CITY COUNCIL REGULAR MEETING

FEBRUARY 14, 2012
7:00 PM

AGENDA

Melody Carruth, Mayor
Joel Lautenschleger, Mayor Pro Tempore **Barbara Kogerman, Council Member**
Randal Bressette, Council Member **L. Allan Songstad, Jr., Council Member**

Location: City Council Chamber, 24035 El Toro Road, Laguna Hills, California 92653

Any person wishing to address the City Council/Planning Agency on any matter, whether or not it appears on this Agenda, is asked to complete a pink “Request to Speak” form available on the table at the back of the Chamber. The completed form is to be submitted to the City Clerk prior to an individual being heard by the City Council/Planning Agency. Completion of this form is voluntary. All persons may attend the meeting regardless of whether this form is completed.

Members of the public wishing to address the City Council can do so during the Public Comments portion of the Agenda with a time limitation of three minutes per person, an overall time limit of ten minutes for any one subject, and a total time limit of thirty minutes for Public Comments. If you are commenting on an Agenda item, your comments will be heard at the time that item is scheduled on the Agenda. If you are addressing the City Council on an item not listed on the Agenda, the City Council is prohibited by law from discussing or taking any action on that item.

CALL TO ORDER

Resolution No. 96-04-09-1 established rules of decorum for public meetings held by the City of Laguna Hills. Resolution No. 96-04-09-1 is available on the table at the back of the City Council Chamber.

PLEDGE OF ALLEGIANCE: COUNCIL MEMBER BRESSETTE

ROLL CALL OF CITY COUNCIL MEMBERS

1. PRESENTATIONS AND PROCLAMATIONS

1.1 PRESENTATION AND REQUEST FOR FINANCIAL SUPPORT FOR LAGUNA HILLS HIGH SCHOOL PTSA "EVERY FIFTEEN MINUTES" PROGRAM

RECOMMENDATION: THAT THE CITY COUNCIL:

1. RECEIVE A PRESENTATION BY STEFANIE YOSHII, LHHS PTSA CHAIRPERSON, AND KAREN HEFFERNAN, LHHS PTSA PRESIDENT, REGARDING THE "EVERY FIFTEEN MINUTES" PROGRAM AND THEIR REQUEST FOR A DONATION TO THE LHHS PTSA IN THE AMOUNT OF $2,500 TO HELP UNDERWRITE THE COST OF THE PROGRAM; AND

2. PROVIDE STAFF WITH DIRECTION REGARDING THE PREPARATION OF AN AUTHORIZING RESOLUTION FOR COMMUNITY ASSISTANCE FUNDING IN THE AMOUNT DETERMINED BY THE CITY COUNCIL.

2. PUBLIC COMMENTS

This is the time to address the City Council on any matter not listed on this Agenda that is within the subject matter jurisdiction of the City Council. Public Comments are limited to three minutes per person, an overall time limit of ten minutes for any one subject, and a total time limit of thirty minutes.

2.1 LAGUNA HILLS HIGH SCHOOL STUDENT LIAISON

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AN ORAL REPORT FROM LAGUNA HILLS HIGH SCHOOL STUDENT LIAISON JEENA BONUTTO.

3. MINUTES

3.1 REGULAR MEETING, JANUARY 24, 2012

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE MINUTES OF THE JANUARY 24, 2012, REGULAR MEETING.

4. CONSENT CALENDAR

All matters listed under “CONSENT CALENDAR” are considered to be routine and will be enacted by one motion approving the recommendation listed on the Agenda. There will be no separate discussion unless Members of the City Council or Staff request specific items be removed from the Consent Calendar.

4.1 MOTION TO APPROVE THE READING BY TITLE OF ALL ORDINANCES AND RESOLUTIONS, SAID TITLES, WHICH APPEAR ON THE PUBLIC AGENDA, SHALL BE DETERMINED TO HAVE BEEN READ BY TITLE AND FURTHER READING WAIVED

RECOMMENDATION: THAT THE CITY COUNCIL WAIVE READING OF ORDINANCES AND RESOLUTIONS.

4.2 APPROVAL OF WARRANT REGISTER FOR PERIOD ENDING FEBRUARY 14, 2012

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE WARRANT REGISTER IN THE AMOUNT OF $296,583.43.

4.3 SECOND QUARTER FINANCIAL AND TREASURER'S REPORT (FY2011/12)

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THE SECOND QUARTER FINANCIAL AND TREASURER'S REPORT FOR FY2011/12.

4.4 ESTABLISHMENT OF NO PARKING ANYTIME ZONES ON PLAZA POINTE DRIVE

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ESTABLISHING NO PARKING ANYTIME ZONES ON PLAZA POINTE DRIVE AT MULTIPLE LOCATIONS AS DESCRIBED.

4.5 ESTABLISHMENT OF NO PARKING ANYTIME ZONE ON SANTA VITTORIA DRIVE AND CAMINITO CRUZ

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ESTABLISHING A NO PARKING ANYTIME ZONE ON THE WEST SIDE OF SANTA VITTORIA DRIVE FROM 40 FEET SOUTH OF CAMINITO CRUZ TO 40 FEET NORTH OF CAMINITO CRUZ.

4.6 EMPLOYER-EMPLOYEE RELATIONS RESOLUTION

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, IMPLEMENTING CHAPTER 10, DIVISION 4, TITLE 1 OF THE GOVERNMENT CODE OF THE STATE OF CALIFORNIA RELATIVE TO EMPLOYER-EMPLOYEE RELATIONS.

4.7 COMMUNITY BULLETIN BOARD AT COMMUNITY CENTER

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THE REPORT.

ITEMS REMOVED FROM THE CONSENT CALENDAR

5. PLANNING AGENCY

5.1 ROLL CALL OF PLANNING AGENCY MEMBERS

5.2 PUBLIC COMMENTS

This is the time to address the Planning Agency on any matter not listed on this Agenda that is within the subject matter jurisdiction of the Planning Agency. Public Comments are limited to three minutes per person, an overall time limit of ten minutes for any one subject, and a total time limit of thirty minutes.

5.3 MINUTES

5.3.1 REGULAR MEETING, JANUARY 24, 2012

RECOMMENDATION: THAT THE PLANNING AGENCY APPROVE THE MINUTES OF THE JANUARY 24, 2012, REGULAR MEETING.

5.4 PLANNING AGENCY PUBLIC HEARINGS

PLANNING AGENCY ADJOURNMENT

PUBLIC IMPROVEMENT CORPORATION

ROLL CALL OF PUBLIC IMPROVEMENT CORPORATION

5.5 ELECTION OF PUBLIC IMPROVEMENT CORPORATION OFFICERS

RECOMMENDATION: THAT THE BOARD OF DIRECTORS ADOPT A RESOLUTION ENTITLED:

A RESOLUTION OF THE LAGUNA HILLS PUBLIC IMPROVEMENT CORPORATION, LAGUNA HILLS, CALIFORNIA, ELECTING OFFICERS FOR 2012.

5.6 MINUTES OF FEBRUARY 8, 2011, ANNUAL MEETING

RECOMMENDATION: THAT THE BOARD OF DIRECTORS APPROVE THE MINUTES OF THE FEBRUARY 8, 2011, ANNUAL MEETING.

PUBLIC IMPROVEMENT CORPORATION ADJOURNMENT

6. CITY COUNCIL PUBLIC HEARINGS

7. ADMINISTRATIVE REPORTS

7.1 City Manager

7.2 Public Services Director

7.2.1 MANDEVILLE DRIVE PERMIT PARKING ZONE

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THE REPORT.

8. MATTERS AGENDIZED AND PRESENTED BY CITY COUNCIL MEMBERS AND MAYOR

8.1 COUNCIL MEMBER SONGSTAD

8.1.1 CALIFORNIA FORWARD BALLOT MEASURE "THE GOVERNMENT PERFORMANCE AND ACCOUNTABILITY ACT"

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THE REPORT.

9. CITY COUNCIL MEMBER COMMENTS

10. CLOSED SESSION

The City Council shall convene in Closed Session, in the City Hall Conference Room, to consider the following matters:

10.1 CONFERENCE WITH LABOR NEGOTIATOR (CONTINUED)

Pursuant to Government Code Section 54957.6
Agency Negotiator: Daniel C. Cassidy, Special Labor Counsel
Unrepresented Employee: City Manager
Under Negotiation: Terms and conditions of employment

10.2 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to subdivision (a) of Government Code Section 54956.9
Name of Case: City of Laguna Hills v. Moreland Development Company, et al.; Case No. 30-2011 00517430.

10.3 CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8

Property: A portion of the open space parcel located at the corner of Moulton Parkway and La Paz Road in the City of Laguna Hills, identified more particularly as Parcel 1 of Parcel Map No. 2009-134 consisting of a subdivided portion (3.365 acres) of Lot "A" of Tract No. 11237; a portion of Assessor's Parcel No. 625-221-03.

Agency Negotiators: Bruce E. Channing, City Manager, and Donald J. White, Assistant City Manager.
Negotiating Parties: City of Laguna Hills and Vintage Capital Real Estate Investment Partners, LLC, and its agents Fred C. Sands and Ken Hocker.
Under Negotiation: Price and terms of payment for sale.

Reconvene in regular session in the City Council Chamber.

Report on whether any reportable action was taken on matters considered during Closed Session

ADJOURNMENT

The next Regular Meeting of the City Council will be February 28, 2012, at 7:00 PM, in the City Council Chamber, located at 24035 El Toro Road, Laguna Hills, California.

CERTIFICATION

I, PEGGY J. JOHNS, City Clerk of the City of Laguna Hills, do hereby certify that a copy of the foregoing Agenda was posted at Laguna Hills City Hall, Laguna Hills Community Center, and La Paz Center by February 10, 2012, at 5:00 PM.

Peggy J. Johns

PEGGY J. JOHNS, CITY CLERK

February 10, 2012
DATE

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, you should contact the office of the City

***Clerk at (949) 707-2635. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to assure accessibility to this meeting*.**

Materials related to an item on this Agenda submitted to the City Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office at 24035 El Toro Road, Laguna Hills, California, during normal business hours.

CITY OF LAGUNA HILLS

AGENDA REPORT
CITY CLERK'S DEPARTMENT

ISSUE: **PRESENTATION AND REQUEST FOR FINANCIAL SUPPORT FOR LAGUNA HILLS HIGH SCHOOL PTSA "EVERY FIFTEEN MINUTES" PROGRAM**

SUMMARY:

Every two years the Laguna Hills High School PTSA presents a two-day program held on campus which focuses on junior and senior high school students to challenge them to think about the dangers associated with drinking and driving. The program is designed to bring together a broad coalition of interested local agencies, with the goal of reducing alcohol-related incidents among our youth.

This statewide effort is funded in part by a State of California grant. Although the PTSA has been approved to receive reimbursements allowed by the grant, this year they are again seeking community partners to assist with other program-related expenses which are not covered by the grant.

In December 2009, the City Council adopted Resolution No. 2009-12-08-2 which identified that the expenditure would be used for a public purpose within the jurisdiction and authorized Community Assistance Funding in the amount of $2,500 for the 2010 Laguna Hills High School PTSA, "Every Fifteen Minutes" Program.

RECOMMENDATION: THAT THE CITY COUNCIL: (1) RECEIVE A PRESENTATION BY STEFANIE YOSHII, LHHS PTSA CHAIRPERSON, AND KAREN HEFFERNAN, LHHS PTSA PRESIDENT, REGARDING THE "EVERY FIFTEEN MINUTES" PROGRAM AND THEIR REQUEST FOR A DONATION TO THE LHHS PTSA IN THE AMOUNT OF $2,500 TO HELP UNDERWRITE THE COST OF THE PROGRAM; AND (2) PROVIDE STAFF WITH DIRECTION REGARDING THE PREPARATION OF AN AUTHORIZING RESOLUTION FOR COMMUNITY ASSISTANCE FUNDING IN THE AMOUNT DETERMINED BY THE CITY COUNCIL.

CITY OF LAGUNA HILLS, CALIFORNIA
CITY COUNCIL REGULAR MEETING
MINUTES
JANUARY 24, 2012

CALL TO ORDER

Mayor Carruth called the Regular Meeting of the City Council of the City of Laguna Hills, California, to order at 7:00 PM in the Laguna Hills City Council Chamber, 24035 El Toro Road, Laguna Hills.

PLEDGE OF ALLEGIANCE: Mayor Pro Tempore Lautenschleger

ROLL CALL OF CITY COUNCIL MEMBERS

Present: Mayor Carruth, Mayor Pro Tempore Lautenschleger, Council Member Bressette, Council Member Kogerman, and Council Member Songstad

1. PRESENTATIONS AND PROCLAMATIONS

1.1 CERTIFICATE OF RECOGNITION, KYLIE WEST, LAGUNA HILLS HIGH SCHOOL STUDENT LIAISON FOR THE FALL 2011 SEMESTER

MAYOR CARRUTH PRESENTED A CERTIFICATE TO KYLIE WEST RECOGNIZING HER SERVICES AS THE LAGUNA HILLS HIGH SCHOOL LIAISON.

1.2 APPOINTMENT OF LAGUNA HILLS HIGH SCHOOL STUDENT LIAISON JEENA BONUTTO AND STUDENT LIAISON ALTERNATE ADAM WONG FOR THE SPRING 2012 SEMESTER

THE CITY CLERK ISSUED OATHS OF OFFICE TO LAGUNA HILLS HIGH SCHOOL STUDENT LIAISON JEENA BONUTTO AND STUDENT LIAISON ALTERNATE ADAM WONG AND MAYOR CARRUTH PRESENTED CERTIFICATES OF APPOINTMENT.

2. PUBLIC COMMENTS

2.1 LAGUNA HILLS HIGH SCHOOL STUDENT LIAISON

THE CITY COUNCIL RECEIVED AN ORAL REPORT FROM LAGUNA HILLS HIGH SCHOOL STUDENT LIAISON JEENA BONUTTO.

3. MINUTES

3.1 REGULAR MEETING, JANUARY 10, 2012

MOTION TO APPROVE THE MINUTES OF THE JANUARY 10, 2012, REGULAR MEETING, BY M/COUNCIL MEMBER SONGSTAD, S/MAYOR PRO TEMPORE LAUTENSCHLEGER.
APPROVED BY A VOTE OF 5-0.

4. CONSENT CALENDAR

MOTION TO APPROVE THE CONSENT CALENDAR, BY M/COUNCIL MEMBER KOGERMAN, S/MAYOR PRO TEMPORE LAUTENSCHLEGER.
APPROVED BY A VOTE OF 5-0.

4.1 MOTION TO APPROVE THE READING BY TITLE OF ALL ORDINANCES AND RESOLUTIONS, SAID TITLES, WHICH APPEAR ON THE PUBLIC AGENDA, SHALL BE DETERMINED TO HAVE BEEN READ BY TITLE AND FURTHER READING WAIVED

THE CITY COUNCIL WAIVED READING OF ORDINANCE AND RESOLUTIONS.

4.2 APPROVAL OF WARRANT REGISTER FOR PERIOD ENDED JANUARY 24, 2012

THE CITY COUNCIL APPROVED THE WARRANT REGISTER IN THE AMOUNT OF $1,193,088.30.

4.3 PROGRESS PAYMENT NO. 3, FINAL, FOR ENERGY EFFICIENCY PROJECT, CIP NO. 515

THE CITY COUNCIL APPROVED PROGRESS PAYMENT NO. 3, FINAL, IN THE NET AMOUNT OF $16,584.12, TO ROBERT D. GOSNEY CONSTRUCTION, FOR ENERGY EFFICIENCY PROJECT, CIP NO. 515, AND AUTHORIZE THE FILING OF THE NOTICE OF COMPLETION AND SUBSEQUENT RELEASE OF RETENTION IN 35 DAYS, IF NO LIENS HAD BEEN FILED.

4.4 PROGRESS PAYMENT NO. 10 FOR LA PAZ ROAD WIDENING AT I-5 IMPROVEMENT PROJECT, CIP NO. 159

THE CITY COUNCIL APPROVED PROGRESS PAYMENT NO. 10, IN THE NET AMOUNT OF $170,208.30, TO SEMA CONSTRUCTION, INC., FOR THE LA PAZ ROAD WIDENING AT I-5 IMPROVEMENT PROJECT, CIP NO. 159

4.5 CABOT-CAMINO CAPISTRANO BRIDGE PROJECT

THE CITY COUNCIL RECEIVED AND FILED THE REPORT.

4.6 ONE YEAR EXTENSION OF THE JOINT RECREATION MAINTENANCE AND OPERATION AGREEMENT WITH THE SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT FOR USE OF THE UPPER HIGH SCHOOL FIELD

THE CITY COUNCIL AUTHORIZED THE CITY MANAGER TO EXTEND THE JOINT RECREATION MAINTENANCE AND OPERATION AGREEMENT WITH THE SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT FOR ONE YEAR.

4.7 PROGRESS PAYMENT NO. 3 FOR AVENIDA DE LA CARLOTA WIDENING PROJECT, CIP NO. 164

THE CITY COUNCIL APPROVED PROGRESS PAYMENT NO. 3, IN THE NET AMOUNT OF $67,437.36, TO HILLCREST CONTRACTING, INC., FOR THE AVENIDA DE LA CARLOTA WIDENING PROJECT, CIP NO. 164

4.8 EMPLOYER-EMPLOYEE RELATIONS

THE CITY COUNCIL REVIEWED THE DRAFT EMPLOYER-EMPLOYEE RELATIONS RESOLUTION AND AUTHORIZED THE CITY MANAGER TO CONSULT WITH THE ASSOCIATION REGARDING THE EMPLOYER-EMPLOYEE RELATIONS RESOLUTION.

5. PLANNING AGENCY

Mayor Carruth recessed the City Council meeting and acting in the capacity of Chair, called the regular meeting of the Planning Agency of the City of Laguna Hills, California, to order at 7:11 PM.

5.1 ROLL CALL OF PLANNING AGENCY MEMBERS

Present: Chair Carruth, Vice Chair Lautenschleger, Agency Member Bressette, Agency Member Kogerman, and Agency Member Songstad

5.2 PUBLIC COMMENTS

There were no Public Comments.

5.3 MINUTES

5.3.1 REGULAR MEETING, JANUARY 10, 2012

MOTION TO APPROVE THE MINUTES OF THE JANUARY 10, 2012, REGULAR MEETING AS REFERENCED IN THE CITY COUNCIL MINUTES, BEGINNING ON PAGE 3, BY M/AGENCY MEMBER SONGSTAD, S/AGENCY MEMBER BRESSETTE.
APPROVED BY A VOTE OF 5-0.

5.4 PLANNING AGENCY PUBLIC HEARINGS

There were no Public Hearings.

5.5 ADMINISTRATIVE REPORTS

5.5.1 PRELIMINARY REPORT ON A REQUEST BY VINTAGE PROPERTY GROUP TO REMODEL AND EXPAND THE MOULTON LA PAZ SHOPPING CENTER AT 26534-26562 MOULTON PARKWAY

Vice Chair Lautenschleger recused himself from the dias and left the meeting.

Jerry Garner, Vintage Property Group representative, spoke on the remodel and expansion of the Moulton La Paz Shopping Center and answered questions of the Planning Agency.

THE PLANNING AGENCY RECEIVED A PRESENTATION FROM COMMUNITY DEVELOPMENT DIRECTOR CHANTARANGSU AND PROVIDED STAFF WITH FEEDBACK ON THIS PROJECT.

Vice Chair Lautenschleger returned to the meeting.

PLANNING AGENCY ADJOURNMENT

Mayor Carruth reconvened the City Council meeting at 7:44 PM. All Council Members were present.

6. CITY COUNCIL PUBLIC HEARINGS

There were no Public Hearings.

7. ADMINISTRATIVE REPORTS

7.1 City Manager

The City Manager made no reports.

7.2 Deputy City Manager/Community Services

7.2.1 VOLUNTEER CONNECTION DAY 2012

THE CITY COUNCIL DIRECTED STAFF TO ADOPT THE LIST OF PROPOSED PROJECTS FOR THIS EVENT; TO INCORPORATE THE USE OF THE WYLAND CLEAN WATER MOBILE LEARNING CENTER; CHANGE THE NAME OF THE EVENT FROM VOLUNTEER CONNECTION DAY TO EARTH DAY LAGUNA HILLS; AND INCORPORATE THOSE SUGGESTIONS AS INDICATED BY MAYOR PRO TEMPORE LAUTENSCHLEGER REGARDING TRAIL CLEAN-UP LOCATIONS, BY M/COUNCIL MEMBER BRESSETTE, S/MAYOR PRO TEMPORE LAUTENSCHLEGER.
APPROVED BY A VOTE OF 5-0.

8. MATTERS AGENDIZED AND PRESENTED BY CITY COUNCIL MEMBERS AND MAYOR

There were no matters agendized and presented by City Council Members and Mayor.

9. CITY COUNCIL MEMBER COMMENTS

MAYOR PRO TEMPORE LAUTENSCHLEGER

Mayor Pro Tempore Lautenschleger indicated he attended the Vector Control meeting and handed out literature to City Council Members regarding the latest threat of Flea-Borne Typhus.

MAYOR CARRUTH

Mayor Carruth asked if the City would be compensated for the railing, trees, and landscape that was removed from the corner of Oso Parkway and Cabot Road.

Public Works Director/City Engineer Rosenfield indicated the City would not be directly compensated for that effort, but stated that CalTrans had committed to attempt to include some improvements on that corner with a future project. Mr. Rosenfield indicated that the City would receive a small compensation from the County of Orange, which would be enough to cover the City's cost for re-landscaping that corner.

Mayor Carruth thanked City Manager Channing for representing the City of Laguna Hills at the Sex Offender Policy Discussion Forum that was held last week. Mayor Carruth indicated that she and Mayor Pro Tempore Lautenschleger also attended the forum.

COUNCIL MEMBER SONGSTAD

Council Member Songstad reported on his attendance at the League of California Cities Revenue and Taxation Policy Committee.

COUNCIL MEMBER KOGERMAN

Council Member Kogerman indicated she had safety concerns regarding the exit off ramp at Oso Parkway and Cabot Road.

Mr. Rosenfield indicated that CalTrans was notified about the City's concerns and indicated CalTrans had done a safety review of the location and concluded that the signing and striping of that exit was appropriate. Mr. Rosenfield indicated that the City would continue to monitor the location.

Council Member Kogerman spoke on the Cabot-Camino Bridge Project and recommended that the three Homeowners Associations in Moulton Ranch and the Nellie Gail Ranch Owners Association be notified when the project begins.

10. CLOSED SESSION

Mayor Carruth recessed the meeting into Closed Session at 8:27 PM.

10.1 CONFERENCE WITH LABOR NEGOTIATOR (CONTINUED)

Pursuant to Government Code Section 54957.6
Agency Negotiator: Daniel C. Cassidy, Special Labor Counsel
Unrepresented Employee: City Manager
Under Negotiation: Terms and conditions of employment

10.2 PUBLIC EMPLOYEE PERFORMANCE EVALUATION (CONTINUED)

Pursuant to Government Code Section 54957(b)(1)
Public Employee Title: City Manager - Annual Performance Evaluation

Mayor Carruth reconvened the meeting at 10:15 PM. All Council Members were present.

There was no reportable action taken in Closed Session.

ADJOURNMENT

There being no further business before the City Council at this session, Mayor Carruth declared the meeting adjourned at 10:15 PM.

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PEGGY J. JOHNS, CITY CLERK

ATTEST:

____
MELODY CARRUTH, MAYOR

APPROVED AT MEETING OF __________________________

CITY OF LAGUNA HILLS

AGENDA REPORT
ADMINISTRATIVE SERVICES DEPARTMENT

ISSUE: **APPROVAL OF WARRANT REGISTER FOR PERIOD ENDED FEBRUARY 14, 2012.**

SUMMARY:

In accordance with Government Code Section 37202, the Finance Manager prepares the attached warrant register, which reflects the disbursements of the City of Laguna Hills for the period reported thereon. The Assistant City Manager certifies that funds are available for the payment thereof. These warrants are hereby submitted to the City Council for approval of payment.

Prepared by:

JANICE MATEO REYES
Finance Manager

Certified:

DONALD J. WHITE
Assistant City Manager

2-8-12
DATE

FISCAL IMPACT:

The warrant register total is $ 296,583.43

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE WARRANT REGISTER IN THE AMOUNT OF $ 296,583.43.

