermore, Quinn is a leading provider of this equipment and is recognized throughout southern California for its innovative design and integrated safety features.

STRATEGIC PRIORITIES

This agenda item supports the Infrastructure and Natural Resources strategy. The purpose of the Infrastructure and Natural Resources strategy is to preserve and improve our roads, utilities, parks, trees, water supply and natural resources through effective planning, prioritization, and an equitable and efficient use of available funding.

FINANCIAL IMPACT

The total cost of this purchase order with Quinn Company shall not exceed \$548,756.31. There are sufficient budget appropriations in the SB 1383 Local Assistance Grant Program (C2423) in the amount of \$519,396.00 and in the ER Operating Council-approved budget from capital outlay for \$29,360.31 for the purchase of the material handler.

Division	Equipment	Project and Account	Cost
Environmental Resources	Material Handler	Project No. C2423 Account No. 6323631-56040	\$519,396.00
Environmental Resources	Material Handler	Capital Outlay Account No. 6313636-56040	\$29,360.31
TOTAL			\$548,756.31

Prepared by: Brian Yanez, Assistant Public Works Director, Eric Zetz, Division Manager

ATTACHMENTS

1. Quote with Sourcewell Discount
2. Sourcewell and Caterpillar Contract 011723
3. Presentation

Quinn Company, 10006 Rose Hills Road, City of Industry, CA90601 Phone: (562) 463-4000

S O L D T O	PURCHASER		CITY OF OXNARD - DEL NORTE RECYCLING			
	STREET ADDRESS		111 S DEL NORTE BLVD		<SAME>	
	CITY/STATE		OXNARD, CA	COUNTY	VENTURA	
	POSTAL CODE		93030	PHONE NO.	805 385 8069	
	CUSTOMER		EQUIPMENT	JAMES TORREZ		
	CONTACT:		PRODUCT SUPPORT JAMES TORREZ			
INDUSTRY CODE: LOCAL GOVERNMENT (GV93)			PRINCIPAL WORK CODE		GOVERNMENT (A305)	F.O.B. AT: Oxnard Machine
CUSTOMER NUMBER 177960			Sales Tax Exemption # (if applicable) N/A			CUSTOMER PO NUMBER
T E R M S	PAYMENT TERMS: (All terms and payments are subject to Finance Company - OAC approval)					
	NET PAYMENT ON RECEIPT OF INVOICE ☒		NET ON DELIVERY ☐		FINANCIAL SERVICES ☐ CSC ☐ LEASE ☐ CAT CARD	
	CASH WITH ORDER	\$0.00	BALANCE TO FINANCE	0.00	CONTRACT INTEREST RATE	0.00
	PAYMENT PERIOD		PAYMENT AMOUNT		NUMBER OF PAYMENTS	0
OPTIONAL BUY-OUT						
DESCRIPTION OF EQUIPMENT ORDERED / PURCHASED						
MAKE: CATERPILLAR INC.		MODEL: MH3024		YEAR: TBA		
STOCK NUMBER: TBA		SERIAL NUMBER: TBA		SMU: TBA		
MH3024 07A WHL MH AM-N DCA3		612-8310		WIRING, PRODUCT LINK		
ALARM, BACK-UP HCR		237-0065		COUNTERWEIGHT, HEAVY		
TIRE, 10-20 DUAL, SOLID RUBBER		474-7226		RADIO MODULE, PL243 CELLULAR		
MIRRORS, VA + MH		525-2938		STEPS, UC, REAR		
BEACON, CAB		567-0427		CAB FILTRATION, STD		
COMMON ARRANGEMENT		571-8088		NO GUARD		
MH3024 07D WHEEL MTL HANDLER		571-8077		BOOM, 24'5", STRAIGHT STICK		
HYDRAULIC OIL, MINERAL		572-5794		STICK, 14'1'', STRAIGHT		
DECALS, ANSI, MH BOOM		572-5826		RADIATOR SCREEN, WASTE		
CAB, DELUXE, P8B		572-7026		LANE 1 ORDER		
UC MH W/ BLADE		576-4219		COOLING SYSTEM, WASTE		
CAMERA, REAR + RH VIEW		576-8156		LIGHTS, CHASSIS		
NO GENERATOR		578-7726		COMPLETE STORAGE PROTECTION		
LIGHTS, CHASSIS		581-0507		GRAPPLE, G324-WH 2.0CUM 2.6CYD		
NO STEERING WHEEL		582-8876		BRACKET, MOUNTING MH		
YEAR	TRADE-IN EQUIPMENT		SERIAL NO.		SELL PRICE	
					\$671,336.61	
					EXT WARRANTY	
					Included	
					CSA	
					Included	
					SOURCE WELL 26% DISCOUNT	
					CONTRACT #011723-CAT	
					(\$174,555.32)	
ALL TRADES-INS ARE SUBJECT TO EQUIPMENT BEING IN "AS INSPECTED CONDITION" BY VENDOR AT TIME OF DELIVERY OF REPLACEMENT MACHINE PURCHASE ABOVE.				PREP AND FREIGHT		\$5,500.00
				NET BALANCE DUE		\$502,281.29
				TIRE FEE		\$14.00
				SALES TAX (9.25%)		\$46,461.02
GROSS TRADE ALLOWANCE				AFTER TAX BALANCE		\$548,756.31
PAYOUT TO				AMOUNT OWING		
CUSTOMER TO PAYOUT ☐				QUINN COMPANY TO PAY OUT ☐		
PURCHASER HEREBY SELLS THE TRADE-IN EQUIPMENT DESCRIBED ABOVE TO THE VENDOR AND WARRANTS IT TO BE FREE AND CLEAR OF ALL CLAIMS, LIENS, MORTGAGES AND SECURITY INTEREST EXCEPT AS SHOWN ABOVE.						
☒ CATERPILLAR EQUIPMENT WARRANTY				INITIAL		☐ USED EQUIPMENT WARRANTY
						INITIAL
The customer acknowledges that he has received a copy of the Quinn Company/Caterpillar Warranty and has read and understood said warranty. Scheduled oil sampling (S.O.S.) is mandatory with this warranty. The customer is responsible for taking oil samples at designated intervals from all power train components and failure to do so may result in voiding the warranty. Warranty applicable including expiration date where necessary:				All used equipment is sold as is where is and no warranty is offered or implied except as specified here:		
12 MONTHS FULL MACHINE				Warranty applicable:		
MH3024-12 M0/8760 HR PREMIER, MH3024-36 M0/5000 HR PREMIER						
CSA: 24 Month 4000 Hour Parts + Fluid + Labor + 1.5 Hours Travel Time Per PM						
NOTES:						

QUINN COMPANY

PURCHASER

ORDER RECEIVED BY

APPROVED AND ACCEPTED ON

Llamas, Jaime

CITY OF OXNARD - DEL NORTE RECYCLING

REPRESENTATIVE

BY

SIGNATURE

TITLE

PURCHASER

**Solicitation Number: RFP # 011723****CONTRACT**

This Contract is between Sourcewell, 202 12th Street Northeast, P.O. Box 219, Staples, MN 56479 (Sourcewell) and **Caterpillar Inc.**, 100 NE Adams Street, Peoria, IL 61629 (Supplier).

Sourcewell is a State of Minnesota local government unit and service cooperative created under the laws of the State of Minnesota (Minnesota Statutes Section 123A.21) that offers cooperative procurement solutions to government entities. Participation is open to eligible federal, state/province, and municipal governmental entities, higher education, K-12 education, nonprofit, tribal government, and other public entities located in the United States and Canada. Sourcewell issued a public solicitation for **Heavy Construction Equipment with Related Attachments and Technology** from which Supplier was awarded a contract.

Supplier desires to contract with Sourcewell to provide equipment, products, or services to Sourcewell and the entities that access Sourcewell's cooperative purchasing contracts (Participating Entities).

1. TERM OF CONTRACT

- A. **EFFECTIVE DATE.** This Contract is effective upon the date of the final signature below.
- B. **EXPIRATION DATE AND EXTENSION.** This Contract expires April 14, 2027, unless it is cancelled sooner pursuant to Article 22. This Contract may be extended one additional year upon the request of Sourcewell and written agreement by Supplier.
- C. **SURVIVAL OF TERMS.** Notwithstanding any expiration or termination of this Contract, all payment obligations incurred prior to expiration or termination will survive, as will the following: Articles 11 through 14 survive the expiration or cancellation of this Contract. All other rights will cease upon expiration or termination of this Contract.

2. EQUIPMENT, PRODUCTS, OR SERVICES

- A. **EQUIPMENT, PRODUCTS, OR SERVICES.** Supplier will provide the Equipment, Products, or Services as stated in its Proposal submitted under the Solicitation Number listed above. Supplier's Equipment, Products, or Services Proposal (Proposal) is attached and incorporated into this Contract.

Pursuant to Section 10(b), Supplier will subcontract certain obligations under this Contract to its dealers. Only those dealers that sign a Participation Agreement with Supplier obligating them to comply with the terms of this Contract will be eligible to provide Equipment, Products, or Services as a subcontractor under this Contract. In the event there is no dealer who has entered into a Participation Agreement available to provide Equipment, Products, or Services to a Participating Entity, Supplier will be under no obligation to provide Equipment, Products, or Services to such Participating Entity under this Contract. Supplier will provide a copy of this Contract to its dealers that would normally service Participating Entities and invite such dealers to enter into a Participation Agreement as a subcontractor of Supplier under the terms of this Contract.

All Equipment and Products provided under this Contract must be new and the current model. Supplier may offer close-out or refurbished Equipment or Products if they are clearly indicated in Supplier's product and pricing list. Unless agreed to by the Participating Entities in advance, Equipment or Products must be delivered as operational to the Participating Entity's site.

This Contract offers an indefinite quantity of sales, and while substantial volume is anticipated, sales and sales volume are not guaranteed.

B. **WARRANTY.** Supplier warrants that all Equipment, Products, and Services furnished are free from liens and encumbrances, and are free from defects in design, materials, and workmanship. In addition, Supplier warrants the Equipment, Products, and Services are suitable for and will perform in accordance with the ordinary use for which they are intended. Supplier's dealers and distributors must agree to assist the Participating Entity in reaching a resolution in any dispute over warranty terms with the manufacturer. Any manufacturer's warranty that extends beyond the expiration of the Supplier's warranty will be passed on to the Participating Entity.

C. **DEALERS, DISTRIBUTORS, AND/OR RESELLERS.** Upon Contract execution and throughout the Contract term, Supplier must provide to Sourcewell a current means to validate or authenticate Supplier's authorized dealers, distributors, or resellers relative to the Equipment, Products, and Services offered under this Contract, which will be incorporated into this Contract by reference. It is the Supplier's responsibility to ensure Sourcewell receives the most current information.

3. PRICING

All Equipment, Products, or Services under this Contract will be priced at or below the percentage list discount stated in the supplier's proposal.

Upon request made to a participating CAT dealer, from a Participating Entity identifying themselves as a Sourcewell member by providing their Sourcewell member number and contract number; formal quotes will list all costs, including all delivery expenses, such as freight and permits (when required).

Alternatively, Participating Entities may choose to make their own transportation arrangements. In such case, there would be no delivery charges from the local participating Cat dealer.

Regardless of the payment method chosen by the Participating Entity, the total cost associated with any purchase option of the Equipment, Products, or Services must always be disclosed in the pricing quote to the applicable Participating Entity at the time of purchase.

A. **SHIPPING AND SHIPPING COSTS.** All delivered Equipment and Products must be properly packaged. Damaged Equipment and Products may be rejected. If the damage is not readily apparent at the time of delivery, Supplier must permit the Equipment and Products to be returned within a reasonable time at no cost to Sourcewell or its Participating Entities. Participating Entities reserve the right to inspect the Equipment and Products at a reasonable time after delivery where circumstances or conditions prevent effective inspection of the Equipment and Products at the time of delivery. In the event of the delivery of nonconforming Equipment and Products, the Participating Entity will notify the Supplier as soon as possible and the Supplier will replace nonconforming Equipment and Products with conforming Equipment and Products that are acceptable to the Participating Entity.

Supplier must arrange for and pay for the return shipment on Equipment and Products that arrive in a defective or inoperable condition.

Sourcewell may declare the Supplier in breach of this Contract if the Supplier intentionally delivers substandard or inferior Equipment or Products.

B. **SALES TAX.** Each Participating Entity is responsible for supplying the Supplier with valid tax-exemption certification(s). When ordering, a Participating Entity must indicate if it is a tax-exempt entity.

C. **HOT LIST PRICING.** At any time during this Contract, Supplier may offer a specific selection of Equipment, Products, or Services at discounts greater than those listed in the Contract. When Supplier determines it will offer Hot List Pricing, it must be submitted electronically to Sourcewell in a line-item format. Equipment, Products, or Services may be added or removed from the Hot List at any time through a Sourcewell Price and Product Change Form as defined in Article 4 below.

Hot List program and pricing may also be used to discount and liquidate close-out and discontinued Equipment and Products as long as those close-out and discontinued items are clearly identified as such. Current ordering process and administrative fees apply. Hot List Pricing must be published and made available to all Participating Entities.

4. PRODUCT AND PRICING CHANGE REQUESTS

Supplier may request Equipment, Product, or Service changes, additions, or deletions at any time. All requests must be made in writing by submitting a signed Sourcewell Price and Product Change Request Form to the assigned Sourcewell Supplier Development Administrator. This approved form is available from the assigned Sourcewell Supplier Development Administrator. At a minimum, the request must:

- Identify the applicable Sourcewell contract number;
- Clearly specify the requested change;
- Provide sufficient detail to justify the requested change;
- Individually list all Equipment, Products, or Services affected by the requested change, along with the requested change (e.g., addition, deletion, price change); and
- Include a complete restatement of pricing documentation in Microsoft Excel with the effective date of the modified pricing, or product addition or deletion. The new pricing restatement must include all Equipment, Products, and Services offered, even for those items where pricing remains unchanged.

A fully executed Sourcewell Price and Product Request Form will become an amendment to this Contract and will be incorporated by reference.

5. PARTICIPATION, CONTRACT ACCESS, AND PARTICIPATING ENTITY REQUIREMENTS

A. PARTICIPATION. Sourcewell's cooperative contracts are available and open to public and nonprofit entities across the United States and Canada; such as federal, state/province, municipal, K-12 and higher education, tribal government, and other public entities. Supplier may not enter into a contract with a U.S. Federal Government entity prior to obtaining necessary internal approvals and shall not be obligated to provide Equipment, Products or Services to any U.S. Federal Government entity under this Contract unless separately agreed in writing. Caterpillar may work with such parties and may agree to provide equipment or services under the Contract on a case-by-case basis.

The benefits of this Contract should be available to all Participating Entities that can legally access the Equipment, Products, or Services under this Contract. A Participating Entity's authority to access this Contract is determined through its cooperative purchasing, interlocal, or joint powers laws. Any entity accessing benefits of this Contract will be considered a Service Member of Sourcewell during such time of access. Supplier understands that a Participating Entity's use of this Contract is at the Participating Entity's sole convenience and Participating Entities reserve the right to obtain like Equipment, Products, or Services from any other source.

Supplier is responsible for familiarizing its sales and service forces with Sourcewell contract use eligibility requirements and documentation and will encourage potential participating entities

to join Sourcewell. Sourcewell reserves the right to add and remove Participating Entities to its roster during the term of this Contract.

B. PUBLIC FACILITIES. Supplier's employees may be required to perform work at government-owned facilities, including schools. Supplier's employees and agents must conduct themselves in a professional manner while on the premises, and in accordance with Participating Entity policies and procedures, and all applicable laws.

6. PARTICIPATING ENTITY USE AND PURCHASING

A. ORDERS AND PAYMENT. To access the contracted Equipment, Products, or Services under this Contract, a Participating Entity must clearly indicate to Supplier that it intends to access this Contract; however, order flow and procedure will be developed jointly between Sourcewell and Supplier. Typically, a Participating Entity will issue an order directly to Participating Dealers with payments made to the Participating Dealers. If a Participating Entity issues a purchase order, it may use its own forms, but the purchase order should clearly note the applicable Sourcewell contract number. All Participating Entity orders under this Contract must be issued prior to expiration or cancellation of this Contract; however, Supplier performance, Participating Entity payment obligations, and any applicable warranty periods or other Supplier or Participating Entity obligations may extend beyond the term of this Contract.

Supplier's acceptable forms of payment are included in its attached Proposal. Participating Entities will be solely responsible for payment and Sourcewell will have no liability for any unpaid invoice of any Participating Entity.

B. ADDITIONAL TERMS AND CONDITIONS/PARTICIPATING ADDENDUM. Additional terms and conditions to a purchase order, or other required transaction documentation, may be negotiated between a Participating Entity and Supplier's Participating Dealer, such as job or industry-specific requirements, legal requirements (e.g., affirmative action or immigration status requirements), or specific local policy requirements. Some Participating Entities may require the use of a Participating Addendum, the terms of which will be negotiated directly between the Participating Entity and Supplier's Participating Dealer or its authorized dealers, distributors, or resellers, as applicable. Any negotiated additional terms and conditions must never be less favorable to the Participating Entity than what is contained in this Contract.

C. SPECIALIZED SERVICE REQUIREMENTS. In the event that the Participating Entity requires service or specialized performance requirements not addressed in this Contract (such as e-commerce specifications, specialized delivery requirements, or other specifications and requirements), the Participating Entity and the Supplier may enter into a separate, standalone agreement, apart from this Contract. Sourcewell, including its agents and employees, will not be made a party to a claim for breach of such agreement.

D. **TERMINATION OF ORDERS.** Participating Entities may terminate an order, in whole or in part, immediately upon notice to Supplier in the event of any of the following events:

1. The Participating Entity fails to receive funding or appropriation from its governing body at levels sufficient to pay for the equipment, products, or services to be purchased; or
2. Federal, state, or provincial laws or regulations prohibit the purchase or change the Participating Entity's requirements.

E. **GOVERNING LAW AND VENUE.** The governing law and venue for any action related to a Participating Entity's order will be determined by the Participating Entity making the purchase.

7. CUSTOMER SERVICE

A. **PRIMARY ACCOUNT REPRESENTATIVE.** Supplier will assign an Account Representative to Sourcewell for this Contract and must provide prompt notice to Sourcewell if that person is changed. The Account Representative will be responsible for:

- Maintenance and management of this Contract;
- Timely response to all Sourcewell and Participating Entity inquiries; and
- Business reviews to Sourcewell and Participating Entities, if applicable.

B. **BUSINESS REVIEWS.** Supplier must perform a minimum of one business review with Sourcewell per contract year. The business review will cover sales to Participating Entities, pricing and contract terms, administrative fees, sales data reports, performance issues, supply issues, customer issues, and any other necessary information.

8. REPORT ON CONTRACT SALES ACTIVITY AND ADMINISTRATIVE FEE PAYMENT

A. **CONTRACT SALES ACTIVITY REPORT.** Each calendar quarter, Supplier must provide a contract sales activity report (Report) to the Sourcewell Supplier Development Administrator assigned to this Contract. Reports are due no later than 45 days after the end of each calendar quarter. A Report must be provided regardless of the number or amount of sales during that quarter (i.e., if there are no sales, Supplier must submit a report indicating no sales were made).

The Report must contain the following fields:

- Participating Entity Name (e.g., City of Staples Highway Department);
- Participating Entity Physical Street Address;
- Participating Entity City;
- Participating Entity State/Province;
- Participating Entity Zip/Postal Code;

- Participating Entity Contact Name;
- Participating Entity Contact Email Address;
- Participating Entity Contact Telephone Number;
- Sourcewell Assigned Entity/Participating Entity Number;
- Item Purchased Description;
- Item Purchased Price;
- Sourcewell Administrative Fee Applied; and
- Date Purchase was invoiced/sale was recognized as revenue by Supplier.

B. ADMINISTRATIVE FEE. In consideration for the support and services provided by Sourcewell, the Supplier will pay an administrative fee to Sourcewell on all Equipment, Products, and Services provided to Participating Entities. The Administrative Fee must be included in, and not added to, the pricing. Supplier may not charge Participating Entities more than the contracted price to offset the Administrative Fee.

The Supplier will submit payment to Sourcewell for the percentage of administrative fee stated in the Proposal multiplied by the total sales of all Equipment, Products, and Services purchased by Participating Entities under this Contract during each calendar quarter. Payments should note the Supplier's name and Sourcewell-assigned contract number in the memo; and must be mailed to the address above "Attn: Accounts Receivable" or remitted electronically to Sourcewell's banking institution per Sourcewell's Finance department instructions. Payments must be received no later than 45 calendar days after the end of each calendar quarter.

Supplier agrees to cooperate with Sourcewell in auditing transactions under this Contract to ensure that the administrative fee is paid on all items purchased under this Contract.

In the event the Supplier is delinquent in any undisputed administrative fees, Sourcewell reserves the right to cancel this Contract and reject any proposal submitted by the Supplier in any subsequent solicitation. In the event this Contract is cancelled by either party prior to the Contract's expiration date, the administrative fee payment will be due no more than 30 days from the cancellation date.

9. AUTHORIZED REPRESENTATIVE

Sourcewell's Authorized Representative is its Chief Procurement Officer.

Supplier's Authorized Representative is the person named in the Supplier's Proposal. If Supplier's Authorized Representative changes at any time during this Contract, Supplier must promptly notify Sourcewell in writing.

10. AUDIT, ASSIGNMENT, AMENDMENTS, WAIVER, AND CONTRACT COMPLETE

A. **AUDIT.** Pursuant to Minnesota Statutes Section 16C.05, subdivision 5, the books, records, documents, and accounting procedures and practices relevant to this Contract are subject to examination by Sourcewell or the Minnesota State Auditor for a minimum of six years from the end of this Contract. This clause extends to Participating Entities as it relates to business conducted by that Participating Entity under this Contract.

