
**CITY COUNCIL
REGULAR
MEETING**



**DECEMBER 13, 2011
7:00 PM**

AGENDA

L. Allan Songstad, Jr., Mayor

**Melody Carruth, Mayor Pro Tempore
Randal Bressette, Council Member**

**Barbara Kogerman, Council Member
Joel Lautenschleger, 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.

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 LAUTENSCHLEGER

ROLL CALL OF CITY COUNCIL MEMBERS

CITY COUNCIL REORGANIZATION

REMARKS OF OUTGOING MAYOR

ELECTION OF MAYOR

RECOMMENDATION: THAT THE CITY COUNCIL NOMINATE AND ELECT A MAYOR.

RECOGNITION OF OUTGOING MAYOR

RESOLUTION OF COMMENDATION, L. ALLAN SONGSTAD, JR., MAYOR

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, COMMENDING L. ALLAN SONGSTAD, JR.

THAT THE CITY COUNCIL PRESENT A RESOLUTION AND PLAQUE TO L. ALLAN SONGSTAD, JR., RECOGNIZING HIS SERVICE TO THE CITY AS MAYOR.

REMARKS OF COUNCIL MEMBERS REGARDING MAYOR SONGSTAD'S SERVICE TO THE CITY

REMARKS OF NEWLY ELECTED MAYOR

ELECTION OF MAYOR PRO TEMPORE

RECOMMENDATION: THAT THE CITY COUNCIL NOMINATE AND ELECT A MAYOR PRO TEMPORE.

RECESS AND RECONVENE

1. PRESENTATIONS AND PROCLAMATIONS

1.1 PRESENTATION OF PROCLAMATION FOR CITY'S 20TH ANNIVERSARY

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE THE PRESENTATION OF A PROCLAMATION FROM FIFTH DISTRICT ORANGE COUNTY SUPERVISOR PAT BATES.

1.2 GRAND JURY RECRUITMENT

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE A BRIEF ORAL PRESENTATION FROM STANLEY HESS, MEMBER 2011-2012 ORANGE COUNTY GRAND JURY, REGARDING RECRUITMENT FOR GRAND JURY MEMBERS.

1.3 ORANGE COUNTY CRIME STOPPERS PROGRAM PRESENTATION

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE A PRESENTATION ON THE ORANGE COUNTY CRIME STOPPERS PROGRAM.

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 (0930-40)

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

3. MINUTES**3.1 REGULAR MEETING, NOVEMBER 22, 2011 (0410-50)**

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE MINUTES OF THE NOVEMBER 22, 2011, 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 ORDINANCE AND RESOLUTIONS.

4.2 APPROVAL OF WARRANT REGISTER FOR PERIOD ENDED DECEMBER 13, 2011 (0300-30)

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE WARRANT REGISTER IN THE AMOUNT OF \$508,490.64.

4.3 2012 CITY COUNCIL MEETING SCHEDULE

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT THE PROPOSED CALENDAR FOR 2012.

4.4 AFFIRMATION OF LOCAL APPOINTMENTS LIST FOR COMMISSIONS AND COMMITTEES

RECOMMENDATION: THAT THE CITY COUNCIL AFFIRM THE LOCAL APPOINTMENTS LIST AND DIRECT THAT IT BE POSTED IN THE LAGUNA HILLS BRANCH TECHNOLOGY LIBRARY.

4.5 ANNUAL REVIEW OF INVESTMENT POLICIES AND DELEGATION OF INVESTMENT AUTHORITY TO THE CITY TREASURER

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DELEGATING INVESTMENT AUTHORITY TO THE CITY TREASURER AND APPROVING A POLICY FOR THE INVESTMENT OF SURPLUS CITY FUNDS AND RESCINDING RESOLUTION NO. 2010-12-14-5.

4.6 GOVERNMENT CODE SECTION 66006 - DEVELOPMENT IMPACT FEES ANNUAL REPORT

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE DEVELOPMENT IMPACT FEES ANNUAL REPORT PURSUANT TO GOVERNMENT CODE SECTION 66006.

4.7 UPDATING DESIGNATION OF ASSISTANT AND DEPUTY CITY ATTORNEYS

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AMENDING SECTION 3 OF RESOLUTION NO. 2005-11-22-2 REGARDING THE DESIGNATION OF ASSISTANT AND DEPUTY CITY ATTORNEYS.

4.8 PRESENTATION OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR FISCAL YEAR 2010/2011

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FY2010/2011, TOGETHER WITH THE AUDIT LETTERS.

4.9 ORDINANCE OF THE CITY OF LAGUNA HILLS ADDING CHAPTER 6-40 TO TITLE 6 OF THE LAGUNA HILLS MUNICIPAL CODE ESTABLISHING CITY PARKS AND SPECIFIED PRIVATE COMMUNITY PARKS AS "CHILD SAFETY ZONES" WHERE REGISTERED SEX OFFENDERS ARE PROHIBITED FROM ENTERING WITHOUT WRITTEN PERMISSION FROM THE ORANGE COUNTY SHERIFF

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT AN ORDINANCE ENTITLED:

AN ORDINANCE OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ADDING CHAPTER 6-40 TO TITLE 6 OF THE LAGUNA HILLS MUNICIPAL CODE PROHIBITING REGISTERED SEX OFFENDERS FROM ENTERING CITY PARKS AND SPECIFIED PRIVATE COMMUNITY PARKS WITHOUT WRITTEN PERMISSION FROM THE ORANGE COUNTY SHERIFF.

4.10 PROGRESS PAYMENT NO. 9 FOR LA PAZ ROAD WIDENING AT I-5 IMPROVEMENT PROJECT, CIP NO. 159

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE CONTRACT CHANGE ORDER NO. 4 AND PROGRESS PAYMENT NO. 9, IN THE NET AMOUNT OF \$201,491.59, TO SEMA CONSTRUCTION, INC., FOR THE LA PAZ ROAD WIDENING AT I-5 IMPROVEMENT PROJECT, CIP NO. 159.

4.11 AWARD OF PROFESSIONAL SERVICES AGREEMENT FOR ENVIRONMENTAL CLEARANCE AND DESIGN OF THE PHASE 1 WIDENING OF PASEO DE VALENCIA FROM KENNINGTON DRIVE TO LAGUNA HILLS DRIVE, CIP NO. 145A

RECOMMENDATION: THAT THE CITY COUNCIL:

1. SELECT STV, INC., FOR THE ENVIRONMENTAL CLEARANCE AND DESIGN SERVICES OF THE PASEO DE VALENCIA PHASE 1 WIDENING PROJECT BETWEEN KENNINGTON DRIVE AND LAGUNA HILLS DRIVE, CIP NO. 145A;

2. AUTHORIZE THE MAYOR TO SIGN AND THE CITY CLERK TO ATTEST TO THE STANDARD FORM PROFESSIONAL SERVICES AGREEMENT; AND

3. DIRECT STAFF TO AMEND THE CAPITAL IMPROVEMENT PROGRAM BUDGET TO ESTABLISH PROJECT FUNDING FOR CIP NO. 145A IN FISCAL YEAR 2011-12.

4.12 MEASURE M2 EXPENDITURE REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2011

RECOMMENDATION: THAT THE CITY COUNCIL:

1. APPROVE THE MEASURE M2 EXPENDITURE REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2011, FOR SUBMITTAL TO OCTA; AND

2. ADOPT A RESOLUTION ENTITLED:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, CONCERNING THE MEASURE M2 EXPENDITURE REPORT FOR THE CITY OF LAGUNA HILLS.

4.13 WORKERS' COMPENSATION INSURANCE PROGRAM

RECOMMENDATION: THAT THE CITY COUNCIL TAKE THE FOLLOWING ACTIONS:

1. ADOPT A RESOLUTION ENTITLED:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A SIXTH AMENDED AND RESTATED JOINT POWERS AGREEMENT AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY WORKERS' COMPENSATION PROGRAM;

2. APPROVE AND AUTHORIZE THE MAYOR TO EXECUTE THE SIXTH AMENDED AND RESTATED JOINT POWERS AGREEMENT RELATING TO THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY; AND

3. ADOPT A RESOLUTION ENTITLED:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AUTHORIZING APPLICATION TO THE DIRECTOR OF INDUSTRIAL RELATIONS, STATE OF CALIFORNIA, FOR A CERTIFICATE OF CONSENT TO SELF INSURE WORKERS' COMPENSATION LIABILITIES.

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, NOVEMBER 22, 2011**

RECOMMENDATION: THAT THE PLANNING AGENCY APPROVE THE MINUTES OF THE NOVEMBER 22, 2011, REGULAR MEETING AS REFERENCED IN CITY COUNCIL MINUTES BEGINNING ON PAGE 5.

5.4 PLANNING AGENCY PUBLIC HEARINGS**PLANNING AGENCY ADJOURNMENT****6. CITY COUNCIL PUBLIC HEARINGS****7. ADMINISTRATIVE REPORTS****7.1 City Manager****7.1.1 2011 CITY MANAGER'S YEAR END REPORT**

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THE 2011 CITY MANAGER'S YEAR END REPORT.

7.2 City Clerk**7.2.1 CITY COUNCIL APPOINTED REPRESENTATIVES**

RECOMMENDATION: THAT THE CITY COUNCIL TAKE THE FOLLOWING ACTIONS:

1. APPOINT A DIRECTOR AND ALTERNATE DIRECTOR TO SERVE ON THE FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCIES;
2. APPOINT A BOARD OF TRUSTEE MEMBER TO SERVE A FOUR-YEAR TERM ON THE ORANGE COUNTY VECTOR CONTROL DISTRICT;

3. ADOPT A RESOLUTION ENTITLED:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DESIGNATING AND APPOINTING ITS REPRESENTATIVE AND ALTERNATE TO THE ORANGE COUNTY FIRE AUTHORITY'S BOARD OF DIRECTORS;

4. PROVIDE DIRECTION TO STAFF AS TO WHETHER ADDITIONAL CHANGES ARE NECESSARY FOR OTHER APPOINTMENTS ON THE LIST; AND

5. CONFIRM THE REMAINING LIST OF APPOINTMENTS.

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

8.1 COUNCIL MEMBER KOGERMAN

8.1.1 PROPOSED REVISION OF THE CONSTITUTION AND TIMING OF MEETINGS OF PLANNING AGENCY/COMMISSION

RECOMMENDATION: THAT THE CITY COUNCIL DIRECT STAFF TO RETURN WITH PROPOSALS FOR: (1) ABOLISHING THE CURRENT "PLANNING AGENCY" WHOSE MEMBERS COMPRISE THE SITTING MEMBERS OF THE CITY COUNCIL; INSTEAD (2) ESTABLISHING IN ITS PLACE A "PLANNING COMMISSION" COMPRISING QUALIFIED RESIDENTS APPOINTED BY THE CITY COUNCIL AND OUTLINING VARIOUS OPTIONS FOR SELECTION OF PLANNING COMMISSIONERS, THEIR NUMBER, DUTIES, RESPONSIBILITIES, TERMS OF OFFICE AND SCOPE OF POWERS; (3) ESTABLISHING A MEETING TIME OF THE PROPOSED PLANNING COMMISSION SEPARATE FROM THE TIME OF CITY COUNCIL MEETINGS; AND (4) ESTIMATING THE ASSOCIATED COSTS IF ANY, OF ESTABLISHING AND MAINTAINING A PLANNING COMMISSION TO REPLACE THE EXISTING PLANNING AGENCY.

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

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

Pursuant to Government Code Section 54957(b)(1)

Public Employee Title: City Manager - Annual Performance Evaluation

Reconvene in regular session in the City Council Chamber.

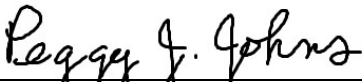
Report on whether any reportable action was taken on matters considered during Closed Session

ADJOURNMENT

The December 27, 2011, City Council/Planning Agency meeting will not be held. The next Regular Meeting of the City Council/Planning Agency will be January 10, 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 December 9, 2011, at 5:00PM.



PEGGY J. JOHNS, CITY CLERK

December 9, 2011

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.

RESOLUTION NO. 2011-12-13-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
LAGUNA HILLS, CALIFORNIA, COMMENDING L. ALLAN
SONGSTAD, JR.