ATTACHMENTS:

1. **Warrant Register**

WarrantCoverModified-DW JMRFinance MGR-prepared

CITY OF LAGUNA HILLS
WARRANT REGISTER
February 14, 2012

VENDOR	DESCRIPTION	CHECK NO.	AMOUNT
PREPAID WARRANTS:			
ACE BUSINESS MACHINES, INC.	*Office Supplies, Jan '12*	8802686	$ 192.62
ALICEA, MIA	*Contract Instructor Fee, Dancing Winter Session, Community Services*	8802709	8,444.10
AT&T	*Communication Expense, Administrative Services Fax Line, Jan '12*	8802687	84.77
AT&T- CALNET 2	*Communication Expense, Alarm System, 2-Way Line, Switchboard, Modem, T-1 Line and Traffic Control, Jan '12*	8802689	2,117.85
AT&T MOBILITY	*Wireless Service, Jan '12*	8802712	60.92
AU-YEUNG, MELISSA	*Travel Advance, Administrative Services, Feb '12*	8802690	225.00
CA-HI-NV DISTRICT EXCHANGE	*Meeting Expense, Feb '12*	8802676	35.00
CHEVRON	*Vehicle Fuel, Jan '12*	8802724-28	2,107.88
ECHEVARRIA, LUCY	*Mileage Reimbursement, Community Services, Oct - Dec '11*	8802691	85.68
EL TORO WATER DISTRICT	*Water Usage, Parks, Dec '11*	8802692	8,855.04
EVERBANK COMMERCIAL FINANCE	*Lease - Copier, City Hall, Jan '12*	8802693	221.04
FEDERAL EXPRESS CORPORATION	*Delivery Services, Dec '11*	8802738	114.69
GRC ASSOCIATES, INC.	*Professional Fees, Aliso Meadows Rehabilitation Project, Nov '11 - Jan '12*	8802706	5,175.00
IRVINE RANCH WATER DISTRICT	*Water Usage, Parks, Dec '11*	8802677	114.83
JAVED, HUMZA	*Mileage Reimbursement, Public Works, Dec '11*	8802678	11.22
MOBILE MINI, INC.	*Storage Rental Fee, Community Services, Jan '12*	8802694	82.97
MOLLOY, JULIE	*Mileage Reimbursement, Planning, Dec '11 - Jan '12*	8802695	37.28
NELLIE GAIL RANCH OWNERS' ASSN	*Coyote Control Program*	8802696	1,250.00
RALPHS GROCERY COMPANY	*Program Supplies, Community Services, Dec '11*	8802697	104.40
REFUND, COMMUNITY SVCS PROGRAM	*A. Johnson, V# 2002269.002*	8802679	65.00
REFUND, FACILITY RENTAL DEPOSIT	*J. Maiocchi, V# 2002261.002*	8802680	500.00
REFUND, FACILITY RENTAL DEPOSIT	*R. Tayag, V# 2002239.002*	8802681	391.50
REFUND, FACILITY RENTAL DEPOSIT	*Chabad Center, V# 2002245.002*	8802698	27.50
REFUND, FACILITY RENTAL DEPOSIT	*Southern California Edison, V# 2002203.002*	8802699	250.00

VENDOR	DESCRIPTION	CHECK NO.	AMOUNT
REFUND, FACILITY RENTAL DEPOSIT	*A. Tsujiuchi, V# 2002279.002*	8802700	250.00
REYES, JANICE MATEO	*Mileage Reimbursement, Administrative Services, Jan '12*	8802762	148.74
SADDLEBACK FAMILY & URGENT CARE	*Pre-employment Physicals, Dec '11*	8802701	70.00
SAN DIEGO GAS & ELECTRIC	*Electric Usage, Street Lights and Traffic Control, Dec '11*	8802682	8,605.89
SAN DIEGO GAS & ELECTRIC	*Electric Usage, Community Center, Traffic Control and Street Lights, Dec '11*	8802702	11,669.10
SMART & FINAL	*Program Supplies, Community Services and Office Supplies, City Hall, Nov - Dec '11*	8802683	671.46
SOUTHERN CALIFORNIA EDISON	*Electric Usage, Street Lights and Traffic Control, Dec '11*	8802684	9,036.06
SOUTHERN CALIFORNIA EDISON	*Electric Usage, Traffic Control, Dec '11*	8802703	569.62
SOUTHERN CALIFORNIA EDISON	*Electric Usage, Street Lights and Traffic Control, Dec '11*	8802765	1,596.93
SPRINT	*Communication Expense, Community Services, Dec '11*	8802685	143.31
TARGET STORES	*Program Supplies, Community Services, Dec '11*	8802704	54.72
TOTALFUNDS BY HASLER	*Postage, Meter Replenishment, Jan '12*	8802705	1,000.00
U.S. POSTAL SERVICE	*Postage, Community Mailing, La Paz Widening @ I-5 Project CIP # 159*	8802774	463.75
WHITE, DONALD	*Travel Advance, Administrative Services, Feb '12*	8802707	225.00
	Total Prepaid Warrants:		**$ 65,058.87**
REGULAR WARRANTS:			
A. C. LANDSCAPE, INC.	*Water Management Services, Irrigation Repairs, Jan '12*	8802708	$ 4,720.47
ALL CITY MANAGEMENT, INC.	*Crossing Guard Services, 01/01/12 - 01/14/12*	8802710	3,078.00
ASSOCIATION OF CA CITIES -OC	*Meeting Expense, Administrative Services, Jan '12*	8802711	180.00
ATHALYE CONSULTING ENGINEERING	*Professional Fees, La Paz Widening @ I-5 CIP # 159*	8802713	37,762.75
BANK OF NEW YORK, THE	*Trust Administration Fee, 2010 Certificates of Participation, Jan '12 - Dec '12*	8802714	1,855.00
BRAME, MARILYN	*Contract Instructor Fee, Drawing Winter Session, Community Services*	8802715	252.00
BUREAU VERITAS NORTH AMERICA	*Professional Fees, El Toro Rd @ Carlota Street Improvements CIP # 164 and On-Call Inspections, Dec '11*	8802716	21,760.00
C&D ELECTRIC, INC.	*Lighting Repairs and Inspections, Parks, Jan '12*	8802717	355.28

VENDOR	DESCRIPTION	CHECK NO.	AMOUNT
CA BUILDINGS STANDARD COMMISSION	*Remittance, Building Fees Collected, Oct - Dec '11*	8802718	642.60
CALIFORNIA OFFICE SYSTEMS	*Usage - Copier, Community Center, Jan '12*	8802719	252.05
CALIFORNIA YELLOW CAB	*Dial-a-Taxi, Senior Transportation Program, Dec '11*	8802720	480.00
CARL WARREN & COMPANY	*Processing Fee, Small Claims, Apr - Dec '11*	8802721	1,460.04
CDW GOVERNMENT, INC.	*Computer Software, Community Development and Supplies, Police Services, Jan '12*	8802722	1,680.46
CHARLES ABBOTT ASSOCIATES, INC.	*Professional Fees, Plan Checking and Building & Safety Services, Dec '11*	8802723	7,057.24
CODE PUBLISHING COMPANY, INC.	*Online Municipal Code Update, City Clerk, Jan '12*	8802729	107.25
COMMERCIAL DOOR OF OC, INC.	*Park Maintenance, Snack Bar, Cabot Park, Jan '12*	8802730	2,797.81
COMPLETE OFFICE OF CALIFORNIA	*Office Supplies, Community Center, Jan '12*	8802731	155.95
COSTCO WHOLESALE	*Membership, Community Services, 2012*	8802732	110.00
COUNTY OF ORANGE\PF&RD	*Remittance, CARITS & Moulton Pkwy Fees Collected, Oct - Dec '11*	8802733	15,535.35
DELL COMPUTER CORPORATION	*Computer Hardware, Community Services, Jan '12*	8802734	1,227.87
DEPARTMENT OF CONSERVATION	*Remittance, SMIP Fees Collected, Oct - Dec '11*	8802735	620.90
DUNBAR ARMORED, INC.	*Courier Fee, Armored Transport, Jan '12*	8802736	351.65
ELKINS, CHRISTINA	*Contract Instructor Fee, Dancing Winter Session, Community Services*	8802737	274.40
GOVPARTNER	*Hosting Fees, Request Partner, Jan '12*	8802739	500.00
GREEN MART, INC.	*Operating Supplies, Parks, Jan '12*	8802740	818.90
GREENSPAN, FRANCES	*Contract Instructor Fee, How to Sell on eBay Winter Session, Community Services*	8802741	206.50
HARTZOG & CRABILL, INC.	*Professional Fees, Traffic Engineering and Signal Operations, Dec '11 - Jan '12*	8802742	7,615.70
JAMEY CLARK, INC.	*Miscellaneous Park Repairs and Graffiti Removal, Jan '12*	8802743	792.23
JOE A. GONSALVES & SON	*Professional Fees, Legislative Services, Feb '12*	8802744	2,900.00
K F STUDIOS	*Event Promotional Services, 1/2 Marathon and 5K Event, Community Services, Dec '11*	8802745	480.00
KNIGHT, LORNA ANGELA	*Contract Instructor Fee, Yoga Winter Session, Community Services*	8802746	2,639.00
LEAGUE OF CAL CITIES	*Professional Fees, Share of Local Road Needs Assessment*	8802748	400.00
LIEBERT CASSIDY WHITMORE	*Professional Fees, Legal Services, Dec '11*	8802749	4,599.45
LINDY OFFICE PRODUCTS	*Operating Supplies, Jan '12*	8802750	53.51

VENDOR	DESCRIPTION	CHECK NO.	AMOUNT
MARTIN & CHAPMAN CO.	*Professional Fees, Election, 2012*	8802751	536.55
MEDLOCK, GEORGE	*Contract Instructor Fee, Drumming Winter Session, Community Services*	8802752	102.90
NIEVES LANDSCAPE, INC.	*Other Assorted Landscape Services, Dec '11 - Jan '12*	8802753	6,900.00
OFFICE SOLUTIONS	*Office and Operating Supplies, Dec '11 - Jan '12*	8802756	1,198.28
ORANGE COUNTY REGISTER-FREEDOM	*Legal Advertising, City Clerk, Dec '11*	8802757	319.52
ORANGE COUNTY TREASURER	*Public Safety 800 MHZ Cost Allocation 3rd Qtr 11/12, Communication Charge 2nd Qtr 11/12, and Reimbursable Law Enforcement Services, LHHS Football Games, Sep - Nov '11*	8802747	5,601.51
ORANGE COUNTY TREASURER	*Traffic Signal Maintenance, Jun '11*	8802771	9,669.83
PAPER RECYCLING SPECIALISTS	*Document Recycling Program, Jan '12*	8802758	50.00
PARSONS, BRINCKERHOFF, QUADE	*Professional Fees, Engineering, La Paz Widening @ I-5 CIP # 159*	8802759	2,419.61
PLANNING DIRECTORS ASSN OF OC	*Membership, Community Development, 2012*	8802760	125.00
QUIKSILVER COURIER	*Delivery Service, Jan '12*	8802761	29.64
RICHARD FISHER ASSOCIATES	*Professional Fees, Sports Complex Renovations CIP # 514, Renovation Costeau & Stockport Park CIP # 239, La Paz Open Space Riparian Habitat CIP # 615 and Urban Reforestation CIP # 320*	8802763	13,918.54
RPW SERVICES, INC.	*Rodent Control, Parks, Dec '11*	8802764	1,560.00
STAPLETON, VIVIAN	*Contract Instructor Fee, Early Childhood Music Winter Session, Community Services*	8802766	381.50
STATE DEPARTMENT OF JUSTICE	*Pre-employment Fingerprinting, Jan '12*	8802767	64.00
STUDIO TWO BLACK DIAMOND	*Printing Expense, Police Services, Jan '12*	8802768	193.95
THE LIFE TRENDS GROUP, TLTG INC.	*Equipment, AED Program, Jan '12*	8802769	2,804.23
TOMARK SPORTS, INC.	*Program Supplies, Community Services, Jan '12*	8802770	2,092.96
TRAUMA INTERVENTION PROGRAMS	*Community Program, TIP, Jan - Mar '12*	8802772	910.32
TYLER TECHNOLOGIES, INC.	*Annual Software Maintenance, 10/01/11 - 09/30/12*	8802773	3,883.00
WATKINS, CRAIG	*Umpire Fees, Adult Softball, Community Services*	8802775	90.00
WEST COAST ARBORISTS, INC.	*Tree Planting, Urban Reforestation, CIP # 320 and Tree Trimming, Dec '11 - Jan '12*	8802776	31,734.00
WEST PUBLISHING CORPORATION	*Subscription, City Clerk, Dec '11*	8802777	767.75

CITY OF LAGUNA HILLS
WARRANT REGISTER
February 14, 2012

VENDOR	DESCRIPTION	CHECK NO.	AMOUNT
WILLDAN	*Professional Fees, Engineering, Dec '11*	8802778	450.00
WOODRUFF, SPRADLIN & SMART	*Professional Fees, Legal Services, Dec '11*	8802779	20,734.98
XEROX CORPORATION	*Lease and Usage - Copier, City Hall, Dec '11 - Jan '12*	8802780	1,264.13
	Total Regular Warrants:		**$ 231,524.56**
	*****WARRANT REGISTER TOTAL*****		**$ 296,583.43**

CITY OF LAGUNA HILLS

AGENDA REPORT
ADMINISTRATIVE SERVICES DEPARTMENT

ISSUE: **SECOND QUARTER FINANCIAL AND TREASURER'S REPORT (FY2011/12)**

SUMMARY:

Staff is submitting to the City Council the Quarterly Financial Highlights for the Second Quarter of Fiscal Year 2011/12. The financial statements show the planned use of reserves during the second quarter of the fiscal year, due to the number of revenues and expenditures that are unevenly received and expended over the course of the fiscal year. The City's total fund balance as of December 31, 2011, is $9,278,112.

BACKGROUND:

Attached to this report is a pamphlet entitled “City of Laguna Hills Quarterly Financial Highlights, Second Quarter, Fiscal Year 2011/12.” The information presented in the pamphlet provides the City Council and City management with the results of the City's financial operations for the quarter ended December 31, 2011, and its fund balance as of the same period.

The pamphlet also contains a condensed Treasurer’s Investment Report. The City’s total cash and investments as of December 31, 2011, is $8,684,944, which is a decrease of approximately $1.9 million compared with the same period in 2010. This decrease is the result of special revenue inflows and outflows related to major capital projects underway in the City, namely, the I-5/La Paz Road Interchange and the Avenida de la Carlota Widening at El Toro Road. When compared to the December 31, 2009 quarterly financial report, total cash and investments are up by over $600,000.

The Laguna Hills Civic Center section in the pamphlet includes an abridged balance sheet and income statement summary for the Laguna Hills Civic Center leasing operation. Essex Realty, the management company for the property, reported a net income of $11,236 for the six months of leasing activity from July 1 to December 31, 2011. After adding back contra rent revenue associated with the City’s occupied spaces, the effective net income is $311,516. The balance sheet shows equity of $16,742,790 as of December 31, 2011.

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THE SECOND QUARTER FINANCIAL AND TREASURER’S REPORT FOR FY2011/12.

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THE SECOND QUARTER FINANCIAL AND TREASURER'S REPORT FOR FY2011/12.

ATTACHMENTS:

- Exhibit A: City of Laguna Hills Quarterly Financial Highlights 2nd Quarter FY 2011/12

EXHIBIT A

City of Laguna Hills

Quarterly Financial Highlights

2nd Quarter, FY 2011/12

CITY OF LAGUNA HILLS

Quarterly Financial Highlights

2nd Quarter, Fiscal Year 2011 / 12

As of December 31, 2011

Honorable Mayor and City Council Members:

At the end of the second quarter, the City's year-to-date funding sources were approximately $9.4 million and funding uses for the same period were approximately $10.3 million, which reports the anticipated planned use of reserves during this quarter. This temporary dip in fund balance can be attributed to the timing in funding of capital improvement projects, which typically lag behind spending. Furthermore, tax revenues received in the first two months of the fiscal year are accrued in the previous fiscal year. Approximately 60% of general fund revenues is expected to be recorded in the second half of the fiscal year.

A Summary of Funding Sources and Uses for the 2nd quarter ended December 31, 2011, is presented in the following table:

FY 2011/12 Second Quarter Highlights

	YTD Actual (million)	Budget (million)	YTD % of Budget
Funding Sources	*$ 9.04*	*$ 26.22*	*34%*
Funding Uses	*10.30*	*$ 26.19*	*39%*
Excess of Sources over Uses	*$ (1.26)*	*$ 0.03*	

Report Variances

There are various revenues and expenditures which are received or expended unevenly during the fiscal year. Therefore, when comparing the budget with actual data, one cannot expect that exactly 50% of the fiscal year's revenues and expenditures would have been received or expended during each quarter of the fiscal year. Thus, with this perspective in mind, the YTD as a % of budget shown in this report does not necessarily indicate material deviations or budget variances.

Fund Balance

Included in this pamphlet, on page 4, is a report on the City's Fund Balance as of December 31, 2011. City-managed short-term idle funds, as well as bond funds, are invested in approved securities. An abridged balance sheet, which itemizes the City's assets and liabilities, is included on page 3.

Continued on page 2

Laguna Hills Civic Center

The abridged Balance Sheet and Income statement for the Laguna Hills Civic Center leasing operation is shown below:

Abridged Balance Sheet
As of December 31, 2011

ASSETS		
Total Current Assets	$	106,682
Total Fixed Assets		16,685,675
Total Other Assets		2,953
TOTAL ASSETS	$	**16,795,310**
LIABILITY & EQUITY		
Total Current Liabilities	$	52,520
Total Equity		16,742,790
TOTAL LIABILITIES & EQUITY	$	**16,795,310**

Income Statement Summary
For the 6 Months Ended December 31, 2011

TOTAL INCOME	$	268,362
TOTAL EXPENSES		257,125
NET INCOME/(LOSS)	$	**11,236**

Funding Sources

The City's total funding sources are made up of general fund revenues, special revenues, and debt financing. General Fund Revenues are utilized primarily to finance the City's general governmental activities. Special revenues and grants are earmarked for specific expenditures, typically capital projects.

General Fund Revenues

At quarter end, operating revenues totaling approximately $7.6 million, came in at about 41% of budget. Receipts of Property Tax, which are concurrent with the County's tax collection schedule came in at 51% of budget. Intergovernmental Revenues were at 34% of budget. Recording of these revenue sources comply with GASB 23 which addresses the timing of recognition of nonexchange transactions, e.g. taxes and fines. Transient Occupancy Tax, a major component of the City's Franchise Revenues, was not measurable at reporting cut-off time, hence was not accrued for this quarter's report. Similarly, only the actual receipts for utility franchise taxes and recycling activities were included in this quarter's report. Both revenues from Licenses and Permits and Charges for Services are dependent upon development activities. Licenses and Permits came in at 34% of budget and Charges for Services came in at 36% of budget.

Special Revenues and Grants

Many of these funding sources are tied in with the City's Capital Improvement Plan. The receipts of funding sources for certain capital projects typically lag behind the spending on the projects, as the claims are applied for during construction or after project completion. At the end of the first quarter, special revenues receipts totaled over $1.4 million, or 20% of budget.

Funding Uses

The City's total funding uses consist of the City's Operating Expenditures, outlay for Capital Improvement projects, debt charges and expenditures for grant related programs. At the end of the 2nd quarter, total funding uses were more than $10.3 million, which was 39% of the annual budget .

Operating Expenditures

At the end of the 2nd quarter, operating expenditures totaled about $8 million, which represents 47% of the total operating budget. The spending level for all the functional areas were below the end of quarter average of 50% of their approved budget.

Capital Improvement Plan

At the end of the 2nd quarter, total capital expenditures were $1,895,490, which was 27% of the approved budget of approximately $6.9 million. The following table lists the City's capital projects by major expenditure categories as of the end of this reporting period.

Capital Improvement Program Fiscal Year 2011/12		
Streets, Signals & Lighting	$	1,637,624
Streetscape		22,878
Flood Control & Water Quality		40,080
Parks		7,977
Public Facilities		173,270
Trails & Open Space		13,662
Total	**$**	**1,895,490**

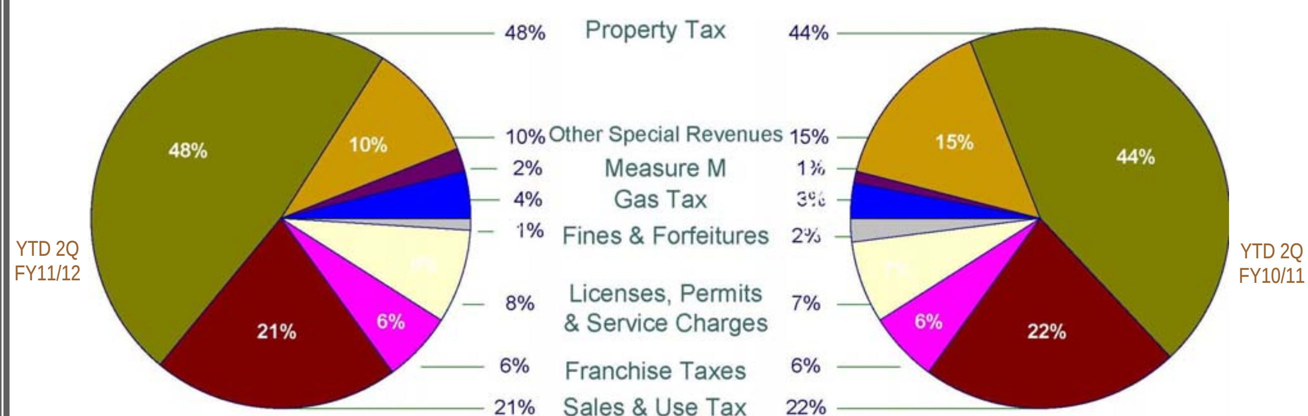
CITY OF LAGUNA HILLS

Abridged Balance Sheet - Governmental Funds

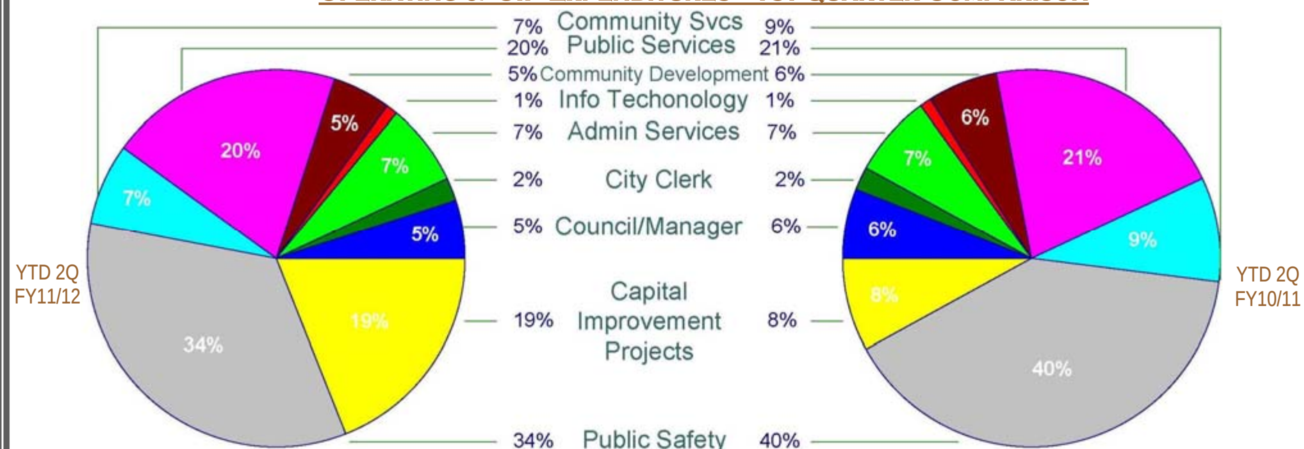
December 31, 2011

Assets		
Cash and investments	$	8,684,944
Receivables:		
Taxes		1,737,291
Accounts		185,750
Interest		6,233
Due from other governments		1,191,144
Prepaid items		33,953
Total assets	**$**	**11,839,315**
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	$	930,927
Refundable deposits to contractors		376,021
Deferred revenue		1,239,378
Trust accounts		14,877
Total liabilities		2,561,203
Fund balances:	$	9,278,112
Total liabilities and fund balances	**$**	**11,839,315**

Operating & Special Revenues– 1st Quarter Comparison



Operating & CIP Expenditures– 1st Quarter Comparison



CITY OF LAGUNA HILLS
Statement of Working Funds
As of December 31, 2011

Fund Balance	**As of July 1, 2011**		
General Fund		$	7,160,285
Measure M Fund			365,709
Proposition 1B			476,833
CARITS			804,331
Redevelopment Tax Increment			103,440
Beverage Recycling			45,153
CR&R Recycling			(6,976)
C&D Forfeited Deposits			10,529
AB 939 Surcharge Grant			10,558
Public Art Fund			(266,350)
Grants & Contributions			25,234
Capital Projects Fund			1,811,562
Total			10,540,306
Excess (Deficiency) of Funding Sources over Funding Uses			(1,262,195)
Fund Balance	**As of December 31, 2011**	$	**9,278,112**
Disposition of Working Funds	**As of December 31, 2011**		
Total Cash per General Ledger		$	583,337
Investments (Details of Portfolio are in Treasurer's Report)			8,101,608
Total Cash and Investments			8,684,944
Receivables Net of Liabilities			593,167
Working Funds	**As of December 31, 2011**	$	**9,278,112**

The Financial Management Report for the 2nd Quarter of Fiscal Year 2011-12 is hereby submitted. The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. To the best of our knowledge and belief, the above information are reported in a manner that presents fairly the financial position and results of operation of the governmental funds of the City of Laguna Hills.