B. **ASSIGNMENT.** Neither party may assign or otherwise transfer its rights or obligations under this Contract without the prior written consent of the other party and a fully executed assignment agreement. Such consent will not be unreasonably withheld. Any prohibited assignment will be invalid. Provided, however, that Supplier is permitted to subcontract certain of its rights and obligations to Supplier Participating Dealers for performance without Sourcewell's prior written consent.

C. **AMENDMENTS.** Any amendment to this Contract must be in writing and will not be effective until it has been duly executed by the parties.

D. **WAIVER.** Failure by either party to take action or assert any right under this Contract will not be deemed a waiver of such right in the event of the continuation or repetition of the circumstances giving rise to such right. Any such waiver must be in writing and signed by the parties.

E. **CONTRACT COMPLETE.** This Contract represents the complete agreement between the parties. No other understanding regarding this Contract, whether written or oral, may be used to bind either party. For any conflict between the attached Proposal and the terms set out in Articles 1-22 of this Contract, the terms of Articles 1-22 will govern.

F. **RELATIONSHIP OF THE PARTIES.** The relationship of the parties is one of independent contractors, each free to exercise judgment and discretion with regard to the conduct of their respective businesses. This Contract does not create a partnership, joint venture, or any other relationship such as master-servant, or principal-agent.

11. INDEMNITY AND HOLD HARMLESS

Intentionally omitted.

12. GOVERNMENT DATA PRACTICES

Supplier and Sourcewell must comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, as it applies to all data provided by or provided to Sourcewell

under this Contract and as it applies to all data created, collected, received, maintained, or disseminated by the Supplier under this Contract.

13. INTELLECTUAL PROPERTY, PUBLICITY, MARKETING, AND ENDORSEMENT

A. Intentionally Deleted.

B. PUBLICITY. Any publicity regarding the subject matter of this Contract must not be released without prior written approval from the Authorized Representatives. Publicity includes notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the Supplier individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this Contract.

C. MARKETING. Any direct advertising, marketing, or offers with Participating Entities must be approved by Sourcewell. Send all approval requests to the Sourcewell Supplier Development Administrator assigned to this Contract.

D. ENDORSEMENT. The Supplier must not claim that Sourcewell endorses its Equipment, Products, or Services.

14. GOVERNING LAW, JURISDICTION, AND VENUE

The substantive and procedural laws of the State of Minnesota will govern this Contract. Venue for all legal proceedings arising out of this Contract, or its breach, must be in the appropriate state court in Todd County, Minnesota or federal court in Fergus Falls, Minnesota.

15. FORCE MAJEURE

Neither party to this Contract will be held responsible for delay or default caused by acts of God or other conditions that are beyond that party's reasonable control. A party defaulting under this provision must provide the other party prompt written notice of the default.

16. SEVERABILITY

If any provision of this Contract is found by a court of competent jurisdiction to be illegal, unenforceable, or void then both parties will be relieved from all obligations arising from that provision. If the remainder of this Contract is capable of being performed, it will not be affected by such determination or finding and must be fully performed.

17. PERFORMANCE, DEFAULT, AND REMEDIES

A. PERFORMANCE. During the term of this Contract, the parties will monitor performance and address unresolved contract issues as follows:

1. *Notification.* The parties must promptly notify each other of any known dispute and work in good faith to resolve such dispute within a reasonable period of time. If necessary, Sourcewell and the Supplier will jointly develop a short briefing document that describes the issue(s), relevant impact, and positions of both parties.
2. *Escalation.* If parties are unable to resolve the issue in a timely manner, as specified above, either Sourcewell or Supplier may escalate the resolution of the issue to a higher level of management. The Supplier will have 30 calendar days to cure an outstanding issue.
3. *Performance while Dispute is Pending.* Notwithstanding the existence of a dispute, the Supplier must continue without delay to carry out all of its responsibilities under the Contract that are not affected by the dispute. If the Supplier fails to continue without delay to perform its responsibilities under the Contract, in the accomplishment of all undisputed work, the Supplier will bear any additional costs incurred by Sourcewell and/or its Participating Entities as a result of such failure to proceed.

B. **DEFAULT AND REMEDIES.** Either of the following constitutes cause to declare this Contract, or any Participating Entity order under this Contract, in default:

1. Nonperformance of contractual requirements, or
2. A material breach of any term or condition of this Contract.

The party claiming default must provide written notice of the default, with 30 calendar days to cure the default. Time allowed for cure will not diminish or eliminate any liability for liquidated or other damages. If the default remains after the opportunity for cure, the non-defaulting party may:

- Exercise any remedy provided by law or equity, or
- Terminate the Contract or any portion thereof, including any orders issued against the Contract.

18. INSURANCE

A. **REQUIREMENTS.** At its own expense, Supplier must maintain insurance policy(ies) in effect at all times during the performance of this Contract with insurance company(ies) licensed or authorized to do business in the State of Minnesota having an "AM BEST" rating of A- or better, with coverage and limits of insurance not less than the following:

1. *Workers' Compensation and Employer's Liability.*

Workers' Compensation: As required by any applicable law or regulation.

Employer's Liability Insurance: must be provided in amounts not less than listed below:

Minimum limits:

\$500,000 each accident for bodily injury by accident

\$500,000 policy limit for bodily injury by disease

\$500,000 each employee for bodily injury by disease

2. *Commercial General Liability Insurance.* Supplier will maintain insurance covering its operations, with coverage on an occurrence basis, and must be subject to terms no less broad than the Insurance Services Office (“ISO”) Commercial General Liability Form CG0001 (2001 or newer edition), or equivalent. At a minimum, coverage must include liability arising from premises, operations, bodily injury and property damage, independent contractors, products-completed operations including construction defect, contractual liability, blanket contractual liability, and personal injury and advertising injury. All required limits, terms and conditions of coverage must be maintained during the term of this Contract.

Minimum Limits:

\$1,000,000 each occurrence Bodily Injury and Property Damage

\$1,000,000 Personal and Advertising Injury

\$2,000,000 aggregate for products liability-completed operations

\$2,000,000 general aggregate

3. *Commercial Automobile Liability Insurance.* During the term of this Contract, Supplier will maintain insurance covering all owned, hired, and non-owned automobiles in limits of liability not less than indicated below. The coverage must be subject to terms no less broad than ISO Business Auto Coverage Form CA 0001 (2010 edition or newer), or equivalent.

Minimum Limits:

\$1,000,000 each accident, combined single limit

4. *Umbrella Insurance.* During the term of this Contract, Supplier will maintain umbrella coverage over Employer’s Liability, Commercial General Liability, and Commercial Automobile.

Minimum Limits:

\$2,000,000

Failure of Supplier to maintain the required insurance will constitute a material breach entitling Sourcewell to immediately terminate this Contract for default.

B. CERTIFICATES OF INSURANCE. Prior to commencing under this Contract, Supplier must furnish to Sourcewell a certificate of insurance, as evidence of the insurance required under this Contract. Prior to expiration of the policy(ies), renewal certificates must be mailed to Sourcewell, 202 12th Street Northeast, P.O. Box 219, Staples, MN 56479 or sent to the Sourcewell Supplier Development Administrator assigned to this Contract. The certificates must be signed by a person authorized by the insurer(s) to bind coverage on their behalf.

Failure to request certificates of insurance by Sourcewell, or failure of Supplier to provide certificates of insurance, in no way limits or relieves Supplier of its duties and responsibilities in this Contract.

C. **ADDITIONAL INSURED ENDORSEMENT AND PRIMARY AND NON-CONTRIBUTORY INSURANCE CLAUSE.** Supplier agrees to list Sourcewell and its Participating Entities, including their officers, agents, and employees, as an additional insured under the Supplier's commercial general liability insurance policy with respect to liability arising out of activities, "operations," or "work" performed by or on behalf of Supplier, and products and completed operations of Supplier. The policy provision(s) or endorsement(s) must further provide that coverage is primary and not excess over or contributory with any other valid, applicable, and collectible insurance or self-insurance in force for the additional insureds. A Participating Dealer may name a Participating Entity as an additional insured on a case-by-case basis.

WAIVER OF SUBROGATION. Supplier waives and must require (by endorsement or otherwise) all its insurers to waive subrogation rights against Sourcewell and other additional insureds for losses paid under the insurance policies required by this Contract or other insurance applicable to the Supplier or its subcontractors. The waiver must apply to all deductibles and/or self-insured retentions applicable to the required or any other insurance maintained by the Supplier or its subcontractors.

D. **UMBRELLA/EXCESS LIABILITY/SELF-INSURED RETENTION.** The limits required by this Contract can be met by either providing a primary policy or in combination with umbrella/excess liability policy(ies), or self-insured retention.

19. COMPLIANCE

A. **LAWS AND REGULATIONS.** All Equipment, Products, or Services provided under this Contract must comply fully with applicable federal laws and regulations, and with the laws in the states and provinces in which the Equipment, Products, or Services are sold.

B. **LICENSES.** Supplier's Participating Dealers must maintain a valid and current status on all required federal, state/provincial, and local licenses, bonds, and permits required for the operation of the business that the Participating Dealer conducts with Sourcewell and Participating Entities.

20. BANKRUPTCY, DEBARMENT, OR SUSPENSION CERTIFICATION

Supplier certifies and warrants that it is not in bankruptcy or that it has previously disclosed in writing certain information to Sourcewell related to bankruptcy actions. If at any time during this Contract Supplier declares bankruptcy, Supplier must immediately notify Sourcewell in writing.

Supplier certifies and warrants that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from programs operated by the State of Minnesota; the United States federal government or the Canadian government, as applicable; or any Participating Entity. Supplier certifies and warrants that neither it nor its principals have been convicted of a criminal offense related to the subject matter of this Contract. Supplier further warrants that it will provide immediate written notice to Sourcwell if this certification changes at any time.

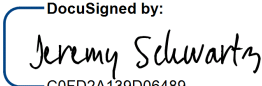
21. PROVISIONS FOR NON-UNITED STATES FEDERAL ENTITY PROCUREMENTS UNDER UNITED STATES FEDERAL AWARDS OR OTHER AWARDS

Intentionally omitted.

22. CANCELLATION

Sourcwell or Supplier may cancel this Contract at any time, with or without cause, upon 60 days' written notice to the other party. However, Sourcwell may cancel this Contract immediately upon discovery of a material defect in any certification made in Supplier's Proposal. Cancellation of this Contract does not relieve either party of financial, product, or service obligations incurred or accrued prior to cancellation.

Sourcwell

DocuSigned by:

By: C0FD2A139D06489...
Jeremy Schwartz
Title: Chief Procurement Officer

Date: 5/5/2023 | 9:41 AM CDT

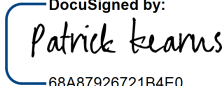
Approved:

DocuSigned by:

By: 7E42B8F817A64CC...
Chad Coauette
Title: Executive Director/CEO

Date: 5/24/2023 | 12:16 PM CDT

Caterpillar Inc.

DocuSigned by:

By: 68A87926721B4E0...
Patrick Kearns
Title: Vice President Sales & Marketing,
Construction Industries

Date: 5/24/2023 | 9:13 AM PDT

RFP 011723 - Heavy Construction Equipment with Related Attachments and Technology

Vendor Details

Company Name: Caterpillar Inc
Address: 100 NE Adams St
Peoria, IL 61629
Contact: Sean Egel
Email: egel_sean_j@cat.com
Phone: 309-675-1399
HST#:

Submission Details

Created On: Tuesday November 15, 2022 14:22:18
Submitted On: Tuesday January 17, 2023 16:10:22
Submitted By: Sean Egel
Email: egel_sean_j@cat.com
Transaction #: aeaa61ae-0c73-4610-8208-b80e2e0b4448
Submitter's IP Address: 192.189.129.23

Specifications

Table 1: Proposer Identity & Authorized Representatives

General Instructions (applies to all Tables) Sourcewell prefers a brief but thorough response to each question. Do not merely attach additional documents to your response without also providing a substantive response. Do not leave answers blank; respond "N/A" if the question does not apply to you (preferably with an explanation).

Line Item	Question	Response *	
1	Proposer Legal Name (one legal entity only): (In the event of award, will execute the resulting contract as "Supplier")	Caterpillar Inc.	*
2	Identify all subsidiary entities of the Proposer whose equipment, products, or services are included in the Proposal.	N/A	*
3	Identify all applicable assumed names or DBA names of the Proposer or Proposer's subsidiaries in Line 1 or Line 2 above.	N/A	*
4	Provide your CAGE code or Unique Entity Identifier (SAM):	11083	*
5	Proposer Physical Address:	5212 N O'Connor Blvd Ste. 1100, Irving, TX 75039	*
6	Proposer website address (or addresses):	https://www.caterpillar.com/ , https://www.cat.com/en_US.html	*
7	Proposer's Authorized Representative (name, title, address, email address & phone) (The representative must have authority to sign the "Proposer's Assurance of Compliance" on behalf of the Proposer and, in the event of award, will be expected to execute the resulting contract):	Primary Contact: Patrick Kearns Title: Vice President Sales & Marketing Address: 100 NE Adams St, Peoria, IL 61629 Email: Kearns_Patrick@Cat.Com Phone: (309) 675-5181	*
8	Proposer's primary contact for this proposal (name, title, address, email address & phone):	Primary Contact: Sean Egel Title: Governmental Sales Consultant Address: 100 NE Adams St, Peoria, IL 61629 Email: Egel_Sean_J@Cat.Com Phone: (309) 675-1399	*
9	Proposer's other contacts for this proposal, if any (name, title, address, email address & phone):	Primary Contact: Marta Sevilla Title: Governmental Marketing Manager Address: 100 NE Adams St, Peoria, IL 61629 Email: Sevilla_Marta_E@Cat.com Phone: (309) 578-1150	

Table 2: Company Information and Financial Strength

Line Item	Question	Response *	
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10	Provide a brief history of your company, including your company's core values, business philosophy, and industry longevity related to the requested equipment, products or services.	The history of Caterpillar is all about doing: creating, building, problem solving, innovating, testing, servicing and improving. We're proud of the ingenious machines that are part of our rich heritage. More importantly, we are proud of the people who founded and built the company one breakthrough at a time. Beginning with Benjamin Holt and C. L. Best, the people of Caterpillar have always been - and continue to be - extraordinary. In 1925, when Holt and Best merged to form their new tractor company, they used the name so familiar to people around the world: Caterpillar. The Caterpillar Tractor Company is today known as Caterpillar Inc. With 2021 sales and revenues of \$51.0 billion, Caterpillar Inc. is the world's leading manufacturer of construction and mining equipment, off-highway diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives. For nearly 100 years, we've been helping customers build a better, more sustainable world and are committed and contributing to a reduced-carbon future. Our innovative products and services, backed by our global dealer network, provide exceptional value that helps customers succeed. Caterpillar does business on every continent, principally operating through three primary segments – Construction Industries, Resource Industries and Energy & Transportation – and providing financing and related services through our Financial Products segment. Our Worldwide Code of Conduct, first published in 1974, defines what we stand for and believe in, documenting the uncompromisingly high ethical standards our company has upheld since its founding in 1925. The Code helps Caterpillar employees put our values and principles into action every day by providing detailed guidance on the behaviors and actions that support our values of Integrity, Excellence, Teamwork, Commitment and Sustainability. Caterpillar's Code of Conduct that can be found at https://www.caterpillar.com/en/company/code-of-conduct.html	*
11	What are your company's expectations in the event of an award?	Caterpillar is honored to have served Sourcewell and its members who have purchased Cat® construction equipment, attachments (work tools), and electrical power generation products through Sourcewell since 2008. Furthermore, we are proud to have earned the Sourcewell Legacy Award in 2019, and have recently been awarded contracts 060122-CAT and 092222-CAT. Caterpillar's expectations in the event of an award would be to focus on customer needs and continued growth across all governmental segments. Sourcewell has built a strong reputation within the industry that has shown the importance of how this cooperative contract delivers upon customer needs. This contract will be a top factor in our go to market strategy within our strong Cat dealer network. If awarded, we will send out an email to our entire sales force, applicable to governmental, introducing the contract along with ways to train our salesforce, market, and grow the contract. We look forward to the opportunity to further grow business and serve member needs together in this new Heavy Construction Equipment RFP opportunity.	*
12	Demonstrate your financial strength and stability with meaningful data. This could include such items as financial statements, SEC filings, credit and bond ratings, letters of credit, and detailed reference letters. Upload supporting documents (as applicable) in the document upload section of your response.	Caterpillar Inc. is a publicly traded company, and as such, its financial information is updated quarterly and available at: https://investors.caterpillar.com/overview/default.aspx Caterpillar's 2021 Annual Report provides details about our financial position. Our SEC filing documents can be found at: https://investors.caterpillar.com/financials/sec-filings/default.aspx. Both documents are included as attachments in our Financial Strength and Stability Documents. As 2022 results are yet to be released, below you can find a summary of our full year 2021 financials. In 2021 full year sales and revenues were \$51B of which, North American sales were \$22B. Operating profit was \$6.9B with a profit per share of USD \$11.83. Dividends paid per share of USD \$4.28.	*
13	What is your US market share for the solutions that you are proposing?	Caterpillar is a significant contributor to the overall Heavy Equipment sector within the US and Canada. Market share information beyond what is made publicly available through our annual reports is considered confidential.	*
14	What is your Canadian market share for the solutions that you are proposing?	Caterpillar is a significant contributor to the overall Heavy Equipment sector within the US and Canada. Market share information beyond what is made publicly available through our annual reports is considered confidential.	*
15	Has your business ever petitioned for bankruptcy protection? If so, explain in detail.	No.	*

16	How is your organization best described: is it a manufacturer, a distributor/dealer/reseller, or a service provider? Answer whichever question (either a) or b) just below) best applies to your organization. a) If your company is best described as a distributor/dealer/reseller (or similar entity), provide your written authorization to act as a distributor/dealer/reseller for the manufacturer of the products proposed in this RFP. If applicable, is your dealer network independent or company owned? b) If your company is best described as a manufacturer or service provider, describe your relationship with your sales and service force and with your dealer network in delivering the products and services proposed in this RFP. Are these individuals your employees, or the employees of a third party?	Caterpillar is a world class manufacturer which distributes products through a vast and capable independent dealer network. Our dealers are strong independently owned companies and in North America alone our 47 dealers have a combined net worth of billions of dollars. Their large valuation is a competitive advantage because it allows them to have the infrastructure to support customers regardless of location, industry, fleet size, or application. Another advantage of independently owned dealers is that they know their customers and market well. They tailor their services specifically to their customers' needs. Although we will sign this contract as a manufacturer, our Cat dealers will be given the opportunity to avail themselves of the opportunity presented by the contract and will execute all the transactions with governmental customers as they do today. This includes but is not limited to consultation, quoting, accepting payment, delivery, warranty support, parts sales, and service. Caterpillar dealers heartily embrace the other Sourcewell contracts currently available to them (032119-CAT, 092222-CAT, 062320-CAT, 060122-CAT). They have all been trained on contract usage. In fact, the current Heavy Equipment contract is leveraged by 95% of our dealers in North America. Caterpillar offers specific discounts to Sourcewell members. By using any Sourcewell Contract, our dealers agree to honor those discounts.	*
17	If applicable, provide a detailed explanation outlining the licenses and certifications that are both required to be held, and actually held, by your organization (including third parties and subcontractors that you use) in pursuit of the business contemplated by this RFP.	Caterpillar and its subsidiaries operate across the globe in a variety of markets that require Caterpillar to adhere to all locally mandated laws and regulations in order to do business. With regards to the territories covered by this RFP, Caterpillar will comply with applicable laws in order to do business in the territories described herein. As an equipment manufacturer focused on quality, Caterpillar created the Caterpillar Quality Management System, which is a process-based, ISO 9001:2015 compliant quality management system used throughout Caterpillar to continually improve the quality of our products and services to meet customer, statutory, and regulatory requirements. It is registered with IRCA (International Register of Certificated Auditors) as Caterpillar Quality Management System CAT791A.	*
18	Provide all "Suspension or Debarment" information that has applied to your organization during the past ten years.	N/A	*

Table 3: Industry Recognition & Marketplace Success

Line Item	Question	Response *
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19	Describe any relevant industry awards or recognition that your company has received in the past five years	Please note: To list all the awards received in the past 5 years would unnecessarily lengthen our response. For brevity, we are highlighting some recognition received in 2020, 2021 and 2022. Also note there are many global awards. Fortune Magazine #78 on the Fortune 500 2021 Fortune Magazine World's Most Admired Companies World & North America Dow Jones Sustainability Index Forbes Best Employers for diversity 2020 and 2021 #82 Best Global Brands- Interbrand 2021 The Wall Street Journal Best Managed Companies in 2020 and 2021 The Wall Street Journal World's Most Sustainably Managed Companies Human Rights Campaign Foundation Corporate Equality Index Dow Jones Sustainability Index (World and North America) 21 years World's Most Sustainably Managed Companies – The Wall Street Journal United Way World Wide's Global Corporate Leadership Program U.S. President's Volunteer Service Award from Junior Achievement Corporate Equality Index – Human Rights Campaign Foundation CSR China Top 100 – the 4th CSR China Education Award (China) China CSR Excellence Award – China Philanthropy Times (China) Corporate Social Responsibility Research Center of Southern Weekly (China) Outstanding Contribution to Poverty Alleviation – China Foundation for Poverty Alleviation (China) 2020 Global 500 – Fortune Magazine America's Most Responsible Companies 2020, 2021 & 2022 – Newsweek Best-Managed Companies of 2020 & 2021 – The Wall Street Journal Top Companies for Customer Satisfaction – The Wall Street Journal The CEO Leaderboard: COVID-19 Reputation Rankings – SJR All-America Executive Team – Institutional Investor Top 150 Global Licensors – Global License Best Global Brands Top 100 – Interbrand World's Most Valuable Brands 2020 – Forbes 2020 Best Places to Work for Disability Inclusion – Disability Equality Index World's Best Employers 2020 – Forbes Best Employers for Women 2020 – Forbes America's Best Employers by State 2020 – Forbes America's Best Employers for Diversity 2020 – Forbes Best Employers for New Grads 2020 – Forbes Global 2000 – Forbes 2020, 2021 & 2022 Best Employers for Veterans 2020 and 2021– Forbes Top Veteran-Friendly Company – U.S. Veterans Magazine #1 Great Place to Work – Great Place to Work Institute (Brazil) #1 Great Place to Work in the Ag Business - Great Place to Work Institute (Brazil) Chile's 20 Best Places in 2020 to Work for LGBTQ Equality, pwc Human Rights Campaign Top of Mind Company "Industry category" (Piracicaba, Brazil) Certification on Promoting Work-Life Balance in Hyogo Prefecture – Hyogo Work and Life Center (Japan) Hyogo's Women's Success in Business Promotion Company – Hyogo Women Empowerment & Promotion Center (Japan) Hanada Award for WIN Akashi – Hyogo Women and Future Association (Japan) Hyogo Childcare Supporting Company Award (Japan) Science & Technology Industry Summit: Outstanding Contribution – The Economic Observer (China)	*
20	What percentage of your sales are to the governmental sector in the past three years	The governmental and educational sector is extremely important to Caterpillar. We have a dedicated team to support governmental customers and their specific needs. However, percentage of sales to governmental is considered confidential.	*
21	What percentage of your sales are to the education sector in the past three years	The governmental and educational sector is extremely important to Caterpillar. We have a dedicated team to support governmental customers, including the education sector, and their specific needs. However, percentage of sales to education is considered confidential.	*
22	List any state, provincial, or cooperative purchasing contracts that you hold. What is the annual sales volume for each of these contracts over the past three years?	While Cat dealers would typically hold contracts with states and provinces, as an exception Caterpillar holds the state contract with Ohio and NY. Additionally, we are contract holders with OMNIA and NASPO ValuePoint. Just as we would never share Sourcewell sales information with other cooperatives, we also keep the sales volumes from other cooperatives confidential.	*

23	List any GSA contracts or Standing Offers and Supply Arrangements (SOSA) that you hold. What is the annual sales volume for each of these contracts over the past three years?	Listed below are the current GSA contracts that Caterpillar holds: SIN 333924 Utility Trucks and Tractors: 2020=\$6,857,211 2021=\$14,071,364 SIN 333120 Street Repair and Cleaning Equipment and Attachments: 2020=\$0 / 2021=\$143,837 SIN 335999 Power Distribution Equipment: 2020=\$151,267.70 / 2021=\$9,473.07 These contracts are used by Caterpillar, but we do not allow our dealers to use GSA contracts. Final sales for the year 2022 have yet to be fully reported.	*
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Table 4: References/Testimonials

Line Item 24. Supply reference information from three customers who are eligible to be Sourcewell participating entities.