WHEREAS, L. Allan Songstad, Jr., was elected to the inaugural City Council on March 5, 1991, took his Oath of Office on December 20, 1991, served until his term expired in December 1994; and was subsequently elected to the City Council on November 5, 1996; and

WHEREAS, L. Allan Songstad, Jr., served his first term as Mayor from December 8, 1992, through December 14, 1993; his second term as Mayor from December 10, 1996, through December 9, 1997, his third term as Mayor from December 3, 2002, through December 9, 2003, his fourth term as Mayor from December 11, 2007, through December 9, 2008, and on December 14, 2010, was elected by the City Council of the City of Laguna Hills to serve a fifth term as its Mayor; and fulfilled the duties and responsibilities of his being Mayor and has ably represented the City at local events throughout the region, including the South Orange County Association of Mayors, the Association of California Cities - Orange County, and as the Orange County Division of the League of California Cities Delegate to the State League's Board of Directors, as well as serving on the Laguna Revenue and Tax Policy Committee; and

WHEREAS, during the year that L. Allan Songstad Jr., has presided as Mayor, the City started the conversion of the former Circuit City to an Ashley Furniture Store, Total Wine, and Chick-Fil-A; approved a complete renovation of the Chevron Station and Mini-Mart, DaVita Medical Office Building, Department of Motor Vehicles Building, Taj Mahal Medical Office complex; implemented a Master Sign Program for the La Paz Village Center; implemented an Amendment to the Urban Village Specific Plan; made substantial progress for the widening of La Paz Road at I-5, and widening of Avenida de la Carlota from Paseo de Valencia to El Toro Road; and helped select Charles Abbott & Associates as the new Building Consultant for the City.

WHEREAS, the performance of his duties and responsibilities as Mayor has been characterized by excellent and constructive contributions to the lasting development of our City, earning the respect of his colleagues and the admiration and high regard of all those with whom he has come in contact.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, on behalf of all our citizens, does hereby express its appreciation and thanks to L. Allan Songstad, Jr., for his service to the community as Laguna Hills Mayor for 2011.

PASSED, APPROVED, AND ADOPTED this 13th day of December 2011.

_____, 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. 2011-12-13-x adopted by the City Council of the City of Laguna Hills, California, at
a Regular Meeting thereof held on the 13th day of December 2011, by the following
vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

PEGGY J. JOHNS, CITY CLERK

CITY OF LAGUNA HILLS

AGENDA REPORT POLICE SERVICES DEPARTMENT

ISSUE: ORANGE COUNTY CRIME STOPPERS PROGRAM PRESENTATION

SUMMARY:

Aaron Berenschot from the Orange County Sheriff's Department, and Patricia Wenskunas, founder and CEO of Orange County Crime Stoppers, will be present at the City Council meeting to make a brief presentation on the Orange County Crime Stoppers Program that has recently been established.

Orange County Crime Stoppers provides the citizens with a way to anonymously report criminal activity to law enforcement by way of text, web, or a toll free telephone number. The program also allows for two-way communication between law enforcement and the community in order to gain follow-up information on the reported activity.

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE A PRESENTATION ON THE ORANGE COUNTY CRIME STOPPERS PROGRAM.

ATTACHMENTS:

- Orange County Crime Stoppers Fact Sheet
- PowerPoint presentation Printout

ORANGE COUNTY CRIME STOPPERS

www.occrimestoppers.org | 1-855-TIP-OCCS

The Orange County Crime Stoppers program (OC Crime Stoppers) helps resolve, reduce and prevent crime by enabling citizens to safely report criminal activity to law enforcement through anonymous crime tips. Established by Founder/CEO Patricia Wenskunas, OC Crime Stoppers is a 501(c)(3) non-profit organization that works in partnership with the community, the media, and law enforcement to facilitate the sharing of valuable information.

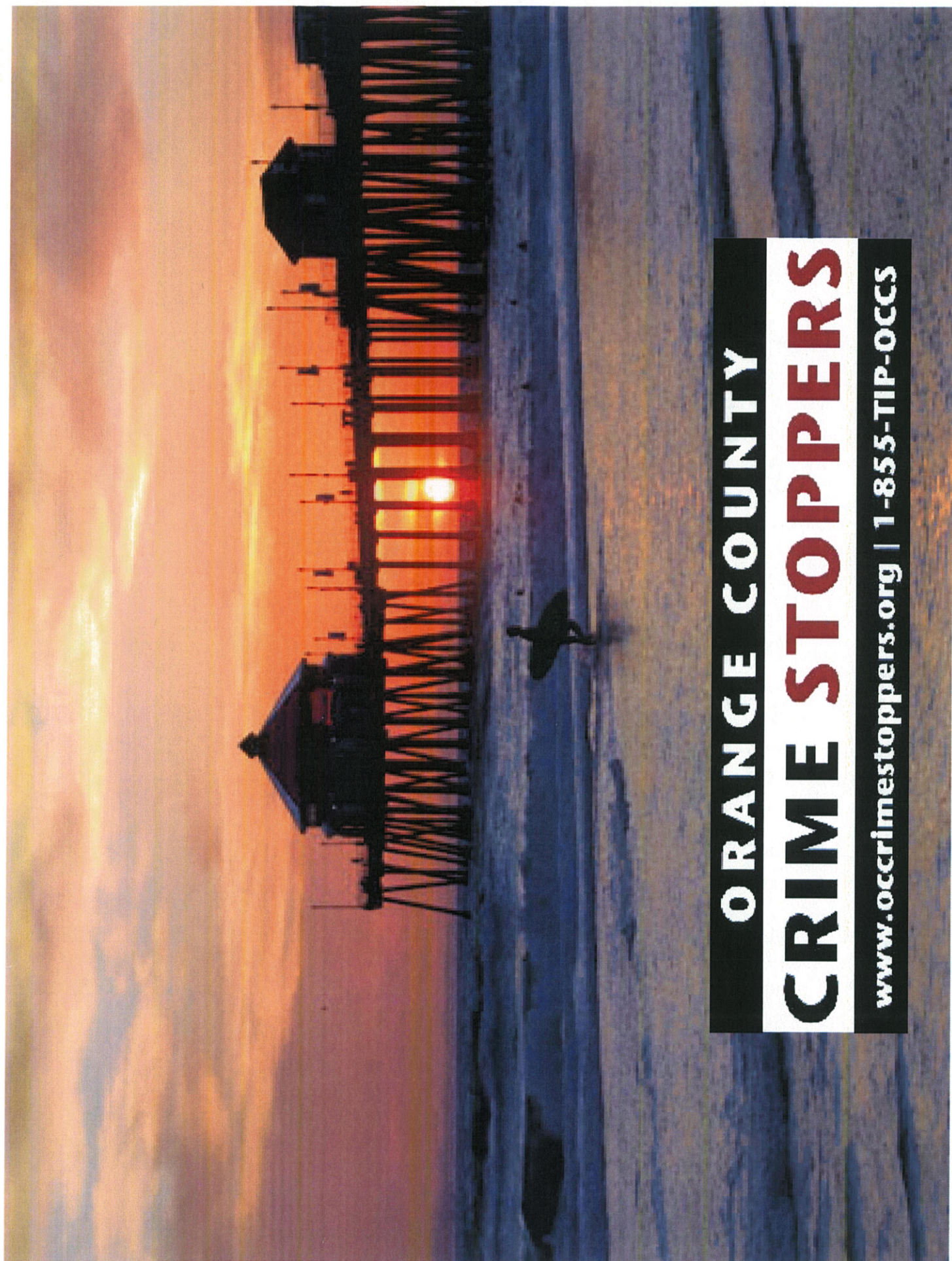
There are more than 300 Crime Stoppers organizations in the United States and over 1,400 worldwide. This program has proven to be an asset to any community- with over eight hundred and fifty thousand arrests made, over one point two million crimes cleared, and eight billion dollars in property and drugs recovered in the last 33 years.

The establishment of a new Orange County based program seeks to provide the Orange County Area with the tools to empower ordinary citizens to fight crime. All of the City Chiefs of Police and Orange County Sheriff Sandra Hutchens have supported the launch of this program. Daily operations are governed by a volunteer Board of Directors and law enforcement liaisons committed to supporting OC Crime Stoppers. Although the Orange County's Sheriff's Department is the lead coordinating agency for this program, this is a shared county wide effort.

OC Crime Stoppers provides citizens with the ability to report tip information via web, text, and or toll free number. Every web and text tip is assigned its own encrypted code. This code provides the ability for a 2 way SMS dialog with OC Crime Stoppers. It's a tipster's choice on whether they chose to respond to any further questions and they can "delete thread" at any time. There is no way to obtain identifying information through this code. For further information regarding the program, to submit a web tip, and or find out how to get involved- go to www.occrimestoppers.org . Any additional questions regarding operations and getting involved, contact Aaron Berenschot, the OCCS Coordinator at occrimestoppers@ocsd.org.

To text a tip, dial C-R-I-M-E-S (274637). Start with key word OCCS, a space, and then the tip information. A reply text is immediately sent, providing the encrypted code. To submit a tip via toll free number, call 855-TIP-OCCS (847-6227). This number is answered 24/7 by an independent call center on an unrecorded line.

The Crime Stoppers program has more than proven itself in cities, states, and countries across the world. With the citizens of Orange County and Law Enforcement's help, OC Crime Stoppers will no doubt do the same.



ORANGE COUNTY
CRIME STOPPERS
www.occrimestoppers.org | 1-855-TIP-OCCS

What is Crime Stoppers?

Non-Profit organization working with law enforcement agencies and the Media to help solve crime.

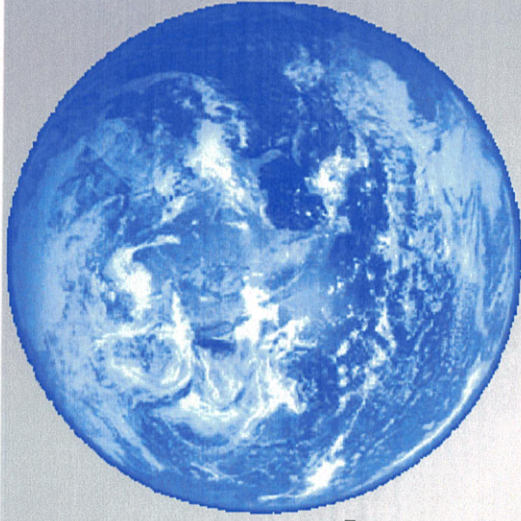
Works with public and private partnerships to raise money to pay for crime tip information

ORANGE COUNTY

CRIME STOPPERS

www.occrimestoppers.org | 1-855-TIP-OCCS

Crime Stoppers Today...



Crime Stoppers International

reach around the world and are represented by the Nation/Regions of the United States, Canada, Caribbean and Latin America, Europe, Australia, and the South/Western Pacific

**Over 1,400 Crime Stoppers organizations
worldwide.**

ORANGE COUNTY

CRIME STOPPERS

www.occrimestoppers.org | 1-855-TIP-OCCS

Why Crime Stoppers?

Anonymity

Support from Law Enforcement
Community Support
Media Relationship

Law Enforcement can bridge the gap between
geographic boundaries for investigations

ORANGE COUNTY

CRIME STOPPERS

www.occrimestoppers.org | 1-855-TIP-OCCS

New Technology to help Solve Crimes

Telephone

Text-A-Tip

Web Tips

Mobile Applications

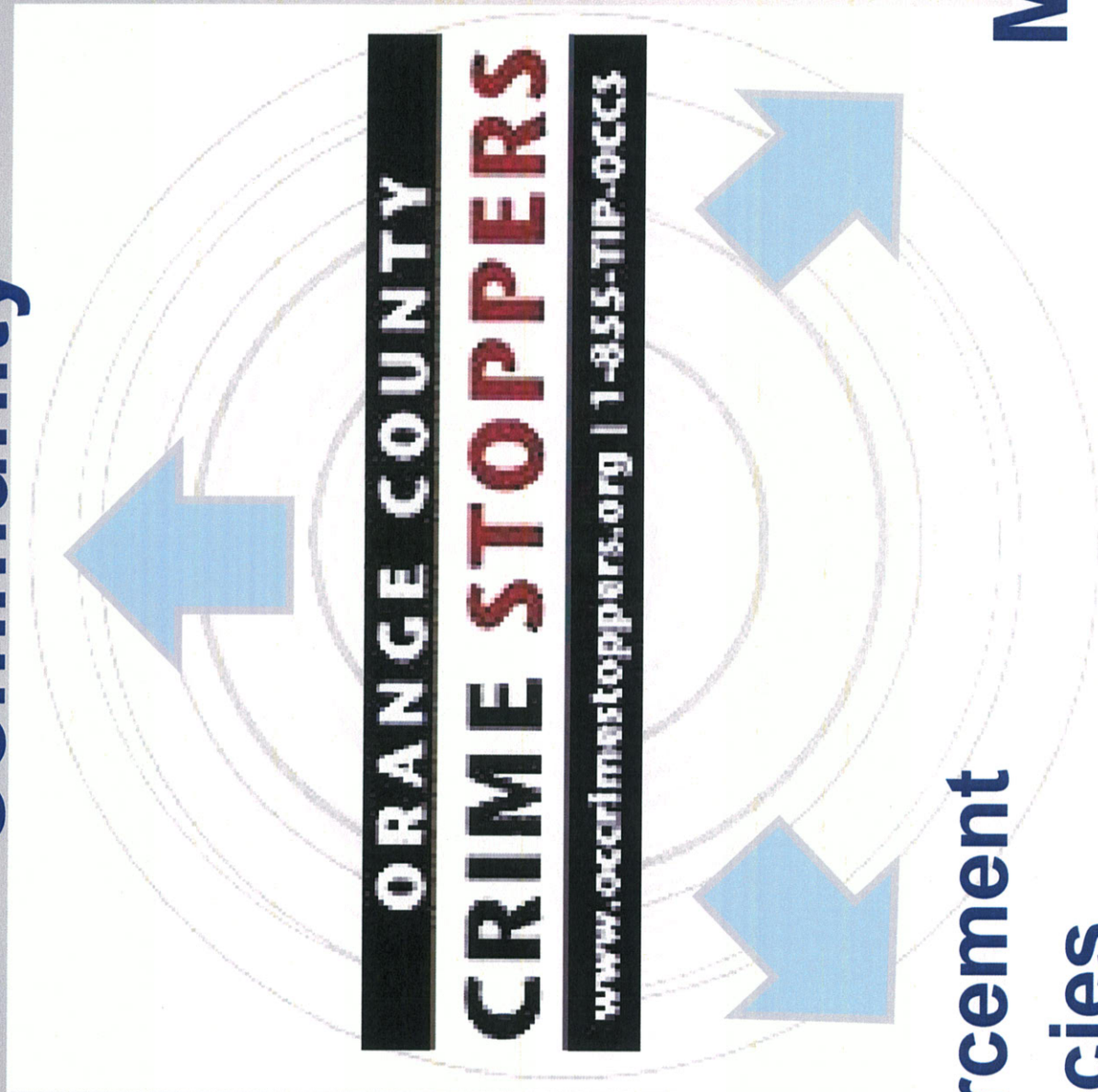
**** All tips are anonymous and service is available 24 hours a day**