Respectfully submitted,

original signed

Donald J. White
Assistant City Manager

February 9, 2012

Date

CITY OF LAGUNA HILLS
COMPARATIVE STATEMENT OF OPERATION - ALL FUNDS
FOR THE 6 MONTHS ENDED, DECEMBER 31, 2011

	FY 2011/12			FY 2010/11		
	Y-T-D ACTUAL	AMENDED BUDGET	YTD % of BUDGET	Y-T-D ACTUAL	AMENDED BUDGET	YTD % of BUDGET
FUNDING SOURCES						
Operating Revenues						
Property Taxes	$ 4,294,874	$ 8,443,720	51%	$ 4,207,246	$ 9,165,896	46%
Intergovernmental Revenues	1,912,926	5,615,936	34%	2,141,973	6,498,750	33%
Franchise Taxes	582,979	2,244,170	26%	575,639	2,368,281	24%
Licenses and Permits	276,506	805,600	34%	262,328	481,518	54%
Charges for Current Services	403,931	1,117,613	36%	402,896	1,024,872	39%
Fines & Forfeitures	131,090	500,000	26%	180,402	475,000	38%
Total General Fund Revenues	7,602,305	18,727,039	41%	7,770,484	20,014,317	39%
Special Revenue Funds						
Gas Tax Fund	364,873	912,629	40%	312,569	630,360	50%
Measure M - Turnback	139,195	468,290	30%	116,978	429,686	27%
Measure M - Discretionary	-	465,709	0%	-	2,877,381	0%
AB 2766 Fund	10,907	40,000	27%	10,094	38,000	27%
Prop 42 Traffic Congestion Relief	-	-		-	451,392	0%
CDBG	-	228,750	0%	-	373,725	0%
Developer Fees	191,786	-		1,275,000	1,275,000	100%
Redevelopment Tax Increment	62,302	70,000	89%	76,720	33,660	228%
Housing Set-aside	-	22,400	0%			
CARITS	545,476	-		-	646,027	0%
Beverage Recycling Fund	-	8,826	0%	-	8,000	0%
CR&R Recycling Fees	20,000	20,000	100%	20,000	20,000	100%
C&D Forfeited Deposits	-	50,000	0%	16,517	-	
Senior Mobility Program	10,246	34,226	30%	34,226	-	
Public Art Fund	23,141	-		-	-	
Grants and Contributions	9,984	4,990,000	0%	36,261	5,140,000	1%
Law Enforcement Grants	48,158	-		31,358	100,000	31%
Total Special Revenue Funding	1,426,068	7,310,830	20%	1,929,722	12,023,231	16%
Other Funding Sources						
Interest Income	14,014	80,000	18%	17,244	140,000	12%
Distribution from Enterprise Fund	-	100,000	0%	-	200,000	0%
Total Other Funding Sources	14,014	180,000	8%	17,244	340,000	5%
TOTAL FUNDING SOURCES	$ 9,042,387	$ 26,217,869	34%	$ 9,717,451	$ 32,377,548	30%
FUNDING USES						
Operating Expenditures						
City Council/Manager	$ 514,554	1,056,981	49%	$ 519,496	$ 1,215,047	43%
City Clerk	164,947	380,523	43%	175,030	416,673	42%
Administrative Services	657,477	1,311,807	50%	596,836	1,357,090	44%
Information Technology	110,909	277,520	40%	98,431	203,001	48%
Community Development	543,230	1,363,286	40%	532,120	1,246,135	43%
Public Services	1,930,064	4,020,445	48%	1,762,246	4,034,907	44%
Community Services	730,978	1,752,247	42%	752,574	1,754,629	43%
Public Safety	3,358,603	6,760,343	50%	3,291,441	6,939,462	47%
Total Operating Expenditures	8,010,762	16,923,152	47%	7,728,174	17,166,944	45%
Capital Improvement Program	1,895,490	6,943,434	27%	626,316	13,434,559	5%
Other Funding Uses						
Debt Charges	334,194	1,798,387	19%	360,281	1,892,000	19%
Claims	4,420	50,000	9%	182,136	-	
Distribution to Enterprise Fund	-	-		-	-	
Special Revenue Fund Expenditures						
Redevelopment Tax Increment Fund	1,438	47,515	3%	11,745	-	
Housing Set-Aside	3,710	22,400	17%			
CDBG Fund Expenditures	-	228,750	0%	1,192	373,725	0%
Senior Mobility Program	2,170	63,721	3%	2,881	-	
Beverage Recyling	7,856	34,000	23%	1,333	20,000	7%
CR&R Recyling Fund	16,421	13,019	126%	26,055	20,000	130%
Forfeited C&D Deposits	-	58,981	0%	2,169	49,000	4%
AB 939 Surcharge Grant	1,625	7,468	22%	1,343	-	
Grants & Contributions	17,939	-		-	-	
Law Enforcement Fund Expenditures	8,556	-		-	-	
Total Other Funding Uses	398,330	2,324,241	17%	589,134	2,354,725	25%
TOTAL FUNDING USES	$ 10,304,581	$ 26,190,827	39%	$ 8,943,624	$ 32,956,228	27%
NET CHANGE IN FUND BALANCE	$ (1,262,195)	$ 27,042		$ 773,827	$ (578,680)	

TREASURER'S INVESTMENT REPORT (CONDENSED)
FOR THE SECOND QUARTER ENDED DECEMBER 31, 2011

Cash and Investments by Type	Beginning Book Value	Deposits	Withdrawals	Ending Book Value	2nd Qtr Interest Income
State Treasurer's Investment Fund	$ 3,566,944	$ 3,154,681	$ 1,000,000	$ 5,721,624	$ 3,209
Public Funds Certificates of Deposits	500,000	-	-	500,000	378
Multiple Maturity Certificates of Deposits	70,957	-	-	70,957	911
Funds Under Trust Indenture	1,807,294	1,732	-	1,809,026	1,735
Deposits in Escrow	-	-	-	-	-
Demand Deposits	2,405,475	6,197,004	8,174,193	428,286	-
Demand Deposits with Fiscal Agent	-	187,138	32,088	155,050	-
TOTAL	**$ 8,350,670**	**$ 9,540,555**	**$ 9,206,281**	**$ 8,684,944**	**$ 6,233**

CURRENT PORTFOLIO SUMMARY

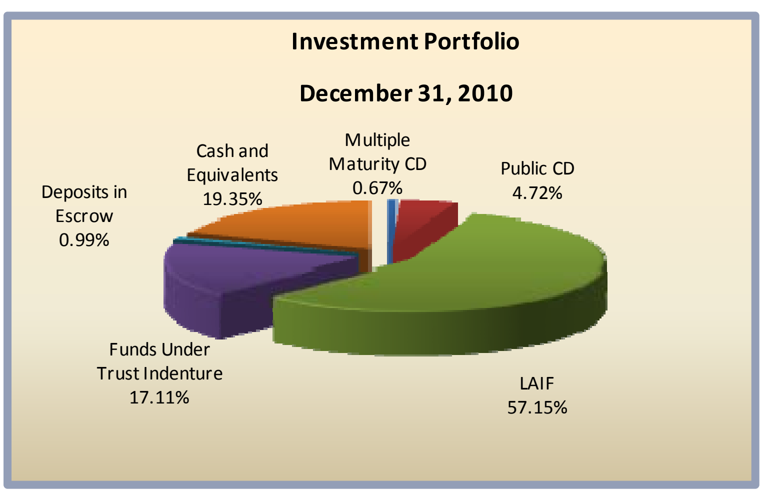
Short-term excess cash is currently invested primarily in the Local Agency Investment Fund (LAIF) administered by the State Treasurer. Held under trust indenture by The Bank of New York Mellon Trust Company, N.A, is a Reserve Fund established to secure the timely payment of principal and interest represented by the 2010 Refinancing Project bond issues. The City's investment policy approved by Council resolution is the prevailing guideline in managing investments.

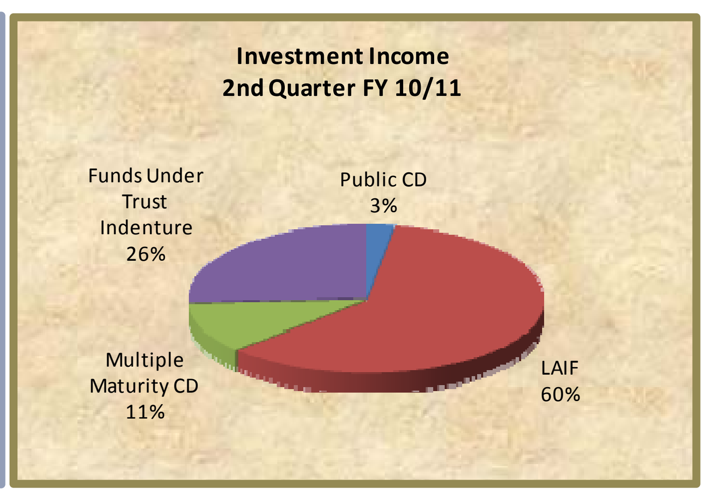
CASH AND INVESTMENTS

The following is the summary of the cash and investments of the City-managed funds for the 2nd quarter ended December 31, 2011, compared with the same period of the previous fiscal year:

	December 31, 2011	December 31, 2010
Cash	$ 428,287	$2,048,171
Investments	6,292,581	6,620,279
Cash & Investments - City Managed Funds	6,720,868	8,668,450
Restricted Cash and Investments	1,964,076	1,915,905
Total Cash & Investments - Governmental Funds	$ 8,684,944	$10,584,355

We believe the City's portfolio provides sufficient cash flow liquidity to meet the next six months of the City's projected operating expenditures.





CITY OF LAGUNA HILLS

AGENDA REPORT
PUBLIC SERVICES DEPARTMENT

ISSUE: ESTABLISHMENT OF NO PARKING ANYTIME ZONES ON PLAZA POINTE DRIVE

SUMMARY:

City staff was contacted by a business member of the community who expressed concerns regarding big rig truck parking occurring along Plaza Pointe Drive at points that potentially created traffic conflicts. Staff evaluated this condition and subsequently recommended to the Traffic Commission the establishment of new No Parking Anytime Zones at select locations along the street. The Traffic Commission, at the meeting of November 16, 2011, continued the matter to allow staff time to meet with an interested party, representatives of the Comfort Inn. Upon performing multiple field evaluations and a site meeting with Comfort Inn staff, located at the corner of Plaza Pointe Drive and Avenida de la Carlota, City staff confirmed locations where No Parking Anytime Zones are advised to be established in order to reduce conflicts with sight distance and traffic movements. The Traffic Commission, at the meeting of January 18, 2012, approved staff's recommendation to establish specified No Parking Anytime Zones on portions of Plaza Pointe Drive between Avenida de la Carlota and South Pointe Drive. It is recommended that the City Council adopt a Resolution establishing the No Parking Anytime Zones on Plaza Pointe Drive.

BACKGROUND:

Plaza Pointe Drive is an entrance street into the mixed-use zone located in the most northern area of the City just southerly of Avenida de la Carlota and terminating at South Pointe Drive. Plaza Pointe Drive is a curvilinear street with a knuckle corner and several driveway access points for various commercial and business interests in the area. Please see the attached vicinity map.

In late 2011, a member of the business community contacted staff with expressed concerns about multiple big rig truck parking that is occurring primarily on Plaza Pointe Drive which may create conflicts with sight distance at driveways and general traffic

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RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ESTABLISHING NO PARKING ANYTIME ZONES ON PLAZA POINTE DRIVE AT MULTIPLE LOCATIONS AS DESCRIBED."

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movements. Staff performed field reviews of this location on numerous occasions and did observe big rig truck parking and sight distance constraints. Staff presented a recommendation at the Traffic Commission meeting of November 16, 2011, to create multiple parking restrictions along Plaza Pointe Drive. The Traffic Commission continued this item to the next meeting so that staff could meet with representatives of the Comfort Inn to address their concerns about the likely loss of on-street parking.

City staff met with the Comfort Inn on December 20, 2011, and reviewed their concerns. Staff has confirmed the need for the No Parking Anytime Zones as described below. The attached vicinity map shows the existing and proposed No Parking Anytime Zones in red and orange, respectively.

- The existing No Parking Anytime Zone area located on the southeast end of Plaza Pointe Drive at Avenida de la Carlota (red line on the vicinity map) is in place in order to comply with the Highway Design Manual's Stopping Sight Distance on Horizontal Curves, Standard, Figure 201.6, which requires a minimum of 200 feet of unobstructed sight distance and, therefore, needs to remain in place.
- The other three proposed No Parking Anytime Zones (orange lines on the vicinity map) are needed in order to maintain 200 feet of unobstructed sight distance in accordance with the Highway Design Manual's Stopping Sight Distance on Horizontal Curves, Standard, Figure 201.6.
- On-street parking demand may likely increase with increases in occupancy rates of the area buildings. Therefore, the previously proposed No Parking Anytime Zone in the knuckle area of Plaza Pointe Drive has been deleted as it does not affect sight distance of the adjacent driveways.

A "No Truck Parking Zone" cannot be created instead of the proposed No Parking Anytime Zones as any vehicle parked in the identified areas is an obstruction. Research of area parking restrictions revealed Resolution No. 2003-08-26-1 had established a No Parking Anytime Zone on the west side of Plaza Pointe Drive from South Pointe Drive to 305 feet northerly. The signage for this parking restriction was not installed for unknown reasons. However, from recent field reviews, it is observed that the only segment that requires a parking restriction is the west side of Plaza Pointe Drive from 160 feet north of South Pointe Drive for a distance of 145 feet northerly.

The new and amended No Parking Anytime Zones on Plaza Pointe Drive would occur at the following locations:

1. The east side of Plaza Pointe Drive starting 200' south of Avenida de la Carlota (at the existing No Parking sign) to 145' southerly to the driveway of 23444 Plaza Pointe Drive.
2. The east side of Plaza Pointe Drive from 180' north of South Pointe Drive for a length of 120' northerly to the driveway of 23172 Plaza Pointe Drive.

3. The west side of Plaza Pointe Drive from 160’ north of South Pointe Drive, at the driveway of 23141 Plaza Pointe Drive, for a length of 145’ northerly.

The establishment of the proposed No Parking Anytime Zones will resolve sight distance conflicts between parked vehicles/trucks and vehicles exiting several driveways along Plaza Pointe Drive. Moreover, staff believes the proposed No Parking Anytime Zones will not greatly affect on-street parking demand as 56% of Plaza Pointe Drive will still be available for parking. The City has received letters of support for creating No Parking Anytime Zones on Plaza Pointe Drive from multiple business owners in the community.

The property owners that access Plaza Pointe Drive were notified by letter of this proposed action.

FISCAL IMPACT:

The establishment of additional No Parking Anytime Zones on Plaza Pointe Drive, northerly of South Pointe Drive and southerly of Avenida de la Carlota, will require the installation of approximately eight No Parking Anytime Zone signs at an estimated cost of $2,000. Funds are available for this work in the Fiscal Year 2011-2012 Public Works Maintenance Budget.

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED: “A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ESTABLISHING NO PARKING ANYTIME ZONES ON PLAZA POINTE DRIVE AT MULTIPLE LOCATIONS AS DESCRIBED.”

ATTACHMENTS:

- Resolution
- Vicinity Map

RESOLUTION NO. 2012-02-14-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ESTABLISHING NO PARKING ANYTIME ZONES ON PLAZA POINTE DRIVE AT MULTIPLE LOCATIONS AS DESCRIBED

The City Council of the City of Laguna Hills, California, hereby finds, determines, declares, and resolves as follows:

WHEREAS, Plaza Pointe Drive is a two-lane commercial collector street between Avenida de la Carlota and South Pointe Drive with parking on both sides of the street; and

WHEREAS, business operators accessing Plaza Pointe Drive have expressed concerns regarding truck parking affecting sight distance and visibility; and

WHEREAS, field reviews of Plaza Pointe Drive have confirmed certain locations of on-street parking may conflict with appropriate sight-distance standards; and

WHEREAS, the Traffic Commission, at the meeting of January 18, 2012, recommended the establishment of No Parking Anytime Zones along the east side of Plaza Pointe Drive starting 200' south of Avenida de la Carlota (at the existing No Parking sign) to 145' southerly; the east side of Plaza Pointe Drive from 180' north of South Pointe Drive for a length of 120' northerly; and along the west side of Plaza Pointe Drive from 160' north of South Pointe Drive for a length of 145' northerly; and

WHEREAS, Resolution No. 2003-08-26-1 established a No Parking Anytime Zone on the west side of Plaza Pointe Drive from South Pointe Drive to 305 feet northerly and said Resolution No. 2003-8-26-1 parking restrictions will be superseded by the parking restrictions proposal herein; and

WHEREAS, pursuant to Vehicle Code Section 22507, the parking of any type of vehicle on certain streets or highways may be prohibited or restricted by a general law city, during all or certain hours of a day, where signs or markings giving adequate notice of such regulations have been placed.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. Resolution No. 2003-08-26-1 is hereby rescinded.

SECTION 2. There are hereby established designated No Parking Anytime Zones along: (1) the east side of Plaza Pointe Drive starting 200' south of Avenida de la Carlota (at the existing No Parking sign) to 145'; (2) the east side of Plaza Pointe

Drive from 180' north of South Pointe Drive for a length of 120' northerly; and (3) the west side of Plaza Pointe Drive from 160' north of South Pointe Drive for a length of 145' northerly.

SECTION 3. The City Engineer shall cause signs or markings to be placed giving notice of such prohibitions as necessary to implement the parking regulations established herein.

PASSED, APPROVED, AND ADOPTED this 14th day of February 2012.

MELODY CARRUTH, MAYOR

ATTEST:

PEGGY J. JOHNS, CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF LAGUNA HILLS)

I, Peggy J. Johns, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. 2012-02-14-___ adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 14th day of February 2012, by the following vote:

AYES:

NOES:

ABSENT:

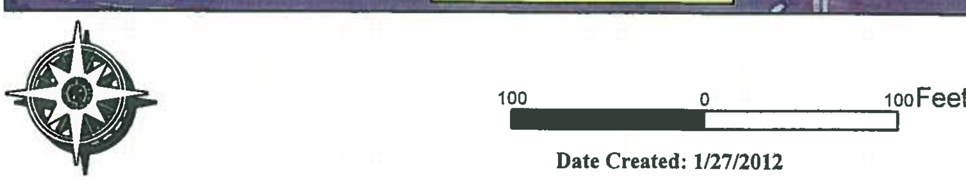
ABSTAIN:

(SEAL)

PEGGY J. JOHNS, CITY CLERK

City of Laguna Hills

VICINITY MAP



Date Created: 1/27/2012

CITY OF LAGUNA HILLS

AGENDA REPORT
PUBLIC SERVICES DEPARTMENT

ISSUE: ESTABLISHMENT OF A NO PARKING ANYTIME ZONE ON SANTA VITTORIA DRIVE AT CAMINITO CRUZ

SUMMARY:

City staff received a request from a resident of the community to evaluate sight distance at the intersection of Santa Vittoria Drive at Caminito Cruz. The City's Consulting Traffic Engineers of Hartzog & Crabill, Inc., performed an analysis and determined that the sight distance at this intersection is not adequate if vehicles park near the intersection. The Traffic Commission, at its January 18, 2012 meeting, approved staff's recommendation to establish a No Parking Anytime Zone on the west side of Santa Vittoria Drive from 40 feet south of Caminito Cruz to 40 feet north of Caminito Cruz. It is recommended that the City Council adopt a Resolution establishing the described No Parking Anytime Zone on Santa Vittoria Drive at Caminito Cruz.

BACKGROUND:

Santa Vittoria Drive is a two-lane north-south curvilinear collector roadway with primarily residential frontage on either side of the road. Recently, staff received a request from a concerned resident to evaluate the sight distance at the intersection of Santa Vittoria Drive at Caminito Cruz. Please see the attached vicinity map. Staff contracted the City's Consulting Traffic Engineer's of Hartzog & Crabill, Inc., to perform a sight distance analysis at the location. The field observations confirmed adequate stopping sight distance of 250 feet could be obtained if no vehicles were parked near the intersection. It was also observed that on-street parking is currently allowed and parked vehicles near the intersection would inhibit sight distance. Therefore, in order to maintain proper sight distance, it is recommended that parking be restricted along the west side of Santa Vittoria from 40 feet south of Caminito Cruz to 40 feet north of Caminito Cruz.

The Traffic Commission, at the meeting of January 18, 2012, recommended to City Council the establishment of the above-described No Parking Anytime Zone.

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ESTABLISHING A NO PARKING ANYTIME ZONE ON THE WEST SIDE OF SANTA VITTORIA DRIVE FROM 40 FEET SOUTH OF CAMINITO CRUZ TO 40 FEET NORTH OF CAMINITO CRUZ".

FISCAL IMPACT:

The establishment of a No Parking Anytime Zone on Santa Vittoria Drive at Caminito Cruz will require the installation of two No Parking Anytime Zone signs at an estimated cost of $500. Funds are available for this work in the Fiscal Year 2011-2012 Public Works Maintenance Budget.

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ESTABLISHING A NO PARKING ANYTIME ZONE ON THE WEST SIDE OF SANTA VITTORIA DRIVE FROM 40 FEET SOUTH OF CAMINITO CRUZ TO 40 FEET NORTH OF CAMINITO CRUZ".

ATTACHMENTS:

- Resolution
- Vicinity Map

RESOLUTION NO. 2012-02-14-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ESTABLISHING A NO PARKING ANYTIME ZONE ON THE WEST SIDE OF SANTA VITTORIA DRIVE FROM 40 FEET SOUTH OF CAMINITO CRUZ TO 40 FEET NORTH OF CAMINITO CRUZ

The City Council of the City of Laguna Hills, California, hereby finds, determines, declares, and resolves as follows:

WHEREAS, Santa Vittoria Drive is a two-lane collector roadway with primarily residential frontage on either side of the road; and

WHEREAS, Santa Vittoria Drive creates a T-intersection with Caminito Cruz, a private street, which provides vehicular access to residential properties; and

WHEREAS, a resident contacted the City with a concern about sight distance for vehicles turning out of the intersection of Caminito Cruz at Santa Vittoria Drive; and

WHEREAS, an analysis of the intersection found that adequate sight distance can be maintained only if vehicles are prohibited from parking on Santa Vittoria Drive in the immediate vicinity of Caminito Cruz; and

WHEREAS, the Traffic Commission, at the meeting of January 18, 2012, recommended the establishment of a No Parking Anytime Zone on the west side of Santa Vittoria Drive from 40 feet south of Caminito Cruz to 40 feet north of Caminito Cruz; and

WHEREAS, pursuant to Vehicle Code Section 22507, the parking of any type of vehicle on certain streets or highways may be prohibited or restricted by a general law city, during all or certain hours of a day, where signs or markings giving adequate notice of such regulations have been placed.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. There is hereby established a designated No Parking Anytime Zone on the west side of Santa Vittoria Drive from 40 feet south of Caminito Cruz to 40 feet north of Caminito Cruz.

SECTION 2. The City Engineer shall cause signs or markings to be placed giving notice of such prohibitions as necessary to implement the parking regulations established herein.

PASSED, APPROVED, AND ADOPTED this 14th day of February 2012.

____
MELODY CARRUTH, MAYOR

ATTEST:

____
PEGGY J. JOHNS, CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF LAGUNA HILLS)

I, Peggy J. Johns, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. 2012-02-14-____ adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 14th day of February 2012, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

____
PEGGY J. JOHNS, CITY CLERK

City of Laguna Hills

VICINITY MAP

Date Created: 1/30/2012

CITY OF LAGUNA HILLS

AGENDA REPORT
ADMINISTRATIVE SERVICES DEPARTMENT

ISSUE: EMPLOYER-EMPLOYEE RELATIONS RESOLUTION

SUMMARY:

At the November 22, 2011, City Council meeting, the City Council adopted Resolution No. 2011-11-22-3 recognizing the Laguna Hills City Employees Association ("Association") as the exclusive representative of the City's full-time and extended part-time non-management and non-confidential employees. Once an employee association has been recognized, it is common practice to adopt procedural rules and regulations in the form of an Employer-Employee Relations Resolution ("EERR") to address issues between the City and the Association. At the January 24, 2012, City Council meeting, the City Council reviewed a draft EERR and directed the City Manager to consult with the Association pursuant to Government Code Section 3507(a). Management has consulted with the Association and is recommending that the City Council adopt an EERR that reflects some of the changes requested by the Association, which will be discussed in the body of this report.

BACKGROUND:

Government Code Section 3507(a) provides that a "public agency may adopt reasonable rules and regulations after consultation in good faith with representatives of a recognized employee organization for the administration of employer-employee relations pursuant to" the Meyers-Milias Brown Act. In accordance with this section, the City Attorney's office along with input from City management staff developed a draft EERR, which was reviewed by the City Council and subsequently presented to the Association. The EERR sets forth procedural matters only and does not include items normally found in a Memorandum of Understanding such as employee salaries and benefits.

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, IMPLEMENTING CHAPTER 10, DIVISION 4, TITLE 1 OF THE GOVERNMENT CODE OF THE STATE OF CALIFORNIA RELATIVE TO EMPLOYER-EMPLOYEE RELATIONS."

During the required consultation, the Association requested several changes to the draft EERR. The following is a synopsis of the changes agreed to by management:

- Section 3.B – Three employee representatives will be allowed reasonable time off without loss of compensation when formally meeting and conferring with City representatives instead of two.
- Section 13.F.4 – The removal of display material by the City Manager has been changed from obligatory to optional.
- Section 16 – The language in this paragraph has been modified to clarify original intent.
- Section 16.C and D – Section 16.C has been modified and Section 16.D added to include mediation and fact finding in the impasse procedures. It should be noted that it is optional for the City to agree to mediation. However, since it is non-binding and may facilitate agreement among the parties, management is recommending its inclusion. Fact finding, on the other hand, is now required by law and regulation.

Nothing in the EERR supersedes any provisions of state law, ordinances, resolutions and rules which establish and regulate City employee relations. This EERR is intended to complement existing law and provide further clarification for the administration of employer-employee relations through the establishment of these rules. The EERR does <u>not</u> address wages, hours, benefits or other terms and conditions of employment.

Once the EERR is adopted, the Association may then decide to request a meeting for purposes of conferring with the City's representatives on matters affecting wages, hours and working conditions which would ultimately lead to adoption of an MOU. In the absence of an MOU, the City's current salary and benefit structure will remain in effect until such time as either the City or the Association wish to make changes.

FISCAL IMPACT:

There is no fiscal impact associated with the recommended action.

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, IMPLEMENTING CHAPTER 10, DIVISION 4, TITLE 1 OF THE GOVERNMENT CODE OF THE STATE OF CALIFORNIA RELATIVE TO EMPLOYER-EMPLOYEE RELATIONS."

ATTACHMENTS:

- Employer-Employee Relations Resolution

RESOLUTION NO. 2012-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA IMPLEMENTING CHAPTER 10, DIVISION 4, TITLE 1 OF THE GOVERNMMENT CODE OF THE STATE OF CALIFORNIA RELATIVE TO EMPLOYER-EMPLOYEE RELATIONS

The City Council of the City of Laguna Hills, California, hereby finds, determines, declares, and resolves as follows:

WHEREAS, Government Code Section 3507 permits a local agency to adopt reasonable rules and regulations after consultation in good faith with representatives of a recognized employee organization for the administration of employer-employee relations under the Meyers-Milias Brown Act; and

WHEREAS, it is the intention of the City Council of the City of Laguna Hills, County of Orange, State of California, to adopt the following rules and regulations pursuant to Government Code Section 3507, as amended, which provide for the promotion of improved employer-employee relations between public employers and their employees by establishing uniform and orderly methods of communication between employees and the public agency by which they are employed; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. <u>PURPOSE OF RULES AND REGULATIONS</u>. The purpose of these rules and regulations is to promote full communication between the City and its employees, to provide orderly procedures for the administration of employer-employee relations between the City and its employee organizations, and for resolving disputes regarding wages, hours, and other terms of employment. It is also the purpose of these rules and regulations to promote the improvement of personnel management and employer-employee relations within the City by providing a uniform basis for recognizing the right of City employees to join organizations of their own choice and be represented by such organizations in their employment relationships with the City.