Entity Name *	Contact Name *	Phone Number *	
Baltimore County, MD	Jamie Donahue	410-952-6981	*
Washington DC Fleet	Greg Harrelson	202-437-3799	*
Town of Scituate Mass.	Kevin Cafferty	781-545-8732	*

Table 5: Top Five Government or Education Customers

Line Item 25. Provide a list of your top five government, education, or non-profit customers (entity name is optional), including entity type, the state or province the entity is located in, scope of the project(s), size of transaction(s), and dollar volumes from the past three years.

Entity Name	Entity Type *	State / Province *	Scope of Work *	Size of Transactions *	Dollar Volume Past Three Years *	
Virginia Department of Transportation - Central	Government	Virginia - VA	State Department of Transportation for Virginia. Caterpillar requests that Sourcewell treat the information in this table as confidential.	Purchased 41 units.	\$12,321,972	*
State of Idaho	Government	Idaho - ID	State of Idaho. Caterpillar requests that Sourcewell treat the information in this table as confidential.	Purchased 39 units.	\$10,304,218	*
Alaska Department of Transportation	Government	Alaska - AK	State Department of Transportation for Alaska. Caterpillar requests that Sourcewell treat the information in this table as confidential.	Purchased 37 units.	\$12,176,875	*
Arkansas State	Government	Arkansas - AR	State of Arkansas. Caterpillar requests that Sourcewell treat the information in this table as confidential.	Purchased 28 units.	\$10,053,000	*
Suwannee County	Government	Florida - FL	A county local to Florida. Caterpillar requests that Sourcewell treat the information in this table as confidential.	Purchased 26 units.	\$6,567,420	*

Table 6: Ability to Sell and Deliver Service

Describe your company's capability to meet the needs of Sourcewell participating entities across the US and Canada, as applicable. Your response should address in detail at least the following areas: locations of your network of sales and service providers, the number of workers (full-time equivalents) involved in each sector, whether these workers are your direct employees (or employees of a third party), and any overlap between the sales and service functions.

Line Item	Question	Response *
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26	Sales force.	The Cat dealer salesforce is highly capable and trained in the construction industry. The Cat dealer salespeople are consultants to their customers and advise their customers on the best solutions for their application and job. As a manufacturer we request our dealers to follow strict training protocols to ensure our sales force remains current on all product updates. Specifically, as it relates to governmental sales, each dealer has one or more people named to be a key liaison between us as manufacturer and their dealer sales team. They're offered additional in depth training on Sourcewell and ensures that all contract terms are followed. Caterpillar has Operational Excellence Programs that recognize dealers' excellence in marketing and sales processes and operations, among other areas of the business. In North America, our dealers employ more than 53,000 people across the machine, energy, parts and service divisions. The dealer sales teams are supported by a network of Caterpillar professionals. Each dealer has in territory support of 5 to 8 Caterpillar sales/marketing employees. It is the responsibility of these people to ensure that the dealer and Caterpillar are working well together to constantly improve and to adapt to marketplace changes. Beyond the territory experts, the sales and marketing department at Caterpillar is staffed by more than 600 people whose mission is to focus on customer satisfaction. Even more are employed "behind-the-scenes" to ensure industry leading product design, up to date product information, and maintaining the ease of doing business in an increasingly connected marketplace.
27	Dealer network or other distribution methods.	The Cat dealer network is key to the success of our company. Boasting over 160 dealers throughout 193 countries worldwide, the Cat dealer network is widely considered to be the best in industry. Within Canada and the United States, we have 47 dealers and more than 800 dealer owned locations that sell and rent equipment. Please refer to our directory listing of Cat dealer locations and our easy to view locations map in the attached "Additional Documents" zip file. Cat dealers are independently-owned. Each dealer has multiple branches and a mobile service fleet than can serve customers regardless of location. These are full physical locations our governmental customers can use. Because of the size of Cat dealers, they are exceptionally capable to serve governmental customers. Dealers have trained specialists that cover many industries including heavy equipment. Collectively, Cat dealers' large net worth permits them to stock a high volume of replacement parts - allowing governmental customers the fastest turnaround on parts availability and repair time. Cat dealers recognize the importance of governmental business to their overall success and they each have one or more governmental specialists whose job it is to serve governmental agencies well. Please refer to the Cat dealer locations map included in "Additional Documents". Additionally, you can leverage https://www.cat.com/en_US/support/dealer-locator.html to locate dealers by location.

28	Service force.	At Caterpillar we are very proud of the saying "The sales department sells the first machine; the service department sells every one after that." The Cat dealer network in North America collectively employs more than 20,000 factory trained technicians, parts experts, product support managers and other service-oriented staff. These subject matter experts are supported by the best repair shop equipment and materials. As machines and engines are constantly updated, so too are our service experts. We conduct product-specific training every week of the year. Technician shortage is an industry-wide concern, but because Cat dealers are large, long established companies, they can offer strong compensation and benefit packages that encourage the best people to seek employment and to retain them once hired. Caterpillar works very closely with dealers and through a program called "ThinkBIG", we are able to keep the pipeline of high quality employees full. ThinkBIG is a Caterpillar-specific instructional program that pays the student while they train to become a technician. It is a 2-year program with lab and classroom work, and a paid internship at a sponsoring Cat Dealer. As a result, the student will graduate with an accredited degree backed with over 2,000 hours of work experience. In addition to the technicians and mechanics that work on the machines directly, each dealer has a service support staff that includes customer-facing consultants who are responsible for working with customers to set up maintenance and repair schedules to ensure the best possible up-time. Collectively, service support staff makes up the bulk of each dealers' staff. Roughly half of their personnel investment goes to ensuring customer success via product support. The dealer service teams are supported by a network of Caterpillar professionals. Each dealer has in territory support of 5 to 8 Caterpillar parts/service employees. It is the responsibility of these specialists to ensure that the dealer and Caterpillar are working well together to constantly improve and to adapt to marketplace changes. Beyond the territory experts, the service and support groups at Caterpillar are staffed by thousands of people whose mission is to focus on post-sale customer satisfaction. Even more are employed "behind-the-scenes" to ensure technical literature is up to date, service standards are adhere to and repair questions are answered quickly. We exceed our 95% 2-hour response rate target in responding to dealer service inquiries.
29	Describe the ordering process. If orders will be handled by distributors, dealers or others, explain the respective roles of the Proposer and others.	Our simple order process has been and will continue to be well appreciated by Sourcewell and Sourcewell members: 1) When a member decides to purchase a new Cat machine, they simply include their Sourcewell member number on the Purchase Order they issue to the Cat dealer. 2) The Cat dealer then accepts the PO, issues the invoice, accepts payment and delivers the machine. 3) After the machine has been delivered, the dealer, as part of their normal process, includes the member number when filing their sales claims with Caterpillar. 4) At month's end, Caterpillar aggregates these reports and sends the sales information quarterly to Sourcewell along with the administrative fee. IMPORTANT NOTE: Should a member wish to include additional terms and conditions to this contract, or to otherwise request a Participating Addendum, that agreement / PA should be executed between the member and Cat dealer directly.

30	Describe in detail the process and procedure of your customer service program, if applicable. Include your response-time capabilities and commitments, as well as any incentives that help your providers meet your stated service goals or promises.	We are proud that our reputation stands on having the best customer support in the industry. In fact, our capabilities are industry leading. In the event a customer ever has a problem or issue with a machine, their Cat dealer is empowered to resolve that issue locally. If the problem is a result of a defect in material or workmanship, within the standard warranty period, the local Cat dealer will work with Caterpillar to apply the appropriate warranty, and keep the customer informed. Every Cat dealer has a common detailed service process in place. Caterpillar supports and verifies that all the dealer service technicians are supplied with the tools and equipment needed to repair all Cat products. Technicians have access to an electronic library of technical information including Service Letters, Technical Information Bulletins, System Operations, Troubleshooting and Disassembly and Assembly manuals. These manuals are provided for every Cat product. Each dealer also has one or more "Technical Communicators" who are dedicated to supporting the service technicians by acting as a liaison between the shop personnel and Caterpillar. The service technicians also have a dealer support network (DSN) system with direct access to Caterpillar's Service Engineers. Caterpillar responds to more than 95% of all high priority tickets within one hour. Caterpillar is got everything customers need to keep their Cat machines in top shape. Whether they want Genuine Cat parts, manuals and resources to do maintenance and repairs themselves, or prefer to have one of our expert dealer technicians do the work. We make it easy to keep their Cat equipment running. Some of our service solutions include: -Cat Fleet Management (Condition Monitoring) - Lowers the total cost of ownership of machine. By connecting your fleet, you will be able to: track the location of your assets, monitor & manage the fuel consumption, identify the operators who would need extra training, and plan & schedule your maintenance. All of which will maximize your uptime. -Customer Value Agreements (CVA) - Customizable plans for your equipment new or used - to do more work with lower, more predictable costs. It's a convenient plan to get the most from your equipment throughout its life. Examples of CVAs may include but are not limited to: Maintenance CVAs, Component CVAs, and Machine CVAs. -S•O•S SM Services - A fluid analysis program that provides results that you can trust including trend analysis that provides benefit to your machine and fleet. -Cat Inspect - A digital way to perform checklists, pre-work inspections, annual inspections and PM checklists. All of which can be captured in the easy to use app.
31	Describe your ability and willingness to provide your products and services to Sourcewell participating entities in the United States.	We are proud to serve all geographic areas and all Sourcewell member sectors within the United States to offer our complete products and services. Caterpillar has successfully and proudly utilized Sourcewell to sell machines in all 50 states. Caterpillar's global reach and presence is unmatched in the industry, and we serve customers around the globe. Our manufacturing, marketing, logistics, services, research and development and related facilities, along with our dealer locations, total more than 500 locations worldwide. North America specifically is home to 47 factories and 10 parts distribution centers, which make up 40% of our global footprint! The Caterpillar parts network delivers 98% of the parts orders within 24 hours. In addition to our facilities listed above, Cat Parts are available through the Cat dealer network in at different price points, including: Cat New, Cat General Duty and Cat Reman. The Cat dealer network also have the capability to provide dealer exchange components, dealer rebuilt components and used parts when available. Each dealer can match the appropriate parts offering to match the customers application and productivity. For example, Cat dealers offer Cat factory remanufactured parts (Cat reman) to follow the same quality, performance, and reliability as Cat new parts. This product line provides the same as new parts warranty, includes critical engineering changes, reduces waste, and protects the environment and saves critical repair time on machines. Cat reman also uses 100% Cat parts in the remanufacture process. Our 1.4 million parts are available to order 24/7 on Parts.Cat.Com.

32	Describe your ability and willingness to provide your products and services to Sourcewell participating entities in Canada.	We are serve all geographic areas and all Canoe member sectors within Canada with our complete product and service offerings. In fact, we see the Canadian market as a significant growth opportunity for Canoe through Sourcewell contract usage. We have gained momentum with our current contract 032119-CAT in Canada. Caterpillar's global reach and presence is unmatched in the industry, and we serve customers around the globe. Our manufacturing, marketing, logistics, services, research and development and related facilities, along with our dealer locations, total more than 500 locations worldwide. North America specifically is home to 47 factories and 10 parts distribution centers, which make up 40% of our global footprint! The Caterpillar parts network delivers 98% of the parts orders within 24 hours. In addition to our facilities listed above, Cat Parts are available through the Cat dealer network in at different price points, including: Cat New, Cat General Duty and Cat Reman. The Cat dealer network also have the capability to provide dealer exchange components, dealer rebuilt components and used parts when available. Each dealer can match the appropriate parts offering to match the customers application and productivity. For example, Cat® dealers offer Cat® factory remanufactured parts (Cat reman) to follow the same quality, performance, and reliability as Cat new parts. This product line provides the same as new parts warranty, includes critical engineering changes, reduces waste, and protects the environment and saves critical repair time on machines. Cat reman also uses 100% Cat parts in the remanufacture process. Our 1.4 million parts are available to order 24/7 on Parts.Cat.Com.	*
33	Identify any geographic areas of the United States or Canada that you will NOT be fully serving through the proposed contract.	We are proud to serve all geographic areas of the United States and Canada.	*
34	Identify any Sourcewell participating entity sectors (i.e., government, education, not-for-profit) that you will NOT be fully serving through the proposed contract. Explain in detail. For example, does your company have only a regional presence, or do other cooperative purchasing contracts limit your ability to promote another contract?	We are proud to serve all Sourcewell Member sectors within the United States and Canada with our complete product and service offering through Sourcewell. Caterpillar's cooperative purchasing contracts are non-exclusive; i.e. none of them restrict Caterpillar from promoting our Sourcewell contracts.	*
35	Define any specific contract requirements or restrictions that would apply to our participating entities in Hawaii and Alaska and in US Territories.	There are no restrictions or limitations for sales to members in Hawaii, Alaska or U.S. Territories.	*

Table 7: Marketing Plan

Line Item	Question	Response *
36	Describe your marketing strategy for promoting this contract opportunity. Upload representative samples of your marketing materials (if applicable) in the document upload section of your response.	Our current marketing strategy with Sourcewell contract 032119-CAT proves to be effective with year over year sales growth. Our primary strategy to promote this contract with participating entities is through our Cat dealers' sales force. We provide group and individual training to our dealer sales reps, focusing on benefits from selling through cooperative contracts vs bids. We proudly announce the award publicly through our multiple customer facing touchpoints which may include: 1) Press Release 2) Government Solutions Magazine (Caterpillar produced magazine distributed to governmental customers in the US and Canada) 3) Government Training & Safety Days (Government customer training events at Caterpillar facilities) 4) Announcement in our governmental customer e-newsletter 5) Feature on our governmental focused website: www.cat.com/governmental 6) Announcement on our social media channels (FB, Instagram, LinkedIn) 7) Display mentions at all governmental tradeshow we attend. (NACE Annual Conference, APWA Snow Show, Waste EXPO, GFX, NIGP Annual Forum & Products Expo, and APWA PWX & Annual Rodeo) 8) Update literature with the new contact information. (An updated version can be found within our attached marketing plan attachment.)
37	Describe your use of technology and digital data (e.g., social media, metadata usage) to enhance marketing effectiveness.	Caterpillar and the Cat dealer network are leaders in using technologies to reach our customers. - Focus on organic search and Search Engine Optimization (SEO) to help our customers digitally find our products and the information they need. - Leverage Caterpillar's social media platforms (YouTube, Facebook, LinkedIn, Instagram, etc) and ability to target governmental segments. - Leverage predictive data analytics (past purchase history and financing information) to recognize in advance when customers may be considering replacing machines they currently own. - Leverage Deltek's GovWIN data in the US and Canada for governmental lead generation. Caterpillar has a Customer Interaction Center available 24/7 who handles digital leads received from cat.com, social media, etc. Our team qualifies those leads and passes them on to our Cat Dealer network using the Salesforce platform (Customer Relationship Management system). We have processes that allows us to confirm our Cat dealers have reached out to those customers.
38	In your view, what is Sourcewell's role in promoting contracts arising out of this RFP? How will you integrate a Sourcewell-awarded contract into your sales process?	Sourcewell is a well-respected contracting agency within the public procurement industry. It is important, in the event of an award, that our products and logos be included in Sourcewell marketing and website. We believe that the most important role that Sourcewell can play in marketing our contract and products, is to market themselves and promote contract purchasing across the industry. In the event of an award, Caterpillar will put high priority in building awareness and enthusiasm within our dealer network and customer base to leverage the Sourcewell contract as our go to market strategy.
39	Are your products or services available through an e-procurement ordering process? If so, describe your e-procurement system and how governmental and educational customers have used it.	We do offer a e-procurement ordering process for parts via parts.cat.com. We can also integrate into a variety of procurement systems for high volume customers. Our wide machine portfolio and multiple configurations per machine model allows us to provide the best machine for the customer need. Our Cat dealers are trained to configure our equipment and advise the customer on the best machine and configuration for their application. Therefore, a consultative salesperson is integral in this process, and we do not use an e-procurement machine ordering process.

Table 8: Value-Added Attributes

Line Item	Question	Response *
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40	Describe any product, equipment, maintenance, or operator training programs that you offer to Sourcewell participating entities. Include details, such as whether training is standard or optional, who provides training, and any costs that apply.	All dealers offer basic operation, safety, and maintenance training with every sale. Should a customer desire more advanced training, such as productivity improvement or advanced repairs, each of our dealers can supply that training. Often there is a cost associated with that specific training and it would be negotiated between the dealer and the customer. Caterpillar also offers training programs directly to customers in three areas: operation, safety and service. Members may access courses online, via CD's, or through instructor-led classes leading to operator certifications. The fees for these services vary depending on the depth of training desired. These high-level instruct-led courses can be conducted at one of our dedicated training facilities in the US or on a customer's local site using their own equipment. Caterpillar also has a licensed supplier that offers Cat Simulators to teach operational techniques from real job sites. For more information visit: https://catsimulators.com/
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41	Describe any technological advances that your proposed products or services offer.	Cat technology gives you the power to track, monitor, automate and manage all types of assets- from a single machine, engine, to an entire fleet. We even offer technologies that protect your people. Listed below are a few technology offerings (standard and optional) that are used throughout the world in our Cat equipment. Next Generation Excavators: Cat Vision Link - Delivering valuable data with connected machine. Cat Payload - Precisely load targets every time for faster cycle times. Cat Skid Steer and Compact Track Loaders: Electronic Torque Management System - Helps maximize performance, minimize fuel consumption. Sealed and Pressurized Cabs - Provides a cleaner, quieter work environment. Cat Backhoe Loaders: Selectable Power Management Modes - Saves fuel while maintaining machine performance. Load-Sensing Hydraulic System - Provides excellent response for improved hoe and loader productivity and greater bucket breakout force. Cat Tractors: Stable Blade - Produces a smoother surface finish. Autocarry - Automatic raising and lowering of blade to maximize pushing capacity and prevent excessive track slippage. Cat Wheel Loaders: Operator Assist - Helps the operator reduce tire slippage, automatic rimpull management and provides up to 10% better cycle time resulting in higher productivity. Autodig - consistent high bucket fill factors delivers up to 10% more productivity. Cat Off Highway Trucks: Adaptive Economy Mode - Automatically optimizes fuel consumption without affecting productivity just pressing a button. Truck Production Management System (TPMS) - Weighting system with side indicator lights showing the operator when they are on last pass and when the truck is fully loaded. Cat Articulated Trucks: Advanced Automatic Traction Control (AATC) - Technology that proactively applies inter- and cross-axle differential locks 'on-the-go' when needed without assistance from operator's interaction. Cat Detect with Stability Assist - Warns the operator if machine is approaching a pre-set angle during operation, when driving and tipping. Machine/Operator Safety Technology: Machine Security System - Gives you control over who can operate your machines and when. Prevents theft. Seat Belt Reminder - Cost effective safety upgrade that significantly improves operator safety. Cat Detect for Personnel - Alert ground crews in close proximity to mobile equipment. Cat® Detect for Personnel sounds an immediate, unique alert that cuts through the white noise of engines, generators, cell phones and job site chatter to protect ground workers from equipment backing incidents. Cat Command - Remote control in operations where an operator could be at safety risk. Whether you're looking to add technology to your current machine, or want new ways to get more value out of the technology on your equipment, we have options for you.
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42	Describe any "green" initiatives that relate to your company or to your products or services, and include a list of the certifying agency for each.	Caterpillar shares the concerns of governments and the public about the risks of climate change and supports global efforts to mitigate its impact. We are committed to contributing to a reduced-carbon future. We demonstrate this in many ways including through our significant progress in reducing greenhouse gas (GHG) emissions from our operations and our continued investment in new products, technologies and services. Caterpillar is engineering a brighter future through: - Product innovations - Advanced technologies leveraging know-how and R&D - Usage of renewable fuels and fluids - Solutions to improve jobsite efficiency - Maintenance solutions - Manufacturing operations' carbon efficiency Caterpillar's long-standing commitment to sustainability inspires us to set and achieve meaningful environmental, social and governance (ESG) goals and develop innovative products, technologies and services to support our customers on their sustainability journey. Caterpillar is fully committed to our customers' success by not only the design and manufacture of durable, reliable, innovative and rebuildable construction equipment, but also through our extensive and unmatched dealer network that provides you the best service and support to keep your equipment running, regardless of the environment or challenges. We consider this as we work toward a vision of a world in which people's basic needs - such as shelter, clean water, education, and reliable energy - are fulfilled. We provide work environments, products, services, and solutions that make productive and efficient use of resources as we strive to achieve our vision. We believe this commitment supports the enduring success of our customers, stockholders, dealers, and our people. Caterpillar is a proud 20-year member of the Dow Jones Sustainability Indices, including both the World and North America Indices. The annuals DJSI process follows a best-in-class approach, evaluating numerous corporate economic, environmental, and social performance factors. For more on sustainability please visit our full report attached in the Financial and Stability attachment section.
43	Identify any third-party issued eco-labels, ratings or certifications that your company has received for the equipment or products included in your Proposal related to energy efficiency or conservation, life-cycle design (cradle-to-cradle), or other green/sustainability factors.	Plants certified with ISO 14001:2004 Environmental Management System include: 1) Anchor Coupling - Goldsboro NC, ISO 14001:2004- Sept 2018 2) Anchor Coupling - Menominee - ISO 14001: 2015 - Jan. 2021 3) Gen Sets - Newberry 0 ISO 14001:2004 - Nov. 2017 4) Mapleton - 14001:2004 self-certification issued Jan 2013 5) Reman Services - Corinth MS - ISO 14001-2015- Sept. 2021 6) Reman Services - Franklin - ISO 14001:2004-May 2017