ORANGE COUNTY

CRIME STOPPERS

www.occrimestoppers.org | 1-855-TIP-OCCS

Community



**Law
Enforcement
Agencies**

Media

I SUPPORT

CRIME STOPPERS
OF ORANGE COUNTY

1-855-TIP-0CCS
WWW.OCCRIMESTOPPERS.ORG

ORANGE COUNTY

CRIME STOPPERS

www.occrimestoppers.org | 1-855-TIP-OCCS

Text "OCCS" plus your TIP to 274637 or CRIMES

ORANGE COUNTY

CRIME STOPPERS

www.occrimestoppers.org | 1-855-TIP-OCCS

**Text the letters OCCS plus your
TIP to 274637 or CRIMES**

**Go to www.occrimestoppers.org
click on the link to Submit a Tip**

ORANGE COUNTY

CRIME STOPPERS

www.occrimestoppers.org | 1-855-TIP-OCCS

**Texto las letras OCCS más su TIP
a 274637 o CRIMES**

**Vaya a www.occrimestoppers.org
hacen clic encendido la conexión
para someter una extremidad**

ORANGE COUNTY
CRIME STOPPERS



ANONYMOUS - IDENTITY NEVER DISCLOSED
1-855-TIP-0CCS
- CONFIDENTIAL TIP LINE -
SUBMIT ANONYMOUS TIPS BY TEXT
TEXT THE LETTER **OCCS** PLUS YOUR TIP TO **274637** OR **CRIMES**
WWW.OCCRIMESTOPPERS.ORG

... Why Crime Stoppers?

Arrests Made	554,800
Cases Cleared	917,595
Rewards Paid	\$84,206,901
Property Recovered	\$1,094,933,373
Drugs Seized	\$2,957,939,651

**Total Recovered from \$4,052,873,024
Tips Received:**

Statistics as of 8/24/11 from Crime Stoppers USA

ORANGE COUNTY

CRIME STOPPERS

www.occrimestoppers.org | 1-855-TIP-OCCS

Our Goal

Provide the citizens of Orange County a way to report crime anonymously.

Be an investigative tool for all Law Enforcement Agencies and help facilitate communication between them & the media.

Successfully grow as a unit and non profit organization.

ORANGE COUNTY

CRIME STOPPERS

www.occrimestoppers.org | 1-855-TIP-OCCS



Preparing to Launch...

We have:

- a toll free number 855-TIP-OCCS (847-6227)
- an independent call center that will answer the hotline 24/7 & send the tips to our TipSoft account.
- TipSoft, an online account used to manage all tips received. (used by 90% of Crime Stoppers programs)

ORANGE COUNTY

CRIME STOPPERS

www.occrimestoppers.org | 1-855-TIP-OCCS

The Coordinator will :

- Make sure all tips are received and forwarded to the appropriate Law Enforcement Agency.
- Track tips to their conclusion by following up with Investigators to determine their status.
- Maintain statistics for the program and ensure all tips have a disposition.
- Report to the OCCS Director. Liaison with participating Agencies, OCCS Board of Directors, and Crime Stoppers Executive Directors.

ORANGE COUNTY

CRIME STOPPERS

www.occrimestoppers.org | 1-855-TIP-OCCS

Anonymous Telephone Number

**855-TIP-OCCS
855-847-6227**

ORANGE COUNTY

CRIME STOPPERS

www.occrimestoppers.org | 1-855-TIP-OCCS

Anonymous Web Tips

- ◆ Go online to www.occrimestoppers.org



Select the icon to send a message

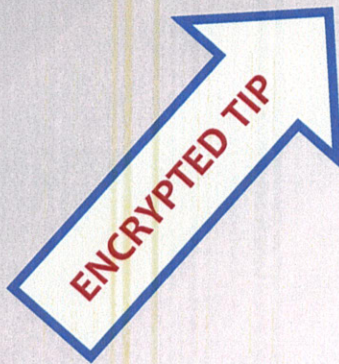
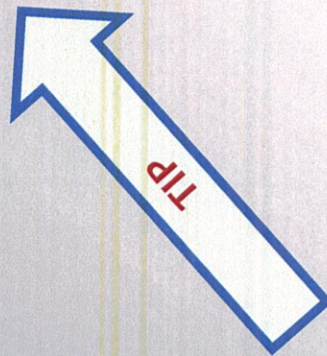


ORANGE COUNTY
CRIME STOPPERS
www.occrimestoppers.org | 1-855-TIP-0CCS

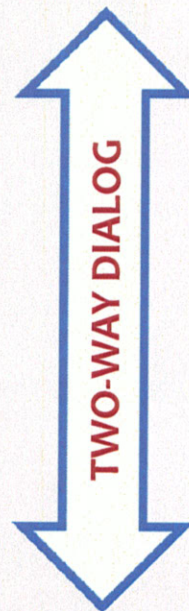
How it Works



SERVER



TIPSTER



ORANGE COUNTY
CRIME STOPPERS
www.occrimestoppers.org | 1-855-TIP-OCCS

CRIME STOPPERS
CRIME CENTER

Rewards and Awards

- **Monies raised by public/private donations**
- **Paid out based on the severity of the crime**

ORANGE COUNTY

CRIME STOPPERS

www.occrimestoppers.org | 1-855-TIP-OCCS

***REWARD GUIDELINES**

\$700	- \$1000	Murder
\$300	- \$700	Crimes Against Persons
\$200	- \$500	Crimes Against Property
\$100	- \$300	Offenses Against Public Health & Safety
\$25	- \$100	Misdemeanors, Infractions

*Numbers are an example
of most other programs

ORANGE COUNTY

CRIME STOPPERS

www.occrimestoppers.org | 1-855-TIP-OCCS

Contact information

Founder/ CEO

Patricia Wenskunas

orangecountycrimestoppers@gmail.com

Director

Mike Jansen

mrjansen@ocsd.org

Coordinator

Aaron Berenschot

occrimestoppers@ocsd.org

ORANGE COUNTY

CRIME STOPPERS

www.occrimestoppers.org | 1-855-TIP-OCES

**CITY OF LAGUNA HILLS, CALIFORNIA
CITY COUNCIL/PLANNING AGENCY REGULAR MEETING
MINUTES
NOVEMBER 22, 2011**

CALL TO ORDER

Mayor Songstad 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: Council Member Bressette

ROLL CALL OF CITY COUNCIL MEMBERS

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

Absent: Council Member Lautenschleger

1. PRESENTATIONS AND PROCLAMATIONS

1.1 RECOGNITION OF VERN JONES FOR HIS SERVICE TO THE CITY

MOTION TO ADOPT RESOLUTION NO. 2011-11-22-1, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, RECOGNIZING VERN JONES FOR HIS SERVICE TO THE CITY AS COMMUNITY DEVELOPMENT DIRECTOR, SEPTEMBER 5, 2000, THROUGH DECEMBER 2, 2011, BY M/COUNCIL MEMBER BRESSETTE, S/MAYOR SONGSTAD.

APPROVED BY A VOTE OF 4-0-1 (COUNCIL MEMBER LAUTENSCHLEGER ABSENT).

MAYOR SONGSTAD PRESENTED A COPY OF THE RESOLUTION AND CITY PLAQUE TO VERN JONES, RECOGNIZING HIM FOR HIS SERVICE TO THE CITY.

1.2 APPOINTMENT AND OATH OF OFFICE FOR PROPOSED PARKS AND RECREATION COMMISSIONER FARID TABRIZY

MOTION TO APPOINT FARID TABRIZY, AS PARKS AND RECREATION COMMISSIONER, TO COMPLETE THE REMAINING VACATED TERM OF OFFICE THROUGH JANUARY 31, 2013, BY M/COUNCIL MEMBER BRESSETTE, S/COUNCIL MEMBER KOGERMAN.

APPROVED BY A VOTE OF 4-0-1 (COUNCIL MEMBER LAUTENSCHLEGER ABSENT).

THE CITY CLERK ISSUED THE OATH OF OFFICE, AND MAYOR SONGSTAD PRESENTED A FRAMED CERTIFICATE OF APPOINTMENT.

1.3 ORANGE COUNTY HUMAN RELATIONS COUNCIL ANNUAL REPORT

THE CITY COUNCIL RECEIVED AN ORAL PRESENTATION FROM KEN INOUE, COMMISSIONER, ON THE ORANGE COUNTY HUMAN RELATIONS COUNCIL.

2. PUBLIC COMMENTS

DARK HORSE COMMITTEE

Mike Bland, Laguna Hills, gave an update on the Dark Horse Committee and distributed copies of the Dark Horse Committee's formal business plan.

EMERGENCY PREPAREDNESS CLASS

Mike Bland, Laguna Hills, wanted to thank the City for hosting the Emergency Preparedness Class. Mr. Bland indicated that he and his wife attended the eight-week course.

SOCIAL MEDIA

Mav Bressette, Laguna Hills, indicated that she had created a social network system to survey the citizens of Laguna Hills. Ms. Bressette indicated the survey was called the "Pulse of Laguna Hills".

2.1 LAGUNA HILLS HIGH SCHOOL STUDENT LIAISON

THE CITY COUNCIL RECEIVED AN ORAL REPORT FROM LAGUNA HILLS HIGH SCHOOL LIAISON KYLIE WEST.

3. MINUTES

3.1 REGULAR MEETING, NOVEMBER 8, 2011

MOTION TO APPROVE THE MINUTES OF THE NOVEMBER 8, 2011, REGULAR MEETING, BY M/MAYOR PRO TEMPORE CARRUTH, S/COUNCIL MEMBER BRESSETTE.

APPROVED BY A VOTE OF 4-0-1 (COUNCIL MEMBER LAUTENSCHLEGER ABSENT).

4. CONSENT CALENDAR

MOTION TO APPROVE THE CONSENT CALENDAR, BY M/COUNCIL MEMBER BRESSETTE, S/MAYOR PRO TEMPORE CARRUTH, WITH COUNCIL MEMBER BRESSETTE REMOVING ITEM NO. 4.3.

APPROVED BY A VOTE OF 4-0-1 (COUNCIL MEMBER LAUTENSCHLEGER ABSENT).

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 ORDINANCES AND RESOLUTIONS.

4.2 APPROVAL OF WARRANT REGISTER FOR PERIOD ENDED NOVEMBER 22, 2011

THE CITY COUNCIL APPROVED THE WARRANT REGISTER IN THE AMOUNT OF \$1,008,530.15.

4.4 MEASURE M2 PROJECT P TRAFFIC SIGNAL SYNCHRONIZATION PROGRAM GRANT APPLICATIONS

THE CITY COUNCIL AUTHORIZED STAFF TO SUBMIT TO OCTA PROJECT P TRAFFIC SIGNAL SYNCHRONIZATION PROGRAM PROJECTS FOR PASEO DE VALENCIA, OSO PARKWAY, AND LAKE FOREST DRIVE AND ADOPTED RESOLUTION NO. 2011-11-22-2, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, APPROVING THE SUBMITTAL OF TRAFFIC SIGNAL SYNCHRONIZATION PROGRAM PROJECTS TO THE ORANGE COUNTY TRANSPORTATION AUTHORITY FOR FUNDING UNDER THE COMPETITIVE MEASURE M2 REGIONAL TRANSPORTATION SIGNAL SYNCHRONIZATION PROGRAM.