SECTION 2. <u>DEFINITIONS</u>. Definitions found in Government Code Section 3501 shall be applicable to these rules and regulations. For purposes of these rules and regulations, the following definitions, in addition to those specified above, shall be applicable:

A. <u>City</u> shall mean the City of Laguna Hills;
B. <u>Council</u> shall mean the City Council of the City of Laguna Hills;
C. <u>Manager</u> shall mean the City Manager;

D. Management employees shall mean the employees serving in the following positions: City Manager, Assistant City Manager, City Clerk, Public Services Director, Community Development Director, and Deputy City Manager/Director Community Services.

E. Confidential employees shall mean the employee serving the City as the Executive Assistant to the City Manager and any other employee who is determined by the City Manager to be privy to decisions of City management affecting employer-employee relations.

F. Impasse shall mean a deadlock in discussions between an employee representative and the City representative over any matters concerning which they are required to meet and confer in good faith. A deadlock means that the representatives of the employee association and the City have participated in at least two meetings which resulted in no progress or change in position from either party, excluding any meetings held for informational purposes only.

SECTION 3. EMPLOYEE RIGHTS.

A. Except as otherwise provided by law or by these rules and regulations, employees of the City shall have the right to form, join, and participate in the activities of employee organizations of their own choosing for the purpose of representation in matters of employer-employee relations. City employees shall have the right to refuse to join or participate in the activities of employee organizations and shall have the right to represent themselves individually in their employment relations with the City. No employee shall be interfered with, intimidated, restrained, coerced, or discriminated against by the City, or by any employee organization because of his or her exercise of these rights.

B. A maximum of three employee representatives of the recognized employee organization shall be allowed reasonable time off without loss of compensation when formally meeting and conferring with City representatives regarding matters within the scope of employer-employee relations. Employees of the City shall have the right to be accompanied by representatives of an employee organization at any meetings with the Council, the Manager or Management Employees in cases where the employees reasonably anticipate that such meetings may involve employee organization activities or where the employees reasonably fear that disciplinary action may result from such meetings.

C. Nothing in these rules and regulations shall be construed to preclude normal day-to-day communication or consultation between employees and the City for effective operation of the City.

SECTION 4. MANAGEMENT RIGHTS.

A. The rights of City include, but are not limited to, the exclusive right to:

Determine the mission of its constituent departments and boards; set standards of service; determine the procedures and standards of selection for employment and promotion; determine the content of job descriptions; direct its employees; take disciplinary action; relieve its employee from duty because of lack of work or for other legitimate reasons; maintain the efficiency of governmental operations; determine the methods, means, and personnel by which governmental operations are to be conducted; determine the content of job classifications; take all necessary actions to carry out its mission in emergencies; and exercise control and discretion over its organization and the technology of performing its work. The City shall have the right to consult with any individual or organizations regarding any subject.

B. The City shall not interfere with, intimidate, restrain, coerce, or discriminate against any of its employees because of the exercise of any of the rights guaranteed to them by law, or by these rules and regulations.

SECTION 5. DESIGNATION OF CITY EMPLOYEE RELATIONS REPRESENTATIVES.

The City Manager, or his designee, is designated as the City Employee Relations Representative to represent the City Council in all matters concerning employer-employee relations. The Council may designate other representatives to represent them in employer-employee relations. The Management Representatives shall not grant, concede rights, or privileges, which are in conflict with these rules and regulations, to an employee or employee organization without prior written approval of the Council.

SECTION 6. ADVANCE NOTICE. Reasonable written notice shall be given to the recognized employee organization affected by any ordinance, rule, resolution, or regulation directly relating to matters within the scope of representation proposed to be adopted by the City Council, and shall be given the opportunity to meet with the Council or its representatives prior to adoption.

In cases of emergency when the City determines that an ordinance, rule, resolution, or regulation must be adopted immediately without prior notice or meeting with a recognized employee organization or majority representative, the City shall provide such notice and opportunity to meet at the earliest practicable time following the adoption of such ordinance, rule, resolution or regulation.

SECTION 7. APPROPRIATE RECOGNIZED EMPLOYEE ORGANIZATIONS. Because of the limited number of employees employed by the City and the community of interest that exists among all of the City's employees (with the exception of management and confidential employees), the existence of multiple employee organizations representing employees of the City would pose an unreasonable burden upon the City, the Council, and the Manager in formulating and applying employment policies in an even and consistent manner. Therefore, the City will recognize only one employee organization as the exclusive representative of all City employees, with the exception of those employees who are designated management or confidential.

SECTION 8. PETITION FOR RECOGNITION. An employee organization that seeks formal recognition for purposes of meeting and conferring in good faith as a representative of City employees shall file a petition with the City Employee Relations Representative containing the following information and documentation:

A. Name and address of the employee organization;

B. Names and titles of employee organization officers;

C. Names of employee organization representatives who are authorized to speak on behalf of its members;

D. A statement that the employee organization has, as one of its primary purposes, representing employees in their employment relations with the City;

E. A statement that the employee organization has at least 50 percent of the signatures of total eligible employees;

F. A statement whether the employee organization is a chapter of, local of, or affiliated directly or indirectly in any manner with a regional or state, or national or international organization, or if so, the name and address of such regional, state, or international organization;

G. Copies of the employee organization's Constitution and By-laws;

H. A designation of those persons, not exceeding two in number, and their addresses, to whom notice sent by regular United States mail will be deemed sufficient notice on the employee organization by any purpose;

I. A statement that the employee organization has no restriction or membership based on race, color, creed, sex, or national origin;

J. The job classifications or title of employees in the unit claimed to be appropriate, if any;

K. The approximate number of member employees therein;

L. A statement that the employee organization has in its possession written proof, dated within six months of the date upon which the petition is filed, to establish that employees in the unit claimed to be appropriate, if any, have designated the employee organization to represent them in their employment relations with the City. Such written proof shall be submitted for confirmation to the City Employee Representative; and

M. A request that the City Council recognize the employee organization for the purpose of representing its members, and meeting and conferring in good faith on all matters within the scope of representation.

SECTION 9. RECOGNITION OF EMPLOYEE ORGANIZATION. After the petition has been received and has been found to contain all required information listed in Section 8 by the City Employee Relations Representative, then the Council shall arrange for a secret ballot election if there is uncertainty about the majority's interest in being represented and/ or if there is interest in having a second employee organization represent the same group and determined by the City Employee Relations Representative. The ballot may contain other organizations and a choice of no organization representation. The Council shall grant recognition by adoption of a resolution to the employee organization that has been found to represent a majority of City employees voting in the election. If the Council determines that a clear majority of the employees wish to be represented and an election is unnecessary, the Council shall grant recognition of the organization by adoption of a resolution.

Such recognition shall continue until such time that the majority of the City employees provide notice to the City Manager that they no longer wish to be represented or that they wish to be represented by another employee organization.

SECTION 10. MODIFICATION OF ESTABLISHED BARGAINING UNIT

A Petition for Modification of an established unit may be filed by an employee organization with the City Employee Relations Representative. The Petition for Modification shall contain a statement of all relevant facts in support of the proposed modified unit. The Petition shall be accompanied by written proof that at least 50% of the employees within the proposed modified unit have designated the employee organization to represent them in their employment relations with the City. The City Employee Relations Representative shall hold a hearing on the Petition for Modification, at which time affected employee organizations may be heard. Thereafter, the City Employee Relations Representative shall determine the appropriate unit or units as between the existing unit and the proposed modified unit. If the City Employee Relations Representative determines that the proposed modification unit is the appropriate unit, then he or she shall make a recommendation to the City Council to adopt a resolution recognizing the modified or new unit.

If either a City management employee or the employee organization believes that a position should be removed or added to a bargaining unit, the same procedures as set forth in this Section shall be followed, except that if a decision by the City Employee Relations Representative to add or remove a position is made based on a request from City management, the employee organization may request an appeal hearing of that decision before the City Council. The request must be submitted to the City Employee

Relations Representative within ten calendar days of the notice of decision of the City Employee Relations Representative and must be in writing. The City Council shall hold an evidentiary hearing at the request of the employee organization and shall make a final decision thereafter. The issue before the City Council shall be whether the position being removed or added shares in a community of interests. Such a determination will be made based on the factors set forth in MMBA and NLRB decisions.

SECTION 11. NEWLY ESTABLISHED JOB CLASSIFICATIONS.

Each newly established job classification shall be considered for inclusion in the bargaining unit by the City Employee Relations Officer, after consultation with the recognized employee organization. The employee organization may appeal the decision of the City Employee Relations Representative to include or exclude a new position to the City Council in the same manner as set forth in Section 10.

SECTION 12. SCOPE OF REPRESENTATION

The employee organization may represent all employees in all matters relating to employment conditions and employer-employee relations, including but not limited to wages, hours, and other terms and conditions of employment.

SECTION 13. RIGHTS OF RECOGNIZED EMPLOYEE ORGANIZATION. A recognized employee organization shall have the following rights and privileges:

A. The right to represent its members before the City Council, the City Manager, or any appropriate management representative in matters regarding employment conditions or employer-employee relations, including but not limited to, wages, hours, and other terms and conditions of employment, as provided in Government Code Section 3505;

B. The right to reasonable notice and appropriate information in advance of matters affecting its membership as set forth in Paragraph A above. However, in emergencies, the Council may take action on a particular item without such advance notice provided that such notice shall be furnished as soon as practicable;

C. The right to be heard prior to the resolution of any matter set forth in Paragraph A;

D. The right to a reasonable amount of time during regular working hours, or at such other time as the City Employee Relations Representative may direct, to represent its members on matters set forth in Paragraph A above; such time allowance during regular working hours is to be limited to a maximum of two employee members, except that the City Employee Relations Representative may direct that additional employees be allowed to attend specific meetings;

E. The right to have payroll deductions made for membership dues whenever such employee organization has payroll deduction authorization from the employees who are represented by the recognized employee organization. When so authorized by the Council, lump sum deductions may be made which shall include membership dues deduction;

F. The right to the reasonable use of existing bulletin board space in each building at a location agreed upon by the organization and the City, under the following conditions:

1. Material shall be posted on space designated by the City Manager;
2. Posted material shall bear the identity of the organization;
3. Posted material shall not be misleading, in the judgment of the City Manager, contain any deliberate misstatements or violate any federal, state, or county laws;
4. Material shall be neatly displayed and may be removed by the City Manager when no longer timely.

G. The privilege of using City facilities for meeting purposes only, provided that appropriate advance arrangements are made. An appropriate charge may be made to offset the cost of such use.

H. The right to have an authorized representative contact members of his organization in City facilities, and leave literature and material for distribution provided he has first made arrangements with the City Manager, or his representative, to provide for a time which does not disrupt City business. This right does not extend to contacting City employees, who are not members of this organization, on City time. City time shall not be used for the distribution of literature or materials.

I. Grievances shall be discussed during working hours.

SECTION 14. MEET AND CONFER SESSIONS. The Council, through its designated representatives, shall meet and confer with the representatives of the recognized employee organization, each with a mutual obligation to endeavor to reach agreement.

SECTION 15. FINAL MEMORANDUM OF UNDERSTANDING. If agreement is reached by the representatives of the City and the representatives of a recognized employee organization on all matters which have been the subject of meet and confer sessions hereunder, they shall jointly prepare a final written memorandum of such understanding containing the agreed upon terms, which shall not be binding until presented to and approved by the Council.

SECTION 16. RESOLUTION OF IMPASSE. Impasse procedures may be invoked only after reasonable efforts to reach agreement have been exhausted, meaning that at least two meet and confer sessions have been held in which no progress or change in position by either party has taken place, excluding meetings held initially for purposes of exchanging information only. The impasse procedures are as follows:

A. Any party may initiate the impasse procedure by filing with the other party affected a written request for an impasse meeting together with a statement of its position on all disputed issues.

B. An impasse meeting may then be scheduled by the City Employee Relations Representative within three working days of receipt of the written request for such meeting, with written notice to all parties affected. The purpose of such impasse meeting is to permit a review of the position of all parties in a final effort to reach agreement on the disputed issues.

C. If no agreement is reached, then the City and the Employee Association agree to proceed to mediation. The City Employee Relations Representative shall determine at that time whether to use a private mediator or one selected from the State Mediation and Conciliation Service. In either case, if there is a cost for mediation, each party will share in that cost equally. If agreement on the selection of a mediator cannot be reached or once the mediation process has been completed, the Employee Association may request factfinding pursuant to Government Code section 3505.4, 3505.5, and 3505.7 and consistent with the Public Employment Relations Board Regulation 32802.

D. After any applicable mediation and factfinding procedures have been exhausted, but no earlier than 10 days after the factfinders' written findings of fact and recommended terms of settlement have been submitted to the parties pursuant to Section 3505.5, and after holding a public hearing regarding the impasse, a public agency may implement its last, best, and final offer, but shall not implement a memorandum of understanding. The unilateral implementation of a public agency's last, best, and final offer shall not deprive a recognized employee organization of the right each year to meet and confer on matters within the scope of representation, whether or not those matters are included in the unilateral implementation, prior to the adoption by the public agency of its annual budget, or as otherwise required by law.

SECTION 17. PROCEDURES FOR AMENDMENT OF RULES AND REGULATIONS. The Council on its own motion or the City Manager may propose amendments to these rules and regulations; provided, however, that action on such proposals is subject to the notice requirements of SECTION 6.

SECTION 18. PROCEDURES TO IMPLEMENT POLICY. The City Manager may prescribe procedures for the orderly implementation of these rules and regulations. Such procedures shall be consistent with all applicable City rules and regulations, and agreement and shall be submitted to the City for approval.

SECTION 19. SEVERABILITY. If any paragraph, sentence, clause, phrase, or section of these rules and regulations is determined by a court of competent jurisdiction to be invalid, such determination shall not affect the validity of the remaining paragraphs, sentences, clauses, phrases, or sections of these rules and regulations.

PASSED, APPROVED, AND ADOPTED this ___ day of ______ 2012.

____
MELODY CARRUTH, MAYOR

ATTEST:

____
PEGGY J. JOHNS, CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF LAGUNA HILLS)

I, Peggy J. Johns, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. ________________ adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the __ day of _______ 2012, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

____
PEGGY J. JOHNS, CITY CLERK

CITY OF LAGUNA HILLS

AGENDA REPORT
COMMUNITY SERVICES

ISSUE: COMMUNITY BULLETIN BOARD AT COMMUNITY CENTER

SUMMARY:

The City Council previously directed staff to look into the feasibility of installing a Community Bulletin Board at the Community Center. Based on its research, staff had determined that the enactment of such a board is feasible based on establishing the board through an administrative policy as a “limited public forum.” The Parks and Recreation Commission was presented with the concept of installing a Community Bulletin Board at the Community Center at its February 1, 2012, meeting. The Commission was in favor of such an installation. This board would be used for posting notices of community interest. Staff plans on completing the administrative policy and enacting a Community Bulletin Board at the Community Center by the end of February 2012.

BACKGROUND:

The City Council previously directed staff to research the feasibility of installing a Community Bulletin Board at the Community Center. The purpose of the board would be to allow for the advertisement of local community events and activities that are of general and current interest. Currently, only information about City or City co-sponsored activities, services, or events are allowed to be displayed at the Community Center.

Staff has completed its research and has determined that the implementation of a posting board for public use is feasible subject to establishing reasonable time, place, and manner restrictions on such postings. These restrictions would establish the Community Bulletin Board as a “limited public form.”

Staff recommends that a Community Bulletin Board be enclosed in glass with a lock to ensure that the board is appropriately administered per posting guidelines. The cost of a new bulletin board (4’ tall and 6’ wide) is approximately $3,000. There is, however, an existing glass encased bulletin board affixed to the wall in the Community Center front counter lobby area. This board is currently used by the City Clerk’s department to post City Council and Commission agendas and City public notices. Staff suggests to first use half of this board for the purpose of a Community Bulletin Board and then determine if another board would need to be purchased dependent on the volume of posting requests. (Attached to this staff report is an image that provides the location of the existing City Clerk’s posting board and the proposed location of a new “Community Bulletin Board” if necessary).

This information was presented to the Parks and Recreation Commission at its February 1, 2012, meeting. The Commission was in favor of the enactment of a Community Bulletin Board at the Community Center and preferred that the City Clerk's board be first used for this purpose.

Staff, in working in conjunction with the City Attorney, will be developing an administrative policy that will enact reasonable time, place, and manner rules concerning the use of a Community Bulletin Board as a "limited public forum." For example, the board will be used for the posting of noncommercial advertisements of educational, philanthropic, civic, charitable, cultural and recreational activities in accordance with the administrative policy. All commercial, job postings, personals, religious, and political notices, for instance, will be prohibited from posting unto the board. Staff expects to have the policy and the board in place by the end of February 2012.

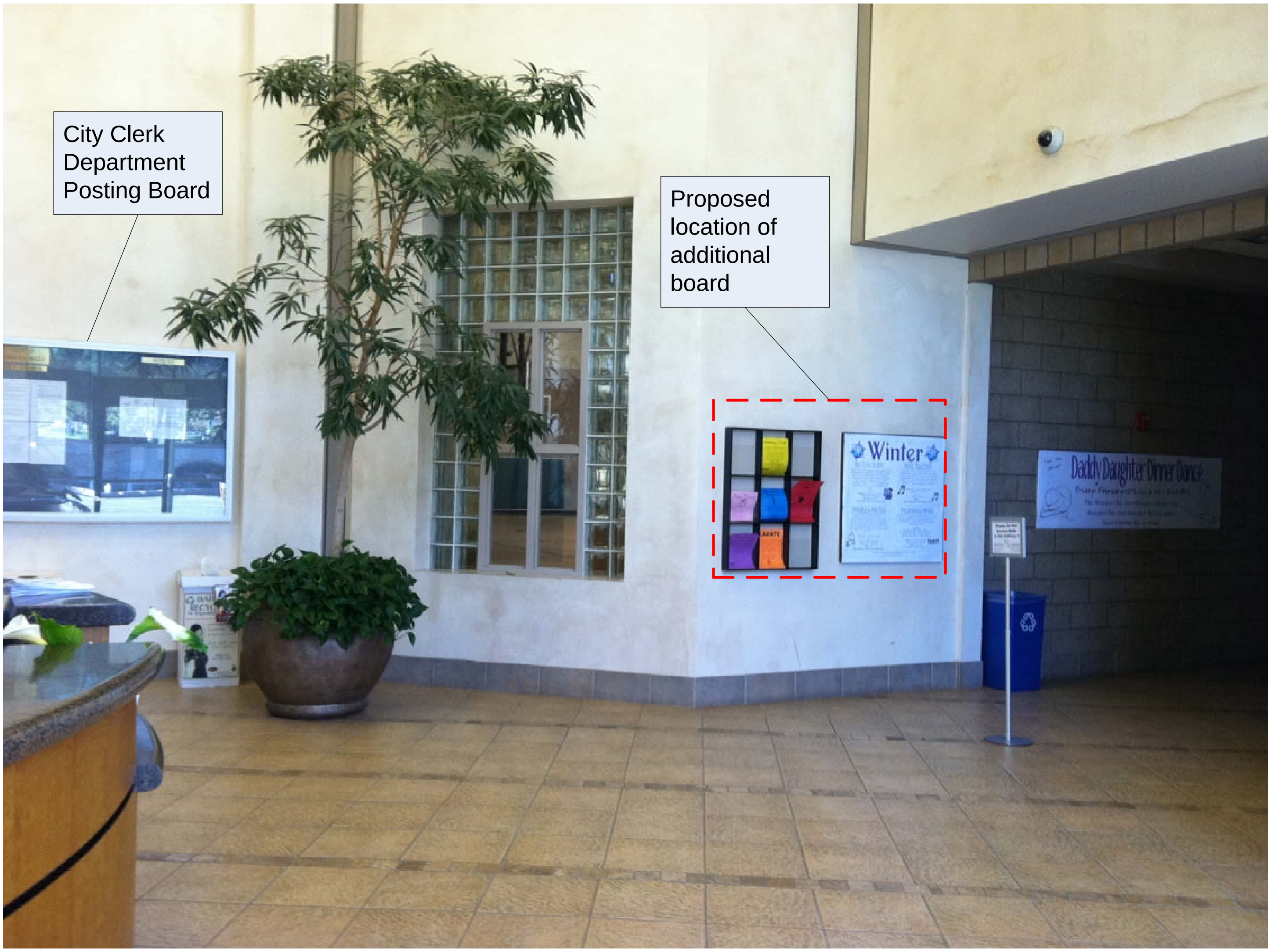
FISCAL IMPACT:

There are no costs for use of the existing City Clerk board. A new glass encased board (4' x 6') will cost approximately $3,000 and can be absorbed into the Community Services Department's operating budget.

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THE REPORT.

ATTACHMENTS:

- Image of Bulletin Board Locations


City Clerk Department Posting Board
Proposed location of additional board
Winter
Daddy Daughter Dinner Dance

4.5 CABOT-CAMINO CAPISTRANO BRIDGE PROJECT

THE CITY COUNCIL RECEIVED AND FILED THE REPORT.

4.6 ONE YEAR EXTENSION OF THE JOINT RECREATION MAINTENANCE AND OPERATION AGREEMENT WITH THE SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT FOR USE OF THE UPPER HIGH SCHOOL FIELD

THE CITY COUNCIL AUTHORIZED THE CITY MANAGER TO EXTEND THE JOINT RECREATION MAINTENANCE AND OPERATION AGREEMENT WITH THE SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT FOR ONE YEAR.

4.7 PROGRESS PAYMENT NO. 3 FOR AVENIDA DE LA CARLOTA WIDENING PROJECT, CIP NO. 164

THE CITY COUNCIL APPROVED PROGRESS PAYMENT NO. 3, IN THE NET AMOUNT OF $67,437.36, TO HILLCREST CONTRACTING, INC., FOR THE AVENIDA DE LA CARLOTA WIDENING PROJECT, CIP NO. 164

4.8 EMPLOYER-EMPLOYEE RELATIONS

THE CITY COUNCIL REVIEWED THE DRAFT EMPLOYER-EMPLOYEE RELATIONS RESOLUTION AND AUTHORIZED THE CITY MANAGER TO CONSULT WITH THE ASSOCIATION REGARDING THE EMPLOYER-EMPLOYEE RELATIONS RESOLUTION.

5. PLANNING AGENCY

Mayor Carruth recessed the City Council meeting and acting in the capacity of Chair, called the regular meeting of the Planning Agency of the City of Laguna Hills, California, to order at 7:11 PM.

5.1 ROLL CALL OF PLANNING AGENCY MEMBERS

Present: Chair Carruth, Vice Chair Lautenschleger, Agency Member Bressette, Agency Member Kogerman, and Agency Member Songstad

5.2 PUBLIC COMMENTS

There were no Public Comments.

5.3 MINUTES

5.3.1 REGULAR MEETING, JANUARY 10, 2012

MOTION TO APPROVE THE MINUTES OF THE JANUARY 10, 2012, REGULAR MEETING AS REFERENCED IN THE CITY COUNCIL MINUTES, BEGINNING ON PAGE 3, BY M/AGENCY MEMBER SONGSTAD, S/AGENCY MEMBER BRESSETTE.
APPROVED BY A VOTE OF 5-0.

5.4 PLANNING AGENCY PUBLIC HEARINGS

There were no Public Hearings.

5.5 ADMINISTRATIVE REPORTS

5.5.1 PRELIMINARY REPORT ON A REQUEST BY VINTAGE PROPERTY GROUP TO REMODEL AND EXPAND THE MOULTON LA PAZ SHOPPING CENTER AT 26534-26562 MOULTON PARKWAY

Vice Chair Lautenschleger recused himself from the dias and left the meeting.

Jerry Garner, Vintage Property Group representative, spoke on the remodel and expansion of the Moulton La Paz Shopping Center and answered questions of the Planning Agency.

THE PLANNING AGENCY RECEIVED A PRESENTATION FROM COMMUNITY DEVELOPMENT DIRECTOR CHANTARANGSU AND PROVIDED STAFF WITH FEEDBACK ON THIS PROJECT.

Vice Chair Lautenschleger returned to the meeting.

PLANNING AGENCY ADJOURNMENT

Mayor Carruth reconvened the City Council meeting at 7:44 PM. All Council Members were present.

6. CITY COUNCIL PUBLIC HEARINGS

There were no Public Hearings.

7. ADMINISTRATIVE REPORTS

7.1 City Manager

The City Manager made no reports.

7.2 Deputy City Manager/Community Services

CITY OF LAGUNA HILLS

AGENDA REPORT
PUBLIC IMPROVEMENT CORPORATION

ISSUE: ELECTION OF PUBLIC IMPROVEMENT CORPORATION OFFICERS

SUMMARY:

The second Tuesday of February is the time of the annual meeting of the Laguna Hills Public Improvement Corporation (PIC). The City Council sits as the Board of Directors. At this meeting, the Board will elect officers for 2012 and approve the minutes of the previous meeting. As the current President of the Public Improvement Corporation, President L. Allan Songstad, Jr., will call the meeting to order. After the roll call, he will entertain a motion to adopt the Resolution electing the Officers for 2012. President Carruth will then take the gavel and chair the remainder of the PIC meeting.

BACKGROUND:

In September of 1998, the City Council, acting as the Board of Directors for the Laguna Hills Public Improvement Corporation (PIC), took several actions, including the adoption of bylaws, election of officers, and adoption of a Resolution appointing the time and place of meetings. The PIC is a nonprofit, public benefit corporation whose primary purpose is to render financial assistance to the City.

Pursuant to the bylaws, the annual meeting is to be held the second Tuesday of February each year, and the Board of Directors is to elect officers at the annual meeting. A Resolution has been prepared that will elect the Mayor as President and reelect the City Manager as Vice President, the Assistant City Manager as Treasurer, and the City Clerk as Secretary.