44	Describe any Women or Minority Business Entity (WMBE), Small Business Entity (SBE), or veteran owned business certifications that your company or hub partners have obtained. Upload documentation of certification (as applicable) in the document upload section of your response.	Caterpillar has long drawn on the diversity of its people as a source of innovation and competitive advantage. We are proud that our people come from across the globe, with diverse backgrounds, experiences and perspectives. Despite our differences – in geography, culture, language and business – we are one Caterpillar, one company united by these common principles with a shared commitment to the highest standards of conduct. For example: Foley Equipment, a Cat® dealer, with territory primarily in Kansas and Missouri, is woman owned. In addition to Foley equipment, there are 31 other women in our North American dealer network who hold the titles of President, Vice President or Director. One of the more recognized initiatives within Caterpillar's Global Supply Network Division is the Caterpillar Inc. Proprietary Information Supplier Diversity Program which spurs economic growth by increasing business opportunities to minority-owned, women-owned, veteran and service disabled veteran-owned, small disadvantaged businesses and those certified in HUBZones, all while ensuring expectations are met with regards to quality, velocity, capacity, and cost. Currently more than 37% of our direct and indirect purchasing is conducted with suppliers in these categories. Caterpillar is a proud member of the National Minority Supplier Development Council (NMSDC). We also use the System for Award Management (SAM), SBA, and NMSDC databases to locate SDB, VOSB, SDVOSB and HUBZone suppliers. Supplier Diversity is discussed with Global Supply Network Division leadership during the Monthly Operating Results Review meetings. This in turn forces accountability for supplier inclusion by measuring drivers, such as the number of sourcing projects, which include Divers Suppliers and the values of the projects in which they participate. The goal is to create greater transparency to determine which teams are creating inclusive environments and which are not. For more detail, please see our attached 2021 Global Diversity & Inclusion Report in the Additional Documents folder.
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45	What unique attributes does your company, your products, or your services offer to Sourcewell participating entities? What makes your proposed solutions unique in your industry as it applies to Sourcewell participating entities?	BEST OVERALL VALUE / LOWEST LIFE CYCLE COST: Cat products deliver the best value for the money. While we rarely have the lowest initial purchase price, we are happy to demonstrate to customers that our machines offer the lowest overall owning and operating costs when factors such as fuel efficiency, repair frequency, productivity, and resale value are factored in. We believe that government agencies are tasked to be the best stewards of taxpayer funds and our products can prove that they are the best solution. Sourcewell members are in the best position to allow these discussions to take place in contrast to a local bid situation where the focus is often only on initial price. CAT SAFETY SERVICES / SAFETY FEATURES: In addition to the tangible, measurable aspects of the life cycle cost equation, we also bring our focus on safety to every product that we manufacture. Quantifying a human life or debilitating injury is impossible, but each machine has industry-leading features that strive to minimize the possibility for accidents. In addition to built-in safety features, we also offer products and services that are unique in the industry. Cat Safety Services include, but are not limited to, the following: Safety Perception Survey - Used to establish a baseline safety-culture assessment by measuring employee perceptions and gaps in beliefs between management and employees on the front line across 20 Safety Culture Indicators. Safety Leadership Assessment - Used to measure individual safety leadership capability around four domains of safety leadership. Worksite Assessment - Compares onsite observations of safety practices and employee interview data to the documented processes and procedures. Continuous Improvement Process - Involving all levels of the organization to generate engagement, involvement, and ownership in the safety improvement process. Training - can be conducted with e-learning courses on http://safelyhome.cat.com, instructor-led training products or as Supplier-facilitated workshops. Topics available include, but are not limited to, safety culture, effective communication, supervisor safety training, recognition, etc. Fleet Management & Services through Caterpillar Job Site Solutions: We leverage the power of Caterpillar and our dealers by designing innovative solutions that solve customer problems and that have a positive impact on their bottom line. We approach each site differently, striving to deliver exactly what's needed — no more, no less. Every solution includes a unique mix of Caterpillar and dealer capabilities using industry best products, technology, services and expertise necessary to meet the customer's definition of success. The goal is to leave customers better off tomorrow than they are today. Details on products and services are available at www.cat.com/safety. More information can be found in the additional document section. Pricing can be found in the pricing document section.
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Table 9: Warranty

Describe in detail your manufacturer warranty program, including conditions and requirements to qualify, claims procedure, and overall structure. You may upload representative samples of your warranty materials (if applicable) in the document upload section of your response in addition to responding to the questions below.

Line Item	Question	Response *	
46	Do your warranties cover all products, parts, and labor?	Caterpillar has extensive warranty coverage. Please see our warranty statements attached in the warranty information documents.	*
47	Do your warranties impose usage restrictions or other limitations that adversely affect coverage?	Please see applicable warranty statements in the attached documents.	*
48	Do your warranties cover the expense of technicians' travel time and mileage to perform warranty repairs?	Caterpillar does not cover travel time and mileage. Dealer territories vary considerably from state to state as do their policies about travel time and mileage during the warranty period.	*
49	Are there any geographic regions of the United States or Canada (as applicable) for which you cannot provide a certified technician to perform warranty repairs? How will Sourcewell participating entities in these regions be provided service for warranty repair?	One of our key differentiating strengths is our ability to service equipment regardless of where it is located. Please see applicable warranty statements in the attached documents.	*
50	Will you cover warranty service for items made by other manufacturers that are part of your proposal, or are these warranties issues typically passed on to the original equipment manufacturer?	Warranty service for machines ordered from a Caterpillar facility are generally provided by Caterpillar and performed by Cat dealers. Some items, such as tires, are covered under their manufacturers' warranties.	*
51	What are your proposed exchange and return programs and policies?	Please see applicable warranty statements in the attached documents.	*
52	Describe any service contract options for the items included in your proposal.	We have a large variety of service contract options which can all be customized according to customer needs. Below are just two examples. More solutions are available and we encourage members and dealers to explore all options. 1) Equipment Protection Plans (EPP): After the initial warranty period ends, members may choose to purchase additional protection plans to reduce their exposure to unplanned costs. These policies are written based on months and hours of operation. There are four standard levels of coverage: 1) Powertrain 2) Powertrain + Hydraulics 3) Powertrain + Hydraulics + Technology 4) Premier A description of all these options is included in the attached Equipment Protection Plans document. EPP can be purchased at the same time as the machine purchase, or anytime before the standard warranty expires. 2) Customer Value Agreements (CVA's): A member may choose to enter into an agreement with their Cat dealer to perform routine maintenance and/or repairs. These contracts are customizable based on member needs. The selling Cat dealer can take responsibility for some or all the required service and maintenance needs to allow the agency to gain efficiency by focusing on the performance demands more than maintenance. CVA's are a useful tool to manage expenses. CVAs can be purchased at the same time as the machine purchase, or anytime after. Cat Financial also offers CVAs, which can be performed by Cat dealers in the United States, and are particularly helpful for customers who move their machine fleet to multiple locations which may have different servicing Cat dealers.	*

Table 10: Payment Terms and Financing Options

Line Item	Question	Response *	
53	Describe your payment terms and accepted payment methods.	Cat dealers are independently owned businesses. As such their payment terms and accepted payment methods vary, but all will be stated on individual invoices. The most common terms are net 30.	*
54	Describe any leasing or financing options available for use by educational or governmental entities.	We offer both leasing and financing options to governmental members of Sourcewell at rates lower than available to the general public. Caterpillar has its own financing arm, Cat Financial. Cat Financial was founded in 1981 and serves Cat customers and dealers. With over 1,900 employees, Cat Financial is active in more than 40 countries covering more than 148,000 customers worldwide. Cat Financial offers you a complete solution for your acquisition needs: - Equipment & Attachments - Parts - Service - Rebuilds Financial products are aligned and customized with the project and work site requirements such as operating lease, loan or finance lease. Find more information from Cat Financial here: https://www.cat.com/en_US/support/financing-protection.html	*
55	Describe any standard transaction documents that you propose to use in connection with an awarded contract (order forms, terms and conditions, service level agreements, etc.). Upload a sample of each (as applicable) in the document upload section of your response.	Cat dealers are independently owned businesses. As such their standard transaction documents will vary.	*
56	Do you accept the P-card procurement and payment process? If so, is there any additional cost to Sourcewell participating entities for using this process?	Because Cat dealers will be receiving payments directly from members, accepting P-card procurement will be at their discretion. Many dealers do accept this method without additional fees. Some have limitations on the amount that can be processed.	*

Table 11: Pricing and Delivery

Provide detailed pricing information in the questions that follow below. Keep in mind that reasonable price and product adjustments can be made during the term of an awarded Contract as described in the RFP, the template Contract, and the Sourcewell Price and Product Change Request Form.

Line Item	Question	Response *	
57	Describe your pricing model (e.g., line-item discounts or product-category discounts). Provide detailed pricing data (including standard or list pricing and the Sourcewell discounted price) on all of the items that you want Sourcewell to consider as part of your RFP response. If applicable, provide a SKU for each item in your proposal. Upload your pricing materials (if applicable) in the document upload section of your response.	We offer a deep list discount off the current Caterpillar machine and work tool list prices to all Sourcewell members. We have provided base machine list pricing in the document pricing section. Base machines must be properly configured with other mandatory and optional items from the price list before they are considered operational. For the execution of the agreement we will ask our Cat dealer and Sourcewell member to use the Caterpillar price list that is current at the time of the quote. Dealers, in consultation with the member, will configure the machine to the desired specifications and apply the stated list discount to that configured list price amount. Dealer and members should remember to factor in any expected price increases if a machine will be built to order. The pricing document, in the applicable pricing document attachment section, shows the list discount offered for each new machine. Additionally, we are pleased to offer a list discount of 15% off all products and consulting services under Cat Safety Services.	*
58	Quantify the pricing discount represented by the pricing proposal in this response. For example, if the pricing in your response represents a percentage discount from MSRP or list, state the percentage or percentage range.	Pricing in this proposal is a percentage discount from list on current machine and work tools list prices. Our discount range varies between 3 - 34% off of the list price depending on the product family or model.	*
59	Describe any quantity or volume discounts or rebate programs that you offer.	Our dealers are empowered to consider purchase order volume, repeat purchases, etc. They may offer members additional discounts and /or services at their discretion.	*
60	Propose a method of facilitating "sourced" products or related services, which may be referred to as "open market" items or "nonstandard options". For example, you may supply such items "at cost" or "at cost plus a percentage," or you may supply a quote for each such request.	Sourced goods / Open Market Items are available to members from Cat dealers. The prices for these good or services will represent fair marketing value and will be determined between the member and the selling dealer. We encourage our dealers and members to use these options as it facilitates complimentary products and streamlines the procurement process. Customers and dealers are responsible for including their Sourcewell member numbers on all documentation related to these purchases. Caterpillar Inc. is not a party to these sales and is exempted from including them in quarterly reports. For audits, inclusion of a customer's Sourcewell member number on the PO and /or invoice shall be deemed sufficient.	*
61	Identify any element of the total cost of acquisition that is NOT included in the pricing submitted with your response. This includes all additional charges associated with a purchase that are not directly identified as freight or shipping charges. For example, list costs for items like pre-delivery inspection, installation, set up, mandatory training, or initial inspection. Identify any parties that impose such costs and their relationship to the Proposer.	Machines are unique in their requirements for preparation prior to use. Some may require local final assembly due to their large size others may have locally installed options (fire suppression, beacons, auto lube systems for example). When a dealer issues a quote for a machine, any dealer costs (like pre-delivery inspection, installation, set up, training, etc.) will be itemized separately and are not subject to the Caterpillar list discount for Sourcewell members.	*
62	If freight, delivery, or shipping is an additional cost to the Sourcewell participating entity, describe in detail the complete freight, shipping, and delivery program.	There is no additional cost to members who choose to pick up their machines from the Cat dealer. Dealers may charge fees for delivery to the Sourcewell member's location.	*
63	Specifically describe freight, shipping, and delivery terms or programs available for Alaska, Hawaii, Canada, or any offshore delivery.	Just as for members in the 48 contiguous states, there is no additional cost to members who choose to pick up their machine from their Cat dealer. Dealers may charge fees for delivery to the Sourcewell members' location.	*
64	Describe any unique distribution and/or delivery methods or options offered in your proposal.	Machines are large purchases and if there are unique Sourcewell member requirements our dealers will be happy to discuss on a case by case basis.	*

Table 12: Pricing Offered

Line Item	The Pricing Offered in this Proposal is: *	Comments
65	b. the same as the Proposer typically offers to GPOs, cooperative procurement organizations, or state purchasing departments.	Caterpillar wants to provide the governmental customer the best list discount possible to allow them to be good stewards of tax-payers funds. We want our governmental customers to have the ability to choose which cooperative contract better fits their needs.

Table 13: Audit and Administrative Fee

Line Item	Question	Response *	
66	Specifically describe any self-audit process or program that you plan to employ to verify compliance with your proposed Contract with Sourcewell. This process includes ensuring that Sourcewell participating entities obtain the proper pricing, that the Vendor reports all sales under the Contract each quarter, and that the Vendor remits the proper administrative fee to Sourcewell. Provide sufficient detail to support your ability to report quarterly sales to Sourcewell as described in the Contract template.	We plan to continue our very robust process to ensure reporting speed, accuracy, and contract compliance. Caterpillar and our Cat dealers have very close and trusting relationships. Our dealers are long-established, and the current process (under contract #032119-CAT) is working well. 1) To ensure pricing accuracy, we maintain our current Sourcewell customer discount sheet on our dealer facing pricing pages. Dealers integrate these numbers automatically in their quoting software. 2) To ensure new machines and work tool sales are recorded properly, we use our post-sale credit system. In a nutshell, this means that we corporately support the pricing offered in this contract at a level below what's available to other customers. To receive this additional monetary support after the machine is delivered, dealers must supply the member's name, address, and member number. There is no additional burden or cost to our dealers to use the Sourcewell contract and this is part of the reason for their high engagement and our high reporting accuracy. 3) At month end, we gather the new machine and work tool sales data attributed to Sourcewell and aggregate it for our reporting. 4) After quarter end, we will send the quarterly sales report and administration fee payment to Sourcewell for all items that are subject to the administrative fee.	*
67	If you are awarded a contract, provide a few examples of internal metrics that will be tracked to measure whether you are having success with the contract.	We regularly track the % of sales that are sold using a cooperative contract. We will continue this practice if we are awarded a contract for RFP 011723.	*
68	Identify a proposed administrative fee that you will pay to Sourcewell for facilitating, managing, and promoting the Sourcewell Contract in the event that you are awarded a Contract. This fee is typically calculated as a percentage of Vendor's sales under the Contract or as a per-unit fee; it is not a line-item addition to the Member's cost of goods. (See the RFP and template Contract for additional details.)	Per amendment #1 to Contract #032119-CAT, we will be pleased to offer an administrative fee of 0.33% of Caterpillar's list price for each piece of new equipment and serialized work tools purchased by Sourcewell's Participating Entities. Caterpillar will pay this fee and will not ask dealers or members to pay the fee.	*

Table 14A: Depth and Breadth of Offered Equipment Products and Services

Line Item	Question	Response *
69	Provide a detailed description of the equipment, products, and services that you are offering in your proposal.	The Cat equipment product line, consisting of more than 300 machines, sets the standard for our industry. We plan to help you meet your needs with our equipment, with our distribution and product support system, and the continual introduction and updating of products. Caterpillar is pleased to offer a wide variety of products for Sourcewell members. Excluding paving products, equipment and services awarded on 060122-CAT these include: - Cat Backhoe Loaders (9 models offered) - Cat Compact Track Loader/Skid Steer Loader (14 models offered) - Cat Track/Wheel Hydraulic Excavators (41 models offered) - Cat Motor Graders (7 models offered) - Cat Telehandlers (8 models offered) - Cat Track Loaders (3 models offered) - Cat Track/Wheel Dozers (15 models offered) - Cat Wheel Loaders (19 models offered) - Cat Wheel Tractor Scrapers (7 models offered) - Cat Articulated Trucks (5 models offered) - Cat Rigid Frame Trucks (2 models offered) - Cat Material Handlers (3 models offered) - Cat Landfill Compactors (3 models offered) - Product offerings by model and discount can be found in the pricing attachment within the applicable proposal pricing section. Services and support include: - Cat Attachments (Worktools) - Cat Technology - Cat Safety Services - Cat Job Site Solutions - Product offerings by model and discount can be found in the pricing attachment within the applicable proposal pricing section. - Services and support brochures can be found in the additional documents section by name of offering. For more detailed information on each of these products/offerings see the following website: https://www.cat.com/en_US.html
70	Within this RFP category there may be subcategories of solutions. List subcategory titles that best describe your products and services.	N/A

Table 148: Depth and Breadth of Offered Equipment Products and Services

Indicate below if the listed types or classes of equipment, products, and services are offered within your proposal. Provide additional comments in the text box provided, as necessary.

Line Item	Category or Type	Offered	Comments
71	Wheeled, tracked, and backhoe loaders	☒ Yes ☐ No	Manufactured by Caterpillar. Offerings listed in applicable pricing attachment section.
7	Motor Graders	☒ Yes ☐ No	Manufactured by Caterpillar. Offerings listed in applicable pricing attachment section.
73	Wheeled and tracked excavators	☒ Yes ☐ No	Manufactured by Caterpillar. Offerings listed in applicable pricing attachment section.
74	Bulldozers, compactors, scrapers, articulated and rigid haulers	☒ Yes ☐ No	Manufactured by Caterpillar. Offerings listed in applicable pricing attachment section.
75	Cranes	☐ Yes ☒ No	NIA
76	Accessories or attachments for the offering in #71-75 above	☒ Yes ☐ No	Manufactured by Caterpillar. Offerings listed in applicable pricing attachment section.
77	Technology or services for the offering in #71-75 above	☒ Yes ☐ No	Manufactured or offered by Caterpillar. Offerings listed in applicable pricing attachment section.

Table 14C: Required Offering of Equipment

Indicate below if the proposer's proposal includes at least one (1) of the following listed types or classes of equipment. Provide additional comments in the text box provided, as necessary.

Line Item	Category or Type	Offered	Comments
78	Wheel loader with published net horsepower (HP) of at least 300 HP	☒ Yes ☐ No	Manufactured by Caterpillar. Offerings listed in applicable pricing attachment section.
79	Wheeled or tracked excavator with a published net horsepower (HP) of at least 150 HP	☒ Yes ☐ No	Manufactured by Caterpillar. Offerings listed in applicable pricing attachment section.
80	Motor Grader with a published maximum operating weight of at least 30,000 lbs.	☒ Yes ☐ No	Manufactured by Caterpillar. Offerings listed in applicable pricing attachment section.
81	Rough terrain, all terrain, crawler, floating, lattice, or telescopic crane with a published maximum lifting capacity of at least 300 tons and a published maximum boom length of at least 150 feet	☐ Yes ☒ No	NIA

Exceptions to Terms, Conditions, or Specifications Form

Only those Proposer Exceptions to Terms, Conditions, or Specifications that have been accepted by Sourcewell have been incorporated into the contract text.