4.5 PROGRESS PAYMENT NO. 1 FOR AVENIDA DE LA CARLOTA
WIDENING PROJECT, CIP NO. 164

THE CITY COUNCIL APPROVED PROGRESS PAYMENT NO. 1, IN THE NET AMOUNT OF \$54,665.46, TO HILLCREST CONTRACTING, INC., FOR THE AVENIDA DE LA CARLOTA WIDENING PROJECT, CIP NO. 164.

4.6 PROGRESS PAYMENT NO. 8 FOR LA PAZ ROAD WIDENING AT I-5
IMPROVEMENT PROJECT, CIP NO. 159

THE CITY COUNCIL APPROVED PROGRESS PAYMENT NO. 8, IN THE NET AMOUNT OF \$162,929.37, TO SEMA CONSTRUCTION, INC., FOR THE LA PAZ ROAD WIDENING AT I-5 IMPROVEMENT PROJECT, CIP NO. 159.

ITEMS REMOVED FROM THE CONSENT CALENDAR

4.3 NEIGHBORHOOD TREE PLANTING PROGRAM CONTRACT SERVICES

Council Member Bressette indicated he removed this item from the Consent Calendar to ask what the options available for left over trees.

Public Services Director Rosenfield indicated that there were numerous residents that did not want a tree planted in front of their home. Mr. Rosenfield indicated that once the City knew how many spare trees were left over, they could possibly be planted at another location.

MOTION TO AUTHORIZE THE CITY MANAGER TO ISSUE A TASK ORDER TO WEST COAST ARBORISTS, INC., IN THE AMOUNT OF \$61,280 FOR THE NEIGHBORHOOD TREE PLANTING PROGRAM, BY M/COUNCIL MEMBER BRESSETTE, S/MAYOR PRO TEMPORE CARRUTH.

APPROVED BY A VOTE OF 4-0-1 (COUNCIL MEMBER LAUTENSCHLEGER ABSENT).

5. PLANNING AGENCY

Mayor Songstad 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 7:38 PM.

5.1 ROLL CALL OF PLANNING AGENCY MEMBERS

Present: Chair Songstad, Vice Chair Carruth, Agency Members Bressette, and Kogerman

Absent: Agency Member Lautenschleger

5.2 PUBLIC COMMENTS

There were no Public Comments.

5.3 MINUTES

5.3.1 REGULAR MEETING, NOVEMBER 8, 2011

MOTION TO APPROVE THE MINUTES OF THE NOVEMBER 8, 2011, REGULAR MEETING AS REFERENCED IN ITEM 3.1, BEGINNING ON PAGE 4, BY M/AGENCY MEMBER BRESSETTE, S/AGENCY MEMBER KOGERMAN. APPROVED BY A VOTE OF 4-0-1, (AGENCY MEMBER LAUTENSCHLEGER ABSENT).

5.4 PLANNING AGENCY PUBLIC HEARINGS

There were no Public Hearings.

PLANNING AGENCY ADJOURNMENT

Mayor Songstad reconvened the City Council meeting at 7:39 PM. All Council Members were present, with the exception of Council Member Lautenschleger.

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 Assistant City Manager

7.2.1 EMPLOYEE REPRESENTATION BY LAGUNA HILLS CITY
EMPLOYEES ASSOCIATION

**MOTION TO ADOPT RESOLUTION NO. 2011-11-22-3, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, RECOGNIZING LAGUNA HILLS CITY EMPLOYEES ASSOCIATION AS THE EXCLUSIVE REPRESENTATIVE OF THE CITY'S FULL-TIME AND EXTENDED PART-TIME NON-MANAGEMENT AND NON-CONFIDENTIAL EMPLOYEES, BY M/MAYOR PRO TEMPORE CARRUTH, S/MAYOR SONGSTAD.
APPROVED BY A VOTE OF 4-0-1 (COUNCIL MEMBER LAUTENSCHLEGER ABSENT).**

7.3 City Attorney

7.3.1 ORDINANCE OF THE CITY OF LAGUNA HILLS ADDING CHAPTER 6-40 TO TITLE 6 OF THE LAGUNA HILLS MUNICIPAL CODE ESTABLISHING CITY PARKS AND SPECIFIED PRIVATE COMMUNITY PARKS AS "CHILD SAFETY ZONES" WHERE REGISTERED SEX OFFENDERS ARE PROHIBITED FROM ENTERING WITHOUT WRITTEN PERMISSION FROM THE ORANGE COUNTY SHERIFF

Susan Schroeder, representative, from the Orange County District Attorney's Office, spoke in favor of the Child Safety Zone Ordinance.

Donna Sievers, Laguna Hills, spoke in favor of the Child Safety Zone Ordinance.

Erin Runnion, spoke in favor of the Child Safety Zone Ordinance.

**MOTION TO INTRODUCE AN ORDINANCE ENTITLED: AN ORDINANCE OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ADDING CHAPTER 6-40 TO TITLE 6 OF THE LAGUNA HILLS MUNICIPAL CODE PROHIBITING REGISTERED SEX OFFENDERS FROM ENTERING CITY PARKS AND SPECIFIED PRIVATE COMMUNITY PARKS WITHOUT WRITTEN PERMISSION FROM THE ORANGE COUNTY SHERIFF, BY M/COUNCIL MEMBER KOGERMAN, S/MAYOR PRO TEMPORE CARRUTH.
APPROVED BY A VOTE OF 4-0-1 (COUNCIL MEMBER LAUTENSCHLEGER ABSENT).**

7.4 Community Development Director

- 7.4.1 CONSIDERATION OF A RESOLUTION DELEGATING THE AUTHORITY TO RENDER DETERMINATIONS OF PUBLIC CONVENIENCE OR NECESSITY FOR ALCOHOLIC BEVERAGE LICENSING TO THE COMMUNITY DEVELOPMENT DIRECTOR AND ESTABLISHING REVIEW PROCEDURES AND CRITERIA

MOTION TO ADOPT RESOLUTION NO. 2011-11-22-4, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DELEGATING THE AUTHORITY TO RENDER DETERMINATIONS OF PUBLIC CONVENIENCE OR NECESSITY FOR ALCOHOLIC BEVERAGE LICENSING TO THE COMMUNITY DEVELOPMENT DIRECTOR AND ESTABLISHING REVIEW PROCEDURES AND CRITERIA, BY M/MAYOR SONGSTAD, S/COUNCIL MEMBER BRESSETTE.

APPROVED BY A VOTE OF 4-0-1 (COUNCIL MEMBER LAUTENSCHLEGER ABSENT).

7.5 Deputy City Manager/Community Services

- 7.5.1 CONTINUATION OF THE COMMERCIAL FOOD WASTE DIVERSION PROGRAM

MOTION TO ACCEPT AND APPROVE CR&R'S PROPOSAL TO CONTINUE WITH THE COMMERCIAL FOOD WASTE PROGRAM AT THE EXISTING RATE FOR COMMERCIAL RECYCLING CART SERVICE FROM DECEMBER 1, 2011 THROUGH JUNE 30, 2012, BY M/COUNCIL MEMBER BRESSETTE, S/MAYOR PRO TEMPORE CARRUTH.

APPROVED BY A VOTE OF 4-0-1, (COUNCIL MEMBER LAUTENSCHLEGER ABSENT).

- 7.5.2 REQUEST TO UTILIZE THE CITY OF LAGUNA HILLS MEMORIAL DAY RACE FOR PROVIDING LONG-TERM FINANCIAL SUPPORT TO THE 3RD BATTALION, 5TH MARINES, 1ST DIVISION 501(C)(3) SUPPORT COMMITTEE

Mike Bland, Laguna Hills, spoke on the Laguna Hills Memorial Day Race and indicated he favored Option 3.

Evan Gost, Laguna Hills, spoke on the Laguna Hills Memorial Day Race and indicated he favored Option 3.

Richard Nagle, Laguna Hills, spoke on the Laguna Hills Memorial Day Race and indicated he favored Option 3.

Mav Bressette, Laguna Hills, spoke on the Laguna Hills Memorial Day Race and indicated she favored Option 3.

MOTION TO SELECT OPTION 3 REGARDING THE ESTABLISHMENT OF A PLEDGE FORMULA BASED ON THE MEMORIAL DAY RACE REGISTRATION REVENUES FOR THE PURPOSE OF PROVIDING FUTURE FINANCIAL ASSISTANCE TO THE 3/5 DARK HORSE SUPPORT COMMITTEE, A COMMUNITY-BASED CHARITABLE ORGANIZATION, AND TO REQUIRE THE COMMITTEE TO PROVIDE A FUTURE REPORT TO THE CITY COUNCIL ON THE ANTICIPATED USE OF THE FUNDS RAISED FROM THE RACE, BY M/COUNCIL MEMBER BRESSETTE, S/COUNCIL MEMBER KOGERMAN. APPROVED BY A VOTE OF 4-0-1, (COUNCIL MEMBER LAUTENSCHLEGER ABSENT).

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

There were no matters agendized and presented by Council Members.

9. CITY COUNCIL MEMBER COMMENTS

There were no City Council Member comments.

10. CLOSED SESSION

City Attorney Simonian indicated there was no longer a need to discuss Closed Session Items No. 10.1 and No. 10.2.

Mayor Songstad recessed the meeting into Closed Session at 9:09 PM.

10.1 CONFERENCE WITH REAL PROPERTY NEGOTIATOR

Pursuant to Government Code Section 54956.8

Property: Assessor's Parcel Number 625-221-03

Agency Negotiator: Bruce Channing, City Manager and Don White, Assistant City Manager

Negotiating Parties: City of Laguna Hills and Ken Hocker, Vintage Real Estate LLP

Item Under Negotiation: Terms and Conditions of Sale

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 PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Pursuant to Government Code Section 54957(b)(1)

Public Employee Title: City Manager - Annual Performance Evaluation

10.4 CONFERENCE WITH LABOR NEGOTIATOR

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

Mayor Songstad reconvened the meeting at 9:50 PM. All Council Members were present, with the exception of Council Member Lautenschleger.

There was no reportable action taken on Closed Session items.

ADJOURNMENT

There being no further business before the City Council at this session, Mayor Songstad declared the meeting adjourned at 9:50 PM.

PEGGY J. JOHNS, CITY CLERK

ATTEST:

, MAYOR

APPROVED AT MEETING OF _____

CITY OF LAGUNA HILLS
AGENDA REPORT
ADMINISTRATIVE SERVICES DEPARTMENT

**ISSUE: APPROVAL OF WARRANT REGISTER FOR PERIOD ENDED
 DECEMBER 13, 2011.**

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:

original signed

DONALD J. WHITE
Assistant City Manager

FISCAL IMPACT:

The warrant register total is \$ 508,490.64

**RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE WARRANT REGISTER
IN THE AMOUNT OF \$ 508,490.64.**

ATTACHMENTS:

1. **Warrant Register**

**CITY OF LAGUNA HILLS
WARRANT REGISTER
December 13, 2011**

VENDOR		DESCRIPTION	CHECK NO.	AMOUNT
PREPAID WARRANTS:				
AT&T		Communication Expense, Administrative Services Fax Line, Nov '11	8802387	\$ 83.62
AT&T - COASTAL BUSINESS GROUP		Refund, CPMA Fees, CR# 42581	8802398	12.50
AT&T MOBILITY		Wireless Access, Nov '11	8802399	60.92
CHEVRON		Vehicle Fuel, Nov '11	8802407	2,529.90
DELL COMPUTER CORPORATION		Computer Hardware, Council Chamber and Police Services	8802412	2,782.57
EL TORO WATER DISTRICT		Water Usage, Parks, Oct '11	8802414	10,432.68
EVERBANK COMMERCIAL FINANCE		Lease - Copier, City Hall, Nov '11	8802388	221.04
HOME DEPOT		Program Supplies, Community Services, Oct '11	8802421	93.65
IRVINE RANCH WATER DISTRICT		Water Usage, Parks, Oct '11	8802382	124.67
JGF, DAVEY & LARSON INSURANCE		Fidelity Liability Bond, Oct '11	8802389	284.00
MONACH, KIMBERLYN		Professional Fees, Public Art Program, Jul - Nov '11	8802432	1,800.00
PLANNING DIRECTORS ASSN OF OC		Meeting Expense, Community Development, Dec '11	8802440	160.00
RALPHS GROCERY COMPANY		Program Supplies, Community Services, Oct - Nov '11	8802443	221.27
REFUND, COMMUNITY SVCS PROGRAM		B. Beebe, V# 2002233.002	8802444	40.00
REFUND, FACILITY RENTAL DEPOSIT		T. Lindner, V# 2002230.002	8802445	250.00
REFUND, FACILITY RENTAL DEPOSIT		I. Diaz, V# 2002194.002	8802446	500.00
REFUND, FACILITY RENTAL DEPOSIT		Temple Builders Community Church, V# 2002183.002	8802447	500.00
REFUND, FACILITY RENTAL DEPOSIT		C. Jakl, V# 2002234.002	8802448	100.00
REFUND, FACILITY RENTAL DEPOSIT		L. Villa, V# 2002207.002	8802449	500.00
REYES, JANICE MATEO		Petty Cash Replenishment, Departmental Operating Expenditures, Nov '11	8802383	588.38
SADDLEBACK FAMILY & URGENT CARE		Pre-employment Physicals, Oct '11	8802452	65.00
SAN DIEGO GAS & ELECTRIC		Electric Usage, Community Center, Traffic Control and Street Lights, Oct '11	8802384	23,000.94
SMART & FINAL		Program Supplies, Community Services, Oct '11	8802456	139.44
SOUTHERN CALIFORNIA EDISON		Electric Usage, Street Lights and Traffic Control, Oct '11	8802385	356.58
SOUTHERN CALIFORNIA EDISON		Electric Usage, Street Lights and Traffic Control, Oct '11	8802391	593.07
SOUTHERN CALIFORNIA EDISON		Electric Usage, Street Lights and Traffic Control, Nov '11	8802458	1,608.77