RECOMMENDATION: THAT THE BOARD OF DIRECTORS ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE LAGUNA HILLS PUBLIC IMPROVEMENT CORPORATION, LAGUNA HILLS, CALIFORNIA, ELECTING OFFICERS FOR 2012."

ATTACHMENTS:

- Resolution

RESOLUTION NO. 2012-1

A RESOLUTION OF THE LAGUNA HILLS PUBLIC IMPROVEMENT CORPORATION, LAGUNA HILLS, CALIFORNIA, ELECTING OFFICERS FOR 2012

RESOLVED, by the Board of Directors of the Laguna Hills Public Improvement Corporation, that the following persons are elected to the offices set forth opposite their names below, as officers of the Corporation, to serve until the election and qualification of their successors, as provided in Article IV, Section 2 of the Bylaws of the Corporation.

Name	**Office**
Melody Carruth	President
Bruce E. Channing	Vice President
Donald J. White	Treasurer
Peggy J. Johns	Secretary

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF LAGUNA HILLS)

I, Peggy J. Johns, Secretary of the Laguna Hills Public Improvement Corporation, DO HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a Resolution duly passed and adopted by the Board of Directors of the Laguna Hills Public Improvement Corporation, at a meeting thereof held on the 14th day of February 2012, by the following vote of the Directors thereof:

AYES:

NOES:

ABSENT:

ABSTAIN:

PEGGY J. JOHNS, SECRETARY

CITY OF LAGUNA HILLS, CALIFORNIA
PUBLIC IMPROVEMENT CORPORATION
MINUTES
FEBRUARY 8, 2011

CALL TO ORDER

The Regular Meeting of the Public Improvement Corporation of the City of Laguna Hills, California, was called to order by President Bressette at 7:18 p.m. in the Laguna Hills City Council Chamber, 24035 El Toro Road, Laguna Hills.

ROLL CALL

Present: Randal Bressette, President
Melody Carruth, Director
Barbara Kogerman, Director
Joel Lautenschleger, Director
L. Allan Songstad, Jr., Director

STAFF PRESENT: Bruce Channing, Vice President; Donald White, Treasurer; and Peggy Johns, Secretary.

ELECTION OF PUBLIC IMPROVEMENT CORPORATION OFFICERS (0340-40)

IT WAS MOVED BY DIRECTOR CARRUTH, SECONDED BY DIRECTOR LAUTENSCHLEGER, TO ADOPT RESOLUTION NO. 2011-1, A RESOLUTION OF THE LAGUNA HILLS PUBLIC IMPROVEMENT CORPORATION, LAGUNA HILLS, CALIFORNIA, ELECTING OFFICERS FOR 2011.

The motion carried by the following vote:

AYES: Directors Carruth, Kogerman, Lautenschleger, Songstad, and President Bressette
NOES: None
ABSENT: None

MINUTES OF FEBRUARY 9, 2010, ANNUAL MEETING (0340-40)

IT WAS MOVED BY DIRECTOR BRESSETTE, SECONDED BY DIRECTOR CARRUTH, TO APPROVE THE MINUTES OF THE FEBRUARY 9, 2010, ANNUAL MEETING, AS PRESENTED.

The motion carried by the following vote:

AYES: Directors Bressette, Carruth, Kogerman, Lautenschleger, and President Songstad
NOES: None
ABSENT: None

ADJOURNMENT

There being no further business before the Public Improvement Corporation at this session, President Songstad declared the meeting adjourned at 7:19 p.m.

____
PEGGY J. JOHNS, SECRETARY

CITY OF LAGUNA HILLS

AGENDA REPORT
PUBLIC SERVICES DEPARTMENT

ISSUE: PERMIT PARKING ON MANDEVILLE DRIVE

SUMMARY:

The Traffic Commission, at the meeting of January 18, 2012, recommended to the City Council the establishment of a Permit Parking Program on Mandeville Drive from Moulton Parkway to 500 feet easterly. The purpose of this Permit Parking Program would be to eliminate undesirable and apparent overflow parking from the adjacent multi-family Crestline Development. While staff was unable to document extensive “overflow parking” from its morning, mid-day, and night surveys, the residents of Mandeville Drive stated to the Traffic Commission that they have been burdened by “out-of-neighborhood activity” and parked vehicles that do not belong to the single-family-home neighborhood. Staff has been in touch with the Crestline Homeowners Association (HOA) to encourage their residents to obtain permits to park on Gordon Road in an effort to reduce or eliminate parking issues on Mandeville Drive. Staff is in support of continuing to work with the Crestline HOA to resolve this issue rather than creating a Permit Parking Program on a small segment of Mandeville Drive. A Resolution as necessary to establish the Mandeville Drive Permit Parking Program has been prepared for City Council consideration. It is recommended that the City Council receive and file this report.

BACKGROUND:

In July 2011, staff received a complaint from a resident on Mandeville Drive about out-of-neighborhood overnight parking along Mandeville Drive from Moulton Parkway to Santa Rosa Avenue. By City Council subsequent action, Resolution No. 2011-08-23-3 created a No Parking Anytime Zone on the north side of Mandeville Drive from Moulton Parkway to the drive approach of 24441 Mandeville Drive, in order to reduce undesired parking and improve vehicular access to the intersection of Mandeville Drive at Moulton Parkway.

Similar complaints of out-of-neighborhood parking were received in 2007, by residents on Mandeville Drive, resulting in the removal of a No Parking Zone on Gordon Road and creating a Permit Parking Program for the specific benefit of the residents of the Crestline Development. This Permit Parking Program alleviated overflow parking that was apparently generated by residents of the Crestline Development onto adjacent

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THE REPORT.

residential public streets. Resolution No. 2007-04-10-3 created the Permit Parking Zone on Gordon Road allowing one permit per each vehicle registered to an applicant residing within the Crestline Development. The Permit Parking Program successfully reduced parking on Mandeville Drive until last year when residents started complaining about the parking issue once again. Please see the attached vicinity map.

Upon Traffic Commission recommendation in 2011, staff performed surveys of the "Mandeville Drive area neighborhood" (Mandeville Drive, Santa Rosa Avenue, Alta Loma Court, Sundance Avenue) and the "La Cienega Drive area neighborhood" (La Cienega Street, Los Cerros Street) on two separate occasions. The first survey was sent out on August 29, 2011, to determine how the entire neighborhoods felt about the parking situation and whether or not they would prefer parking controls. The overall response rate for the surveys was 48% for the Mandeville Drive area neighborhood and 65% for the La Cienega Drive area neighborhood. Summary results are indicated in the table below:

Parking Control	**Mandeville Drive Area Neighborhood support**	**La Cienega Drive Area Neighborhood support**
Permit Parking Control	29%	28%
No Overnight Parking Control	27%	20%
Parking Control during Hours and Days of Street Sweeping	24%	35%

A second survey was sent out on October 12, 2011, with hopes to garner a higher response rate and reach a majority vote on the various parking controls prior to a significant change to the neighborhood. For a Permit Parking Program, the survey results indicated 21% support in the Mandeville Drive area neighborhood and 30% support in the La Cienega Drive area neighborhood.

At the Traffic Commission meeting of November 16, 2011, a number of Mandeville Drive residents that reside within 500' east of Moulton Parkway stated that the survey was not accurately portraying the issue as it was including streets like Alta Loma Court and portions of Mandeville Drive that, in their view, are not affected by the parking problem. The Traffic Commission recommended that staff re-evaluate the survey results up to the seventh house on Mandeville Drive easterly of Moulton Parkway (approximately 500 feet). The results of the reduced survey sample size indicated that 67% of the residents are in support of a Permit Parking Program in this area.

Staff has performed multiple morning, mid-day, and night surveys along Mandeville Drive during the weekdays and has been unable to document a severe parking problem along Mandeville Drive. Generally, staff has noted two to three cars parked along the south side of Mandeville Drive from Moulton Parkway to Santa Rosa Avenue which would possibly be considered out-of-neighborhood as this segment of Mandeville Drive does not front any homes.

Creation of a Permit Parking Program along a portion of Mandeville Drive will address the out-of-neighborhood parking for the directly affected residents; however, it is likely that the small number of vehicles will move to park on Santa Rosa Avenue or easterly along Mandeville Drive. Working directly with the Crestline HOA to resolve the parking issue is likely to be a more lasting measure. Staff has been working with the Property Management Company of the Crestline HOA and they have started to include information on the Gordon Road Permit Parking Program in their monthly newsletter. On November 28, 2011, staff mailed letters to all residents of the Crestline Development reminding them of the Permit Parking Program on Gordon Road along with rules of parking on public streets. Since the City's notification to Crestline Development residents, three additional parking permits have been issued for Gordon Road.

It is important to note that the parking occurring along Mandeville Drive and the adjacent streets is legal and is not considered a traffic safety concern. Though it is unfortunate that it may be causing some of the residents to feel uncomfortable or burdened, that circumstance, in and of itself, is not a basis from which to create a parking control zone. Staff does not recommend the establishment of the Permit Parking Program on Mandeville Drive.

If the City Council determines to establish a Permit Parking Program along Mandeville Drive it will be necessary to adopt a Resolution. The parameters of the Residential Permit Parking Program, as defined in Chapter 11-24 of the Laguna Hills Municipal Code, are listed in the attached Resolution.

FISCAL IMPACT:

The Permit Parking Program proposed for Mandeville Drive will require some administrative staff time, the printing of permit decals, and the posting of signs. The cost of the permit decals shall be recovered through a fee to the permit applicants of $15 per decal per year. There is an estimated cost of $750 for the installation of signage to implement this program. Funds are available for this work in the Fiscal Year 2011-2012 Public Works Maintenance Budget.

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THE REPORT.

ATTACHMENTS:

- Resolution
- Vicinity Map
- Proposed Permit Parking Location Map

RESOLUTION NO. 2012-02-14-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ESTABLISHING A RESIDENTIAL PERMIT PARKING ZONE ON A PORTION OF MANDEVILLE DRIVE

The City Council of the City of Laguna Hills, California, hereby finds, determines, declares, and resolves as follows:

WHEREAS, Vehicle Code Section 22507, subdivision (a), authorizes the City to establish preferential parking privileges on public streets and to adopt provisions that are reasonable and necessary to ensure the effectiveness of the preferential parking program; and

WHEREAS, Vehicle Code Section 22507, subdivision (b), authorizes the City to establish preferential parking permits for the benefit of designated groups on specified streets if the City determines that the use of the permits will not adversely affect parking conditions for residents and merchants in the area; and

WHEREAS, Chapter 11-24 of the Laguna Hills Municipal Code establishes the City's Residential Permit Parking Program in order to regulate and effectively manage residential curb parking at locations at which a high demand for parking on residential streets has been determined by the City Council to be adverse to the health, safety, welfare, and interest of the adjoining residential property owners; and

WHEREAS, the City Engineer, upon the recommendation of the Laguna Hills Traffic Commission, has determined that the establishment of a Residential Permit Parking Zone for a portion of Mandeville Drive for the benefit of the fronting residents may alleviate adverse parking conditions in the area; and

WHEREAS, establishment of a proposed Residential Permit Parking Zone for a portion of Mandeville Drive is not a “Project" pursuant to California Environmental Quality Act (CEQA) (Pub. Resources Code, Section 21000 et. Seq.); and

WHEREAS, the Traffic Commission, at its regularly scheduled meeting of January 18, 2012, recommended to the City Council the establishment of a Residential Permit Parking Zone on a portion of Mandeville Drive for the benefit of the fronting residents.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. The high demand for parking on a portion of Mandeville Drive east of Moulton Parkway is determined to be adverse to the health, safety, welfare, and interest of the adjoining residential property owners.

SECTION 2. In order to regulate and effectively manage residential curb parking at locations at which a high demand for parking on residential streets has been determined, a Residential Permit Parking Zone is hereby established on the north side of Mandeville Drive from 60 feet east of Moulton Parkway to 490 feet easterly, and on the south side of Mandeville Drive from Moulton Parkway to 560 feet easterly for the benefit of the residents fronting Mandeville Drive.

SECTION 3. As determined by the City Engineer and the Traffic Commission, the City Council finds that the use of the preferential parking permits established herein will not adversely affect parking conditions for residents in the area.

SECTION 4. The City Engineer is authorized to establish rules and procedures, and to produce signs, forms, and other materials necessary or appropriate to implement the provisions of the Residential Permit Parking Program hereby established.

SECTION 5. The Residential Permit Parking Program shall be subject to the following provisions:

A. Applications for permit parking decals may only be made by residents of fronting homes on Mandeville Drive that include address numbers: 24441, 24461, 24471, 24491, 24501, 24511, 24531, 24532, 24522, 24506, 24492, and 24482.

B. Applications shall be the sole responsibility of the applicant and shall be filed with the City Engineer, or his designated representative.

C. Each applicant must be 18 years of age or older.

D. Only one permit parking decal shall be issued for one vehicle registered to an address of an applicant residing at one of the addresses listed in Section 4.A above.

E. Permit parking decals shall only be issued for personal passenger vehicles including pick-up trucks under two-ton capacity.

F. Construction or commercial vehicles shall not qualify for issuance of a permit parking decal.

G. Any permit parking decal issued pursuant to this Residential Permit Parking Program to a resident shall be valid for one year and shall only be issued to the registered owner of the vehicle.

H. Permit parking decals are non-transferable.

I. Permit parking decals shall be permanently affixed to the left inside rear window of the vehicle for which it has been issued. Guest parking permit placards shall be displayed on the dashboard immediately above the steering wheel of the vehicle.

J. Continuous parking shall be limited to 72 hours without movement of a vehicle as provided in regulations of the California Vehicle Code and Laguna Hills Municipal Code.

K. Applicants for permit parking decals shall pay to the City a $15 annual administrative fee for permit issuance and/or replacement.

L. Each residential property shall be entitled to receive four guest parking permit placards from the City Engineer upon application. Guest parking permit placards shall require annual renewal.

SECTION 6. The City Engineer shall cause appropriate signs or markings giving adequate notice of the Residential Permit Parking Zone hereby established to be erected or installed.

SECTION 7. The City Council finds that the Residential Permit Parking Zone hereby established is not subject to CEQA pursuant to Sections 15060(c)(2) the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) the activity is not a project as defined in Section 15378 of the CEQA Guidelines, Cal. Code of Regs, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

PASSED, APPROVED, AND ADOPTED this 14th day of February 2012.

____
MELODY CARRUTH, MAYOR

ATTEST:

____
PEGGY J. JOHNS, CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF LAGUNA HILLS)

I, Peggy J. Johns, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. 2012-02-14-____ adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 14th day of February 2012, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

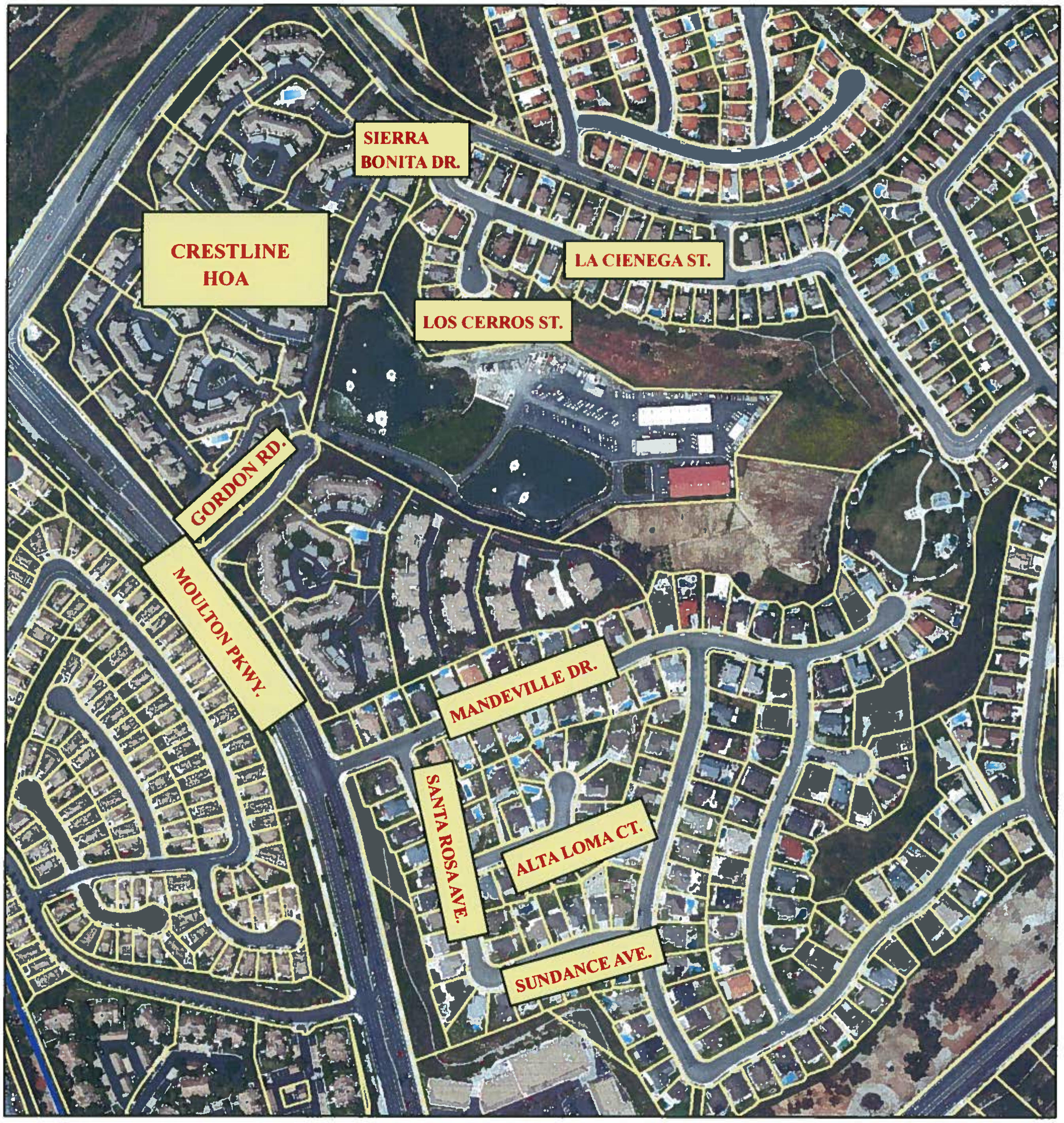
(SEAL)

____

PEGGY J. JOHNS, CITY CLERK

City of Laguna Hills

VICINITY MAP

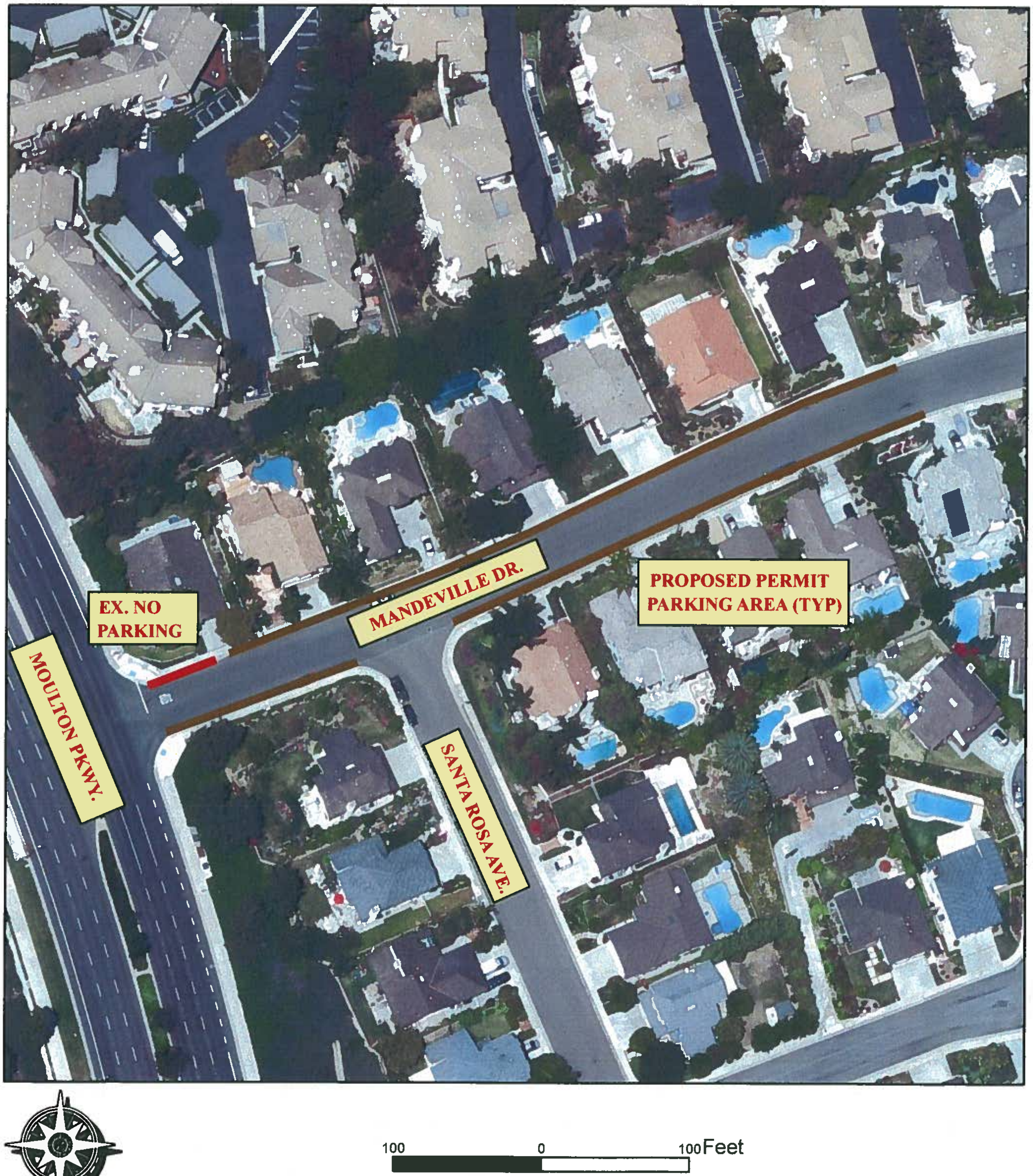


420 0 420 Feet

Date Created: 1/30/2012

City of Laguna Hills

PROPOSED PERMIT PARKING LOCATION MAP



Date Created: 1/27/2012

CITY OF LAGUNA HILLS

AGENDA REPORT
COUNCIL MEMBER SONGSTAD

ISSUE: CALIFORNIA FORWARD BALLOT MEASURE "THE GOVERNMENT PERFORMANCE AND ACCOUNTABILITY ACT"

SUMMARY:

At the January 24, 2012, Council meeting, staff was given direction to provide the attached materials to the City Council regarding the proposed Ballot Measure submitted by a group known as "California Forward."

At this point it is not clear whether the Ballot Measure proponents will gather the required number of signatures to qualify this measure for inclusion on the November 2012 ballot.

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THE REPORT.

ATTACHMENTS:

- Government Performance and Accountability Act language
- Revenue and Taxation Policy Committee Analysis of the Measure
- League of California Cities Q & A Special Briefing Paper
- December 14, 2011, letter to Attorney General Kamala Harris from the State Legislative Analyst's Office

The Government Performance and Accountability Act

SECTION ONE. Findings and Declarations.

The People of the State of California hereby find and declare that government must be:

1. **Trustworthy.** California government has lost the confidence of its citizens and is not meeting the needs of Californians. Taxpayers are entitled to a higher return on their investment and the public deserves better results from government services.

2. **Accountable for Results.** To restore trust, government at all levels must be accountable for results. The people are entitled to know how tax dollars are being spent and how well government is performing. State and local government agencies must set measurable outcomes for all expenditures and regularly and publicly report progress toward those outcomes.

3. **Cost-Effective.** California must invest its scarce public resources wisely to be competitive in the global economy. Vital public services must therefore be delivered with increasing effectiveness and efficiency.

4. **Transparent.** It is essential that the public's business be public. Honesty and openness promote and preserve the integrity of democracy and the relationship between the people and their government.

5. **Focused on Results.** To improve results, public agencies need a clear and shared understanding of public purpose. With this measure, the people declare that the purpose of state and local governments is to promote a prosperous economy, a quality environment, and community equity. These purposes are advanced by achieving at least the following goals: increasing employment, improving education, decreasing poverty, decreasing crime, and improving health.

6. **Cooperative.** To make every dollar count, public agencies must work together to reduce bureaucracy, eliminate duplication, and resolve conflicts. They must integrate services and adopt strategies that have been proven to work and can make a difference in the lives of Californians.

7. **Closer to the People.** Many governmental services are best provided at the local level, where public officials know their communities and residents have access to elected officials. Local governments need the flexibility to tailor programs to the needs of their communities.

8. **Supportive of Regional Job Generation.** California is composed of regional economies. Many components of economic vitality are best addressed at the regional scale. The State is obliged to enable and encourage local governments to collaborate regionally to enhance the ability to attract capital investment into regional economies to generate well-paying jobs.

9. **Willing to Listen.** Public participation is essential to ensure a vibrant and responsive democracy and a responsive and accountable government. When government listens, more people are willing to take an active role in their communities and their government.

10. **Thrifty and Prudent.** State and local governments today spend hundreds of millions of dollars on budget processes that do not tell the public what is being accomplished. Those same funds can be better used to develop budgets that link dollars to goals and communicate progress toward those goals, which is a primary purpose of public budgets.

SECTION TWO. Purpose and Intent.

In enacting this measure, the People of the State of California intend to:

1. Improve results and accountability to taxpayers and the public by improving the budget process for the State and local governments with existing resources.

2. Make state government more efficient, effective, and transparent through a state budget process that does the following:

   a. Focuses budget decisions on what programs are trying to accomplish and whether progress is being made.

   b. Requires the development of a two-year budget and a review of every program at least once every five years to make sure money is well spent over time.

   c. Requires major new programs and tax cuts to have clearly identified funding sources before they are enacted.

   d. Requires legislation – including the Budget Act – to be public for three days before lawmakers can vote on it.