Documents

Ensure your submission document(s) conforms to the following:

1. Documents in PDF format are preferred. Documents in Word, Excel, or compatible formats may also be provided.
 2. Documents should NOT have a security password, as Sourcewell may not be able to open the file. It is your sole responsibility to ensure that the uploaded document(s) are not either defective, corrupted or blank and that the documents can be opened and viewed by Sourcewell.
 3. Sourcewell may reject any response where any document(s) cannot be opened and viewed by Sourcewell.
 4. If you need to upload more than one (1) document for a single item, you should combine the documents into one zipped file. If the zipped file contains more than one (1) document, ensure each document is named, in relation to the submission format item responding to. For example, if responding to the Marketing Plan category save the document as "Marketing Plan."
- [Pricing](#) - Machine Pricing.zip - Tuesday January 17, 2023 15:29:45
 - [Financial Strength and Stability](#) - Fin Strength and Stability.zip - Tuesday January 17, 2023 10:31:16
 - [Marketing PlanSamples](#) - Marketing Plan.pdf - Tuesday January 17, 2023 14:53:49
 - WMBEIMBEISBE or Related Certificates (optional)
 - [Warranty Information](#) - Warranty Combined.pdf - Monday January 16, 2023 10:36:31
 - Standard Transaction Document Samples (optional)
 - [Upload Additional Document](#) - Additional Documents.zip - Tuesday January 17, 2023 16:05:29

Addenda, Terms and Conditions

PROPOSER AFFIDAVIT AND ASSURANCE OF COMPLIANCE

I certify that I am the authorized representative of the Proposer submitting the foregoing Proposal with the legal authority to bind the Proposer to this Affidavit and Assurance of Compliance:

1. The Proposer is submitting this Proposal under its full and complete legal name, and the Proposer legally exists in good standing in the jurisdiction of its residence.
2. The Proposer warrants that the information provided in this Proposal is true, correct, and reliable for purposes of evaluation for contract award.
3. The Proposer, including any person assisting with the creation of this Proposal, has arrived at this Proposal independently and the Proposal has been created without colluding with any other person, company, or parties that have or will submit a proposal under this solicitation; and the Proposal has in all respects been created fairly without any fraud or dishonesty. The Proposer has not directly or indirectly entered into any agreement or arrangement with any person or business in an effort to influence any part of this solicitation or operations of a resulting contract; and the Proposer has not taken any action in restraint of free trade or competitiveness in connection with this solicitation. Additionally, if Proposer has worked with a consultant on the Proposal, the consultant (an individual or a company) has not assisted any other entity that has submitted or will submit a proposal for this solicitation.
4. To the best of its knowledge and belief, and except as otherwise disclosed in the Proposal, there are no relevant facts or circumstances which could give rise to an organizational conflict of interest. An organizational conflict of interest exists when a vendor has an unfair competitive advantage or the vendor's objectivity in performing the contract is, or might be, impaired.
5. The contents of the Proposal have not been communicated by the Proposer or its employees or agents to any person not an employee or legally authorized agent of the Proposer and will not be communicated to any such persons prior to Due Date of this solicitation.
6. If awarded a contract, the Proposer will provide to Sourcewell Participating Entities the equipment, products, and services in accordance with the terms, conditions, and scope of a resulting contract.
7. The Proposer possesses, or will possess before delivering any equipment, products, or services, all applicable licenses or certifications necessary to deliver such equipment, products, or services under any resulting contract.
8. The Proposer agrees to deliver equipment, products, and services through valid contracts, purchase orders, or means that are acceptable to Sourcewell Members. Unless otherwise agreed to, the Proposer must provide only new and first-quality products and related services to Sourcewell Members under an awarded Contract.
9. The Proposer will comply with all applicable provisions of federal, state, and local laws, regulations, rules, and orders.
10. The Proposer understands that Sourcewell will reject RFP proposals that are marked "confidential" (or "nonpublic," etc.), either substantially or in their entirety. Under Minnesota Statutes Section 13.591, subdivision 4, all proposals are considered nonpublic data until the evaluation is complete and a Contract is awarded. At that point, proposals become public data. Minnesota Statutes Section 13.37 permits only certain narrowly defined data to be considered a "trade secret," and thus nonpublic data under Minnesota's Data Practices Act.
11. Proposer its employees, agents, and subcontractors are not:
 1. Included on the "Specially Designated Nationals and Blocked Persons" list maintained by the Office of Foreign Assets Control of the United States Department of the Treasury found at: <https://www.treasury.gov/ofac/downloads/sdnlist.pdf>;
 2. Included on the government-wide exclusions lists in the United States System for Award Management found at: <https://sam.gov/SAM/>; or
 3. Presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from programs operated

by the State of Minnesota; the United States federal government or the Canadian government, as applicable; or any Participating Entity. Vendor certifies and warrants that neither it nor its principals have been convicted of a criminal offense related to the subject matter of this solicitation.

☒ By checking this box I acknowledge that I am bound by the terms of the Proposer's Affidavit, have the legal authority to submit this Proposal on behalf of the Proposer, and that this electronic acknowledgment has the same legal effect, validity, and enforceability as if I had hand signed the Proposal. This signature will not be denied such legal effect, validity, or enforceability solely because an electronic signature or electronic record was used in its formation. - Sean Egel, Sales Support Consultant, Caterpillar Inc.

The Proposer declares that there is an actual or potential Conflict of Interest relating to the preparation of its submission, and/or the Proposer foresees an actual or potential Conflict of Interest in performing the contractual obligations contemplated in the bid.

☒ Yes ☐ No

The Bidder acknowledges and agrees that the addendum/addenda below form part of the Bid Document.

Check the box in the column "**I have reviewed this addendum**" below to acknowledge each of the addenda.

File Name	I have reviewed the below addendum and attachments (if applicable)	Pages
Addendum_5_Heavy_Construction_Equipment_RFP_011723 Tue January 10 2023 08:47 AM	☒	1
Addendum_4_Heavy_Construction_Equipment_RFP_011723 Fri January 6 2023 09:51 AM	☒	2
Addendum_3_Heavy_Construction_Equipment_RFP_011723 Thu December 29 2022 12:33 PM	☒	2
Addendum_2_Heavy_Construction_Equipment_RFP_011723 Wed December 21 2022 01:49 PM	☒	1
Addendum_1_Heavy_Construction_Equipment_RFP 011723 Thu December 15 2022 09:27 AM	☒	1

SOURCEWELL TRADEMARK LICENSE ADDENDUM

This Addendum is by and between **SOURCEWELL**, 202 – 12th Street NE, PO Box 219, Staples, Minnesota 56479 (“Sourcewell”) and **Caterpillar Inc.**, having its principal place of business at 5212 N. O’Connor Blvd., Suite 1100, Irving, TX 75039, and offices at 100 NE Adams Street, Peoria, Illinois, 61629 (“Caterpillar” or “Vendor”). Sourcewell and Caterpillar may be referred to in this Agreement as a “Party” and collectively as the “Parties.”

The Parties maintain a contractual relationship for Vendor to provide equipment, products, or services to Sourcewell’s cooperative purchasing contracts as follows:

Sourcewell Contract 011723 – CAT (Solicitation Number: 011723)

Sourcewell and Vendor each own all right, title, and interest in their respective names, trademarks, service marks, related logos, and all other rights in the names, designs, likenesses and visual representations thereof (“Licensed Trademarks”), and desire to grant each other a royalty-free license to use certain Licensed Trademarks owned by the other Party under the terms and conditions set forth herein.

ARTICLE I: GRANT OF LICENSE

A. GRANT OF LICENSE. During the term of the Contract:

1. Sourcewell grants to Vendor a royalty-free, worldwide, non-exclusive right and license to use Sourcewell’s Licensed Trademarks provided to Vendor by Sourcewell in advertising and promotional materials for the purpose of marketing Sourcewell’s relationship with Vendor.
2. Vendor grants to Sourcewell a royalty-free, worldwide (except for those jurisdictions that are prohibited by applicable Anti-Corruption and International Trade Laws), non-exclusive right and license to use Vendor’s Licensed Trademarks provided to Sourcewell by Vendor in advertising and promotional materials for the purpose of marketing Vendor’s relationship with Sourcewell.

“Anti-Corruption and International Trade Laws” means all statutes, regulations, rules, executive orders, supervisory requirements, directives, ordinances, circulars, opinions, interpretive letters, and official releases of or by any government, or any authority, department or agency thereof or self-regulatory organization related to bribery, fraud, corruption, or international trade.

3. The Parties agree that each is the owner of all rights, including without limitation common law rights and goodwill, in relation to their respective Licensed Trademarks, and that any goodwill derived from the use of Licensed Trademarks by the other Party shall inure to the owner of the respective Licensed Trademarks.

B. LIMITED RIGHT OF SUBLICENSE. The rights and licenses granted herein includes a limited right of each Party to grant sublicenses to its and their respective distributors, marketing representatives, and agents (collectively “Permitted Sublicensees”) in advertising and promotional materials for the purpose of marketing the Contract. Any sublicense granted will be subject to the terms and conditions of this Addendum. Each Party will be responsible for any breach of this Article by any of their respective sublicensees.

C. USE; QUALITY CONTROL.

1. Neither Party may alter the other Party's Licensed Trademarks from the form provided by the other Party and must comply with the other Party's removal requests as to specific uses of its Licensed Trademarks.
2. Each Party agrees to use, and to cause its Permitted Sublicensees to use, the other Party's Licensed Trademarks only in good faith and in a dignified manner consistent with such Party's use of the Licensed Trademarks. Upon written notice to the breaching Party, the breaching Party or their Permitted Sublicensees have thirty (30) days of the date of the written notice to cure the breach or the license will be terminated.
3. Beyond what is permitted in this Addendum, neither Party will:
 - a. attempt to register, or register any trademark, service mark, symbol, logo, get-up or device which is confusingly similar to any of the other Party's Licensed Trademarks in any jurisdiction;
 - b. represent that it has any rights of any nature in the Licensed Trademarks other than those enjoyed under the terms of this Agreement;
 - c. use the other Party's trademarks, service marks or copyrights, translations thereof or marks similar thereto, as part of its corporate name, trade name or a d/b/a name, favicons, social media names/handles, email addresses, email extensions, or domain names without prior written approval from the other Party; or
 - d. use the other Party's trade names, trademarks, or service marks on any collateral business materials (e.g., business cards, letterhead, invoices, pens, notepads, fax cover sheets, etc.), unless otherwise approved in writing by the other Party.

ARTICLE II: TERM, TERMINATION, AND MISCELLANEOUS.

- A. **EFFECTIVE DATE.** This Addendum is effective upon the date of the final signature below.
- B. **TERMINATION.** Unless earlier terminated in accordance with this Article, this Addendum expires immediately upon the expiration or termination of the Contract.
 1. *Termination for Convenience.* This Addendum may be terminated by either Party at any time upon ninety (90) days' prior written notice to the other Party.
 2. *Termination for Breach.* This Addendum may be terminated by either Party upon a breach of the terms of this Addendum by the other Party, upon written notice of breach to the breaching Party, and only if such breach is not cured within thirty (30) days of the date of the written notice.
 3. *Effect of Termination.* Upon the termination of this Addendum for any reason, each Party will have thirty (30) days to, and require its Permitted Sublicensees to, remove all Licensed Trademarks from signage, websites, and the like bearing the other Party's name or logo

(excepting Sourcewell’s pre-printed catalog of vendors which may be used until the next printing). Vendor must return all marketing and promotional materials, including signage, provided by Sourcewell, or dispose of it according to Sourcewell’s written directions.

- 4. Miscellaneous. The terms and conditions of this Addendum shall have no effect on the terms and conditions of any other trademark licenses signed by the Parties.

All other terms of the Contract remain in full force and effect, unless otherwise terminated.

DocuSigned by:
SOURCEWELL
By: Jeremy Schwartz
C0FD2A139D06489...
Name: Jeremy Schwartz
Title: Director of Operations and Procurement
Date: 5/24/2023 | 2:45 PM CDT

DocuSigned by:
Caterpillar Inc.
By: Patrick Kearns
68A87926721B4E0...
Name: Patrick Kearns
Title: Vice President Sales & Marketing - North America
Date: 5/24/2023 | 12:48 PM PDT

Purchase of Material Handler for the Del Norte Regional Recycling and Transfer Station

Public Works and Transportation Committee
March 25, 2025

Eric Zetz
Environmental Resources Division

That the Public Works and Transportation Committee recommend that the City Council approve and authorize the Mayor to execute a purchase order with Quinn Company in the amount of \$548,756.31 for a material handler for the Del Norte Regional Recycling and Transfer Station.

- The Environmental Resources (ER) Division is responsible for the operation of the Del Norte Regional Recycling and Transfer Station (Del Norte) which is a regional, material recovery facility (MRF).
- The MRF receives and processes residential, commercial, and industrial solid waste, recyclables, and organic waste within the City of Oxnard collection boundaries as well as material from areas in the Ventura County region.
- The Del Norte facility is permitted to accept municipal solid waste which includes; refuse, recyclables, and organic waste material.

- SB 1383 Local Assistance Grant Program under the Department of Resources Recycling and Recovery (CalRecycle) provides funding up to the full grant amount of \$519,396, with no local match required, for the purchase of the material handler.
- Daily MRF operations rely heavily on using essential heavy equipment to process solid waste materials. A wheel loader is currently used to move solid waste material for processing and transferring purposes.
- The material handler will be an additional piece of equipment that will assist in our day-to-day operations by moving material for processing and transferring to landfill.

- In addition, the material handler allows operators to remove materials from roll-off bins and trailers that may be overfilled by pulling materials out from the top rather than having to empty out the overfilled bins and trailers through walking-floor trailers and/or tipper trailers.
- The material handler can also move organic and recyclable material to the sorting line at a more consistent pace allowing more materials to be processed with less contamination.

Sourcewell Cooperative Agreement No. 011723

- Sourcewell is a cooperative purchasing program that unites the buying power of government, education, and nonprofit organizations.
- Utilizing a cooperative purchasing method allows the City to “piggyback” on the agreement at a discounted price.
- Sourcewell simplifies the public procurement process and ensures the efficient use of taxpayer dollars.
- Quinn is a leading provider of this equipment and is recognized throughout southern California for its innovative design and integrated safety features.

- Total cost of this purchase order with Quinn Company shall not exceed \$548,756.31.
- There are sufficient budget appropriations in the SB 1383 Local Assistance Grant Program (C2423) in the amount of \$519,396.00 and in the ER Operating Council-approved budget from capital outlay for \$29,360.31 for the purchase of the material handler.



QUESTIONS



PUBLIC WORKS AND TRANSPORTATION COMMITTEE AGENDA REPORT

REPORTS AGENDA ITEM NO. D.2

DATE: March 25, 2025

TO: Public Works and Transportation Committee

FROM: Michael Wolfe, Public Works Director, (805) 385-8055, michael.wolfe@oxnard.org

SUBJECT: Draft Maintenance and Funding Policy for Landscape Maintenance Districts. (30 minutes)

RECOMMENDATION

The Public Works and Transportation Committee:

1. Provide final recommendations on the draft policy sections; and
2. Recommend staff present a Maintenance and Funding Policy for Landscape Maintenance Districts to the City Council for consideration.

Please click the following link to view the required Measure M pre-recorded presentation video: <https://youtu.be/AASAXRtPasQ>

BACKGROUND

The Special Districts Division, within the Public Works Department, is responsible for the management of the City's bonded assessment districts, landscape maintenance districts ("LMDs"), community facilities districts ("CFDs"), maintenance assessment districts ("MADs"), and waterways assessment districts ("WADs"). Each of these types of districts is governed by different provisions of state law, which govern the purposes for which they can be formed, basic administrative requirements, and the processes by which their assessments and special taxes can be levied. Out of these various assessment districts, the LMDs were formed under the provisions of the Landscape and Lighting Act of 1972 (**Streets and Highways Code Sections 22500 *et. seq.***) (the "1972 Act") and must comply with specific management requirements unique to the 1972 Act.

On February 25th, staff introduced various concepts and draft policy text examples for the Committee to discuss and provide feedback and recommendations. The intent of the policy is to provide staff with a path forward when addressing LMDs that are unable to appropriately fund their maintenance and operations within their current funding structure. While the policy will help guide staff for all 36 LMDs, there are currently 7 LMDs that are either underfunded or in a deficit (see Table 2) that this policy, when adopted, will provide direction for corrective actions. While inflation continues and the costs of goods and services increase, having this policy in place will help provide direction to staff to avoid other LMDs from also becoming underfunded or potentially run into a deficit. The February 25, 2025 staff report is included as an attachment to this report to provide the necessary background information.

Staff received input from the Committee on a variety of questions. However, much of the discussion was specifically focused on the reserve levels, processes for the balloting of districts, the need for a policy document for staff to follow, specific reserve requirements, and priorities. Additionally, there was public

comment that focused primarily on the reason for the existence of LMDs. This is briefly addressed at the beginning of the Discussion Section in this report.

DISCUSSION

While not specifically addressed by this policy, the public comments and discussion by members of the Public Works and Transportation Committee has shown the need for a brief explanation about the impacts that LMDs have upon their neighborhoods and an explanation of their specific functions.

LMDs exist to provide a direct and special benefit to those who choose to purchase property within its boundaries. The additional level of landscaping, amenities, parks, lighting, and/or other authorized improvements within the district that are above and beyond what is generally provided to residents through the typical planning and permitting of non-LMD developments. This explicit benefit relationship between an LMD and its component properties is a condition of the development for its approval. This can be shown specifically by directly comparing development areas that are situated close to LMD neighborhoods (please see the attached photos showing common LMD neighborhood entrance landscaping and structures and non-LMD neighborhood entrance structures).

Table 1 also highlights the difficulty of maintaining an increased level of service within LMDs that have capped rates in the presence of continuous inflation. The **highlighted rows** indicate the LMDs with capped maximum rates that were formed prior to the passing of California Proposition 218 (Prop. 218). Each of these LMDs have been assessed their highest rate at least once within the past five years. Any future increases in operating expenses for items such as landscape services or utilities cannot be met unless they are able to reduce services or eliminate improvements within that district. This specifically means reducing or canceling services entirely in order to stay within the LMDs funding capacity. To put this in terms that may be more familiar, the highest assessed rates within the past 5 years have been broken into a monthly payment to show what an equivalent to a Homeowners Association payment would be with similar improvements.

District Number	District Name	Highest Annual Rate Past 5 FY	Monthly Equivalent
LMD No. 3	River Ridge	\$162.86	\$13.57
LMD No. 10	Country Club Estates	\$157.36	\$13.11
LMD No. 11	St. Tropez	\$84.22	\$7.02
LMD No. 12	Standard Pacific	\$87.82	\$7.32
LMD No. 13	Le Village	\$112.78	\$9.40
LMD No. 14	California Cove	\$173.08	\$14.42
LMD No. 16	California Lighthouse	\$73.78	\$6.15
LMD No. 23	Greystone	\$91.60	\$7.63
LMD No. 24	Vineyards	\$183.00	\$15.25
LMD No. 25	The Pointe	\$110.18	\$9.18
LMD No. 27	Rose Island	\$415.43	\$34.62
LMD No. 28	Harborside	\$207.20	\$17.27
LMD No. 30	Haas Automation	\$562.50	\$46.88
LMD No. 31	Rancho De La Rosa	\$439.15	\$36.60
LMD No. 32	Oak Park	\$431.63	\$35.97
LMD No. 33	El Paseo	\$371.70	\$30.98
LMD No. 34	Sunrise Pointe/Sunset Cove	\$246.00	\$20.50

LMD No. 36	Villa Santa Cruz / Villa Carmel	\$550.99	\$45.92
LMD No. 37	Pacific Breeze	\$75.38	\$6.28
LMD No. 38	Aldea Del Mar	\$469.67	\$39.14
LMD No. 39	Promesa/Sueno	\$1,084.75	\$90.40
LMD No. 39	DR Horton	\$1,022.25	\$85.19
LMD No. 40	Cantada	\$379.01	\$31.58
LMD No. 41	Pacific Cove	\$465.58	\$38.80
LMD No. 42	Cantabria/Coronado	\$607.08	\$50.59
LMD No. 43	Greenbelt Zone 1	\$1,747.02 ¹	\$97.47
LMD No. 43	Greenbelt Zone 2	\$401.69 ¹	\$33.47
LMD No. 43	Greenbelt Zone 3	\$1,683.78 ¹	\$93.90
LMD No. 43	Greenbelt Zone 4	\$320.70 ¹	\$26.73
LMD No. 46	Daily Ranch Area A	\$755.64 ²	\$62.97
LMD No. 46	Daily Ranch Area B	\$731.06 ²	\$60.92
LMD No. 46	Daily Ranch Area C	\$652.89 ²	\$54.41
LMD No. 47	Sycamore Place	\$276.58	\$23.05
LMD No. 49	Cameron Ranch	\$646.63	\$53.89
LMD No. 50	Pleasant Valley Senior Housing	\$460.96	\$38.41
LMD No. 51	Pfeiler	\$660.89	\$55.07
LMD No. 52	Wingfield	\$85.23	\$7.10
LMD No. 53	Huff Court	\$546.57	\$45.55
LMD No. 54	Meadowcrest Villas	\$243.40	\$20.28
LMD No. 55	Wingfield West	\$856.21	\$71.35
LMD No. 58	Westwind	\$186.20	\$15.52
LMD No. 60	Artisan	\$56,314.59 ³	\$17.25 ³

¹ LMD 43 contains 4 zones, two of which pay rates calculated per acre with the other two paying per unit. This amount is the highest assessed per-unit rate within the past five fiscal years within each per unit zone (2 and 4) and the per acre rate zones (1 and 3) calculated out across all acreage, divided by apartment unit, and then divided by 12.

² LMD 46 contains 3 rate-paying zones.

³ LMD 60 consists of one parcel, within which there are 272 apartments. While only one parcel is assessed, to calculate an equivalent per unit HOA rate, the monthly amount has been divided again by 272.

The LMDs, highlighted above, are specifically at risk for substantial swings in maintenance quality as they become unable to fund their improvements because of inflation and their capped pre-Prop 218 fixed rates. Therefore, they may be forced to begin sacrificing specific services or improvements in order to continue funding operations year over year, unless a Prop 218 vote occurs to raise the maximum assessment rate. This is already happening in some LMDs, such as LMD 25, where there are more trees than the amount that can be funded for pruning on a regular schedule without having to drop the frequency of that district's landscape services. The following table (also attached in map form for reference) indicates each LMDs funding status within Fiscal Year 2024-25 (FY 24/25) and whether or not they are able to fund Improvement Reserves. The capped LMDs are highlighted in yellow.