**CITY OF LAGUNA HILLS
WARRANT REGISTER
December 13, 2011**

VENDOR	DESCRIPTION	CHECK NO.	AMOUNT
SPRINT	Communication Expense, Community Services, Oct '11	8802459	147.07
TOTALFUNDS BY HASLER	Postage, Meter Replenishment, Oct '11	8802392	1,000.00
U.S. POSTAL SERVICE	Postage, Combined Issue City Views/Community Services Winter 2011 Activity Guide	8802393	2,500.00
U.S. POSTAL SERVICE	Postage, Bulk Mail, Permit Parking Program, Public Works, Nov '11	8802464	97.50
UNITED BUILDERS OF CA	Refund, Permit Fees, CR# 42506	8802386	1,231.00
	Total Prepaid Warrants:	\$	52,024.57
REGULAR WARRANTS:			
ALL CITY MANAGEMENT, INC.	Crossing Guard Services, 10/23/11 - 11/19/11	8802394	\$ 6,469.50
ANDERSON AUDIO VISUAL - L. P.	Maintenance, Audio Visual System, Nov '11	8802395	505.91
ASSOCIATION OF CA CITIES - OC	Meeting Expense, Nov '11 and Membership, 2012	8802397	10,097.25
ATHALYE CONSULTING ENGINEERING	Professional Fees, La Paz Widening @ I-5 CIP # 159	8802400	39,382.50
BRAME, MARILYN	Contract Instructor Fee, Drawing Fall Session, Community Services	8802401	392.00
BUREAU VERITAS NORTH AMERICA	Professional Fees, Sports Complex Renovations CIP # 514, El Toro Rd @ Carlota Street Improvements CIP # 164 and On-Call Inspections, Oct '11	8802402	15,790.00
C&D ELECTRIC, INC.	Lighting Repairs and Inspections, Parks, Nov '11	8802403	1,371.23
CALIFORNIA OFFICE SYSTEMS	Usage - Copier, Community Center, Nov '11	8802404	291.20
CALIFORNIA YELLOW CAB	Dial-a-Taxi, Senior Transportation Program, Oct '11	8802405	490.00
CHARLES ABBOTT ASSOCIATES, INC.	Professional Fees, Plan Checking and Building & Safety Services, Oct '11	8802406	14,137.35
COMPLETE OFFICE OF CALIFORNIA	Office Supplies, Community Center, Nov '11	8802408	234.12
CORELOGIC INFORMATION SOLUTION	Professional Fees, GIS PDRC List Services, Nov '11	8802409	9,000.00
DATA TICKET, INC.	Parking Citation Processing Fee and Equipment Lease, Sep '11	8802410	1,177.19
DEAN RYAN CONSULTANTS	Professional Fees, Urban Village Traffic Study, Jun - Oct '11	8802411	1,380.00
ECONOMICS, INC.	Professional Fees, Recycling Program, Oct '11	8802413	3,347.93
ELKINS, CHRISTINA	Contract Instructor Fee, Dancing Fall Session, Community Services	8802415	457.80
FEDERAL EXPRESS CORPORATION	Delivery Service, Nov '11	8802416	26.45
GMU GEOTECHNICAL, INC.	Professional Fees, La Paz Open Space Riparian Habitat CIP # 615	8802417	13,661.75

**CITY OF LAGUNA HILLS
WARRANT REGISTER
December 13, 2011**

12/13/2011 ITEM NO. 4.2

VENDOR	DESCRIPTION	CHECK NO.	AMOUNT
GREEN MART, INC.	Operating Supplies, Parks, Nov '11	8802418	818.90
HANSEN, MARIA	Contract Instructor Fee, Zumba Fall Session, Community Services	8802419	364.00
HARTZOG & CRABILL, INC.	Professional Fees, Traffic Engineering and Signal Operations, Oct '11	8802420	12,216.44
IRON MOUNTAIN OFFSITE	Off Site Data Storage, Oct '11	8802422	203.77
IRV SEAVER MOTORCYCLES	Motorcycle Maintenance, Police Services, Oct '11	8802423	528.13
JAMEY CLARK, INC.	Miscellaneous Park Repairs and Graffiti Removal, Aug - Nov '11	8802424	2,765.39
JOE A. GONSALVES & SON	Professional Fees, Legislative Services, Dec '11	8802425	2,900.00
JORDAN, CHARLENE	Contract Instructor Fee, Super Sitters Fall Session, Community Services	8802426	239.40
LIEBERT CASSIDY WHITMORE	Professional Fees, Legal Services, Oct '11	8802427	1,800.00
LITCO	Operating Supplies, Recycling Program, Oct '11	8802428	1,346.81
LUCY, STEVEN	Program Expense, Community Services, Dec '11	8802429	450.00
MEDLOCK, GEORGE	Contract Instructor Fee, Drumming Fall Session, Community Services	8802430	68.60
MOBILE MINI, INC.	Storage Rental Fee, Community Services, Dec '11	8802431	82.97
NIEVES LANDSCAPE, INC.	Other Assorted Landscape Services, Nov '11	8802433	7,712.58
NIMMO, DAVID	Contract Instructor Fee, Clog Dancing Fall Session, Community Services	8802434	35.00
OFFICE SOLUTIONS	Office and Operating Supplies, Nov '11	8802436	520.87
ORANGE COUNTY TREASURER	Animal Care Services, Jul - Sep '11	8802396	6,934.00
ORANGE COUNTY TREASURER	Parking Fee Surcharge, Oct '11	8802439	1,373.25
PACIFIC TECHNOLOGIC SYSTEMS	Professional Fees, IT Diagnostic T-1 Line, Oct - Nov '11	8802437	625.00
PAPER RECYCLING SPECIALISTS, INC.	Document Recycling Program, Sep '11	8802438	50.00
PRIORITY MAILING SYSTEMS, LLC	Office Supplies, Nov '11	8802441	52.18
QUICKSILVER COURIER	Delivery Service, Nov '11	8802442	29.64
RICHARD FISHER ASSOCIATES	Professional Fees, Renovation Costeau & Stockport Park CIP # 239 and Engineering, Nov '11	8802450	3,104.95
RPW SERVICES, INC.	Rodent Control, Parks, Oct - Nov '11	8802451	3,120.00
SAFECHECKS	Printing Expense, Nov '11	8802453	276.76
SEMA CONSTRUCTION, INC.	Progress Payment #9, La Paz Widening @ I-5 CIP # 159	8802454	201,491.59
SIGN A RAMA	Signage, Urban Reforestation CIP # 320	8802455	1,623.79

**CITY OF LAGUNA HILLS
WARRANT REGISTER
December 13, 2011**

VENDOR	DESCRIPTION	CHECK NO.	AMOUNT
SOUTHERN CALIF MUN ATHLETIC	Insurance, Contract Instructors and Sports League Officials, Community Services	8802457	864.00
STAPLETON, VIVIAN	Contract Instructor Fee, Early Childhood Music Fall Session, Community Services	8802460	500.50
STATE WATER RESOURCES CONTROL	NPDES, Annual Permit Fees, FY 10/11 and FY 11/12	8802461	32,326.00
STONE IMAGERY	Plaque, Reimbursable Expense, Nov '11	8802462	592.63
TAB PRODUCTS COMPANY	Office Supplies, City Clerk, Nov '11	8802463	1,005.24
WEST COAST ARBORISTS, INC.	Tree Trimming, Oct '11	8802465	14,466.00
WOODRUFF, SPRADLIN & SMART	Professional Fees, Legal Services, Oct '11	8802466	37,191.79
XEROX CORPORATION	Lease - Copier, City Hall, Nov '11	8802467	485.51
YOUNG REMBRANDTS	Contract Instructor Fee, Drawing Fall Session, Community Services	8802468	88.20
Total Regular Warrants:			\$ 456,466.07
WARRANT REGISTER TOTAL			\$ 508,490.64

CITY OF LAGUNA HILLS

AGENDA REPORT CITY CLERK'S DEPARTMENT

ISSUE: 2012 CITY COUNCIL MEETING SCHEDULE

SUMMARY:

In order to facilitate preparation and delivery of agendas and provide adequate time for City Council Members and staff to plan schedules, it is helpful to review the meeting schedule for the upcoming calendar year. Attached is the proposed Calendar for 2012. The City Council, with proper noticing, can decide to adjourn a regular meeting to a specific date and time prior to its next meeting or call a special meeting if the need for a meeting arises.

BACKGROUND:

In reviewing the Calendar for 2012, please take note of the following:

- The second meeting in July, first meeting in August, and second meeting in December are dark.
- Saddleback Unified School District February Recess is February 17-20, 2012, and Spring Recess is April 9-13, 2012.

**RECOMMENDATION: THAT THE CITY COUNCIL ADOPT THE PROPOSED
CALENDAR FOR 2012.**

ATTACHMENTS:

- Proposed Calendar for 2012

0410-37/CityClerk/Agendas/111213 City Council Meeting Schedule Rep.doc

CALENDAR FOR 2012

January 2, 2012	New Year's Day Holiday Observed City Hall Closed
January 10, 2012	Regular City Council/Planning Agency Meeting
January 16, 2012	Observed Martin Luther King's Birthday
January 24, 2012	Regular City Council/Planning Agency Meeting
February 14, 2012	Regular City Council/Planning Agency Meeting Public Improvement Corp
February 20, 2012	Presidents Day Holiday City Hall Closed
February 28, 2012	Regular City Council/Planning Agency Meeting
March 13, 2012	Regular City Council/Planning Agency Meeting
March 27, 2012	Regular City Council/Planning Agency Meeting
April 8, 2012	Easter Sunday
April 10, 2012	Regular City Council/Planning Agency Meeting
April 24, 2012	Regular City Council/Planning Agency Meeting
May 8, 2012	Regular City Council/Planning Agency Meeting
May 22, 2012	Regular City Council/Planning Agency Meeting
May 28, 2012	Memorial Day Holiday City Hall Closed
June 5, 2012	Presidential Primary Election
June 12, 2012	Regular City Council/Planning Agency Meeting

Calendar for 2012

June 26, 2012	Regular City Council/Planning Agency Meeting
July 4, 2012	City's Fourth of July Celebration City Hall Closed
July 10, 2012	Regular City Council/Planning Agency Meeting
July 24, 2012	Regular City Council/Planning Agency Meeting Dark Meeting
August 14, 2012	Regular City Council/Planning Agency Meeting Dark Meeting
August 28, 2012	Regular City Council/Planning Agency Meeting
September 3, 2012	Labor Day Holiday City Hall Closed
September 5-7, 2012	League of California Cities Annual Conference San Diego, California
September 11, 2012	Regular City Council/Planning Agency Meeting
September 25, 2012	Regular City Council/Planning Agency Meeting
October 9, 2012	Regular City Council/Planning Agency Meeting
October 23, 2012	Regular City Council/Planning Agency Meeting
November 6, 2012	General/Municipal Elections
November 11, 2012	Veterans Day
November 13, 2012	Regular City Council/Planning Agency Meeting
November 27, 2012	Regular City Council/Planning Agency Meeting

Calendar for 2012

November 22-23, 2012

Thanksgiving Holiday
City Hall Closed

December 11, 2012

Regular City Council/Planning Agency Meeting

December 24-25, 2012

Observed Christmas Holiday
City Hall Closed

December 25, 2012

Regular City Council/Planning Agency
Meeting
Dark Meeting

CITY OF LAGUNA HILLS

AGENDA REPORT CITY CLERK'S DEPARTMENT

**ISSUE: AFFIRMATION OF LOCAL APPOINTMENTS LIST FOR COMMISSIONS
 AND COMMITTEES**

SUMMARY:

In accordance with State Law, Government Code Section 54972, the City Council must prepare and post a Local Appointments List prior to December 31, 2011.