3. Move government closer to the people by enabling and encouraging local governments to work together to save money, improve results, and restore accountability to the public through the following:

a. Focusing local government budget decisions on what programs are trying to accomplish and whether progress is being made.

b. Granting counties, cities, and schools the authority to develop, through a public process, a Community Strategic Action Plan for advancing community priorities that they cannot achieve by themselves.

c. Granting local governments that approve an Action Plan flexibility in how they spend state dollars to improve the outcomes of public programs.

d. Granting local governments that approve an Action Plan the ability to identify state statutes or regulations that impede progress and a process for crafting a local rule for achieving a state requirement.

e. Encouraging local governments to collaborate to achieve goals more effectively addressed at a regional scale.

f. Providing some state funds as an incentive to local governments to develop Action Plans.

g. Requiring local governments to report their progress annually and evaluate their efforts every four years as a condition of continued flexibility – thus restoring accountability of local elected officials to local voters and taxpayers.

4. Involve the people in identifying priorities, setting goals, establishing measurements of results, allocating resources in a budget, and monitoring progress.

5. Implement the budget reforms herein using existing resources currently dedicated to the budget processes of the State and its political subdivisions without significant additional funds. Further, establish the Performance and Accountability Trust Fund from existing tax bases and revenues. No provision herein shall require an increase in any taxes or modification of any tax rate or base.

SECTION THREE. Section 8 of Article IV of the California Constitution is hereby amended to read:

SEC. 8. (a) At regular sessions no bill other than the budget bill may be heard or acted on by committee or either house until the 31st day after the bill is introduced unless the house dispenses with this requirement by rollcall vote entered in the journal, three fourths of the membership concurring.

(b) The Legislature may make no law except by statute and may enact no statute except by bill. No bill may be passed unless it is read by title on 3 days in each house except that the house may dispense with this requirement by rollcall vote entered in the journal, two thirds of the membership concurring. No bill other than a bill containing an urgency clause that is passed in a special session called by the Governor to address a state of emergency declared by the Governor arising out of a natural disaster or a terrorist attack may be passed until the bill with amendments has been in print~~ed~~ and distributed to the members and available to the public for at least 3 days. No bill may be passed unless, by rollcall vote entered in the journal, a majority of the membership of each house concurs.

(c) (1) Except as provided in paragraphs (2) and (3) of this subdivision, a statute enacted at a regular session shall go into effect on January 1 next following a 90-day period from the date of enactment of the statute and a statute enacted at a special session shall go into effect on the 91st day after adjournment of the special session at which the bill was passed.

(2) A statute, other than a statute establishing or changing boundaries of any legislative, congressional, or other election district, enacted by a bill passed by the Legislature on or before the date the Legislature adjourns for a joint recess to reconvene in the second calendar year of the biennium of the legislative session, and in the possession of the Governor after that date, shall go into effect on January 1 next following the enactment date of the statute unless, before January 1, a copy of a referendum petition affecting the statute is submitted to the Attorney General pursuant to subdivision (d) of Section 10 of Article II, in which event the statute shall go into effect on the 91st day after the enactment date unless the petition has been presented to the Secretary of State pursuant to subdivision (b) of Section 9 of Article II.

(3) Statutes calling elections, statutes providing for tax levies or appropriations for the usual current expenses of the State, and urgency statutes shall go into effect immediately upon their enactment.

(d) Urgency statutes are those necessary for immediate preservation of the public peace, health, or safety. A statement of facts constituting the necessity shall be set forth in one section of the bill. In each house the section and the bill shall be passed separately, each by rollcall vote entered in the journal, two thirds of the membership concurring. An urgency statute may not create or abolish any office or change the salary, term, or duties of any office, or grant any franchise or special privilege, or create any vested right or interest.

SECTION FOUR. Section 9.5 is hereby added to Article IV of the California Constitution to read:

SEC. 9.5. A bill passed by the Legislature that (1) establishes a new state program, including a state-mandated local program described in Section 6 of Article XIII B, or a new agency, or expands the scope of such an existing state program or agency, the effect of which would, if funded, be a net increase in state costs in excess of twenty-five million dollars ($25,000,000) in that fiscal year or in any succeeding fiscal year, or (2) reduces a state tax or other source of state revenue, the effect of which will be a net decrease in state revenue in excess of twenty-five million dollars ($25,000,000) in that fiscal year or in any succeeding fiscal year, is void unless offsetting state program reductions or additional revenue, or a combination thereof, are provided in the bill or another bill in an amount that equals or exceeds the net increase in state costs or net decrease in state revenue. The twenty-five million dollar ($25,000,000) threshold specified in this section shall be adjusted annually for inflation pursuant to the California Consumer Price Index.

SECTION FIVE. Section 10 of Article IV of the California Constitution is hereby amended to read:

SEC. 10. (a) Each bill passed by the Legislature shall be presented to the Governor. It becomes a statute if it is signed by the Governor. The Governor may veto it by returning it with any objections to the house of origin, which shall enter the objections in the journal and proceed to reconsider it. If each house then passes the bill by rollcall vote entered in the journal, two-thirds of the membership concurring, it becomes a statute.

(b) (1) Any bill, other than a bill which would establish or change boundaries of any legislative, congressional, or other election district, passed by the Legislature on or before the date the Legislature adjourns for a joint recess to reconvene in the second calendar year of the biennium of the legislative session, and in the possession of the Governor after that date, that is not returned within 30 days after that date becomes a statute.

(2) Any bill passed by the Legislature before June 30 of the second calendar year of the biennium of the legislative session and in the possession of the Governor on or after June 30 that is not returned on or before July 31 of that year becomes a statute. In addition, any bill passed by the Legislature before September 1 of the second calendar year of the biennium of the legislative session and in the possession of the Governor on or after

September 1 that is not returned on or before September 30 of that year becomes a statute.

(3) Any other bill presented to the Governor that is not returned within 12 days becomes a statute.

(4) If the Legislature by adjournment of a special session prevents the return of a bill with the veto message, the bill becomes a statute unless the Governor vetoes the bill within 12 days after it is presented by depositing it and the veto message in the office of the Secretary of State.

(5) If the 12th day of the period within which the Governor is required to perform an act pursuant to paragraph (3) or (4) of this subdivision is a Saturday, Sunday, or holiday, the period is extended to the next day that is not a Saturday, Sunday, or holiday.

(c) <u>(1)</u> Any bill introduced during the first year of the biennium of the legislative session that has not been passed by the house of origin by January 31 of the second calendar year of the biennium may no longer be acted on by the house. No bill may be passed by either house on or after ~~September 1 of an even-numbered year~~ <u>June 30 of the second year of the biennium</u> except ~~statutes calling elections, statutes providing for tax levies or appropriations for the usual current expenses of the State, and urgency statutes,~~ <u>bills that take effect immediately,</u> and bills passed after being vetoed by the Governor.

<u>(2) No bill may be introduced or considered in the second year of the biennium that is substantially the same and has the same effect as any introduced or amended version of a measure that did not pass the house of origin by January 31 of the second calendar year of the biennium as required in paragraph (1).</u>

(d) <u>(1)</u> The Legislature may not present any bill to the Governor after November 15 of the second calendar year of the biennium of the legislative session. <u>On the first Monday following July 4 of the second year of the biennium, the Legislature shall convene, as part of its regular session, to conduct program oversight and review. The Legislature shall establish an oversight process for evaluating and improving the performance of programs undertaken by the State or by local agencies implementing state-funded programs on behalf of the State based on performance standards set forth in statute and in the biennial Budget Act. Within one year of the effective date of this provision, a review schedule shall be established for all state programs whether managed by a state or local agency implementing state-funded programs on behalf of the State. The schedule shall sequence the review of similar programs so that relationships among program objectives can be identified and reviewed. The review process shall result in recommendations in the form of proposed legislation that improves or terminates programs. Each program shall be reviewed at least once every five years.</u>

(2) The process established for program oversight under paragraph (1) shall also include a review of Community Strategic Action Plans adopted pursuant to Article XI A for the purpose of determining whether any state statutes or regulations that have been identified by the participating local government agencies as state obstacles to improving results should be amended or repealed as requested by the participating local government agencies based on a review of at least three years of experience with the Community Strategic Action Plans. The review shall assess whether the Action Plans have improved the delivery and effectiveness of services in all parts of the community identified in the plan.

(e) The Governor may reduce or eliminate one or more items of appropriation while approving other portions of a bill. The Governor shall append to the bill a statement of the items reduced or eliminated with the reasons for the action. The Governor shall transmit to the house originating the bill a copy of the statement and reasons. Items reduced or eliminated shall be separately reconsidered and may be passed over the Governor's veto in the same manner as bills.

(f) (1) If, following the enactment of the budget bill for the 2004-05 fiscal year or any subsequent fiscal year, the Governor determines that, for that fiscal year, General Fund revenues will decline substantially below the estimate of General Fund revenues upon which the budget bill for that fiscal year, as enacted, was based, or General Fund expenditures will increase substantially above that estimate of General Fund revenues, or both, the Governor may issue a proclamation declaring a fiscal emergency and shall thereupon cause the Legislature to assemble in special session for this purpose. The proclamation shall identify the nature of the fiscal emergency and shall be submitted by the Governor to the Legislature, accompanied by proposed legislation to address the fiscal emergency. In response to the Governor's proclamation, the Legislature may present to the Governor a bill or bills to address the fiscal emergency.

(2) If the Legislature fails to pass and send to the Governor a bill or bills to address the fiscal emergency by the 45th day following the issuance of the proclamation, the Legislature may not act on any other bill, nor may the Legislature adjourn for a joint recess, until that bill or those bills have been passed and sent to the Governor.

(3) A bill addressing the fiscal emergency declared pursuant to this section shall contain a statement to that effect. For purposes of paragraphs (2) and (4), the inclusion of this statement shall be deemed to mean conclusively that the bill addresses the fiscal emergency. A bill addressing the fiscal emergency declared pursuant to this section that contains a statement to that effect, and is passed and sent to the Governor by the 45th day following the issuance of the proclamation declaring the fiscal emergency, shall take effect immediately upon enactment.

(4) (A) If the Legislature has not passed and sent to the Governor a bill or bills to address a fiscal emergency by the 45th day following the issuance of the proclamation declaring the fiscal emergency, the Governor may, by executive order, reduce or eliminate any existing General Fund appropriation for that fiscal year to the extent the appropriation is not otherwise required by this Constitution or by federal law. The total amount of appropriations reduced or eliminated by the Governor shall be limited to the amount necessary to cause General Fund expenditures for the fiscal year in question not to exceed the most recent estimate of General Fund revenues made pursuant to paragraph (1).

(B) If the Legislature is in session, it may, within 20 days after the Governor issues an executive order pursuant to subparagraph (A), override all or part of the executive order by a rollcall vote entered in the journal, two-thirds of the membership of each house concurring. If the Legislature is not in session when the Governor issues the executive order, the Legislature shall have 30 days to reconvene and override all or part of the executive order by resolution by the vote indicated above. An executive order or a part thereof that is not overridden by the Legislature shall take effect the day after the period to override the executive order has expired. Subsequent to the 45th day following the issuance of the proclamation declaring the fiscal emergency, the prohibition set forth in paragraph (2) shall cease to apply when (i) one or more executive orders issued pursuant to this paragraph have taken effect, or (ii) the Legislature has passed and sent to the Governor a bill or bills to address the fiscal emergency.

(C) A bill to restore balance to the budget pursuant to subparagraph (B) may be passed in each house by rollcall vote entered in the journal, a majority of the membership concurring, to take effect immediately upon being signed by the Governor or upon a date specified in the legislation, provided, however, that any bill that imposes a new tax or increases an existing tax must be passed by a two-thirds vote of the members of each house of the Legislature.

SECTION SIX. Section 12 of Article IV of the California Constitution is hereby amended to read:

SEC. 12. (a) (1) Within the first 10 days of each odd-numbered calendar year, the Governor shall submit to the Legislature, with an explanatory message, a budget for the ensuing two fiscal years, containing itemized statements for recommended state expenditures and estimated total state ~~revenues~~ resources available to meet those expenditures. The itemized statement of estimated total state resources available to meet recommended expenditures submitted pursuant to this subdivision shall identify the amount, if any, of those resources that are anticipated to be one-time resources. The two-year budget, which shall include a budget for the budget year and a budget for the succeeding fiscal year, shall be known collectively as the biennial budget. Within the first 10 days of each even-numbered year, the Governor may submit a supplemental budget to amend or augment the enacted biennial budget.

(b) The biennial budget shall contain all of the following elements to improve performance and accountability:

(1) An estimate of the total resources available for the expenditures recommended for the budget year and the succeeding fiscal year.

(2) A projection of anticipated expenditures and anticipated revenues for the three fiscal years following the fiscal year succeeding the budget year.

(3) A statement of how the budget will promote the purposes of achieving a prosperous economy, quality environment, and community equity, by working to achieve at least the following goals: increasing employment; improving education; decreasing poverty; decreasing crime; and improving health.

(4) A description of the outcome measures that will be used to assess progress and report results to the public and of the performance standards for state agencies and programs.

(5) A statement of the outcome measures for each major expenditure of state government for which public resources are proposed to be appropriated in the budget and their relationship to the overall purposes and goals set forth in paragraph (3).

(6) A statement of how the State will align its expenditure and investment of public resources with that of other government entities that implement state functions and programs on behalf of the State to achieve the purposes and goals set forth in paragraph (3).

(7) A public report on progress in achieving the purposes and goals set forth in paragraph (3) and an evaluation of the effectiveness in achieving the purposes and goals according to the outcome measures set forth in the preceding year's budget.

(c) If, for the budget year and the succeeding fiscal year, collectively, recommended expenditures exceed estimated revenues, the Governor shall recommend reductions in expenditures or the sources from which the additional revenues should be provided or both. To the extent practical, the recommendations shall include an analysis of the long-term impact that expenditure reductions or additional revenues would have on the state economy. Along with the biennial budget, the Governor shall submit to the Legislature, any legislation required to implement appropriations contained in the biennial budget.

together with a five-year capital infrastructure and strategic growth plan, as specified by statute.

(d) If the Governor's budget proposes to (1) establish a new state program, including a state-mandated local program described in Section 6 of Article XIII B, or a new agency, or expand the scope of an existing state program or agency, the effect of which would, if funded, be a net increase in state costs in excess of twenty-five million dollars ($25,000,000) in that fiscal year or in any succeeding fiscal year, or (2) reduce a state tax or other source of state revenue, the effect of which will be a net decrease in state revenue in excess of twenty-five million dollars ($25,000,000) in that fiscal year or any succeeding fiscal year, the budget shall propose offsetting state program reductions or additional revenue, or a combination thereof, in an amount that equals or exceeds the net increase in state costs or net decrease in state revenue. The twenty-five million dollar ($25,000,000) threshold specified in this subdivision shall annually be adjusted for inflation pursuant to the California Consumer Price Index.

(~~b~~e) The Governor and the Governor-elect may require a state agency, officer or employee to furnish whatever information is deemed necessary to prepare the biennial budget and any supplemental budget.

(~~c~~f) (1) The biennial budget and any supplemental budget shall be accompanied by a budget bill itemizing recommended expenditures for the budget year and the succeeding fiscal year. A supplemental budget bill shall be accompanied by a bill proposing the supplemental budget.

(2) The budget bill and other bills providing for appropriations related to the budget bill or a supplemental budget bill, as submitted by the Governor, shall be introduced immediately in each house by the persons chairing the committees that consider the budget.

(3) On or before May 1 of each year, after the appropriate committees of each house of the Legislature have considered the budget bill, each house shall refer the budget bill to a joint committee of the Legislature, which may include a conference committee, which shall review the budget bill and other bills providing for appropriations related to the budget bill and report its recommendations to each house no later than June 1 of each year. This shall not preclude the referral of any of these bills to policy committees in addition to a joint committee.

~~(3)~~(4) The Legislature shall pass the budget bill and other bills providing for appropriations related to the budget bill by midnight on June 15 of each year. Appropriations made in the budget bill, or in other bills providing for appropriations related to the budget bill, for the succeeding fiscal year shall not be expended in the budget year.

~~(4)~~(5) Until the budget bill has been enacted, the Legislature shall not send to the Governor for consideration any bill appropriating funds for expenditure during the ~~fiscal~~ budget year or the succeeding fiscal year ~~for which the budget bill is to be enacted~~, except emergency bills recommended by the Governor or appropriations for the salaries and expenses of the Legislature.

(~~d~~g) No bill except the budget bill or the supplemental budget bill may contain more than one item of appropriation, and that for one certain, expressed purpose. Appropriations from the General Fund of the State, except appropriations for the public schools and appropriations in the budget bill, the supplemental budget bill, and in other bills providing for appropriations related to the budget bill, are void unless passed in each house by rollcall vote entered in the journal, two-thirds of the membership concurring.

(~~e~~h) (1) Notwithstanding any other provision of law or of this Constitution, the budget bill, the supplemental budget bill, and other bills providing for appropriations related to the budget bill may be passed in each house by rollcall vote entered in the journal, a majority of the membership concurring, to take effect immediately upon being signed by the Governor or upon a date specified in the legislation. Nothing in this subdivision shall affect the vote requirement for appropriations for the public schools contained in subdivision (~~d~~g) of this section and in subdivision (b) of Section 8 of this article.

(2) For purposes of this section, "other bills providing for appropriations related to the budget bill or a supplemental budget bill" shall consist only of bills identified as related to the budget in the budget bill or in the supplemental budget bill passed by the Legislature.

(3) For purposes of this section, "budget bill" shall mean the bill or bills containing the budget for the budget year and the succeeding fiscal year.

(~~f~~i) The Legislature may control the submission, approval, and enforcement of budgets and the filing of claims for all state agencies.

(~~g~~j) (1) For the 2004-05 fiscal year, or any subsequent fiscal year, the Legislature ~~may~~ shall not send to the Governor for consideration, nor ~~may~~ shall the Governor sign into law, a budget bill for the budget year or for the succeeding fiscal year that would appropriate from the General Fund, for ~~that~~ each fiscal year of the biennial budget, a total amount that, when combined with all appropriations from the General Fund for that fiscal year made as of the date of the budget bill's passage, and the amount of any General Fund moneys transferred to the Budget Stabilization Account for that fiscal year pursuant to Section 20 of Article XVI, exceeds General Fund revenues, transfers, and balances available from the prior fiscal year for that fiscal year estimated as of the date of the budget bill's passage. The estimate of General Fund revenues, transfers, and balances shall be set forth in the budget bill passed by the Legislature. The budget bill passed by the Legislature shall also contain a statement of the total General Fund obligations described in this subdivision for each fiscal year of the biennial budget, together with an explanation of the basis for the estimate of General Fund revenues, including an explanation of the amount by which the Legislature projects General Fund revenues for that fiscal year to differ from General Fund revenues for the immediately preceding fiscal year.

(~~h~~k) Notwithstanding any other provision of law or of this Constitution, including subdivision (~~e~~f) of this section, Section 4 of this article, and Sections 4 and 8 of Article III, in any year in which the budget bill is not passed by the Legislature by midnight on June 15, there shall be no appropriation from the current budget or future budget to pay any salary or reimbursement for travel or living expenses for Members of the Legislature during any regular or special session for the period from midnight on June 15 until the day that the budget bill is presented to the Governor. No salary or reimbursement for travel or living expenses forfeited pursuant to this subdivision shall be paid retroactively.

SECTION SEVEN. Article XI A is hereby added to the California Constitution to read:

ARTICLE XI A. COMMUNITY STRATEGIC ACTION PLANS

SEC. 1. (a) Californians expect and require that local government entities publicly explain the purpose of expenditures and whether progress is being made toward their goals. Therefore, in addition to the requirements of any other provision of this Constitution, the adopted budget of each local government entity shall contain all of the following as they apply to the entity's powers and duties:

(1) A statement of how the budget will promote, as applicable to a local government entity's functions, role, and locally-determined priorities, a prosperous economy, quality environment, and community equity, as reflected in the following goals: increasing employment, improving education, decreasing poverty, decreasing crime, improving health, and other community priorities;

(2) A description of the overall outcome measurements that will be used to assess progress in all parts of the community toward the goals established by the local government entity pursuant to paragraph (1);

(3) A statement of the outcome measurement for each major expenditure of government for which public resources are appropriated in the budget and the relationship to the overall goals established by the local government entity pursuant to paragraph (1);

(4) A statement of how the local government entity will align its expenditure and investment of public resources to achieve the goals established by the local government entity pursuant to paragraph (1); and

(5) A public report on progress in achieving the goals established by the local government entity pursuant to paragraph (1) and an evaluation of the effectiveness in achieving the outcomes according to the measurements set forth in the previous year's budget.

(b) Each local government entity shall develop and implement an open and transparent process that encourages the participation of all aspects of the community in the development of its proposed budget, including identifying community priorities pursuant to paragraph (1) of subdivision (a) of this section.

(c) This section shall become operative in the budget year of the local government entity which commences in the year 2014.

(d) The provisions of this section are self-executing and are to be interpreted to apply only to those activities over which local entities exercise authority.

SEC. 2. (a) A county, by action of the board of supervisors, may initiate the development of a Community Strategic Action Plan, hereinafter referred to as the Action Plan. The county shall invite the participation of all other local government entities within the county whose existing functions or services are within the anticipated scope of the Action Plan. Any local government entity within the county may petition the board of supervisors to initiate an Action Plan, to be included in the planning process, or to amend the Action Plan.

(b) The participating local government entities shall draft an Action Plan through an open and transparent process that encourages the participation of all aspects of the community, including neighborhood leaders. The Action Plan shall include the following:

(1) A statement that (A) outlines how the Action Plan will achieve the purposes and goals set forth in paragraphs (1) through (5), inclusive, of subdivision (a) of Section 1 of this article, (B) describes the public services that will be delivered pursuant to the Action Plan and the roles and responsibilities of the participating entities, (C) explains why those services will be delivered more effectively and

efficiently pursuant to the Action Plan, (D) provides for an allocation of resources to support the plan, including funds that may be received from the Performance and Accountability Trust Fund, (E) considers disparities within communities served by the Action Plan, and (F) explains how the Action Plan is consistent with the budgets adopted by the participating local government entities;

(2) The outcomes desired by the participating local government entities and how those outcomes will be measured; and

(3) A method for regularly reporting outcomes to the public and to the State.

(c) (1) The Action Plan shall be submitted to the governing bodies of each of the participating local government entities within the county. To ensure a minimum level of collaboration, the Action Plan must be approved by the county, local government entities providing municipal services pursuant to the Action Plan to at least a majority of the population in the county, and one or more school districts serving at least a majority of the public school pupils in the county.

(2) The approval of the Action Plan, or an amendment to the Action Plan, by a local government entity, including the county, shall require a majority vote of the membership of the governing body of that entity. The Action Plan shall not apply to any local government entity that does not approve the Action Plan as provided in this paragraph.

(d) Once an Action Plan is adopted, a county may enter into contracts that identify and assign the duties and obligations of each of the participating entities, provided that such contracts are necessary for implementation of the Action Plan and are approved by a majority vote of the governing body of each local government entity that is a party to the contract.

(e) Local government entities which have adopted an Action Plan pursuant to this section and that have satisfied the requirements of Section 3 of this article, if applicable, may integrate state or local funds that are allocated to them for the purpose of providing the services identified by the Action Plan in a manner that will advance the goals of the Action Plan.

SEC. 3. (a) If the parties to an Action Plan adopted pursuant to Section 2 of this article conclude that a state statute or regulation, including a statute or regulation restricting the expenditure of funds, impedes progress toward the goals of the Action Plan or they need additional statutory authority to implement the Action Plan, the local government entities may include provisions in the Action Plan that are functionally equivalent to the objective or objectives of the applicable statute or regulation. The provision shall include a description of the intended state objective, of how the rule is an obstacle to better outcomes, of the proposed community rule, and how the community rule will contribute to better outcomes while advancing a prosperous economy, quality environment, and community equity. For purposes of this section, a provision is functionally equivalent to the objective or objectives of a statute or regulation if it substantially complies with the policy and purpose of the statute or regulation.

(b) The parties shall submit an Action Plan containing the functionally equivalent provisions described in subdivision (a) with respect to one or more state statutes to the Legislature during a regular or special session. If, within 60 days following its receipt of the Action Plan, the Legislature takes no concurrent action, by resolution or otherwise, to disapprove the provisions, the provisions shall be deemed to be operative, with the effect in law that compliance with the provisions shall be deemed compliance with the state statute or statutes.

(c) If the parties to an Action Plan adopted pursuant to Section 2 of this article conclude that a regulation impedes the goals of the Action Plan, they may follow the procedure described in subdivision (a) of this section by submitting their proposal to the agency or department responsible for promulgating or administering the regulation, which shall consider the proposal within 60 days. If, within 60 days following its receipt of the Action Plan, the agency or department takes no action to disapprove the provisions, the provisions shall be deemed to be operative, with the effect in law that compliance with the provisions shall be deemed compliance with the state regulation or regulations. Any action to disapprove the provision shall include a statement setting forth the reasons for doing so.

(d) This section shall only apply to statutes or regulations that directly govern the administration of a state program that is financed in whole or in part with state funds.

(e) Any authority granted pursuant to this section shall automatically expire four years after the effective date, unless renewed pursuant to this section.

SEC. 4. (a) The Performance and Accountability Trust Fund is hereby established in the State Treasury for the purpose of providing state resources for the implementation of integrated service delivery contained in the Community Strategic Action Plans prepared pursuant to this article. Notwithstanding Section 13340 of the Government Code, money in the fund shall be continuously appropriated solely for the purposes provided in this article. For purposes of Section 8 of Article XVI, the revenues transferred to the Performance and Accountability Trust Fund pursuant to this Act shall be considered General Fund proceeds of taxes which may be appropriated pursuant to Article XIII B.

(b) Money in the Performance and Accountability Trust Fund shall be distributed according to statute to counties whose Action Plans include a budget for expenditure of the funds that satisfies Sections 1 and 2 of this article.