Table 2 - LMD Funding Status and Present Improvement Reserve			
District Number	District Name	FY 24/25 Funding Status	Improvement Reserve?
LMD No. 3	River Ridge	Funded	Yes
LMD No. 10	Country Club Estates	Funded	Yes

LMD No. 11	St. Tropez	Underfunded	No
LMD No. 12	Standard Pacific	Funded	Yes
LMD No. 13	Le Village	Funded	Yes
LMD No. 14	California Cove	Funded	Yes
LMD No. 16	California Lighthouse	Underfunded	No
LMD No. 23	Greystone	Funded	No
LMD No. 24	Vineyards	Funded	Yes
LMD No. 25	The Pointe	Funded	No
LMD No. 27	Rose Island	Funded	Yes
LMD No. 28	Harborside	Funded	Yes
LMD No. 30	Haas Automation	Funded	Yes
LMD No. 31	Rancho De La Rosa	Underfunded	No
LMD No. 32	Oak Park	Funded	Yes
LMD No. 33	El Paseo	Funded	Yes
LMD No. 34	Sunrise Pointe/Sunset Cove	Funded	Yes
LMD No. 36	Villa Santa Cruz / Villa Carmel	Funded	Yes
LMD No. 37	Pacific Breeze	Funded	Yes
LMD No. 38	Aldea Del Mar	Underfunded	Yes
LMD No. 39	Promesa/Sueno	Funded	Yes
LMD No. 39	DR Horton	Funded	Yes
LMD No. 40	Cantada	Funded	Yes
LMD No. 41	Pacific Cove	Funded	Yes
LMD No. 42	Cantabria/Coronado	Funded	Yes
LMD No. 43	Greenbelt	Underfunded	Yes
LMD No. 46	Daily Ranch	Funded	Yes
LMD No. 47	Sycamore Place	Funded	Yes
LMD No. 49	Cameron Ranch	Deficient	No
LMD No. 50	Pleasant Valley Senior Housing	Funded	No
LMD No. 51	Pfeiler	Funded	Yes
LMD No. 52	Wingfield	Funded	Yes
LMD No. 53	Huff Court	Underfunded	No
LMD No. 54	Meadowcrest Villas	Funded	Yes
LMD No. 55	Wingfield West	Funded	Yes
LMD No. 58	Westwind	Funded	Yes
LMD No. 60	Artisan	Funded	Yes

The above tables are not intended to illustrate any specific or ideal assessment amount, but rather the scope and scale of what services are provided, the ability of each LMD to fund its operations at the current rates, and the amount the highest of those rates represents as a part of each unit's/property's total tax bill. These assessments, in contrast with the rest of the property tax payments, provide for a specifically defined purpose that is not shared among competing agencies or purposes. This allows for residents within these assessed properties to have a more direct impact on the services they receive from their taxed assessments.

Proposition 218, Polling and Balloting

Proposition 218, an amendment to the state constitution that was adopted by the voters in 1996, dramatically reduced the City’s ability to increase assessment rates in existing LMDs. Prior to the adoption of Prop. 218, the City Council could, each year, adopt increases to maximum assessment rates without holding any sort of property-owner “election.” Therefore, the LMDs established prior to the adoption of Prop. 218 were approved by the City Council without the concept of a “maximum rate” or an automatic “inflation adjustment.” At the time these LMDs were established, it was assumed that the rates could be easily adjusted each year to meet increasing or special costs. Prop. 218 introduced changes that effectively “moved the goalposts” for communities formed prior to Prop. 218’s passage (these LMDs are highlighted in Table 3 below).

Table 3 - District Formation Dates		
District Number	District Name	District Formation
LMD No. 3	River Ridge	March 18, 1986
LMD No. 10	Country Club Estates	December 18, 1988
LMD No. 11	St. Tropez	January 3, 1989
LMD No. 12	Standard Pacific	March 28, 1989
LMD No. 13	Le Village	March 20, 1990
LMD No. 14	California Cove	June 5, 1990
LMD No. 16	California Lighthouse	July 9, 1991
LMD No. 23	Greystone	June 18, 1996
LMD No. 24	Vineyards	June 18, 1996
LMD No. 25	The Pointe	June 18, 1996
LMD No. 27	Rose Island	June 24, 1997
LMD No. 28	Harborside	June 24, 1997
LMD No. 30	Haas Automation	June 24, 1997
LMD No. 31	Rancho De La Rosa	June 23, 1998
LMD No. 32	Oak Park	February 23, 1999
LMD No. 33	El Paseo	October 19, 1999
LMD No. 34	Sunrise Pointe/Sunset Cove	October 19, 1999
LMD No. 36	Villa Santa Cruz / Villa Carmel	January 25, 2000
LMD No. 37	Pacific Breeze	January 25, 2000
LMD No. 38	Aldea Del Mar	November 28, 2000
LMD No. 39	Promesa/Sueno	March 6, 2001
LMD No. 40	Cantada	January 8, 2002
LMD No. 41	Pacific Cove	January 8, 2002
LMD No. 42	Cantabria/Coronado	May 14, 2002
LMD No. 43	Greenbelt	January 7, 2003
LMD No. 46	Daily Ranch	June 24, 2003
LMD No. 47	Sycamore Place	April 22, 2003
LMD No. 49	Cameron Ranch	June 3, 2003
LMD No. 50	Pleasant Valley Senior Housing	June 10, 2003
LMD No. 51	Pfeiler	April 19, 2005
LMD No. 52	Wingfield	February 1, 2005
LMD No. 53	Huff Court	June 7, 2005
LMD No. 54	Meadowcrest Villas	March 28, 2006
LMD No. 55	Wingfield West	March 28, 2006

LMD No. 58	Westwind	June 6, 2006
LMD No. 60	Artisan	November 27, 2012

Once Prop. 218 went into effect the currently applied rate for the assessment in connection with each of these “grandfathered” LMDs became the “maximum rate” for the LMD. LMDs established after 1996 included a property-owner-approved automatic annual adjustment to the new LMD’s “maximum rate.” Thus, the “maximum rate” for each of these newer LMDs increases each year. Please note that the “maximum rate” is different from the annual “applied rate”. The annual “applied rate” is less than or equal to the “maximum rate” and is recommended by staff (with community input when provided) and approved by the City Council annually via the Engineer’s Report and budgeting process.

Pursuant to Prop. 218, in order to increase the “maximum rate” for an existing LMD, the City must conduct an “assessment mail-ballot proceeding.” This sort of proceeding involves mailing a notice and ballot to the owner of each affected property at least forty-five days prior to a public hearing. Property owners can return their ballots to the City up until the close of the public input portion of the public hearing. After holding the public hearing, the City Council can approve the increased rate unless the ballots returned in opposition to the proposal exceed the ballots returned in favor. The proposal can incorporate an automatic annual adjustment to the “maximum rate.”

Prop. 218 is an important piece of State legislation that directly affects the management and operations of LMDs that were created both before and after passage in 1996. The Proposition provides the residents within any LMD the right to vote on increases in their maximum assessments. This is not to be confused with changes in the annual applied assessments. The Streets and Highways Code specifies that the annual assessment is approved by the City Council through a public process. Staff ensures that the annual process for managing LMD budgets and approving their assessments is a public action and follows all of the stipulations required within the Streets and Highways Code, Government Code, and Prop. 218.

The purpose of this policy is to address areas where the Streets and Highways Code, Government Code, and Prop. 218 does not provide explicit guidance on the processes and procedures for the City to follow. This is particularly relevant for LMDs that were formed prior to the passage of Prop. 218, as those LMDs were formed in a manner that was anticipated to be adequate to provide for the areas under their responsibility in perpetuity.

Neither Prop. 218 nor the 1972 Act require that a city conduct any sort of polling or resident outreach prior to preparing an engineer’s report, proposing an assessment, or mailing notices and ballots to property owners. However, as a practical matter, it makes sense to do outreach or polling prior to beginning the formally required process, since there are significant costs associated with preparing an engineer’s report and conducting a mail ballot proceeding. If the City uses general funds to pay these costs, and the property owners do not approve the proposed assessment, then the money invested in the process by the City will not be recovered.

In light of the fact that the process for increasing the maximum rates for an assessment is somewhat costly and the fact that owners of property in many of the City’s LMDs may be requesting increases, staff has dedicated a substantial portion within the draft policy specifying procedures for initiating polling prior to the commencing the steps required by state law for an increase. The draft policy will also include procedures for conducting mail balloting required by Prop. 218 in order to set the “ground rules” well ahead of conducting a balloting.

To address the remaining policy items that the Committee had not reached consensus, staff has included tables with specific policy text examples that highlight different versions that Committee members supported. Sections that are highlighted in yellow signify the operative text included from the previous discussion. Sections highlighted in orange signify items that staff strongly recommend, even though the Committee did not include these items in the previous discussion. The header rows of each table include staff’s understanding of

the position for each Committee Member. In certain cases, the Committee's direction may mean that additional sections of text are necessary to address the topic completely. This process is followed throughout the remainder of this report.

The first item requiring consensus is polling and balloting. This means defining a level that is considered to be of “significant interest” within an LMD for balloting. This includes: how ballots should be funded, what process should be followed when a LMD is found to not be able to fund its maintenance and operations, what happens if a ballot is not pursued, and what happens if a ballot fails. The Committee must also note that changes to the text in either column may affect other policy tables that are further along in the discussion. For this reason, staff recommends no significant alterations to either option.

Table 4 - Polling/Balloting	
No Indicated Preference:	
Committee Chair McArthur	
Supporter(s)	Supporter(s) - None
Committee member Basua Committee member Teran Staff Recommended	This is alternative language from other agencies with LMDs and includes concepts that were discussed but not necessarily recommended by Committee members.
- In the event that a landscape maintenance district is projected to be underfunded or deficient within the next fiscal year, a Proposition 218 ballot procedure may be necessary. Upon following a prioritized list of actions, a property owner-led poll may be initiated to establish the presence of Significant Interest (66% +1 of the survey responses to establish Significant Interest). The following procedure shall be followed to initiate a Proposition 218 ballot proceeding. a. Staff will initiate contact with owners of property within the district with a written letter or other notification regarding the maintenance and servicing of improvements. b. The community may request a meeting, develop a poll, and identify a lead petitioner from within the district to conduct the poll regarding the maintenance and servicing of improvements. The cost of any materials necessary to conduct the poll will be borne solely by the district or its affected property owners. c. If no lead petitioner is identified and no further interest in polling is conveyed to staff, no polling will be pursued and the following will occur: • Elimination or reduction of specific maintenance services; or • Removal of improvements or expenses via City Council direction. d. If a lead petitioner is identified, affected property owners within the district will be polled, the results of which will be submitted to City staff no more than 30 days from the date the poll is opened.	- In the event that a landscape maintenance district is projected to be underfunded or deficient within the next fiscal year, a Proposition 218 ballot procedure may be necessary. Upon this determination, a property owner-led poll may be initiated to establish the presence of Significant Interest (50% +1 of the survey responses to establish Significant Interest). The following procedure shall be followed to initiate a Proposition 218 ballot proceeding. a. Staff will initiate contact with owners of property within the district with a written letter or through other means as determined within a community outreach plan. b. The community may request a meeting, develop a poll, and identify a lead petitioner from within the district to conduct the poll regarding the maintenance and servicing of improvements. The cost of any materials necessary to conduct the poll will be borne by the City. c. If no lead petitioner is identified and no further interest in polling is conveyed to staff, no polling will be pursued and the following will occur: ▪ Elimination or reduction of specific maintenance services; or ▪ Removal of improvements or expenses via City Council direction. d. If a lead petitioner is identified, affected property owners within the district will be polled, the results of which will be submitted to City staff no more than 30 days from the date the poll is opened. e. After the poll is closed, staff will validate signatures of the affected property

e. After the poll is closed, staff will validate signatures of the affected property owners and determine if the results indicate the establishment of Significant Interest. • If Significant Interest is not established, no ballot proceeding will be pursued, expenses shall be reduced as indicated above. • If Significant Interest is established, the City Council will initiate Proposition 218 proceedings for the affected district. • In the event that a Proposition 218 ballot is pursued, the procedures below will be followed. a. If the ballot proceeding fails and assessments are not changed, the City will assume the cost of the proceedings and reductions in maintenance or removal of improvements from the district will be initiated. b. If balloting fails in any fiscal year, the City will not fund further measures until at least one fiscal year passes since the close of the previous failed ballot, unless otherwise directed by City Council. c. If the ballot proceeding succeeds, the assessment will be changed to the identified rate and the total cost of the proceeding will be borne by the district, to be repaid from the following year's assessment or future assessments as identified in the Prop 218 ballot.	owners and determine if the results indicate the establishment of Significant Interest. • If Significant Interest is not established, no ballot proceeding will be pursued, expenses shall be reduced as indicated above. • If Significant Interest is established, the City Council will initiate Proposition 218 proceedings for the affected district. • In the event that a Proposition 218 ballot is pursued, the procedures below will be followed. a. If the ballot proceeding fails and assessments are not changed, the City will assume the cost of the proceedings and reductions in maintenance or removal of improvements from the district will be initiated. b. If balloting fails in any fiscal year, the City will not fund further measures until at least three fiscal years pass since the close of the previous failed ballot, unless otherwise directed by City Council. c. If the ballot proceeding succeeds, the assessment will be changed to the identified rate and the total cost of the proceeding will be borne by the district, to be repaid from the following year's assessment.
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LMD Funding Practices and Priorities

This table outlines two options for the City's procedures when addressing LMDs with a projected negative fund balance. Ideally, this situation should not occur. However, in the event that it does, the proposed policy should provide direction on a process that is allowed under the Streets and Highways Code. As defined within **Streets and Highways Code, Sections 22656 and 22657**, the City may carry over any surplus or deficit within an LMD to the following fiscal year. When a deficit is projected to occur, staff noted two competing directions during the previous Committee meeting and therefore seek clarification. The policy section on the left side of the table includes further text necessary to fully enact the policy directive if this section is included in the policy. As stated prior to Table 4, the highlighted terms indicate operative text within the policy section. The **highlighted orange text** indicates a staff recommendation which if included or excluded, will also affect options within Table 7.

Table 5 - Funding/LMD Fund Balance Deficit Contributions	
Supporter(s) Committee member Basua Committee member Teran Staff Recommended	Supporter(s) Committee Chair McArthur
• Aside from contributions to fund general benefits, routine and temporary transfers/allowance of negative balances for cash flow purposes, and contributions for the payment of utilities above and beyond specific utility maximums as defined within a district's Governing Documents, the general subsidy of district expenses by the City should be avoided whenever possible. The City shall endeavor to avoid the general subsidy of any	• Aside from contributions to fund general benefits, routine and temporary transfers/allowance of negative balances for cash flow purposes, and contributions for the payment of utilities above and beyond specific utility maximums as defined within a district's Governing Documents, the general subsidy of district expenses by the City should be avoided whenever possible. The City shall endeavor to avoid the general subsidy of any

landscape maintenance district from any City funding source that has not been specifically set aside for such purpose by the City Council. Any exception to this policy must be set forth in a resolution of the City Council and shall follow the process established within SHC Section 22657 in which the City Council may 1) authorize a contribution to the LMD or 2) authorize a temporary advance and direct that the advance be repaid from the following year assessment. • In the event that the projected end-of-year fund balance of a landscape maintenance district shows a deficit within a specific fiscal year, the reduction of services and the levy and collection of the Required Payment at the maximum legally allowable rate shall be prioritized before the City Council is asked to approve a subsidy. In the event that a negative fund balance is still anticipated within a district after these actions are taken, the City Council may approve a loan to the District in question as described above, to be repaid from the following year assessment.	landscape maintenance district from any City funding source that has not been specifically set aside for such purpose by the City Council. In the event that a deficit is projected within a LMD fund at the end of a fiscal year, the City Council may authorize a contribution to the LMD or authorize a temporary advance and direct that the advance be repaid from the following year assessment.
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Continuing within LMD funding questions, this section focuses on LMD reserves and their different types. To identify reserves within categories allowed under the Streets and Highways Code, staff will define “Assigned Reserves,” “Operating Reserves,” and “Improvement Reserves,” within the final policy document. This section speaks specifically to “Operating Reserves,” which are explicitly allowed under **Streets and Highways Code Section 22569** (also attached to this report for reference) which states that when estimating expenses for the fiscal year, a “*reserve may be may include a reserve which shall not exceed the estimated costs of maintenance and servicing to December 10 of the fiscal year, or whenever the city expects to receive its apportionment of special assessments and tax collections from the county, whichever is later.*” This does not disallow the City from also collecting reserve funds for specific projects or improvements (i.e. the “Improvement Reserves” referenced above), but staff recommends clarifying their differences within the final policy document.

Based upon Committee input and staff recommendation, the following samples indicate two options to choose from to govern the generation of “Operating Reserves.” Both examples presented here comply with the language within **Streets and Highways Code Section 22569**. Staff recommends that unexpected expenses be strongly considered when attempting to reach a consensus on this item for two reasons. First, for LMDs with smaller budgets, a lower percentage will mean a potentially minimal real cash amount held in reserves, which may make very little difference when addressing unexpected expenses. When calculating Operating Reserves, pursuant to **Streets and Highways Code Section 22569**, expenses to fund future improvements and included in the “Improvement Reserves” will be excluded from the calculation for Operating Reserves.

Table 6 - Funding/Operating Reserve Guidance	
No Indicated Preference: Committee Chair McArthur Committee member Teran	
Supporter(s) Committee member Basua	Supporter(s) Staff Recommended
• In order to ensure that landscape maintenance districts maintain appropriate reserve levels, City staff shall endeavor to ensure that each landscape maintenance district maintains Operating Reserves approximately equal to 25% of its annual operating	• For Fully Funded districts: in order to ensure that landscape maintenance districts maintain appropriate reserve levels, City staff shall ensure through the assessment process that these landscape maintenance districts maintain Operating

expenses (excluding expenses funded with “Improvement Reserves” per the Streets and Highways Code.)	Reserves no less than 16.6% and not to exceed 47.4% of each district’s annual operating expenses (excluding expenses funded with “Improvement Reserves” per the Streets and Highways Code.) For Underfunded or Deficient districts:the City staff shall endeavor to ensure that each landscape maintenance district maintains Operating Reserves no less than 16.6% and not to exceed 47.4% of each district’s annual operating expenses (excluding expenses funded with “Improvement Reserves” per the Streets and Highways Code.)
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It is also important to note that during the calculation of these reserve amounts, **Streets and Highways Code Section 22659** states that any direct payment to an LMD must be factored into the calculation of the following year’s assessment. For example, in an instance where unauthorized expenses are found to have been billed to an LMD (such as when Mr. Blattel identified that certain sidewalk grinding services should not have been billed to his LMD), the reimbursement of those costs must be factored into the calculation of the following year’s assessment, to include any reserve amounts needed for Operating or Improvement purposes.

The different language between these two samples is relatively minor but has a substantial impact on how the City budgets for its LMDs. A lower Operating Reserve percentage can make budgeting for LMDs with capped maximum levies easier as less funds may be needed to be set aside prior to budgeting for regular maintenance and operations. However, that can also be achieved by changing this reserve “requirement” to a “goal” which is similar to how staff currently manages the LMDs that do not have the ability to fully fund their current Operating Reserve (for example, in Fiscal Year 2024-25, LMDs 11, 16, 31, 38, 43, 49, and 53 were unable to fund their Operating Reserve at the 47.4% level. If this was a requirement, these LMDs would have been forced to reduce services.)

In addition to regular operating reserves, LMDs may also hold reserves for specifically identified projects in accordance with **Streets and Highways Code Section 22660** (also attached to this report for reference). These “Improvement Reserves” as staff is defining them within the policy, may be reserved for any item that will incur an expense that, *“is greater than can be conveniently raised from a single annual assessment and... shall be raised by an assessment levied and collected in installments over a period not to exceed five fiscal years.”* This is a very important differentiation as it encourages the City to periodically review projects within the LMDs and their ability to fund longer-term projects. The inability to fund larger projects, even when expenses are spread across a five-year window, may indicate a need for an LMD to be balloted.

Continuing within the funding category, staff also seeks specific consensus on how to prioritize funding decisions within LMDs when projected expenses exceed revenues and reserves may no longer be sufficient to cover the difference. To do this, staff has defined two conditions for LMDs that identify them as either “Underfunded” (meaning they are unable to fund both their reserve balances and maintenance activities), or “Deficient” (meaning that they are projected to be unable to fund their reserve balances, maintenance and operations, and are projected to end the fiscal year with a fund balance deficit.). These classifications are recommended by staff so that there is a clear delineation for LMDs that are at risk for service reductions or other extraordinary adjustments to ensure their continued operation. This has also been visualized for the Committee on an attached map.

It is important to note that any LMD may move from being fully funded to “Underfunded” in a very short time frame dependent upon the size of their budget, potential mid-year increases in cost (such as a change in landscape contractor), and whether or not Operating and Improvement Reserves are required to be funded. In particular, mid-year changes in expenses may be the strongest reason for requiring a higher reserve amount, as a change in contract may introduce an unexpected increase in expenses, which could be defrayed by an adequate reserve balance. The following sections address a potential hierarchy of fiscal actions that staff can

proceed through prior to initiating polling and balloting procedures when expenses exceed revenues. In addition to the input considered from the February Committee meeting, staff is strongly recommending that identifying a maximum assessment as a policy option be included so as not to potentially exclude that tool from future usage if needed. As was also done above, operative text is highlighted in yellow and orange.