BACKGROUND:

The State Legislature found that there was a vast and largely untapped reservoir of talent existing among the citizenry of the State of California and that this great human resource was not, all too frequently, aware of the many opportunities which exist to participate in and serve on local regulatory and advisory boards, commissions, and committees. In order to provide access to information regarding vacancies which occur on local boards, commissions, and committees, Government Code Section 54972 requires that each legislative body prepare a Local Appointments List on or before December 31st of each year, consisting of the following:

- A list of appointive terms, which will expire during the next calendar year, with the name of the incumbent appointee, the date of the appointment, the date the term expires, and the necessary qualifications for the position.
- A list of all boards, commissions, and committees whose members serve at the pleasure of the legislative body and the necessary qualifications for each position.

A Local Appointments List for the City of Laguna Hills is attached. After the City Council takes action to affirm the list, a copy of the list will be posted in the Laguna Hills Branch Technology Library at the Community Center.

**RECOMMENDATION: THAT THE CITY COUNCIL AFFIRM THE LOCAL
APPOINTMENTS LIST AND DIRECT THAT IT BE POSTED IN THE LAGUNA HILLS
BRANCH TECHNOLOGY LIBRARY.**

ATTACHMENTS:

- Local Appointments List

0120-05/CityClerk/Agendas/111213 Rep Local Appointments List.doc



LOCAL APPOINTMENTS LIST
Ongoing Commissions, Boards, and Committees
(Pursuant to Government Code Section 54972 et seq.)

Parks and Recreation Commission

Established by: Resolution No. 92-04-14-5
Amended by Resolution No. 96-02-13-1
Amended by Resolution No. 2005-09-13-1
Amended by Resolution No. 2006-01-10-1
Amended by Resolution No. 2009-08-25-4

Number of Members: Five

Term of Office: Four-Year Staggered Terms

Qualifications: All Commission Members, at all times during their incumbencies, must be a bona fide resident and registered voter of the City of Laguna Hills.

Incumbents	Date Appointed	Date of Oath	Date Term Expires
Daniel Cooper	01/18/2003	01/28/2003	01/31/2015
Mark Jones	01/14/2004	01/27/2004	01/31/2013
Jeffrey McConnell	01/12/2011	01/25/2011	01/31/2015
Jack Noenickx	01/18/2005	01/25/2005	01/31/2015
Farid Tabrizy	11/22/2011	11/22/2011	01/31/2013

Traffic Commission

Established by: Resolution No. 92-02-25-4
Amended by Resolution No. 96-04-23-2
Amended by Resolution No. 2005-09-13-2

Number of Members: Five

Term of Office: Four-Year Staggered Terms

Qualifications: All Commission Members, at all times during their incumbencies, must be a bona fide resident and registered voter of the City of Laguna Hills.

Incumbents	Date Appointed	Date of Oath	Date Term Expires
Pamela Dow	02/03/1998	02/10/1998	01/31/2013
Rick Frazier	01/15/2002	01/22/2002	01/31/2013
Donald Froelich	01/18/2005	01/25/2005	01/31/2015
Timothy Hillis	01/17/2006	01/24/2006	01/31/2013
Stephen (Ed) Rowe	01/12/2011	01/25/2011	01/31/2015

CITY OF LAGUNA HILLS

AGENDA REPORT ADMINISTRATIVE SERVICES DEPARTMENT

ISSUE: ANNUAL REVIEW OF INVESTMENT POLICIES AND DELEGATION OF INVESTMENT AUTHORITY TO THE CITY TREASURER

SUMMARY:

State law requires that the City Council annually review the City's written investment policies at a public meeting. It also allows the City Council to delegate its investment authority to the City Treasurer for up to one year at a time. Staff is not recommending any revision to the existing policies, which are in accordance with the "Recommended Best Practices" promulgated by the Committee on Cash Management and Investment of the Government Finance Officers Association. A Resolution to adopt the revised policies and delegate the investment authority to the City Treasurer for the year 2012 is attached for your approval.

Pursuant to Government Code Section 53646, the City Treasurer is required to render to the City Council an annual statement of investment policy. The current policies were reviewed by the City's independent auditors in connection with the audit of the City's financial statements for the fiscal year ended June 30, 2011. The "Investment and Portfolio Policies" for the City and the Public Improvement Corporation is contained in Exhibit A of the attached updated Resolution.

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DELEGATING INVESTMENT AUTHORITY TO THE CITY TREASURER AND APPROVING A POLICY FOR THE INVESTMENT OF SURPLUS CITY FUNDS AND RESCINDING RESOLUTION NO. 2010-12-14-5."

ATTACHMENTS:

- Investment Resolution
- Exhibit A – Investment Policies

RESOLUTION NO. 2011-12-13-X

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DELEGATING INVESTMENT AUTHORITY TO THE CITY TREASURER AND APPROVING A POLICY FOR THE INVESTMENT OF SURPLUS CITY FUNDS AND RESCINDING RESOLUTION NO. 2010-12-14-5.

WHEREAS, pursuant to Laguna Hills Municipal Code Section 2-15.020, the City Council has appointed the City Manager as the City Treasurer; and

WHEREAS, pursuant to Government Code Section 53607, the City Council may delegate its investment authority to the City Treasurer for up to one year; and

WHEREAS; pursuant to Government Code Section 53646, the City Council of the City of Laguna Hills, has publicly considered an annual statement of investment policy and desires to adopt such policy to guide the investments of the Deputy Treasurer, under the supervision of the City Treasurer.

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

- SECTION 1. This Resolution rescinds Resolution No 2010-12-14-5.
- SECTION 2. The City Council hereby delegates investment authority to the City Treasurer.
- SECTION 3. The City Council hereby adopts the investment policy, attached hereto as Exhibit "A" and incorporated herein by this reference.
- SECTION 4. The effective date of this Resolution is January 1, 2012.

PASSED, APPROVED, AND ADOPTED this 13th day of December 2011.

, 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.
2011-12-13-X adopted by the City Council of the City of Laguna Hills, California, at a
Regular Meeting thereof held on the 13th day of December 2011, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

PEGGY J. JOHNS, CITY CLERK



CITY OF LAGUNA HILLS

2012

INVESTMENT POLICIES

EXHIBIT A

12/13/2011

12/13/2011 ITEM NO. 4.5

Investment and Portfolio Policies

Calendar Year 2012

TABLE OF CONTENTS

I. Policy	1
II. Scope.....	1
III. Objectives.....	1
IV. Standards of Care.....	4
V. Safekeeping and Custody	5
VI. Authorized and Suitable Investments.....	6
VII. Competitive Selection of Investment Instrument.....	9
VIII. Reporting.....	9
IX. Annual Investment Policy and Adoption.....	10

CITY OF LAGUNA HILLS
INVESTMENT AND PORTFOLIO POLICIES
2012

I Policy

It is the Policy of the City of Laguna Hills to invest in a manner, which will ensure the safety of public funds by mitigating credit and interest rate risk, and provide sufficient liquidity to meet all operating requirements. The City shall also strive to attain a return on investment that is reasonable given that safety of principal and liquidity are the primary objectives in these policies and yield is secondary. The investment program shall be operated in conformity with federal, state and other legal requirements, including the State of California Government Code Section 53601, et, seq., these policies and written administrative procedures.

II Scope

This investment policy applies to the investment of all funds of the City and the City of Laguna Hills Public Improvement Corporation, including the following:

General Fund
Special Revenue Funds
Capital Projects Funds
Funds Held Under Trust Indenture

These funds are accounted for in the City's Comprehensive Annual Financial Report.

Except for cash in certain restricted and special funds, the City will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

Investments under the trust indenture will be held separately and made in accordance with the indenture requirements.

III Objectives

Funds of the City will be invested, by the City Treasurer, or authorized deputies of the Treasurer (hereinafter collectively referred to as "the Treasurer") in accordance with these policies and written administrative procedures. The primary objectives, in priority order, of investment activities shall be:

CITY OF LAGUNA HILLS

INVESTMENT AND PORTFOLIO POLICIES

2012

1) Safety

Safety of principal is the foremost objective of the City's investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio and the mitigation of credit risk and interest rate risk.

a) Credit Risk

Credit Risk is the risk of loss due to the failure of the security issuer or backer. Credit Risk may be mitigated by:

- i. limiting investments to the safest types of securities listed under Section VI herein, which shall be limited to those investments backed by the U.S. Government, or an agency thereof, overnight accounts managed by the City's primary bank, the Local Agency Investment Fund (LAIF), and other specific investments described in Section VI;
- ii. diversifying the portfolio to avoid concentration of securities from a specific issuer, except issuers of U.S. Treasury securities, so that the failure of any one issuer will not place an undue financial burden on the City;
- iii. monitoring all of the City's investments on a frequent basis to anticipate and respond accordingly to a significant reduction of creditworthiness of any of the depositories, including the City's primary bank; and
- iv. performing appropriate due diligence to assure the credit worthiness of any portfolio investment made.

b) Interest Rate Risk

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. To reduce interest rate risk, the City shall limit the maximum maturity horizon of the securities that comprise its portfolio, keeping in mind that the longer the maturity horizon, the greater the price volatility. In accordance with the Government Accounting Standards Board reporting requirements,

CITY OF LAGUNA HILLS
INVESTMENT AND PORTFOLIO POLICIES
2012

the portfolio could show unrealized gains or losses for any reporting period.

Interest rate risk may be mitigated by:

- i. structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and
- ii. investing operating funds primarily in shorter-term securities.

2) Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity) and a portion of the portfolio should be invested in readily available funds, to ensure that appropriate liquidity is maintained to meet ongoing obligations.

3) Yield

The rate of return on the City's investment portfolio is of secondary importance to the safety and liquidity objectives described above. The City's investment strategy is passive and investments are limited to relatively low-risk securities in anticipation of earning a rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio.

The yield shall be designed to attain an average rate of return through market cycles. Although no "benchmark" rate of return is assumed, the portfolio's yield shall be compared for reporting purposes to LAIF and the 3-month bank CD rate published by the Federal Reserve. These indices are considered benchmarks for lower risk investment transactions and therefore represent a comparable minimum standard for the portfolio's rate of return.

IV Standards of Care

1) Prudence

The City's investment portfolio is subject to public scrutiny and review and should be managed with due care and consideration. The portfolio should be created and maintained with the professionalism and care worthy of the public trust.

The standard of prudence to be applied to the Treasurer shall be the "prudent investor rule", which states, "when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, a trustee (the governing body or Treasurer) shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency."

The Treasurer, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported immediately and that appropriate action is taken to control adverse developments.

2) Ethics and Conflict of Interest

Employees of the City shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. State law, City statutes and City personnel and purchasing practices shall be followed to avoid conflict of interest or the appearance thereof. Employees shall disclose any financial interests or personal relationships with any financial institutions, brokers or securities dealers that conduct business within its jurisdiction, and any personal financial/investment positions that could be related to their management of the portfolio. The Treasurer shall be prohibited from doing business with any broker or securities dealer with whom the City does business, with the exception of the City's primary bank for banking services. Employees shall subordinate their personal investment transactions to those of the City, particularly with regard to the time of purchases and sales.

CITY OF LAGUNA HILLS
INVESTMENT AND PORTFOLIO POLICIES
2012

3) Delegation of Authority

Authority to manage the City's investment program is delegated to the City Treasurer by Resolution of the City Council of the City of Laguna Hills, California. Management responsibility is hereby delegated to the Assistant City Manager/Deputy Treasurer under the direction of the City Treasurer.

The Deputy Treasurer shall establish written procedures for the operation of the investment program consistent with this investment policy, together with a system of internal controls to regulate the activities of subordinates.

V Safekeeping and Custody

1) Authorized Financial Institutions, Depositories and Brokers/Dealers

Investment transactions will be undertaken with securities dealers, brokers and depositories authorized to provide investment services. In addition, the City shall maintain a "Qualified Institution" list of approved security broker/dealers selected by creditworthiness, including the minimum capital requirement of \$10 million and at least five years of operation. The City shall conduct periodic evaluations, or whenever deemed necessary, of each financial institution's standing to determine whether it should remain on the "Qualified Institution" listing. Securities dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule).

All financial institutions and brokers/dealers who desire to become qualified for investment transactions with the City must supply the following:

- 1) Audited financial statements demonstrating compliance with State and Federal capital adequacy guidelines. Audited financial statements will be submitted annually to the City.
- 2) Proof of National Association of Securities Dealers (NASD) certification, except for counterparties in Certificates of Deposits transactions.
- 3) Proof of State Registration

CITY OF LAGUNA HILLS
INVESTMENT AND PORTFOLIO POLICIES
2012

- 4) Completed broker/dealer questionnaire, except for Certificates of Deposits counterparties.
- 5) Certification of having read and understood and agreeing to comply with the City's Investment Policies, as well as to disclose potential conflicts or risks to public funds that might arise out of business transactions between the firm/depository and the City.
- 6) Evidence of adequate insurance coverage.