(c) Any funds allocated to school districts pursuant to an Action Plan must be paid for from a revenue source other than the Performance and Accountability Trust Fund, and may be paid from any other source as determined by the entities participating in the Action Plan. The allocation received by any school district pursuant to an Action Plan shall not be considered General Fund proceeds of taxes or allocated local proceeds of taxes for purposes of Section 8 of Article XVI.

SEC. 5. A county that has adopted an Action Plan pursuant to Section 2 of this article shall evaluate the effectiveness of the Action Plan at least once every four years. The evaluation process shall include an opportunity for public comments, and for those comments to be included in the final report. The evaluation shall be used by the participating entities to improve the Action Plan and by the public to assess the performance of its government. The evaluation shall include a review of the extent to which the Action Plan has achieved the purposes and goals set forth in paragraphs (1) through (5), inclusive, of subdivision (a) of Section 1 of this article, including: improving the outcomes among the participating entities in the delivery and effectiveness of the applicable governmental services; progress toward reducing community disparities; and whether the individuals or community members receiving those services were represented in the development and implementation of the Action Plan.

SEC. 6. (a) The State shall consider how it can help local government entities deliver services more effectively and efficiently through an Action Plan adopted pursuant to Section 2 of this article. Consistent with this goal, the State or any department or agency thereof may enter into contracts with one or more local government entities that are participants in an Action Plan to perform any function that the contracting parties determine can be more efficiently and effectively performed at the local level. Any contract made pursuant to this section shall conform to the Action Plan adopted pursuant to the requirements of Section 2 of this article.

(b) The State shall consider and determine how it can support, through financial and regulatory incentives, efforts by local government entities and representatives of the public to work together to address challenges and to resolve problems that local government entities have voluntarily and collaboratively determined are best addressed at the geographic scale of a region in order to advance a prosperous economy, quality environment, and community equity. The State shall promote the vitality and global competitiveness of regional economies and foster greater collaboration among local governments within regions by providing priority consideration for state-administered funds for infrastructure and human services, as applicable, to those participating local government entities that have voluntarily developed a regional collaborative plan and are making progress toward the purposes and goals of their plan, which shall incorporate the goals and purposes set forth in paragraphs (1) through (5), inclusive, of subdivision (a) of Section 1 of this article.

SEC. 7. Nothing in this article is intended to abrogate or supersede any existing authority enjoyed by local government entities, nor to discourage or prohibit local government entities from developing and participating in regional programs and plans designed to improve the delivery and efficiency of government services.

SEC. 8. For purposes of this article, the term "local government entity" shall mean a county, city, city and county, and any other local government entity, including school districts, county offices of education, and community college districts.

SECTION EIGHT. Section 29 of Article XIII of the California Constitution is hereby amended to read:

SEC. 29. (a) The Legislature may authorize counties, cities and counties, and cities to enter into contracts to apportion between them the revenue derived from any sales or use tax imposed by them that is collected for them by the State. Before the contract becomes operative, it shall be authorized by a majority of those voting on the question in each jurisdiction at a general or direct primary election.

(b) Notwithstanding subdivision (a), on and after the operative date of this subdivision, counties, cities and counties, and cities, may enter into contracts to apportion between them the revenue derived from any sales or use tax imposed by them pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law, or any successor provisions, that is collected for them by the State, if the ordinance or resolution proposing each contract is approved by a two-thirds vote of the governing body of each jurisdiction that is a party to the contract.

(c) Notwithstanding subdivision (a), counties, cities and counties, cities, and any other local government entity, including school districts and community college districts, that are parties to a Community Strategic Action Plan adopted pursuant to Article XI A may enter into contracts to apportion between and among them the revenue they receive from ad valorem property taxes allocated to them, if the ordinance or resolution proposing each contract is approved by a two-thirds vote of the governing body of each jurisdiction that is a party to the contract. Contracts entered into pursuant to this section shall be consistent with each participating entity's budget adopted in accordance with Section 1 of Article XI A.

SECTION NINE. Chapter 6 (commencing with Section 55750) is hereby added to Part 2 of Division 2 of Title 5 of the Government Code to read:

CHAPTER 6. COMMUNITY STRATEGIC ACTION PLANS.

SEC. 55750. (a) Notwithstanding Section 7101 of the Revenue and Taxation Code or any other provision of law, beginning in the 2013-14 fiscal year, the amount of revenues, net of refunds, collected pursuant to Section 6051 of the Revenue and Taxation Code and attributable to a rate of 0.035 percent shall be deposited in the State Treasury to the credit of the Performance and Accountability Trust Fund, as established pursuant to Section 4 of Article XI A of the California Constitution, and shall be used exclusively for the purposes for which that fund is created.

(b) To the extent that the Legislature reduces the sales tax base and that reduction results in less revenue to the Performance and Accountability Trust Fund than the Fund received in the 2013-14 fiscal year, the Controller shall transfer from the General Fund to the Performance and Accountability Trust Fund an amount that when added to the revenues received by the Performance and Accountability Trust Fund in that fiscal year equals the amount of revenue received by the Fund in the 2013-2014 fiscal year.

SEC. 55751. (a) Notwithstanding Section 7101 of the Revenue and Taxation Code or any other provision of law, beginning in the 2013-14 fiscal year, the amount of revenues, net of refunds, collected pursuant to section 6201 of the Revenue and Taxation Code and attributable to a rate of 0.035 percent shall be deposited in the State Treasury to the credit of the Performance and Accountability Trust Fund, as established pursuant to Section 4 of Article XI A of the California Constitution, and shall be used exclusively for the purposes for which that fund is created.

(b) To the extent that the Legislature reduces the use tax base and that reduction results in less revenue to the Performance and Accountability Trust Fund than the Fund received in the 2013-14 fiscal year, the Controller shall transfer from the General Fund to the Performance and Accountability Trust Fund an amount that when added to the revenues received by the Performance and Accountability Trust Fund in that fiscal year equals the amount of revenue received by the Fund in the 2013-14 fiscal year.

SEC. 55752. (a) In the 2014-15 fiscal year and every subsequent fiscal year, the Controller shall distribute funds in the Performance and Accountability Trust Fund established pursuant to Section 4 of Article XI A of the California Constitution to each county that has adopted a Community Strategic Action Plan that is in effect on or before June 30 of the preceding fiscal year, and that has submitted its Action Plan to the Controller for the purpose of requesting funding under this section. The distribution shall be made in the first quarter of the fiscal year. Of the total amount available for distribution from the Performance and Accountability Trust Fund in a fiscal year, the Controller shall apportion to each county Performance and Accountability Trust Fund, which is hereby established, to assist in funding its Action Plan, a percentage equal to the percentage computed for that county under subdivision (c).

(b) As used in this section, the population served by a Community Strategic Action Plan is the population of the geographic area that is the sum of the population of all of the participating local government entities, provided that a resident served by one or more local government entities shall be counted only once. The Action Plan shall include a calculation of the population of the geographic area served by the Action Plan, according to the most recent Department of Finance demographic data.

(c) The Controller shall determine the population served by each county's Action Plan as a percentage of the total population computed for all of the Action Plans that are eligible for funding pursuant to subdivision (a).

(d) The funds provided pursuant to Section 4 of Article XI A of the California Constitution and this chapter represent in part ongoing savings that accrue to the State that are attributable to the 2011 realignment and to the measure that added this section. Four years following the first allocation of funds pursuant to this section, the Legislative Analyst's Office shall assess the fiscal impact of the Action Plans and the extent to which the plans have improved the efficiency and effectiveness of service delivery or reduced the demand for state-funded services.

SECTION TEN. Section 42246 is hereby added to Article 2 of Chapter 7 of Part 24 of Division 3 of Title 2 of the Education Code to read:

SEC. 42246. Funds contributed or received by a school district pursuant to its participation in a Community Strategic Action Plan authorized by Article XI A of the California Constitution shall not be considered in calculating the State's portion of the district's revenue limit under Section 42238 or any successor statute.

SECTION ELEVEN. Section 9145 is hereby added to Article 7 of Chapter 1.5 of Part 1 of Division 2 of Title 2 of the Government Code to read:

SEC. 9145. For the purposes of Sections 9.5 and 12 of Article IV of the California Constitution, the following definitions shall apply:

(a) "Expand the scope of an existing state program or agency" does not include any of the following:

(1) Restoring funding to an agency or program that was reduced or eliminated in any fiscal year subsequent to the 2008-09 fiscal year to balance the budget or address a forecasted deficit.

(2) Increases in state funding for a program or agency to fund its existing statutory responsibilities, including increases in the cost of living or workload, and any increase authorized by a memorandum of understanding approved by the Legislature.

(3) Growth in state funding for a program or agency as required by federal law or a law that is in effect as of the effective date of the measure adding this section.

(4) Funding to cover one-time expenditures for a state program or agency, as so identified in the statute that appropriates the funding.

(5) Funding for a requirement described in paragraph (5) of subdivision (b) of Section 6 of Article XIII B of the California Constitution.

(b) "State costs" do not include costs incurred for the payment of principal or interest on a state general obligation bond.

(c) "Additional revenue" includes, but is not limited to, revenue to the State that results from specific changes made by federal or state law and that the state agency responsible for collecting the revenue has quantified and determined to be a sustained increase.

SECTION TWELVE. Section 11802 is hereby added to Article 1 of Chapter 8 of Part 1 of Division 3 of Title 2 of the Government Code to read:

SEC. 11802. No later than June 30, 2013, the Governor shall, after consultation with state employees and other interested parties, submit to the Legislature a plan to implement the performance-based budgeting provisions of Section 12 of Article IV of the California Constitution. The plan shall be fully implemented in the 2015-16 fiscal year and in each subsequent fiscal year.

SECTION THIRTEEN. Section 13308.03 is hereby added to Article 1 of Chapter 3 of Part 3 of Division 3 of Title 2 of the Government Code to read:

SEC. 13308.03. In addition to the requirements set forth in Section 13308, the Director of Finance shall:

(a) By May 15 of each year, submit to the Legislature and make available to the public updated projections of state revenue and state expenditures for the budget year and the succeeding fiscal year either as proposed in the budget bill pending in one or both houses of the Legislature or as appropriated in the enacted budget bill, as applicable.

(b) Immediately prior to passage of the biennial budget, or any supplemental budget, by the Legislature, submit to the Legislature a statement of total revenues and total expenditures for the budget year and the succeeding fiscal year, which shall be incorporated into the budget bill.

(c) By November 30 of each year, submit a fiscal update containing actual year-to-date revenues and expenditures for the current year compared to the revenues and expenditures set forth in the adopted budget to the Legislature. This requirement may be satisfied by the publication of the Fiscal Outlook Report by the Legislative Analyst's Office.

SECTION FOURTEEN. Amendment.

The statutory provisions of this measure may be amended solely to further the purposes of this measure by a bill approved by a two-thirds vote of the members of each house of the Legislature and signed by the Governor.

SECTION FIFTEEN. Severability.

If any of the provisions of this measure or the applicability of any provision of this measure to any person or circumstances shall be found to be unconstitutional or otherwise invalid, that finding shall not affect the remaining provisions or applications of this measure to other persons or circumstances, and to that extent the provisions of this measure are deemed to be severable.

SECTION SIXTEEN. Effective Date.

Sections Four, Five, and Six of this Act shall become operative on the first Monday of December in 2014. Unless otherwise specified in the Act, the other sections of the Act shall become operative the day after the election at which the Act is adopted.

SECTION SEVENTEEN. Legislative Counsel.

(a) The People find and declare that the amendments proposed by this measure to Section 12 of Article IV of the California Constitution are consistent with the amendments to Section 12 of Article IV of the California Constitution proposed by Assembly Constitutional Amendment No. 4 of the 2009-10 Regular Session (Res. Ch. 174, Stats. 2010) (hereafter "ACA 4"), which will appear on the statewide general election ballot of November 4, 2014.

(b) For purposes of the Legislative Counsel's preparation and proofreading of the text of ACA 4 pursuant to Sections 9086 and 9091 of the Elections Code, and Sections 88002 and 88005.5 of the Government Code, the existing provisions of Section 12 of Article IV of the California Constitution shall be deemed to be the provisions of that section as amended by this measure. The Legislative Counsel shall prepare and proofread the text of ACA 4, accordingly, to distinguish the changes proposed by ACA 4 to Section 12 of Article IV of the California Constitution from the provisions of Section 12 of Article IV of the California Constitution as amended by this measure. The Secretary of State shall place the complete text of ACA 4, as prepared and proofread by the Legislative Counsel pursuant to this section, in the ballot pamphlet for the statewide general election ballot of November 4, 2014.

Revenue and Taxation Policy Committee
Proposed November Ballot Measure
January 2012

Staff: Lobbyist: Dan Carrigg (916) 658-8222

1. **Initiative Measure 11-0068: The Government Performance and Accountability Act**

http://ag.ca.gov/cms_attachments/initiatives/pdfs/i1011_11-0068_%28government_performance%29.pdf

Summary: This ballot measure has been referred to both the League's Revenue and Taxation and Administrative Services policy committees for review at their January meetings. The measure would alter both state and local budget practices and makes other changes affecting the state legislative and budget-adoption process. The provisions with the most direct impact on cities are listed in paragraphs 9, 10 and 11. The measure's sponsor is California Forward, a non-profit organization focused on improving California governance. The proposal is currently awaiting title and summary with the Attorney General. Given that California Forward is engaged in outreach to city officials on this measure, it is important the League adopt and communicate a position to cities.

Initiative Summary:

1) Voter Intent: The Act's stated purpose is to bolster results and accountability to taxpayers by improving the budget process for State and local governments and encouraging local governments to work together. One consistent theme is that State and local governments would be more efficient, effective and transparent through a budget process that examines progress toward program goals. The Act declares that *"the shared purpose of State and local governments is to promote a prosperous economy, a quality environment, and community equity." This purpose is advanced "by achieving at least the following goals: increasing employment, improving education, decreasing poverty, decreasing crime, and improving health."*

2) Findings: The Act's findings about California government (both state and local)include:
   - government has lost the confidence of its citizens and is not meeting their needs;
   - government at all levels must be transparent, willing to listen and accountable for results;
   - government must have a shared vision of public purpose, must collaborate regionally, and must work together to provide public services effectively and efficiently; and
   - a primary purpose of public budgets is to link dollars to goals and communicate progress toward goals.

3) State Budget Requirements: Changes in the State budget and legislative process comprise the majority of the Act. Most importantly, the Act:
   (a) Requires a biennial (two-year) performance-based State budget consistent with the new purposes and goals outlined above in paragraph 1 and containing the following seven elements:
      i. Estimate of total resources available for expenditures for the budget and succeeding fiscal year;
      ii. Projection of anticipated expenditures and revenues for the three succeeding fiscal years;
      iii. "A statement of how the budget will promote the purposes of achieving a prosperous economy, quality environment, and community equity, by working to achieve at least

the following goals: increasing employment; improving education; decreasing poverty, decreasing crime; and improving health."

iv. Performance standards and outcome measures to assess and report program progress;

v. Outcome measures for each major expenditure and their relationship to the purposes and goals listed above in paragraph (iii).

vi. A statement of how the State will <u>align</u> its expenditures with those of other government entities that implement State programs on its behalf to achieve the purposes and goals listed in paragraph (iii).

vii. A public report on progress and effectiveness in achieving the purposes and goals in paragraph (iii) according to the prior year's outcome measures.

(b) Requires the State to fully implement these budgeting changes by the 2015-16 fiscal year.

4) <u>Legislative Oversight</u>: Requires legislative oversight once every five years of the performance of State-funded programs whether implemented by the State or by local agencies. Performance standards will be set in statute and the budget. Oversight includes a review of local Community Strategic Actions Plans to: a) consider amending or repealing any locally-identified State obstacles, and b) assess whether the Action plans have improved delivery and effectiveness of services in all parts of the community.

5) <u>Governor's Budget, $25 Million Threshold</u>: Requires the Governor's budget to propose offsetting state program reductions or equivalent <u>*additional revenue*</u> for if the Governor's Budget[1] includes a proposal to either:

(a) Reduce state tax revenues by more than $25 million in that fiscal year or succeeding fiscal year.[2]

(b) Establish a new state program or <u>*expand*</u> an existing state program, including a state mandated program, the effect of which would increase <u>*state costs*</u> by more than $25 million, in that fiscal year or succeeding fiscal year. Numerous exemptions are provided. The following exemptions are not counted as <u>*expanding*</u> the scope of an existing State program:

- Restoring funding that was reduced in any fiscal year after 2008-09 to balance the budget;
- Increases in funding to fund existing responsibilities, including increases in cost of living or workload and any increase authorized by a memorandum of understanding (MOU) approved by the Legislature;
- Growth in State funding as required by federal law or a law in effect as of the Act's effective date;
- Funding to cover one-time expenditures; and
- Funding to repay the costs of state mandates related to local government employees.

- Also exempted from the definition of *"state costs"* are payments of principal and/or interest on a (existing or new) State general obligation bond.
- <u>*"Additional revenue"*</u> is defined to include, but is not limited to, revenue resulting from specific changes to federal or State law that the State agency responsible for collecting the revenue has quantified and determined to be a "sustained increase".

6) <u>*Unclear Effect on "Rainy Day" Reserve Fund (ACA 4):*</u> The definitions listed above also apply to a provision included in both this measure and ACA 4, the "Rainy Day" state reserve fund constitutional

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[1] This provision applies to <u>*proposals*</u> included in the Governor's budget. It is not clear what application, if any, this limitation would have to the final budget bill approved by the Legislature and sent to the Governor.

[2] None of the exemptions which apply to proposals to expand spending apply to a proposal to reduce revenues.

amendment placed on the ballot as part of the 2009 budget agreement. Should this measure pass, it would require Legislative Counsel to rewrite ACA 4 to harmonize with this Act. ACA 4 requires up to 3% annually in General Fund revenues, and revenues exceeding a 20-year state revenue trend to be allocated to fund a reserve account. This year, the Legislature—with a majority vote – passed a statute that moved ACA 4 from the June 2011 to the November 2014 ballot. [3]

7) *Changes to a Governor's Ability to Address a Fiscal Emergency*: This measure makes several changes enacted by Proposition 58, approved at the March, 2004, statewide ballot. Prop. 58 established a process whereby the Governor could declare a fiscal emergency as a result of a substantial decline in revenues or increase in expenditures in a previously approved state budget. In such an event, the Governor is authorized to issue a proclamation declaring a fiscal emergency, call the Legislature into special session, and provide the Legislature with proposed legislation to address the emergency. If the Legislature fails to pass and send a bill or bills to address the fiscal emergency within 45 days, the Legislature may not act on any other bill or adjourn for a joint recess until those bills have been passed and sent to the governor. Requires a bill addressing the fiscal emergency to contain a statement to that effect.

   This measure changes that process in the following way:
   - Authorizes the Legislature to present a bill or bills to the Governor in response to the governor's proclamation declaring a fiscal emergency. States that such a bill shall mean "conclusively" that the bill addresses the fiscal emergency.
   - Requires a bill sent to the Legislature by the Governor within 45 days containing a statement that the bill is addressing a fiscal emergency to take immediate effect. (This allows urgency measures to be adopted with a majority vote rather than two-thirds)
   - States that if the Legislature fails to act within 45 days, the Governor can issue an executive order reducing or eliminating any General Fund appropriation for that fiscal year not prohibited by federal law or the state Constitution.
   - Provides the ability of the Legislature to override an executive order with a two-thirds vote.[4]

8) New Three-Day Print Rule: Prohibits the Legislature from acting on bills and the budget –other than bills in a special session addressing a natural disaster or terrorist attack—unless the measures with amendments have been in print and available to the public for at least three days.

9) New Local Government Budgeting Requirements: Beginning with budget year 2014-15, will require local government budgets to include all the following:

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[3] Establishing a state "Rainy Day" reserve fund was important to Republican legislators who negotiated the 2009 budget agreement. Legislative Democrats moved that measure to the November 2014 ballot, SB 202 (Hancock), over Republican opposition. It is unclear how a provision that amends ACA 4, and requires Legislative Counsel to rewrite it, will be viewed by Republican legislators. Having Legislative Counsel, rather than the Legislature, rewrite the terms of a ballot measure that has been previously approved to be placed on the ballot may raise disputes about delegating policy issues to that office.

[4] This proposal enhances legislative over executive power. In the waning years of the Schwarzenegger Administration, legal battles emerged over the Governor's authority to impose furloughs on state employees. After declaring a fiscal emergency and proposing various budget cuts to the Legislature, the Governor was dissatisfied with the level of legislative response and sought to make cuts through executive order. Ultimately, those decisions were upheld by the courts. *Professional Engineers in California Government v. Schwarzenegger, 50 Cal. 4th 989.* The changes in this Act provide more authority to the Legislature in these situations by allowing urgency measures to be approved with a majority vote and stating that legislation shall mean "conclusively" that the bill addresses the fiscal emergency.

- A statement of how the budget will promote, *"as applicable to a local government entity's functions, role, and locally-determined priorities, a prosperous economy, quality environment, and community equity, by working to achieve at least the following goals: increasing employment; improving education; decreasing poverty, decreasing crime; and improving health, and other community priorities."*
- A description of outcome measurements to assess progress toward the local government's *goals* and community priorities;[5]
- A statement of the outcome measurement for each major expenditure and its relationship to the overall goals established by the local government entity;
- A statement of how the local government will align its expenditures and investments of public resources to achieve the established goals; and
- A public report on progress in achieving goals and an evaluation of the effectiveness in achieving the outcomes according to the measurements set in the prior year's budget.

Each local government must also develop and implement an open and transparent process to encourage public participation in developing its budget, including identifying community priorities.

10) Community Strategic Action Plans. Provides incentive funds for the creation of Community Strategic Action Plans by counties as follows:
   (a) Dedicates 0.035% of the State sales and use tax (approximately $180 million) annually to create the Performance and Accountability Trust Fund to provide incentives for adopting Plans. These funds are represented a byproduct of "realignment savings." Beginning in FY 2014-15, each county that has adopted a Plan and submitted it to the Controller will receive a portion of funds based on the county's percentage of the total population for all of the eligible Plans. If the State reduces the sales and use tax bases and the Fund receives less revenue than in FY 2013-14, the difference shall be provided by the General Fund.[6]
   (b) Authorizes a county board of supervisors to develop a Community Strategic Action Plan ("Plan") to deliver public services more effectively and efficiently. Requires other local governments in the county with services in the Plan's anticipated scope to be invited to participate. Local governments may also petition the county to be included in the planning process, to initiate or amend a Plan. The Plan is to be drafted through an open and transparent process that encourages participation. Intent language at the beginning of the measure declares that it is the purpose of these Plans *"for advancing community priorities that they (local agencies) cannot achieve by themselves."*
   (c) Requires the Plan to include outcomes, measurements, reporting methods and statements that:
      - outline how it will achieve the stated purposes and goals;[7]

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[5] While local governments can exercise discretion in deciding which of the listed purposes and goals apply to them, it is to be expected that there will be debate about what these terms mean and which ones apply to a city. It remains unclear what effect, if any, the intent language at the beginning of the measure when declaring a "shared purpose" of state and local government will be. It also is unclear how the Legislature will apply these terms to the state budget.

[6] The way this measure is drafted it appears that all of the funds will be allocated to those counties which elect to adopt a Plan. If that is the case, then there will likely be pressure on counties to adopt a Plan or see their "share" of these funds distributed to other counties. Since the language allocating the funding to counties is statutory rather than an amendment to the Constitution, the Legislature could clarify this area of law with a statute requiring a two-thirds vote.

[7] The Plan must achieve the listed purposes and goals. Will the Legislature remain content to fund plans with diverging interpretations of what these purposes and goals mean or adopt uniform criteria?

- describe services to be delivered and the roles and responsibilities of participating entities;
- explain why those services will be delivered more effectively and efficiently under the Plan;
- provide for resource allocation to support the Plan, including any funds received from the Performance and Accountability Trust Fund;
- consider disparities within communities served; and
- explain how the Plan is consistent with budgets adopted by participating entities.[8]
- include a method for regularly reporting outcomes to the public and to the state.

(d) Requires at least a majority of the entities *"providing municipal services…to at least a majority of a county's residents"* (counts both population within cities and unincorporated area residents), and one or more school districts serving at least a majority of the pupils in the county, must participate in the Plan. The Plan (and amendments) must be approved by a majority vote of the county and each participating local government and school district. *The Plan shall not apply to any local government that does not approve it.*[9]

(e) Prohibits a school district from receiving funds under the Plan from the Performance and Accountability Trust Fund. Funds paid to a school district can be from any other source determined by the participating entities.[10]

(f) Authorizes counties, cities, and other local government entities, including school districts and community college districts that are parties to a Plan to enter into contracts to apportion their shares of ad valorem property taxes, provided the contract is approved by each entity's governing board by a two-thirds vote. *(Cities and counties can already agree to share sales tax revenue with a two-thirds vote of their governing bodies.)*

(g) Authorizes entities that adopt Plans to be granted statutory, regulatory and funding flexibility for administering *state financed programs*,[11] as follows:
- Plan adoptees may integrate state or local funds to provide Plan services and advance Plan goals.
- If parties to a Plan believe that a state law or regulation impedes Plan progress, they may propose provisions that are *"functionally equivalent."* They must describe the intended state objective, explain how the rule is an obstacle, and describe the proposed community rule and how it will improve outcomes. These "functionally equivalent" provisions are required to be submitted to the Legislature with the Plan; if within 60

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[8] This requirement to specify in a Plan how the budgets adopted by participating local agencies are consistent with the Plan could affect the discretion of an individual agency to adopt a budget that matches its community's priorities. For instance, if a city supported an effort by its county Plan to spend its state incentive funds on health care, does that mean that the city must also spend its own funds on health care?

[9] A regional approach to public safety funding under the "reduced crime" goal could be one possible focus of a Plan which matches a traditional interest of cities, and possibly schools, and tracks with the state's realignment of corrections' responsibilities to counties. "A prosperous economy" and "increasing employment" could be interpreted as a regional economic development effort. Much depends on how the state—which has significant other budget leverage over counties and schools—interprets the goal of this tool.

[10] The initial allocation of incentive funds to counties and prohibiting schools from accessing those funds raises significant questions over where additional revenue would come from to support a Plan. Counties are likely to be underfunded from realignment. Schools have incurred significant cuts to their funding. Special districts and cities are the only other entities of local government these funds could come from.