Table 7 - Funding/Priorities when Expenses Exceed Revenues	
No Indicated Preference: Committee Chair McArthur	
Supporter(s) Committee member Basua Committee member Teran Staff Recommended	Supporter(s) - None This is alternative language from other agencies with LMDs and includes concepts that were discussed but not necessarily recommended by Committee members.
- Where the cost to provide services exceeds the applied and/or maximum rate, reserves may be used to fund the shortfall or services may be reduced so that costs do not exceed the maximum rate, except for in a landscape maintenance district that is Underfunded or Deficient. If a district is Underfunded or Deficient, then the following methods, in the following specific order of preference, may be taken to bridge the shortfall: - Use Reserves; - Notify the Affected Property Owners to determine if there's a significant interest in conducting a ballot proceeding to increase the services (e.g., increase the maximum rate) and if such interest exists, conduct such mail ballot proceeding/special election of the Affected Property Owners; - Reduce expenses and services specific to the district in question (expenses shared by all districts shall not be considered an appropriate source of reductions); - Apply a maximum levy; - Eliminate maintenance services; - Remove maintenance responsibility of specified improvements from the district by either eliminating district funding or City Council action identifying the areas removed from district responsibility; or - Other City Council direction.	- Where the cost to provide services exceeds the applied rate or the maximum rate, reserves may be used to fund the shortfall or services may be reduced so that costs do not exceed the maximum rate, except for in a landscape maintenance district that is Underfunded or Deficient. If a district is Underfunded or Deficient, then the following methods, in no particular order of preference, may be taken to bridge the shortfall: - Use Reserves; - Notify the Affected Property Owners to determine if there's a significant interest in conducting a ballot proceeding to increase the services (e.g., increase the maximum rate) and if such interest exists, conduct such mail ballot proceeding/special election of the Affected Property Owners; - Reduce expenses and services specific to the district in question (expenses shared by all districts shall not be considered an appropriate source of reductions); - Eliminate maintenance services; - Apply a maximum levy; - Remove maintenance responsibility of specified improvements from the district by either eliminating district funding or via City Council-approved action; or - Other City Council direction.

The policy sections discussed above signify the remaining items needed for staff to complete a fully defined LMD Maintenance and Funding Policy. When consensus is reached on the above items, staff will incorporate this feedback and recommend bringing the full document to City Council for discussion and approval.

STRATEGIC PRIORITIES

This agenda item supports the Infrastructure and Natural Resources strategy. The purpose of the Infrastructure and Natural Resources strategy is to preserve and improve our roads, utilities, parks, trees, water supply and natural resources through effective planning, prioritization, and an equitable and efficient use of available funding.

FINANCIAL IMPACT

There is no direct financial impact associated with this action.

Prepared by: Steve Howlett, Assistant Public Works Director, Anthony Miller, Special Districts Manager

ATTACHMENTS

1. February 25, 2025 PWTC Agenda Report
2. Map of Landscape Maintenance Districts
3. Map of Landscape Maintenance Districts and Funded Status
4. LMD and City Landscape Feature Comparison
5. Streets and Highway Code Section 22569
6. Streets and Highway Code Section 22660
7. Presentation



PUBLIC WORKS AND TRANSPORTATION COMMITTEE AGENDA REPORT

REPORTS AGENDA ITEM NO. D.1

DATE: February 25, 2025

TO: Public Works and Transportation Committee

FROM: Michael Wolfe, Public Works Director, (805) 385-8055, michael.wolfe@oxnard.org

SUBJECT: Maintenance and Funding Policy Workshop for Landscape Maintenance Districts. (30 minutes)

RECOMMENDATION

The Public Works and Transportation Committee:

1. Discuss key elements for a potential Maintenance and Funding Policy for Landscape Maintenance Districts; and
2. Recommend staff develop a Maintenance and Funding Policy for Landscape Maintenance Districts to be presented to the City Council for consideration.

Please click the following link to view the required Measure M pre-recorded presentation video:
<https://youtu.be/SZ-z7e2f9uE>

BACKGROUND

The Special Districts Division, within the Public Works Department, is responsible for the management of the City's bonded assessment districts, landscape maintenance districts ("LMDs"), community facilities districts ("CFDs"), maintenance assessment districts ("MADs"), and waterways assessment districts ("WADs"). Each of these districts function under different provisions of the State Constitution, which enables their respective formation, the purposes for which they can be formed, basic administrative requirements, and the processes by which their assessments and special taxes can be levied. Out of these various assessment districts, the LMDs were formed under the provisions of the Landscape and Lighting Act of 1972 (Streets and Highways Code Sections 22500–22679) and carry specific requirements for management that differ from other types of assessment districts.

The formation of LMDs began in the City in the 1980s for the purpose of funding specific improvements and the perpetual maintenance of these improvements within each new development. These are funded via special assessments that are defined in each district's governing documents ("Formation Documents"). However, during the past thirty years, there have been various legislative and judicial changes that have impacted the way California cities can manage these LMDs.

To address the changes in the legal aspects and improve procedures related to maintaining LMDs, the City of Oxnard embarked on a process in 2015 that focused on the manner in which these assessment districts are managed. Through the creation of a new Special Districts Division, within the Public Works Department, the City reduced the total number of LMDs from 60 to 36 in Fiscal Year 2017/2018 and also created a Maintenance Assessment District Administration and Operational Manual to guide future staff in the management of these remaining LMDs. This Manual specifically included a "Statement of Goals and Policies for the use of

Maintenance Assessment Districts” (Statement) which lays out many of the concepts that staff is bringing to the Council for discussion. However, it is unclear if this Statement of Goals and Policies was ever adopted as official City policy by the City Council. Additionally, in regard to the management of LMDs, it is overly broad as it addresses a variety of district types, focuses largely on the formation of new districts without taking into account the variances between the different types of assessment districts, and does not provide specific direction for how the existing LMDs should be managed if they become insolvent or are in danger of becoming insolvent.

Therefore, staff is now requesting direction on key elements for a future policy document that will focus solely on the LMDs, provides direction on issues that are common to LMDs, and defines a policy for future use by staff.

DISCUSSION

Regardless of someone’s opinion of LMDs, the essence of a LMD is to be self-sufficient (with the exception of the required general benefit contribution) by providing funds to maintain specific improvements as outlined in the annual Engineer’s Report consistent with the Streets and Highway Code. LMDs that may have been set up many decades ago, and usually prior to legislative and legal changes, and without an annual cost inflator, often find themselves in a common situation of being overcome by inflation. Assuming the costs for maintenance services, that were fixed decades ago, would still be able to fund the same level of service, is not reasonable. As such, LMDs can find themselves in a situation where their maximum annual assessment is not sufficient to provide the services originally contemplated when created, and therefore become underfunded.

Staff is seeking input for key elements of a policy that governs the City’s procedures regarding LMDs, especially in regard to the position the City will take when faced with underfunded or deficient districts that cannot afford to maintain their improvements. Decisions on these topics are necessary for at least 10 of the City’s LMDs that do not contain authorized inflationary adjustments for their assessments. Other topics that this policy can address include the frequencies of routine services such as landscaping, the prioritization of district and City funds, and the responsibility for funding the costs for administrative items such as balloting and capital projects. Therefore, staff is requesting discussion and direction on the following topics:

1. What position will the City take for underfunded districts that cannot afford to maintain their improvements?
2. What is the process for addressing a district with a negative fund balance?
3. Should LMDs be required to meet a specific reserve fund balance target?
4. Who can request a district to be balloted?
5. What is the internal city-process for approving new rates and who pays for the process?
6. Should district subsidies be allowed or restricted? If subsidies are allowed, should there be requirements for a district to meet prior to receiving them?
7. What happens if a district is polled and chooses not to ballot themselves?

These topics are commonly faced by cities throughout the State when managing LMDs and there are a number of different ways to approach them. For example, some cities follow a specific set of guidelines which governs the process for changing assessment levels, polling residents, and raising or lowering maintenance frequencies. Other cities subsidize their pre-proposition 218 Landscape, Lighting, and Park Districts with the General Fund. Due to the variety of options available, staff is seeking input and direction for the creation of a Maintenance and Funding Policy for Landscape Maintenance Districts within the City of Oxnard to be presented to the City Council for consideration.

Please note that during the Public Works and Transportation Committee Meeting, staff will bring forward the above topics for the Committee Members to discuss. Additionally, draft sections for the policy have been

prepared by staff and are attached to this staff report to assist with the discussion and consideration by the Committee.

STRATEGIC PRIORITIES

This agenda item supports the Infrastructure and Natural Resources strategy. The purpose of the Infrastructure and Natural Resources strategy is to preserve and improve our roads, utilities, parks, trees, water supply and natural resources through effective planning, prioritization, and an equitable and efficient use of available funding.

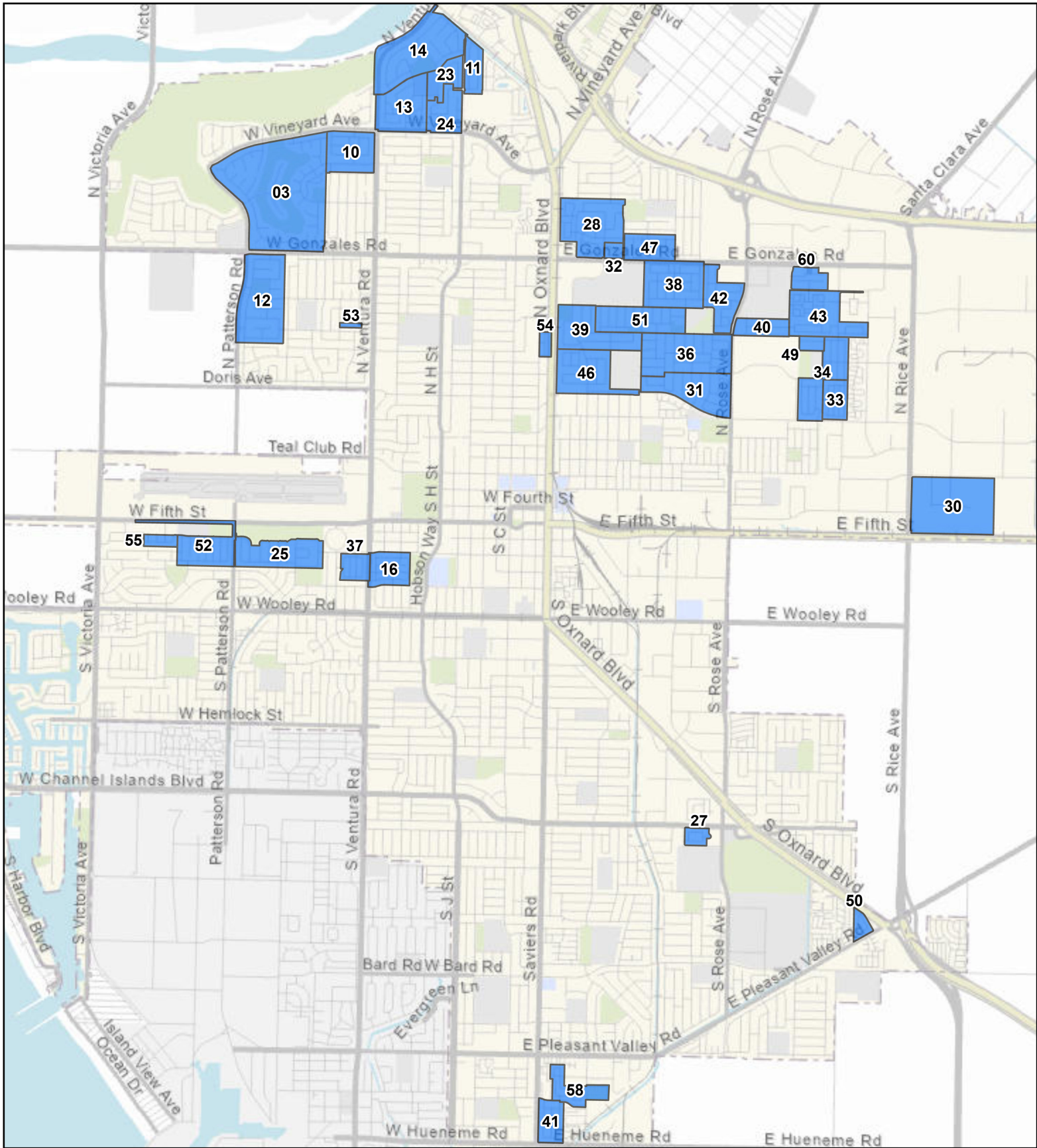
FINANCIAL IMPACT

There is no direct financial impact associated with this action.

Prepared by: Anthony Miller, Special Districts Manager

ATTACHMENTS

1. Sample Policy Text Responses
2. Draft Frequency & Manner of Service
3. Draft Funding Section
4. Draft Polling & Balloting Section
5. Presentation

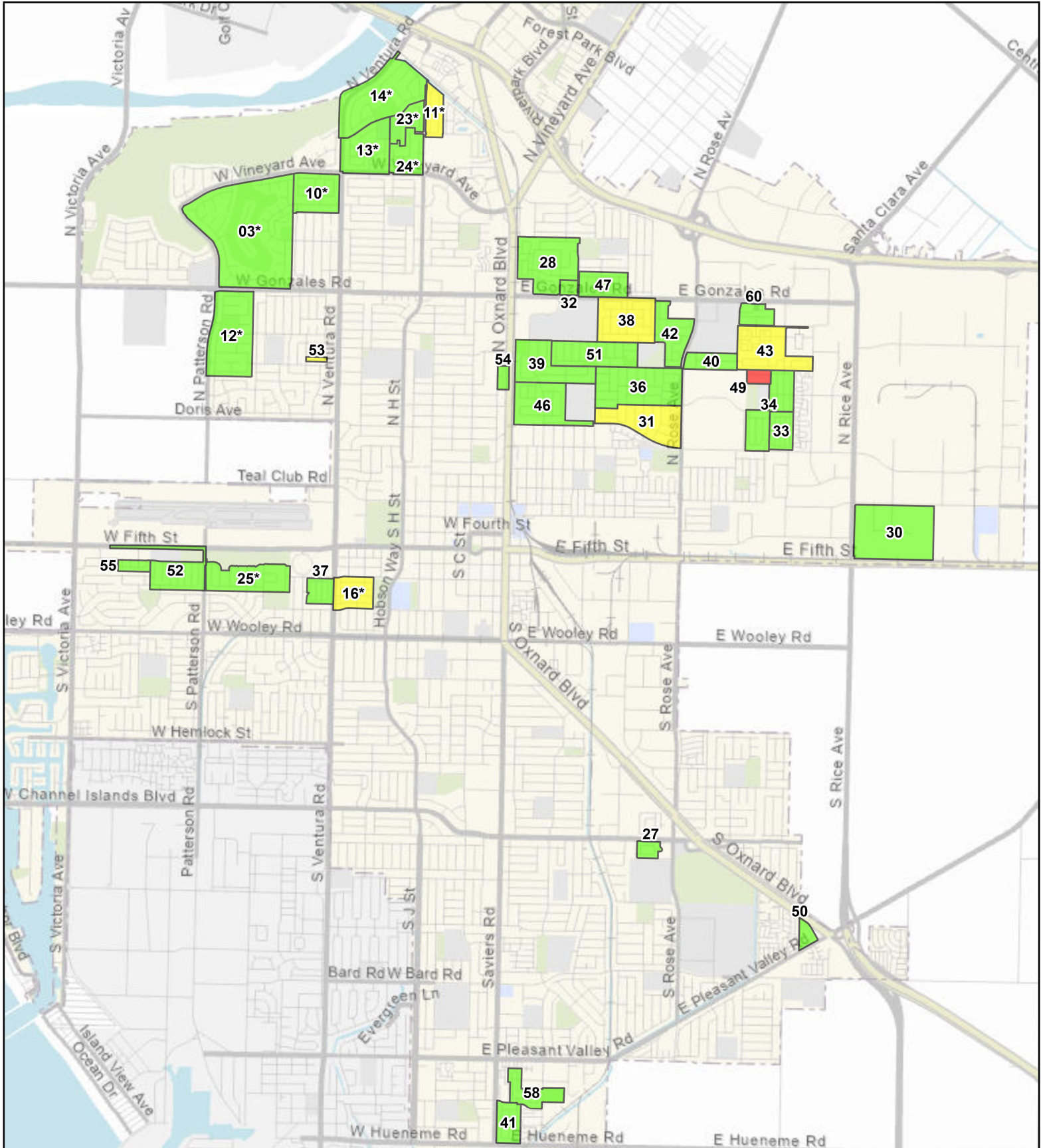


 Landscape Maintenance Districts

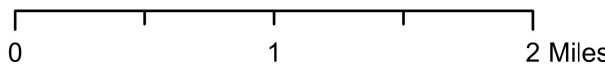
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CITY OF OXNARD LANDSCAPE MAINTENANCE DISTRICTS FUNDING STATUS FY 2024 - 2025



(*) Capped Assessment



Landscape Maintenance Districts

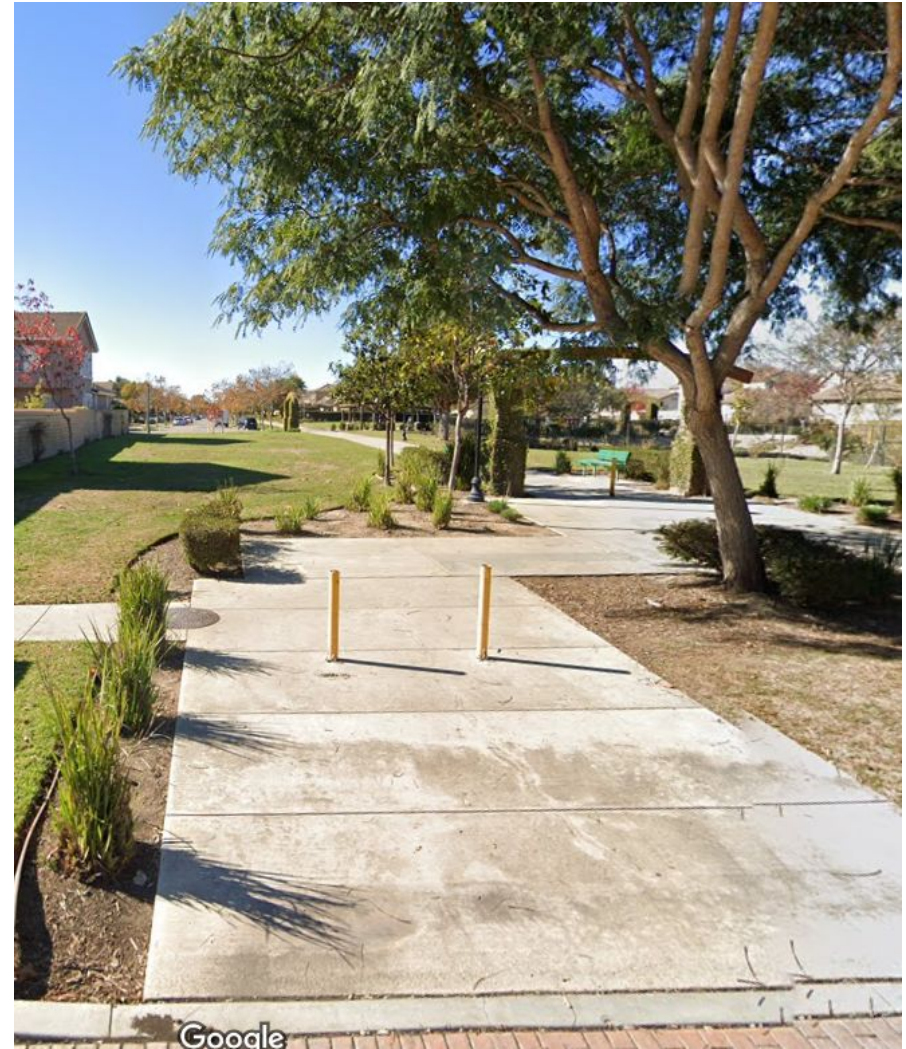


Paseos and Landscapes

General Fund Areas/LMDs Comparison



General Fund Paseo



LMD Paseo



LMD Maintained Items

(within highlighted area)

- Sign
- Turf
- Planters
- Trees
- Irrigation
- Sidewalks

LMD Neighborhood Entrance



**General Fund
Maintained Items**
(within highlighted area)

- Planter (in front of sign only)
- Sidewalks
- All other trees and shrubs are privately maintained

General Fund Neighborhood Entrance

State of California

STREETS AND HIGHWAYS CODE

Section 22569

22569. The estimate of the costs of the improvements for the fiscal year shall contain estimates for all of the following:

(a) The total costs for improvements to be made that year, being the total costs of constructing or installing all proposed improvements and of maintaining and servicing all existing and proposed improvements, including all incidental expenses. This may include a reserve which shall not exceed the estimated costs of maintenance and servicing to December 10 of the fiscal year, or whenever the city expects to receive its apportionment of special assessments and tax collections from the county, whichever is later.

(b) The amount of any surplus or deficit in the improvement fund to be carried over from a previous fiscal year.

(c) The amount of any contributions to be made from sources other than assessments levied pursuant to this part.

(d) The amount, if any, of the annual installment for the fiscal year where the legislative body has ordered an assessment for the estimated cost of any improvements to be levied and collected in annual installments.

(e) The net amount to be assessed upon assessable lands within the assessment district, being the total improvement costs, as referred to in subdivision (a), increased or decreased, as the case may be, by any of the amounts referred to in subdivision (b), (c), or (d).

(Amended by Stats. 1991, Ch. 966, Sec. 15.)

State of California

STREETS AND HIGHWAYS CODE

Section 22660

22660. (a) The legislative body may, by resolution, determine that the estimated cost of any of the proposed improvements described in subdivisions (a) to (d), inclusive, of Section 22525 is greater than can be conveniently raised from a single annual assessment and order that the estimated cost shall be raised by an assessment levied and collected in installments over a period not to exceed five fiscal years.

(b) The legislative body may, by resolution, determine that the estimated cost of the proposed improvements described in Section 22525 is greater than can be conveniently raised from a single annual assessment and order that the estimated cost of those improvements, other than the costs of maintenance and servicing, be raised by an assessment levied and collected in installments over a period not to exceed 30 years.

(c) The resolution adopted pursuant to subdivision (a) or (b) shall generally describe the proposed improvements, set forth the estimated cost thereof, specify the number of annual installments and the fiscal years during which they are to be collected, and fix or determine the maximum amount of each annual installment.

(Amended by Stats. 1988, Ch. 366, Sec. 1. Effective July 14, 1988.)