In addition, all financial institutions shall agree to undertake reasonable efforts to preclude imprudent transactions involving the City's funds. The supervising officer shall agree to exercise due diligence in monitoring the activities of other officers and subordinate staff members engaged in transactions with the City. Employees of any firm or financial institution offering securities or investments to the City shall be trained in the precautions appropriate to public-sector investment and shall be required to familiarize themselves with the City's Investment and Portfolio Policies.

2) Internal Control

Treasurer shall establish a system of written internal control policies and procedures, which shall be reviewed annually by the independent auditor. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation, unanticipated market changes or imprudent actions.

3) Delivery vs. Payment

All trades where applicable will be executed by delivery vs. payment (DVP). This ensures that securities are deposited in the eligible financial institution prior to the release of funds. A third party custodian or the trust department of the City's primary bank will hold securities. Evidence of safekeeping shall be in the form of safekeeping receipts and monthly statements reporting the securities held by the institution.

VI Authorized and Suitable Investment

1) Investment Types

Investment of City funds are restricted to the following instruments that shall mature within one year from the time of purchase unless otherwise stated:

CITY OF LAGUNA HILLS
INVESTMENT AND PORTFOLIO POLICIES
2012

- a) U.S. Treasury bills.
- b) U.S. Treasury notes or bonds.
- c) Insured or fully collateralized certificates of deposit issued by a qualified Public Depository Institution of the State of California.
- d) Money market mutual funds whose portfolios consist entirely of U.S. government securities and are rated at the highest letter or numerical rating from at least two of the three largest nationally recognized rating services, or which retain an Investment advisor meeting requirements specified in Government Code Section 53601(k)(2).
- e) State Treasurer's Local Agency Investment Fund.
- f) Overnight Government Securities (U.S. Treasuries, Agencies, and Instrumentalities) Investment Account managed by the City's primary bank.
- g) Overnight Commercial Paper Investment Account managed by the City's primary bank.
- h) Overnight repurchase agreements managed by the City's primary bank where the market value of the securities underlying the repurchase agreement is 102 percent or greater than the value of funds borrowed.
- i) Commercial Paper rated a minimum of "P-1" by Moody's and "A-1" by Standard and Poor's, or equivalent, as provided by a nationally recognized rating agency, maturing not more than 180 days after the date of purchase. The issuer is a corporation organized and operating in the United States with assets in excess of \$500 million.
- j) Prime Bankers' Acceptances with a maximum term of 270 days and a rating of "P-a" by Moody's and "A-1 +" by Standard and Poor's or equivalent as provided by a nationally recognized rating agency issued within the U.S. by depository institutions.

In all instances, the City will not purchase the aforementioned instruments by the use of leveraged or margin accounts or by taking short positions in any investment instrument; i.e., selling investments the City does not own.

Investments of funds held under a trust indenture may have maturities up to two years in duration.

CITY OF LAGUNA HILLS

INVESTMENT AND PORTFOLIO POLICIES

2012

2) Portfolio Diversification

The City will diversify use of investment instruments to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities.

	Maximum Percent of Portfolio
<u>DIVERSIFICATION BY INVESTMENTS</u>	
U.S. Treasury Obligations (bills, notes and bonds)	50%
Certificates of Deposit (CDs) Commercial Banks	50%
Certificates of Deposit (CDs) Savings and Loan	25%
State Treasurer's Local Agency Investment Fund	85%
Overnight investment accounts managed by	
City's primary bank	50%
Commercial Paper	10%
Banker's Acceptances	15%
Money Market Mutual Funds	15%
<u>DIVERSIFICATION BY INSTITUTION/ISSUER</u>	
Certificates of Deposit (CDs) Commercial Banks	25%
Certificates of Deposit (CDs) Savings and Loan	\$250,000 maximum

3) Maximum Maturities

Investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures as well as considering sizable blocks of anticipated revenue.

4) Collateralization

Collateralization will be required on repurchase agreements in order to anticipate market changes and provide a level of security for all funds.

For certificates of deposits greater than \$250,000, collateral will be required at 110% of principal for government securities collateral, and 150% of principal for first mortgage collateral. Certificates of deposits for \$250,000 or less, inclusive of earned interest at maturity may be invested in any FDIC insured commercial bank or savings and loan accounts.

CITY OF LAGUNA HILLS
INVESTMENT AND PORTFOLIO POLICIES
2012

Collateral will always be held by an independent third party, or the trust departments of the City's primary bank. A clearly marked evidence of ownership, such as safekeeping receipt and monthly statement of securities held must be provided to the City.

VII Competitive Selection of Investment Instruments

When purchasing or selling securities, the Treasurer shall select the security which provides the highest rate of return within the parameters of these policies and according to the current objectives and needs of the City's portfolio. The Treasurer, at his discretion, may purchase investments through the investment or trust department of the City's primary bank without soliciting proposal forms to other banks or broker/dealers. The City Treasurer may also purchase investments using a competitive process by soliciting proposals from the financial dealers in the "Qualified Institutions" list.

If a specific maturity date is required, either for cash flow purposes or for conformance to maturity guidelines, bids will be requested for instruments, which meet the maturity requirement. If no specific maturity is required, a market trend (yield curve) analysis will be conducted to determine which maturities would be most advantageous. Selection by comparison to a current market price may be utilized when, in the judgment of the Treasurer, competitive bidding would inhibit the selection process.

VIII Reporting

The Treasurer shall submit quarterly investment reports to the City Council that summarizes recent market conditions, economic developments and anticipated investment conditions. The report shall summarize the investment strategies employed in the most recent quarter, and describe the portfolio in terms of investment securities, maturities, risk characteristics and other pertinent features. The report shall explain the quarter's total investment return and compare the return on LAIF and the 3-month bank CD rate published by the Federal Reserve. The report shall include an appendix that discloses all transactions during the quarter.

As part of the City's annual audit, the independent auditor shall evaluate investment performance and conduct an operations audit. The purpose of these examinations shall be to obtain suggestions for improved future performance, and to verify that the Treasurer has acted in accordance with this investment policy and written investment procedures.

**CITY OF LAGUNA HILLS
INVESTMENT AND PORTFOLIO POLICIES
2012**

IX Annual Investment Policy and Adoption

The City's investment policy shall be annually reviewed and adopted by resolution of the City Council of the City of Laguna Hills, California. The policy and the related internal control procedures shall be reviewed annually by the City's independent auditors, and any modifications to the policy must be approved by the City Council.

* * * * *

CITY OF LAGUNA HILLS

AGENDA REPORT ADMINISTRATIVE SERVICES DEPARTMENT

ISSUE: GOVERNMENT CODE SECTION 66006—DEVELOPMENT IMPACT FEES ANNUAL REPORT

SUMMARY:

The City of Laguna Hills has three types of development impact fees that may be assessed on new developments: Public Art Fees, Traffic Mitigation Fees, and Quimby Act Fees. State Law specifies that upon receipt of development impact fees, certain reports are required to be made by the public agency. This staff report details the required annual report, pursuant to Section 66006 of the Government Code.

BACKGROUND:

AB 1600, as provided for in Section 66000 of the Government Code, regulates how public agencies collect, maintain, and spend impact fees imposed on developers for the purpose of defraying costs of public facilities. It includes specific requirements for accounting, spending, and annually reporting the fees, and for findings or refunds if fees remain unspent for five or more years after receipt.

Pursuant to AB 1600, public agencies are required to: (1) prepare an annual report within 180 days of the end of the fiscal year; (2) include fifth year findings in the prepared report, if necessary; (3) make the report available to the public; and (4) review the report at a regularly scheduled City Council meeting.

The following fees collected by the City have been identified as fees subject to the above-mentioned requirements: Public Art Fees, Traffic Mitigation Fees, and Quimby Act Fees.

Section 66006 requires the following information be made available to the public in an annual report:

- (A) A brief description of the type of fee in the account or fund;
- (B) The amount of the fee;

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE DEVELOPMENT IMPACT FEES ANNUAL REPORT PURSUANT TO GOVERNMENT CODE SECTION 66006.

Agenda Report
Development Impact Fees Annual Report
Page 2

- (C) The beginning and ending balance of the account or fund;
- (D) The amount of the fees collected and interest earned;
- (E) Identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with the fees;
- (F) Identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement, and the public improvement remains incomplete;
- (G) A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and in the case of an interfund loan, the date on which the loan will be repaid, and the rate of interest that the account or fund will receive on the loan; and
- (H) The amount of any refunds made pursuant to Section 66001(e).

The annual report with the required findings is included as an attachment to this staff report. As detailed within the report, no fees were expended in FY 2010/2011. In addition, no fees were received into this fund this past fiscal year and the fund did not accrue interest. Therefore, the fund balance on June 30, 2011, remains -(\$252,650). Due to the negative balance of the fund, as Public Art Fees are collected, they will be used to reimburse the General Fund. There was no activity in the Traffic Mitigation Fee and Quimby Act Fee funds.

Section 66001(d) specifies that every fifth fiscal year following the first deposit into the account, the following findings must be made with respect to the unexpended portion of the funds: (1) identify the purpose to which the fee is to be put; (2) demonstrate a reasonable relationship between the fee and the purpose for which it is charged; (3) identify all sources and amounts of funding anticipated to complete financing of incomplete improvements; and (4) designate the approximate dates on which the funding referred to in (3) is expected to be deposited into the appropriate account or fund. These fifth year findings are not required due to the fact that the received funds have been expended in a timely manner.

Pursuant to Section 66006, the annual report must be made available to the public and be reviewed by the City Council at the next regularly scheduled meeting not less than 15 days after the information is made available to the public. A copy of this report was available at the City Clerk's office on November 29, 2011, thereby satisfying the law's requirement that the report be available to the public by that date. The Building Industry Association (BIA) received an advance copy of this report by that date as well. In addition, the public was able to view the agenda and staff report in the City Clerk's office and view the agenda on the City's website.

FISCAL IMPACT:

No fiscal impact.

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE DEVELOPMENT IMPACT FEES ANNUAL REPORT PURSUANT TO GOVERNMENT CODE SECTION 66006.

ATTACHMENTS:

- Exhibit A—Development Impact Fees Annual Report for Fiscal Year Ended 6/30/11

Exhibit A

City of Laguna Hills Annual Report on Development Impact Fees Pursuant to Government Code Section 66006 Fiscal Year 2010/2011

		Public Art Fees*	Traffic Mitigation Fees	Quimby Fees
Fund Balance, July 1		\$ (252,650)	\$ -	\$ -
Revenues:				
Fees		\$ -	\$ -	\$ -
Interest		\$ -	\$ -	\$ -
Misc Revenue		\$ -	\$ -	\$ -
Total Revenue		\$ -	\$ -	\$ -
Expenditures:				
		\$ -	\$ -	\$ -
Total Expenditures		\$ -	\$ -	\$ -
Change in Fund Balance		\$ -	\$ -	\$ -
Fund Balance, June 30		\$ (252,650)	\$ -	\$ -

*The adoption of the Urban Village Specific Plan in November 2002 included a public art component whereby all new developments with a total construction cost of \$250,000 or more are required to provide public art, or contribute to a Public Art Fund as part of their project. The minimum value for the Public Art component or in-lieu fee is equal to one-half percent (0.5%) of the total costs of the project. Permissible use of fee revenue include: the artist fee for design and fabrication, mountings and bases for installation of the artwork, and lighting that is integral to the artwork.

ANNUAL REPORT ON DEVELOPMENT IMPACT FEES FY 2010/2011

The Laguna Hills City Council has adopted three development impact fees: Public Art Fees, Traffic Mitigation Fees, and Quimby Act Fees. Pursuant to Section 66006 of the State Government Code, it is required that the City annually publish summary information regarding each development impact fee.

Type of Fee

There are currently three types of development impact fees in the City of Laguna Hills:

- **Public Art Fees:** This fee provides funding for Public Art throughout the Urban Village, thereby enhancing the cultural and aesthetic environment of the City and to encourage creativity, education, and the appreciation of the arts.
- **Traffic Mitigation Fees:** This fee provides funding for additional or improved traffic signal, operation, and infrastructure improvements for which the need is generated by new development within the City.
- **Quimby Act Fees:** This fee provides funding for additional or improved park and/or recreation facilities improvements for which the need is generated by new development within the City.