[11] This option appears to be limited to programs operated by counties and schools, but programs such as COPS could come under a "state-financed" definition. From a political standpoint, if there is consensus in the Legislature or administrative agency to allow a functionally equivalent interpretation it may be easier, and less legally risky, to clarify this by statute.

days the Legislature takes no action to disapprove it, the provision is deemed operative and in compliance with the state statute. Regulatory agencies have 60 days to disapprove equivalent provisions or they are deemed in compliance. *(Legislative or administrative review does not appear to be required if no alternatives to state laws and regulations are proposed in the Plan)*

- Authorizes the state to <u>contract</u> with local governments participating in a Plan "to perform any function that the contracting parties determine can be more efficiently and effectively performed at the local level."

(h) Requires Counties to evaluate the effectiveness of Plans at least once every four years. The evaluation must include public comments and is to be used to improve the Plan and by the public to assess government performance. Four years after the first allocation of funds, the Legislative Analyst will evaluate the extent to which adopted Plans have improved the efficiency and effectiveness of service delivery or reduced the demand for <u>State-funded</u> services.

11) <u>State Incentives For Collaborative Regional Planning</u>: A separate provision requires the state to consider and determine how it can support *"through financial and regulatory incentives"* local entities' efforts to address challenges and resolve problems that they have *"voluntarily and collaboratively determined"* are best addressed at a regional scale to advance *a prosperous economy, quality environment, and community equity.* The State is required to give priority for "state-administered" funds for infrastructure and human services, "as applicable", to local entities that have voluntarily developed a regional collaborative plan and are making progress toward its goals.[12]

<u>Fiscal Impact on Cities:</u> Unknown but potentially significant fiscal impact; unknown costs, savings and revenues due to:

1) New processes required for budgeting increase local costs.
2) Revenue sharing of property taxes is permitted; unclear whether local agencies would participate and net impact to cities.
3) Local agencies that adopt approved Plans might receive budgetary benefits from regional approaches to public safety, economic development or infrastructure.

Representatives of the League's Fiscal Officers and City Manager's departments will be analyzing local budget impacts of this measure in greater depth in advance of the policy committee meetings. Their conclusions will be shared at those meetings.

<u>Existing League Policy</u> There is some consistency between League policies and the Act's intentions; the League's 2012 Strategic Goals and specific League policies <u>do</u> encourage regional collaboration and support transparency and State government reforms. For example:

The League's Revenue and Taxation policies also support some of the Act's proposed reforms of <u>State</u> legislative and budget processes, including a two-year spending plan, oversight hearings for program review, and an

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[12] This is a completely separate provision that is not connected to the adoption of a Plan. The enactment of this legislation could inspire legislation to further develop what this provision means. The "voluntary and collaborative" language may protect local agencies from attempts at state leverage. A clear constitutional priority is provided for "state-administered" funds for infrastructure and human services to support these regional efforts. It is unclear which funds these provisions will be interpreted to apply, but given the condition of the state budget, there are unlikely to be any new funds in the near future. Any reallocation of existing funds is bound to be controversial.

emphasis on efficiency and effectiveness. In the State-local government relationship the following League policies advocate for accountability, incentives-based approaches and regional collaboration:

- "Inherent in these recommendations is the underlying principle that meaningful fiscal reform should allow each level of government to adequately finance its services responsibilities, with each being accountable to taxpayers for its own programs."
- State policies should "offer incentives to reward cities achieving program goals rather than withhold or reduce revenues to accomplish targets."
- "In cases where regional issues, programs and services are identified, multi-jurisdictional revenues should then be identified and implemented."

At the 2011, Annual Conference the League membership supported a resolution calling for improved legislative transparency.

The League's adopted Smart Growth Principles include support for coordinated planning: "Coordinate planning with neighboring cities, counties, and other governmental entities so that there are agreed-upon regional strategies and policies for dealing with regional impacts of growth..." They also encourage full community participation to "foster an open and inclusive community dialogue and promote alliances and partnerships to meet community needs." Finally, the League's policies on Open Meeting Law states: "The League supports legislation that recognizes the need to conduct the public's business in public."

While some League policies conceptually support the direction of several of this Act's proposals, the details and language of this proposal does matter. The Act's intent sections acknowledge in that "many governmental services are best provided at the local level," yet the question remains whether or not that principle is sufficiently embedded in the structure, language and direction of this measure. For example, the language that speaks to a new joint purpose for state and local government and various goals raises questions about the Act's conformance with the League's mission to "expand and protect local control."

Background on California Forward: California Forward describes itself as "a nonpartisan, nonprofit organization working to bring government closer to the people." California Forward was launched by five foundations to propose changes to the way California government operates. Its Leadership Council includes former State policymakers and representatives of business, labor and academia,[13] selects and guides the organization's projects.

In order to understand its proposed solutions, it helps to see California Forward's view of the problem. California Forward believes that the State lacks a unified vision and strategy to achieve statewide goals in the biggest areas of General Fund spending—education, public safety and health and human services. While local governments provide most essential services, the State sets the rules for how funds are spent. With different

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[13] Thomas V. McKernan, Co-Chair, *CEO of the Automobile Club of Southern California*, Robert M. Hertzberg, Co-Chair, *Chair & Founder of G24 Innovations* Robert L. Balgenorth, *President of the State Building & Construction Trades Council of California, AFL-CIO*, David Davenport, *Research Fellow at the Hoover Institution*, Carl Guardino, *President and CEO of the Silicon Valley Leadership Group*, R. William "Bill" Hauck, *Former President of the California Business Roundtable*, Antonia Hernández, *President & CEO of the California Community Foundation*, Fred Keeley, *Former Assembly Speaker pro Tempore* Joanne Kozberg, *Principal at California Strategies, LLC*, Stewart Kwoh, *President & Executive Director of the Asian Pacific American Legal Center of Southern California*, Donna Lucas, *Former Deputy Chief of Staff for Strategic Planning & Initiatives for Governor Arnold Schwarzenegger*, Sunne Wright McPeak, *President & CEO of the California Emerging Technology Fund*, Bruce McPherson, *Former California Secretary of State*, Eugene J. "Gene" Voiland, *Former President & CEO of Aera Energy LLC*, Arturo Vargas, *Executive Director, NALEO*, Peter Weber, *Executive Committee Chair of the California Partnership for the San Joaquin Valley*, Lenny Mendonca, *Director of the San Francisco office of McKinsey & Company*, Cruz Reynoso, *Former Associate Justice of the California Supreme Court & the Third District Court of Appeal*, Constance L. "Connie" Rice, *Former Co-Director of the Los Angeles NAACP Legal Defense & Educational Fund*

agencies addressing small pieces of complex problems, it is hard to collaborate on mutual goals, share resources and reduce costs. Local leaders have trouble integrating and collaborating long term because of legislative mandates and budget volatility. Therefore, California Forward's solution is a fundamental reform of the relationship between State and local governments. In California Forward's model, the State should establish clear priorities for public programs; they propose five "priority outcomes" for State and local governments: increased employment, improved education, decreased poverty, decreased crime and improved health.

Representatives from California Forward have engaged in various outreach efforts to local officials, including providing a briefing to the League board on their policy paper that proposes restructuring State and local government relationships and responsibilities, *Smart Government: Making California Work Again,* in May, 2011. Several weeks before this measure was filed, the organization began to share drafts on a confidential basis with League staff for comment. While making it clear to their representatives that city officials would need to be consulted on any final position on this measure, League staff suggested numerous amendments to the provisions directly affecting local governments in an attempt to reduce anticipated concerns from city officials. To California Forward's credit, many of those suggested amendments were taken directly or in modified form, but other suggested changes were not. City officials now have a chance to review this measure in its final form and make a recommendation on the League's position.

Comments:

1. City officials, like many other individuals and organizations, want to improve the operation of their state legislature and support transparent and accountable government at all levels. That said, the details of any state Constitutional change must be carefully reviewed and considered. This measure proposes many changes that California Forward believes will collectively result in an improved Legislature, make local government budgeting more focused and transparent, and encourage various elements of government to work better together. Do city officials agree the changes in this measure will result in improved governance at the state and local levels?
2. The most direct impact on cities in this measure is the requirement to adopt performance-based budgeting. There are costs associated with these activities. Do city officials agree that performance-based budgeting, as set forth in this measure, would improve the transparency, accountability and focus of local budgeting and thus worth the costs?
3. The Act's intent language declares that *"the shared* purpose *of State and local governments is to promote a prosperous economy, a quality environment, and community equity." This purpose is advanced "by achieving at least the following goals: increasing employment, improving education, decreasing poverty, decreasing crime, and improving health."* This language would be applied to the state budget. Local governments (cities, counties, schools and special districts) would have to consider these same goals when adopting their budgets. These terms are undefined in the measure. Do city officials agree that there is a shared purpose between the goals of state government and that of city government? If so, do the above listed purposes and goals match that of city officials?
4. Community Strategic Action Plans, in concept, seem to offer an opportunity for regional collaboration. Yet there are many requirements in the measure that city officials will have to weigh.
    a. The available state incentive funds are provided to counties that adopt a Plan. Counties will likely need additional funds to support realignment and be eager to adopt plans. One of the factors to be reviewed by the Legislative Analyst is the extent to which these plans reduce demand for state-funded services.
    b. School districts representing a majority of pupils in the county must agree to the Plan, but schools are prohibited by the measure from receiving the funds provided to counties.

c. The adopted plans must state how they will "achieve" the purposes and goals listed above. A Plan must include an allocation of resources, including the state incentive funds provided to counties, and explain how it is consistent with the budgets adopted by the participating governmental entities.
d. At least a majority of local government entities providing "municipal services" must also agree to the plan.

Do city officials see opportunities for collaboration with counties and schools despite the numerous restrictions and requirements?

5. This measure proposes numerous changes to the state legislative and budget process. Some, such as a three-day print rule, are clearly supportable based upon existing League policy. In concept, proposals for a two-year budget and requiring more legislative oversight are supportable as well. Given the many exceptions, it remains to be seen whether the $25 million threshold in this measure alters state spending practices. Also debatable is the effect of the enhanced authority of the Legislature versus the Governor in responding to a declared fiscal crisis.
6. The most fundamental questions, however, with this measure revolve around the new purposes and goals for the state budget. The terms *"prosperous economy, a quality environment, and community equity"* are not defined, widely understood or reflect a clear popular consensus. For instance, many would debate the term "prosperous economy" and whether state government should have a significant role. What does "community equity" mean? How is it to be applied? What do goals like *"increasing employment, improving education, decreasing poverty, decreasing crime, and improving health"* mean? Should this measure pass, the Legislature will define these terms. For cities, that value their local autonomy, how these provisions will be ultimately interpreted, applied or potentially enforced remains the critical question.

Staff Recommendation: Discussion. The challenge with taking a position on a Constitutional Amendment is that no amendments are possible. There are provisions in this measure for city officials to like; there are provisions to be concerned about. The question for city officials is whether or not this measure, on balance, merits support?

Support/Opposition (as of 12-19-11)
UNKNOWN
+++++++++++++++

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SPECIAL BRIEFING PAPER

The Government Performance and Accountability Act
Initiative Ballot Measure
Source: http://caforward.3cdn.net/14afcf2ff31e57d59f_yrm6b977u.PDF
Sponsor: California Forward

Background: The foundation-supported reform group, California Forward, submitted the above entitled initiative ballot measure to the California Attorney General for title and summary on November 1. In 45 – 60 days the sponsor will have to decide whether to spend the estimated $3 million to gather signatures to qualify the measure for the November, 2012 ballot. This special briefing paper introduces League members to the proposal and how it might affect cities.

Key Issues Raised by the Measure:

1. Statement of Purpose of State and Local Government. Is the "purpose of state and local governments to promote a prosperous economy, a quality environment, and community equity?"
2. Mandate for Local Performance-Based Budgeting. Should there be a mandate for performance-based budgeting by local governments?
3. Community Strategic Action Plans. Should counties be provided financial incentives to adopt a voluntary community strategic action plan in conjunction with cities and schools to deliver state-funded services more efficiently and effectively?
4. State Budget and Legislative Changes. Should the state government be mandated to adopt the wide range of changes to the state budget and legislative process contained in the measure and described below?

The following questions and answers are designed to begin the discussion of these issues within the League. Please let your League Regional Public Affairs Manager know if you have any additional questions, and we will try to answer them.

Q: Should city officials take a position on this ballot measure yet?
A: The measure has just started its journey toward the November, 2012 ballot, allowing city officials the time to study it before taking a position. We encourage city officials to closely review the text of the measure and any subsequent analyses by the League and others before adopting a position. These will be forthcoming over the next few months.

Q: Does the League have a formal position on this ballot measure?
A: NO. The League does not yet have a formal position on this measure and is currently analyzing its text in detail. Any additional analysis will be shared with cities, the board and policy committees when it is completed. If California Forward proceeds with

gathering signatures to qualify the measure in early 2012, the League's policy committees will begin review of the measure and submit a recommendation for a formal position to the League board.

Q: **What does the 22-page ballot measure purport to do?**
A: The ballot measure contains a wide-ranging list of state and local budget "reforms" that declare an entirely new purpose for all governments, require performance-based budgeting by the state and local governments, and provide financial and regulatory incentives for new regional plans among counties, cities and schools to implement certain programs more effectively and efficiently. The measure also contains a number of changes in the state legislative process that are designed to increase transparency and oversight.

1. **Declaration of new purpose of state and local government.** The measure declares that: "with this measure, the people declare that the shared purpose of state and local governments is to promote a prosperous economy, a quality environment, and community equity." ." The measure says this purpose is advanced "by achieving at least the following goals: increasing employment, improving education, decreasing poverty, decreasing crime, and improving health." According to its findings, the measure carries out this purpose in two ways: (a) to improve results and accountability to taxpayers and the public, it imposes new budget mandates on state and local governments; and (b) to encourage local governments to work together the measure creates a new funding opportunity for countywide collaboration.

2. **Local Government—Performance-Based Budget Mandate and New Joint-Planning Incentive.**

   (a) <u>New Performance-Based Budget Mandate</u>. The measure mandates local governments to include and report on performance measurements in their budgets that will contribute to accomplishing <u>the local government's goals</u>, including "<u>as applicable to the local government's functions, role, and locally–determined priorities</u>, a prosperous economy, quality environment, and community equity." This wording appears to provide flexibility to a city in determining whether any of these purposes are relevant to the city's budget. The measure also requires a description of outcome measurements to assess progress, a public report (e.g., next year's budget) on progress toward attaining the goals, and an open and transparent budget process.

   (b) <u>Community Strategic Action Plans</u>. (1) A four-page section of the measure authorizes a county board of supervisors to initiate the development of a Community Strategic Action Plan to deliver public services more effectively and efficiently. Local agencies will be invited to participate. In order to take effect, at least a majority of the entities "providing municipal services…to at least a majority of a county's residents" (within cities but also unincorporated area residents), and one or more school districts serving at least a majority of the pupils in the county, must participate in the plan. The plan must be approved by a majority vote of the governing bodies of the participating entities and shall not apply to any local government entity that does not participate in the plan.

(2) The Act dedicates .035% of the state sales and use tax (roughly $180 million) annually to provide an incentive for adopting the Action Plans. Beginning in 2014-15, each county that has adopted an Action Plan and submitted it to Controller is guaranteed to receive an allocation of these funds (which can be shared with all the non-school participating agencies). The plan must achieve various purposes and goals (on which the local entities agree) and provide for allocating resources to support the plan, including funds received from the state and sharing local property taxes. Tax sharing requires a two-thirds vote of the governing bodies of participating entities. School districts cannot receive funds from this new source, but may receive funds from any other source determined by the other participating entities.

(3) The measure also contains provisions allowing the county to seek exceptions from state statutes or regulations that would impede local administration of a state program financed with state funds. To do so, the plan is required to be submitted to the state Legislature or the applicable state agency. If the legislature or agency fails to act on the request within 60 days of receiving the plan, it is deemed approved.

(4) After four years, the legislative analyst will evaluate the extent to which the plans have improved the efficiency of service delivery or reduced the demand for state-funded

3. **State Government—Many New Mandates.** Most of the 22-page ballot measure is devoted to changes in the state budget and legislative process, including requiring:

    (a) a two-year performance-based state budget consistent with the new "purposes" outlined above;
    (b) state legislative review of every state program every 5 years;
    (c) that major new programs and tax cuts (in excess of $25 million) clearly identify funding sources and spending cuts before being enacted; and
    (d) that the state budget and all legislation be in print 3 days before being acted upon.

    The measure also changes the process for the legislature to deal with fiscal emergencies declared by the governor and amends provisions also included in ACA 4, the so-called "rainy day fund" constitutional amendment that was placed on the ballot as part of the 2009 budget agreement. The Legislature passed a statute this year that moved ACA 4 from the June 2011 ballot to the November 2014 ballot. These changes must also be reviewed for their effect.

Q: Did the League review earlier drafts of the measure?

A: Yes. League staff met with California Forward staff over the last few weeks to be briefed on the measure. We submitted extensive proposed written amendments to respond to our concerns about the impact of the measure on local control, with the caveat that our amendments were intended to mitigate anticipated city concerns and did not in any way represent a final League position on the measure. To their credit, California Forward accepted many of those amendments; however, some of the amendments that were not accepted would have resolved some remaining concerns. We will continue our review of the measure as it proceeds through the League's policy review process and seek the reactions of our members.

Q: Does the League have any remaining policy concerns with the measure?

A: In addition to a new constitutional mandate for a prescribed type of "performance-based" local budget, the unconditional declaration in Section One (Findings and Declarations) of the measure that "...the people declare that the purpose of state and Local government is to achieve a prosperous economy, a quality environment, and community equity" is somewhat at odds with the more constrained use of the same terms in the local budget section (pp. 12 - 13) with its focus on locally-developed and adopted goals. City officials also need to evaluate the potential of proposed Action Plans, and the measure's effects on the state budget and legislative process.

LAO
70 YEARS OF SERVICE

December 14, 2011

Hon. Kamala D. Harris
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Dawn McFarland
Initiative Coordinator

Dear Attorney General Harris:

Pursuant to Elections Code Section 9005, we have reviewed the proposed constitutional amendment related to the state legislative and budgeting process and local finance (A.G. File No. 11-0068).

BACKGROUND

State Budget Process. Under the California Constitution, the Legislature has the power to appropriate state funds and make midyear adjustments to those appropriations. The annual state budget act is the Legislature's primary method of authorizing expenses for a particular fiscal year. The Constitution requires that (1) the Governor propose a balanced budget by January 10 for the next fiscal year (beginning July 1) and (2) the Legislature pass the annual budget act by June 15. The Governor may then either sign or veto the budget bill. The Governor also may reduce or eliminate specific appropriations items using his or her "line-item veto" power. The Legislature may override a veto with a two-thirds vote in each house. Once the budget has been approved by the Legislature and Governor, the Governor has limited authority to reduce spending during the year without legislative approval.

State Fiscal Emergencies. The Governor has the power to declare a fiscal emergency if he or she determines after the budget has been enacted that the state is facing substantial revenue shortfalls or spending overruns. In such cases, the Governor must propose legislation to address the fiscal emergency and call the Legislature into special session. If the Legislature fails to pass and send to the Governor legislation to address the budget problem within 45 days, it is prohibited from (1) acting on any other bills or (2) adjourning until such legislation is passed.

State Appropriations Process. The Legislature may enact laws that create or expand state programs or reduce state tax revenues. Any new law that has a state fiscal effect typically is referred to a committee in each house of the Legislature called the Appropriations

Committee. These committees assess the likely fiscal effect of the legislation and decide whether to recommend the passage of the legislation by each house.

PROPOSAL

This measure amends the Constitution to:

- Constrain the Legislature's authority to enact laws that increase state costs or decrease state revenues by more than $25 million annually.
- Expand the Governor's authority to implement midyear reductions to appropriations in the state budget.
- Shift state funds to local governments for the purpose of implementing new "Community Strategic Action Plans."
- Modify state and local government budget practices.

Constrains the Legislature's Authority to Increase State Costs or Decrease Revenues

The measure contains provisions that constrain the Legislature's authority to (1) create or expand state programs or (2) reduce state revenues if the fiscal effect of these actions on the state would exceed $25 million annually. In order to enact legislation containing program expansions or revenue reductions valued at more than $25 million, lawmakers generally would have to approve legislation containing revenue increases or cost reductions to offset the net change in state costs or revenues. The $25 million threshold would be adjusted annually for inflation.

Authorizes the Governor to Reduce Spending in the Budget

The measure provides that if the Legislature has not sent bills to the Governor addressing a fiscal emergency by the 45th day following the issuance of the fiscal emergency proclamation, the Governor may reduce or eliminate any appropriation contained in the budget act for that fiscal year that is not otherwise required by the Constitution or federal law. The total amount reduced cannot exceed the amount necessary to balance the budget. The Legislature may override all or part of the reductions by a two-thirds vote of each house of the Legislature.

Shifts State Funds to Local Governments to Implement New Plans

Under the measure, every county and any local government (school district, community college district, city, and special district) within its borders could create a joint Community Strategic Action Plan (CSAP) for the purpose of providing services identified by the plan. Local governments that choose to participate in a CSAP would (1) receive additional funding from the state, (2) be authorized to reallocate local property taxes among participating local governments, and (3) be given limited authority to follow locally adopted procedures that are not fully consistent with state laws and regulations. Specifically:

- ***Shift of State Revenues.*** The measure creates the Performance and Accountability Trust Fund in the State Treasury to provide state resources for implementation of CSAPs. Beginning in 2013-14, the measure shifts 0.035 percent of the state sales tax rate to the Performance and Accountability Trust Fund and requires the state General Fund to backfill any reduced revenue to the fund if the state sales tax is reduced in the future. The revenue deposited in the Performance and Accountability Trust Fund would be allocated to local governments with approved CSAPs on a per capita basis.
- ***Reallocate Property Tax.*** The measure permits local governments participating in the CSAP to reallocate their property taxes among themselves if the reallocation is approved by a two-thirds vote of the governing bodies of each of the local governments affected by the reallocation.

Increased Flexibility in Program Administration. The measure allows CSAPs to include certain provisions that otherwise would be contrary to existing state laws and regulations but that are "functionally equivalent" to the objectives of those laws or regulations. The local governments would be required to submit these provisions to the Legislature (in the case of state laws) or appropriate state agency (in the case of state regulations) for review. If the Legislature or agency does not act to reject the CSAP provisions, those provisions would be deemed to be in compliance with state laws and regulations. These local CSAP provisions would expire after four years unless renewed through the same process.

State and Local Government Budgeting Practices

The measure makes various changes to state and local budgeting practices and other procedures, including:

- ***Two-Year State Budget Cycle.*** Under this measure, in each odd numbered calendar year the Governor would submit a budget proposal for the two subsequent fiscal years. For example, in January 2013 the Governor would submit a budget for the fiscal year beginning in July 2013 and for the fiscal year beginning in July 2014. In even numbered years, the Governor could submit an update for either of the two years covered by the previous submission.
- ***Performance Standards for State Programs.*** This measure contains several provisions amending the Constitution to establish a process to review the performance of state programs. Under the proposal, the Governor would be required to include certain information as part of the budget released every two years, including a statement of how the budget will achieve specified statewide goals, a statement of outcome measures by which to evaluate state agencies and programs, and a report on the state's progress in meeting statewide goals.
- ***Legislative Oversight.*** The measure changes the legislative calendar and reserves part of each legislative biennium—beginning in July of the second year of the biennium—

for legislative oversight and review of state programs. The measure requires the Legislature to create an oversight process and use this process to review every state program, whether managed by the state or local governments, at least once every five years.

- ***Legislative Process and Calendar.*** The proposal amends a provision of the Constitution related to when legislative bills must be in print. The Constitution currently requires that bills be in print and distributed to Members of the Legislature before they can be passed. This proposal amends the Constitution to require that bills generally be in print and be available to the public for three days before passage.
- ***Local Government Performance Information.*** The measure requires that each local government provide certain information as part of their adopted budgets. This information includes statements regarding how the budget will promote specified goals and priorities, description of outcome measures to assess progress in meeting these goals, and a report on the progress in achieving these goals. The measure further requires that each local government develop and implement an open and transparent process in the development of its proposed budget.

FISCAL EFFECT

State Sales Tax Revenue Transfer. The shift of a portion of the state sales tax to the Performance and Accountability Trust Fund for local government use would reduce state revenue—and increase local revenue—by about $200 million annually, beginning in 2013-14. The measure specifies that any increased revenues allocated to schools as a result of this measure would not reduce their eligibility for state funds.

Changes in Legislature's and Governor's Fiscal Authority. Constraining the Legislature's authority to expand programs or decrease revenues unless it adopts measures with offsetting fiscal effects could result in state program costs being lower—or state revenues being higher—than otherwise would be the case. In addition, expanding the Governor's authority to implement midyear reductions to the state budget could result in overall state spending being lower than it would have been otherwise. The net fiscal effect of these provisions is unknown, but could be significant over time.

Changes in Budgeting Practices. State and local governments would have increased costs to modify their budgeting practices and provide more ongoing information regarding program outcomes. Specifically, state and local governments likely would experience increased information technology, printing, and data analysis costs. These costs would be higher initially—perhaps in the range of tens of millions of dollars annually—and then moderate over time. The compilation and analysis of this budget and performance information could lead to improved state and local government program efficiencies over time, potentially offsetting these costs.

SUMMARY OF FISCAL EFFECT

This measure would have the following major fiscal effects:

- Decreased state revenues and commensurate increased local revenues, probably in the range of about $200 million annually, beginning in 2013-14.
- Potential decreased state program costs or increased state revenues resulting from changes in the fiscal authority of the Legislature and Governor.
- Increased state and local costs of tens of millions of dollars annually to implement new budgeting practices. Over time, these costs would moderate and potentially be offset by savings from improved program efficiencies.

Sincerely,

____
Mac Taylor
Legislative Analyst

____
Ana J. Matosantos
Director of Finance