Draft Maintenance and Funding Policy for Landscape Maintenance Districts.

Public Works and Transportation Committee
March 25, 2025

Anthony Miller
Special Districts Manager

The Public Works and Transportation Committee:

1. Provide final recommendations on the draft policy sections;
and
2. Recommend staff present a Maintenance and Funding Policy for Landscape Maintenance Districts to the City Council for consideration.

- The Special Districts Division, within the Public Works Department, is responsible for the management of the City's bonded assessment districts, landscape maintenance districts ("LMDs"), community facilities districts ("CFDs"), maintenance assessment districts ("MADs"), and waterways assessment districts ("WADs").
- Each of these types of districts is governed by different provisions of state law, which govern the purposes for which they can be formed, basic administrative requirements, and the processes by which their assessments and special taxes can be levied.

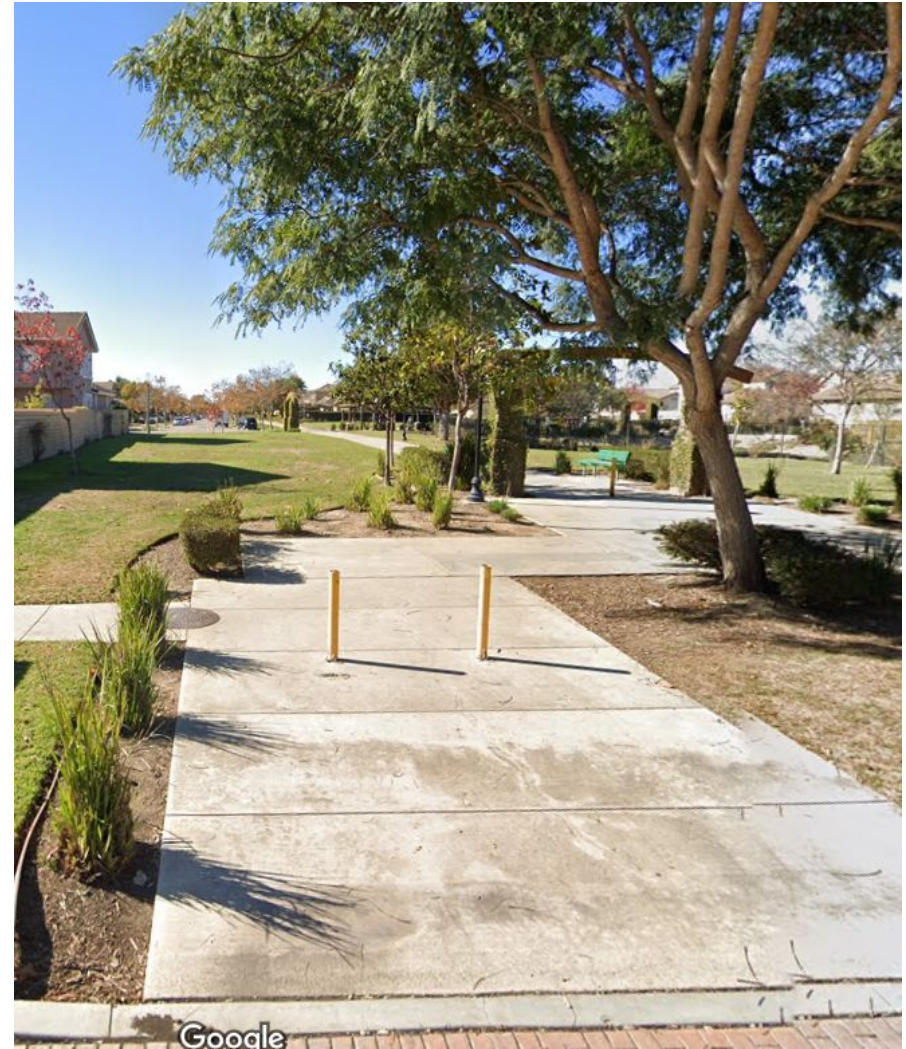
- Out of these various assessment districts, the LMDs were formed under the provisions of the Landscape and Lighting Act of 1972 (Streets and Highways Code Sections 22500 et. seq.) (the “1972 Act”) and must comply with specific management requirements unique to the 1972 Act.

- On February 25th, staff introduced various concepts and draft policy text examples for the Committee to discuss and provide feedback and recommendations.
- While inflation continues and the costs of goods and services increase, having a policy in place will help provide direction to staff to avoid other LMDs from also becoming underfunded or potentially run into a deficit.
- Specific items which required further input have been brought back to the Committee as a part of this report.

- Although the proposed policy will not address the specific impact LMDs have on their neighborhoods or explain their specific function, public comment and committee discussion has showed the value of briefly addressing these topics.
- LMDs exist to provide a direct and special benefit to those who choose to purchase property within its boundaries.
- The additional level of landscaping, amenities, parks, lighting, and/or other authorized improvements within the district that are above and beyond what is generally provided to residents through the typical planning and permitting of non-LMD developments.



General Fund Paseo



LMD Paseo



LMD Maintained Items

(within highlighted area)

- Sign
- Turf
- Planters
- Trees
- Irrigation
- Sidewalks

LMD Neighborhood Entrance



**General Fund
Maintained Items**
(within highlighted area)

- Planter (in front of sign only)
- Sidewalks
- All other trees and shrubs are privately maintained

General Fund Neighborhood Entrance

- Many of the City's LMDs were formed prior to the passing of Proposition 218 in 1996.
- This means that in LMDs formed without an inflator, any future increases in operating expenses for items such as landscape services or utilities cannot be met unless they are able to reduce services or eliminate improvements within that district.
- This specifically means reducing or cancelling services entirely in order to stay within the LMDs funding capacity.

- To put this in terms that may be more familiar, the highest assessed rates within the past 5 years have been broken into a monthly payment to show what an equivalent to a Homeowners Association payment would be with similar improvements.
- This information is shown in Table I within the Staff Report.
- The LMDs highlighted within Table I are specifically at risk for substantial swings in maintenance quality as they become unable to fund their improvements because of inflation and their capped pre-Prop. 218 fixed rates.

- This is already happening in some LMDs where maintenance and operations expenses are exceeding the LMD's capacity to fund them.
- Districts that are classified as “Underfunded” or “Deficient” are indicated within Table 2 in the staff report and on the map included as Attachment 3 to the staff report.
- This information is not meant to determine any ideal assessment amount, but rather illustrate the scope and scale of services provided in comparison to what the highest assessment amounts represent as a portion of each unit's/property's total tax bill.

- Proposition 218, an amendment to the state constitution that was adopted by the voters in 1996, dramatically reduced the City's ability to increase assessment rates in existing LMDs.
- Prior to the adoption of Prop. 218, the City Council could, each year, adopt increases to assessment rates without holding any sort of property-owner "election."
- The LMDs established prior to the adoption of Prop. 218 were approved by the City Council without the concept of a "maximum rate" or an automatic "inflation adjustment."

- At the time these LMDs were established, it was assumed that the rates could be easily adjusted each year to meet increasing or special costs.
- Prop. 218 introduced changes that effectively “moved the goalposts” for communities formed prior to Prop. 218’s passage.
- The City currently has 10 LMDs that were formed prior to the passage of Prop. 218, each of which has a capped assessment. (This list can be found within Table 3 as a part of the staff report.)

- Once Prop. 218 went into effect the currently applied rate for the assessment in connection with each of these “grandfathered” LMDs became the “maximum rate” for the LMD.
- LMDs created after 1996 included a property-owner-approved annual adjustment to the “maximum rate.”
- It is also important to note that the “applied rate” is annually recommended by staff and approved by the City Council and is less than or equal to the “maximum rate.”

- Pursuant to Prop. 218, to change a LMDs “maximum rate” the City must conduct an “assessment mail-ballot proceeding.”
- The purpose of this policy is to address areas where the Streets and Highways Code, Government Code, and Prop. 218 does not provide explicit guidance on the processes and procedures for the City to follow.
- Neither Prop. 218 nor the 1972 Act require that a city conduct any sort of polling or resident outreach prior to preparing an engineer’s report, proposing an assessment, or mailing notices and ballots to property owners.

- Although not required, it makes sense to do outreach or polling prior to beginning the formally required process as there are significant costs associated with preparing an engineer's report and conducting a mail ballot proceeding.
- Staff has dedicated a substantial portion within the draft policy specifying procedures for initiating polling prior to the commencing the steps required by state law for an increase.
- The draft policy will also include procedures for the conduct of the mail balloting required by Prop. 218 in order to set the “ground rules” for a balloting well ahead of the conduct of a balloting.

- Polling and balloting is subsequently the first item requiring consensus from the Committee. The following table includes specific policy text examples that highlight different versions that Committee Members supported. Operative text included from the February 25th discussion is highlighted in yellow. Sections highlighted in orange signify items that staff strongly recommends, even though the Committee did not include these items in the previous discussion.
- The Committee must also note that changes to the text in either column may affect other policy tables that are further along in the discussion. For this reason, staff recommends no significant alterations of either option.

Table 4 - Polling/Balloting	
No Indicated Preference: Committee Chair McArthur	
Supporter(s)	Supporter(s) - None
Committee member Basua Committee member Teran Staff Recommended	This is alternative language from other agencies with LMDs and includes concepts that were discussed but not necessarily recommended by Committee members.
- In the event that a landscape maintenance district is projected to be underfunded or deficient within the next fiscal year, a Proposition 218 ballot procedure may be necessary. Upon following a prioritized list of actions, a property owner-led poll may be initiated to establish the presence of Significant Interest (66% +1 of the survey responses to establish Significant Interest). The following procedure shall be followed to initiate a Proposition 218 ballot proceeding. a. Staff will initiate contact with owners of property within the district with a written letter or other notification regarding the maintenance and servicing of improvements. b. The community may request a meeting, develop a poll, and identify a lead petitioner from within the district to conduct the poll regarding the maintenance and servicing of improvements. The cost of any materials necessary to conduct the poll will be borne solely by the district or its affected property owners.	- In the event that a landscape maintenance district is projected to be underfunded or deficient within the next fiscal year, a Proposition 218 ballot procedure may be necessary. Upon this determination, a property owner-led poll may be initiated to establish the presence of Significant Interest (50% +1 of the survey responses to establish Significant Interest). The following procedure shall be followed to initiate a Proposition 218 ballot proceeding. a. Staff will initiate contact with owners of property within the district with a written letter or through other means as determined within a community outreach plan. b. The community may request a meeting, develop a poll, and identify a lead petitioner from within the district to conduct the poll regarding the maintenance and servicing of improvements. The cost of any materials necessary to conduct the poll will be borne by the City.

Table 4 - Polling/Balloting (Cont.)	
No Indicated Preference:	
Committee Chair McArthur	
Supporter(s)	Supporter(s) - None
Committee member Basua Committee member Teran Staff Recommended	This is alternative language from other agencies with LMDs and includes concepts that were discussed but not necessarily recommended by Committee members.
c. If no lead petitioner is identified and no further interest in polling is conveyed to staff, no polling will be pursued and the following will occur: - Elimination or reduction of specific maintenance services; or - Removal of improvements or expenses via City Council direction. d. If a lead petitioner is identified, affected property owners within the district will be polled, the results of which will be submitted to City staff no more than 30 days from the date the poll is opened. e. After the poll is closed, staff will validate signatures of the affected property owners and determine if the results indicate the establishment of Significant Interest. - If Significant Interest is not established, no ballot proceeding will be pursued, expenses shall be reduced as indicated above. - If Significant Interest is established, the City Council will initiate Proposition 218 proceedings for the affected district.	a. If no lead petitioner is identified and no further interest in polling is conveyed to staff, no polling will be pursued and the following will occur: - Elimination or reduction of specific maintenance services; or - Removal of improvements or expenses via City Council direction. b. If a lead petitioner is identified, affected property owners within the district will be polled, the results of which will be submitted to City staff no more than 30 days from the date the poll is opened. c. After the poll is closed, staff will validate signatures of the affected property owners and determine if the results indicate the establishment of Significant Interest. - If Significant Interest is not established, no ballot proceeding will be pursued, expenses shall be reduced as indicated above. - If Significant Interest is established, the City Council will initiate Proposition 218 proceedings for the affected district.

Table 4 - Polling/Balloting (Cont.)	
No Indicated Preference:	
Committee Chair McArthur	
Supporter(s)	Supporter(s) - None
Committee member Basua Committee member Teran Staff Recommended	This is alternative language from other agencies with LMDs and includes concepts that were discussed but not necessarily recommended by Committee members.
- In the event that a Proposition 218 ballot is pursued, the procedures below will be followed. a. If the ballot proceeding fails and assessments are not changed, the City will assume the cost of the proceedings and reductions in maintenance or removal of improvements from the district will be initiated. b. If balloting fails in any fiscal year, the City will not fund further measures until at least one fiscal year passes since the close of the previous failed ballot, unless otherwise directed by City Council. c. If the ballot proceeding succeeds, the assessment will be changed to the identified rate and the total cost of the proceeding will be borne by the district, to be repaid from the following year's assessment or future assessments as identified in the Prop 218 ballot.	- In the event that a Proposition 218 ballot is pursued, the procedures below will be followed. a. If the ballot proceeding fails and assessments are not changed, the City will assume the cost of the proceedings and reductions in maintenance or removal of improvements from the district will be initiated. b. If balloting fails in any fiscal year, the City will not fund further measures until at least three fiscal years pass since the close of the previous failed ballot, unless otherwise directed by City Council. c. If the ballot proceeding succeeds, the assessment will be changed to the identified rate and the total cost of the proceeding will be borne by the district, to be repaid from the following year's assessment.

- In the event that a LMD has a projected negative fund balance, the proposed policy should provide direction on a process that is allowed under the Streets and Highways Code.
- As defined within Streets and Highways Code, Sections 22656 and 22657, the City may carry over any surplus or deficit within an LMD to the following fiscal year.
- When a deficit is projected, staff noted two competing directions during the previous Committee meeting.
- As with the previous section, highlighted items indicate operative text and staff recommendations.

Table 5 - Funding/LMD Fund Balance Deficit Contributions

Supporter(s)	Supporter(s)
Committee member Basua Committee member Teran Staff Recommended	Committee Chair McArthur
- Aside from contributions to fund general benefits, routine and temporary transfers/allowance of negative balances for cash flow purposes, and contributions for the payment of utilities above and beyond specific utility maximums as defined within a district's Governing Documents, the general subsidy of district expenses by the City should be avoided whenever possible. The City shall endeavor to avoid the general subsidy of any landscape maintenance district from any City funding source that has not been specifically set aside for such purpose by the City Council. Any exception to this policy must be set forth in a resolution of the City Council and shall follow the process established within SHC Section 22657 in which the City Council may 1) authorize a contribution to the LMD or 2) authorize a temporary advance and direct that the advance be repaid from the following year assessment. - In the event that the projected end of year fund balance of a landscape maintenance district shows a deficit within a specific fiscal year, the reduction of services and the levy and collection of the Required Payment at the maximum legally allowable rate shall be prioritized before the City Council is asked to approve a subsidy. In the event that a negative fund balance is still anticipated within a district after these actions are taken, the City Council may approve a loan to the District in question as described above, to be repaid from the following year assessment.	- Aside from contributions to fund general benefits, routine and temporary transfers/allowance of negative balances for cash flow purposes, and contributions for the payment of utilities above and beyond specific utility maximums as defined within a district's Governing Documents, the general subsidy of district expenses by the City should be avoided whenever possible. The City shall endeavor to avoid the general subsidy of any landscape maintenance district from any City funding source that has not been specifically set aside for such purpose by the City Council. In the event that a deficit is projected within a LMD fund at the end of a fiscal year, the City Council may authorize a contribution to the LMD or authorize a temporary advance and direct that the advance be repaid from the following year assessment.

- Continuing within LMD funding questions, this section focuses on LMD reserves and their different types.
- This section speaks specifically to “Operating Reserves,” which are explicitly allowed under Streets and Highways Code Section 22569.
- “Operating Reserves” are differentiated from “Improvement Reserves” in that they are not collected to fund specific projects or improvements, but may be included when calculating a LMD’s assessment.

- The following samples indicate two options to choose from to govern the generation of “Operating Reserves.”
- Both examples presented here comply with the language within Streets and Highways Code Section 22569.
- As with the previous section, highlighted items indicate operative text and staff recommendations.

Table 6 - Funding/Operating Reserve Guidance	
No Indicated Preference: Committee Chair McArthur Committee member Teran	
Supporter(s) Committee member Basua	Supporter(s) Staff Recommended
- In order to ensure that landscape maintenance districts maintain appropriate reserve levels, City staff shall endeavor to ensure that each landscape maintenance district maintains Operating Reserves approximately equal to 25% of its annual operating expenses (excluding expenses funded with “Improvement Reserves” per the Streets and Highways Code.)	- For Fully Funded districts: in order to ensure that landscape maintenance districts maintain appropriate reserve levels, City staff shall ensure through the assessment process that these landscape maintenance districts maintain Operating Reserves no less than 16.6% and not to exceed 47.4% of each district’s annual operating expenses (excluding expenses funded with “Improvement Reserves” per the Streets and Highways Code.) - For Underfunded or Deficient districts: the City staff shall endeavor to ensure that each landscape maintenance district maintains Operating Reserves no less than 16.6% and not to exceed 47.4% of each district’s annual operating expenses (excluding expenses funded with “Improvement Reserves” per the Streets and Highways Code.)

- It should be noted that during the calculation of these reserve amounts, Streets and Highways Code Section 22659 states that any direct payment to an LMD must be factored into the calculation of the following year's assessment.
- This includes instances such as when Mr. Blattel identified that certain sidewalk grinding services should not have been billed to his LMD, the reimbursement of those costs must be factored into the calculation of the following year's assessment, to include any reserve amounts needed for Operating or Improvement purposes.

- The differences between the above sections, while minor, have a substantial impact.
- A lower Operating Reserve percentage can make budgeting for LMDs with capped maximum levies easier as less funds may be needed to be set aside prior to budgeting for regular maintenance and operations.
- This can also be achieved by using specific language, such as specifying a reserve “goal” rather than a “requirement.”

- Separate from operating reserves, LMDs may also hold reserves for specifically identified projects in accordance with Streets and Highways Code Section 22660.
- These “Improvement Reserves,” may be collected over a period not to exceed 5 years.
- This is a very important differentiation as it encourages the City to periodically review projects within the LMDs and their ability to fund longer-term projects. The inability to fund larger projects, even when expenses are spread across a five-year window, may indicate a need for an LMD to be balloted.

- Continuing within the funding category, staff also seeks specific consensus on how to prioritize funding decisions within LMDs when projected expenses exceed revenues and reserves may no longer be sufficient to cover the difference.
- To facilitate this, staff defined two LMD funding states:
 - Underfunded - unable to fund both operating reserves and maintenance operations
 - Deficient - unable to fund operating reserves, maintenance operations, and are projected to end the fiscal year with a fund balance deficit

- Any LMD may move from being fully funded to “Underfunded” in a very short time frame dependent upon the size of their budget, potential mid-year increases in cost (such as a change in landscape contractor), and whether or not Operating and Improvement Reserves are required to be funded.
- Staff is strongly recommending that identifying a maximum assessment as a policy option be included so as not to potentially exclude that tool from future usage if needed.
- As with the previous section, highlighted items indicate operative text and staff recommendations.

Table 7 - Funding/Priorities when Expenses Exceed Revenues	
No Indicated Preference: Committee Chair McArthur	
Supporter(s) Committee member Basua Committee member Teran Staff Recommended	Supporter(s) - None This is alternative language from other agencies with LMDs and includes concepts that were discussed but not necessarily recommended by Committee members.
- Where the cost to provide services exceeds the applied and/or maximum rate, reserves may be used to fund the shortfall or services may be reduced so that costs do not exceed the maximum rate, except for in a landscape maintenance district that is Underfunded or Deficient. If a district is Underfunded or Deficient, then the following methods, in the following specific order of preference, may be taken to bridge the shortfall: a. Use Reserves; b. Notify the Affected Property Owners to determine if there's a significant interest in conducting a ballot proceeding to increase the services (e.g., increase the maximum rate) and if such interest exists, conduct such mail ballot proceeding/special election of the Affected Property Owners; c. Reduce expenses and services specific to the district in question (expenses shared by all districts shall not be considered an appropriate source of reductions); d. Apply a maximum levy; e. Eliminate maintenance services;	- Where the cost to provide services exceeds the applied rate or the maximum rate, reserves may be used to fund the shortfall or services may be reduced so that costs do not exceed the maximum rate, except for in a landscape maintenance district that is Underfunded or Deficient. If a district is Underfunded or Deficient, then the following methods, in no particular order of preference, may be taken to bridge the shortfall: - Use Reserves; - Notify the Affected Property Owners to determine if there's a significant interest in conducting a ballot proceeding to increase the services (e.g., increase the maximum rate) and if such interest exists, conduct such mail ballot proceeding/special election of the Affected Property Owners; - Reduce expenses and services specific to the district in question (expenses shared by all districts shall not be considered an appropriate source of reductions); - Eliminate maintenance services; - Apply a maximum levy;

Table 7 - Funding/Priorities when Expenses Exceed Revenues (Cont.)

No Indicated Preference:

Committee Chair McArthur

Supporter(s)	Supporter(s) - None
Committee member Basua Committee member Teran Staff Recommended	This is alternative language from other agencies with LMDs and includes concepts that were discussed but not necessarily recommended by Committee members.
f. Remove maintenance responsibility of specified improvements from the district by either eliminating district funding or City Council action identifying the areas removed from district responsibility; or g. Other City Council direction.	- Remove maintenance responsibility of specified improvements from the district by either eliminating district funding or via City Council-approved action; or - Other City Council direction.

- The previous policy items signify the remaining items needed for staff to complete a fully defined LMD Maintenance and Funding Policy.
- When consensus is reached on the above items, staff will incorporate this feedback and recommend bringing the full document to City Council for discussion and approval.

- There is no direct financial impact associated with this action.



QUESTIONS