Amount of Fee

The amounts of the development impact fees are shown below:

- **Public Art Fees:**
The minimum amount for the public art component or in-lieu fees shall be required of all new developments with a total construction cost of \$250,000 or more pursuant to the following formula:

$$\text{TCC} \times 0.005 = \text{Value of Public Art or In-Lieu Fee}$$

TCC= Total construction costs of the project
0.005=Minimum value shall be 0.5% of total construction costs

- **Traffic Mitigation Fees:**
The fee shall be three thousand nine hundred fourteen dollars (\$3,914.00) per each new PM peak hour trip as determined by the City Engineer based upon a traffic study.

- **Quimby Act Fees**

The amount of land or in-lieu fees to be dedicated shall be determined pursuant to the following formula:

$$A = \frac{5.0(DU \times PPD)}{1,000}$$

In-Lieu Fee:

Less than 3.5 DU per acre = \$10,360

More than 3.5 but less than 18 DU per acre = \$7,700

More than 18 DU per acre = \$7,392

A= Acres required to be dedicated as parkland

5.0= Park acreage standard for the City

DU= Number of proposed dwelling units

PPD= Number of persons per dwelling unit as applicable for the subdivision and type of dwelling units to be constructed

Beginning and Ending Balances of Funds

The beginning and ending balances of each of the fee accounts are shown in the table below. The ending balance was arrived at by adding the fees collected and interest earned to each account, and then subtracting the expenditures.

Balances	Public Art Fees	Traffic Mitigation Fees	Quimby Fees
Beginning Balance (7/1/2010)	\$ (252,650)	\$ -	\$ -
Ending Balance (6/30/2011)	\$ (252,650)	\$ -	\$ -

The Public Art Fund shows a negative balance because more money has been spent on projects funded by these fees than has been collected. General Fund money was used to pay the difference, and as Public Art Fees are collected, they will be used to reimburse the General Fund.

Fees Collected and Interest Earned

The table below shows the amount of fees collected and interest earned. No fees were collected during the past fiscal year and no interest was earned on the funds.

Balances	Public Art Fees	Traffic Mitigation Fees	Quimby Fees
Fees Collected	\$ -	\$ -	\$ -
Interest Earned	\$ -	\$ -	\$ -

Expenditures

For this section, state law requires an identification of each public improvement on which fees were expended and the amount of expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees.

No fees were expended during the past fiscal year.

Interfund Transfers and Loans

The Public Art Fund shows a negative balance because more money has been spent on projects funded by these fees than has been collected. General Fund money was used to pay the difference, and as Public Art Fees are collected, they will be used to reimburse the General Fund. No other interfund transfers were made, nor were any collected fees loaned to another account.

Amount of Refunds

No refunds of any of these fees were made or required in FY 2010/2011.

CITY OF LAGUNA HILLS

AGENDA REPORT CITY CLERK'S DEPARTMENT

ISSUE: UPDATING DESIGNATION OF ASSISTANT AND DEPUTY CITY ATTORNEYS

SUMMARY:

It is proposed that the City Council adopt a Resolution updating the designation of certain members of the law firm of Woodruff, Spradlin & Smart to serve as assistant city attorneys and deputy city attorneys, in accordance with the Laguna Hills Municipal Code.

BACKGROUND:

Chapter 2-20 of the Laguna Hills Municipal Code establishes the office of City Attorney. Chapter 2-20 specifies that the City Attorney's office shall include those assistant and deputy city attorneys as may be authorized by the City Council. Resolution No. 2005-11-22-2 appointed the City Attorney, authorized the execution of a Retainer Agreement with the law firm of Woodruff, Spradlin & Smart, and designated certain attorneys within the law firm to serve as assistant and deputy city attorneys. It is recommended that the City Council update the members of the firm that are designated to serve as assistant and deputy city attorneys, as set forth in the attached Resolution.

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AMENDING SECTION 3 OF RESOLUTION NO. 2005-11-22-2 REGARDING THE DESIGNATION OF ASSISTANT AND DEPUTY CITY ATTORNEYS."

ATTACHMENTS:

- Resolution

RESOLUTION NO. 2011-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AMENDING SECTION 3 OF RESOLUTION NO. 2005-11-22-2 REGARDING THE DESIGNATION OF ASSISTANT AND DEPUTY CITY ATTORNEYS.

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

WHEREAS, Chapter 2-20 of the Laguna Hills Municipal Code establishes the office of City Attorney and provides that the City Attorney shall administer the office and shall serve under the direct supervision and control of the City Council as its legal advisor, and that the City Attorney shall perform the functions set forth in Section 2-20.030 of the Laguna Hills Municipal Code; and

WHEREAS, Chapter 2-20 specifies that the City Attorney's office shall include those Assistant and Deputy City Attorneys as may be authorized by the City Council; and

WHEREAS, on November 22, 2005, the City Council adopted Resolution No. 2005-11-22-2 appointing the City Attorney, authorizing execution of a Retainer Agreement with the law firm of Woodruff, Spradlin & Smart, and designating certain attorneys within the firm as assistant and deputy city attorneys; and

WHEREAS, it is in order to update those members of the firm that are to serve as designated assistant and deputy city attorneys.

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

SECTION 1. Section 3 of Resolution No. 2005-11-22-2 is hereby amended in its entirety to read as follows:

The following members of the law firm of Woodruff, Spradlin & Smart are hereby designated as Assistant and Deputy City Attorneys, pursuant to Section 2-20.010 of the Laguna Hills Municipal Code:

Assistant City Attorneys:

Craig C. Farrington
Joseph W. Forbath
Douglas C. Holland
Kennard R. Smart
Thomas F. Nixon
Omar Sandoval
Daniel K. Spradlin
Caroline A. Byrne
David E. Kendig
James M. Donich

Deputy City Attorneys:

M. Lois Bobak
Patrick M. Desmond
James H. Eggart
Bradley R. Hogin
Laura A. Morgan
Barbara Raileanu
Jason McEwen
Alyson C. Suh
Bobbie Kraus
Esther Lin
Jennifer Radaich
Ricia Hager
Steve Rader
Tram Tran
Christina M. Petteruto
Kane Thuyen
Anna Salusky
Cynthia Kole
Brian Moore
Nicole Nguyen

PASSED, APPROVED, AND ADOPTED this 13th day of December 2011.

_____, MAYOR

ATTEST:

PEGGY JOHNS, CITY CLERK

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

I, Peggy 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. 2011- adopted by the City Council of the City of Laguna Hills, California, at a regular meeting thereof, held on the 13th of December 2011, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

PEGGY JOHNS, CITY CLERK

CITY OF LAGUNA HILLS

AGENDA REPORT ADMINISTRATIVE SERVICES DEPARTMENT

**ISSUE: PRESENTATION OF THE COMPREHENSIVE ANNUAL FINANCIAL
REPORT (CAFR) FOR FISCAL YEAR 2010/11.**

SUMMARY:

Staff is presenting to the City Council, the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. For the past seventeen years, the City has operated with an Audit Committee to oversee the audit process and review the findings with the Auditor. For the audit of fiscal year 2010/11, the City's Auditors reported that there were no material weaknesses in the City's internal control structure. The certified public accounting firm of Moss, Levy and Hartzheim, LLP, who was engaged by the City to perform the audit of the City's financial statements and internal control policies and procedures, rendered an unqualified opinion on the City's FY2010/11 financial statements.

BACKGROUND:

I. Comprehensive Annual Financial Report, FY Ended June 30, 2011

Included in your agenda packet, under separate cover, is the City's CAFR for the fiscal year ended June 30, 2011. The primary purpose of the CAFR is to provide the public and other interested parties with comprehensive disclosure concerning the City's financial position and activities. The general objectives of the CAFR include, but are not limited to: 1) fulfill the City's duty to be publicly accountable and enable users to assess that accountability; 2) assist users in evaluating the operating results of the City for the year ended June 30, 2011; and 3) enable the users to assess the level of services that are provided by the City and the City's ability to meet obligations as they become due.

Staff is confident that the CAFR satisfies these objectives. The "Independent Auditor's Report" affords the City Council and other users reasonable assurance that the City's basic financial statements are "free from material misstatement," and that they "present fairly, in all material respects, the financial position of the City of Laguna Hills as of June 30, 2011." The Auditor's report is part of the CAFR, and can be found on page II-1 in the Financial Section.

**RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THE
COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FY2010/11, TOGETHER
WITH THE AUDIT LETTERS.**

The CAFR contains three sections, namely: Introductory, Financial, and Statistical.

Introductory Section

This section is intended to familiarize the reader with the organizational structure of the City, the nature and scope of City services, the City's financial activities, and the factors that influence these activities. A discussion of the financial information presented in the Financial Section is contained in this section, as well as other information useful in assessing the City's economic condition. The Introductory Section is subjective in nature, and is excluded from the scope of the independent auditor's examination.

Financial Section

This section, which is the focal point of the CAFR, is comprised of the independent auditors' report, management's discussion and analysis, and the year-end financial statements, which are categorized as: (a) government-wide financial statements, (b) fund financial statements, (c) notes to the basic financial statements, (d) required supplementary information, and (e) supplementary schedules.

The Management's Discussion and Analysis (MD&A) offers the readers of the City's financial statements a narrative overview of the financial activities of the City. It provides an analysis of the overall financial position of the City and the results of its operations for FY2010/11.

The accompanying Notes to Financial Statements provide comprehensive information concerning the significant accounting policies and budgetary procedures implemented by the City. Relevant and material information regarding the data presented in the government-wide and fund financial statements are disclosed in the Notes in compliance with prescribed accounting and reporting standards.

Budgetary comparison for the General Fund is provided in the Required Supplementary Information section.

The Supplementary Schedules provide combining statements for each of the non-major governmental funds, budgetary comparison for the non-major individual governmental funds and capital projects fund, and a statement of changes in assets and liabilities for the agency fund. A brief narrative description of each of the non-major governmental funds is also provided in this section.

Statistical Section

The presentation format of this section has been modified to comply with the recently promulgated requirements of the Government Accounting Standards Board (GASB) Regulation No. 44. It contains significant data about the economic and demographic picture of the City. The information in the statistical section is un-audited and the Auditor's report notes that it does not express an opinion as to the accuracy of the data presented.

II. Audit Letters by Moss, Levy and Hartzheim, L.L.P.

The letters prepared by the auditors are standard letters issued upon completion of an annual audit. Following is a brief description of the letters.

Letter regarding Appropriations Limit Calculation

It is required by State Law that local jurisdictions adopt an Appropriations Limit on an annual basis establishing the maximum amount of tax money the City can spend during the fiscal year. The law also established the method by which a City must calculate its limit.

The City calculated the Limit using Article XIII B Appropriations Limitation Uniform Guidelines prepared by the League of California Cities. The City's auditors have reviewed the calculation of the Appropriations Limit for FY2011/12. As stated in the attached letter, the calculation was prepared in accordance with Article XIII B of the California Constitution.

Independent Auditors' Report on the Internal Control Structure

This second letter states that in order to determine the audit procedures for the purpose of expressing an opinion on the City's financial statements, the auditors reviewed the internal control structure of the City. There were no material weaknesses noted in the City's internal control structure and financial operation.

Required Communications with the Audit Committee

This third and final letter addresses the auditor's responsibility under generally accepted auditing standards. This communication complies with the requirements of the Statement of Auditing Standards and included the following information and findings:

- the general purpose of an audit.

- there are no significant audit adjustments resulting from the audit.
- there are no material weaknesses in internal control.
- there were no disagreements with management on financial accounting and reporting matters that occurred during the audit process of the City's 2010/11 financial statements.

For the past seventeen years the City has received awards for excellence in financial reporting from the Government Finance Officers Association of USA and Canada (GFOA.) The GFOA award program was established in 1945 to encourage government units to produce and publish excellent CAFR's and to provide educational assistance and peer recognition. The award certificates are recognized as the highest distinction in government financial reporting. The Certificate of Achievement for Excellence in Financial Reporting for the preceding fiscal year 2009/10 can be found immediately following the Table of Contents of the attached CAFR for fiscal year ended June 30, 2011. Staff is confident that this CAFR will be recognized again for its excellence in financial reporting.

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FY2010/11, TOGETHER WITH THE AUDIT LETTERS.

ATTACHMENTS:

1. Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2011 (under separate cover).
2. Audit letters by Moss, Levy and Hartzheim, L.L.P., and Required Communications with the Audit Committee.

CITY OF LAGUNA HILLS
INDEPENDENT ACCOUNTANT'S REPORT
ON AGREED-UPON PROCEDURES APPLIED TO
APPROPRIATIONS LIMIT SCHEDULE

FOR THE FISCAL YEAR ENDING
JUNE 30, 2012



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A. LEVY, CPA
CRAIG A. HARTZHEIM, CPA
HADLEY Y. HUI, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES

9107 WILSHIRE BLVD. SUITE 500
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES

5800 HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

**INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON
PROCEDURES APPLIED TO APPROPRIATIONS LIMIT WORKSHEETS**

Honorable Mayor and Members of the City Council
City of Laguna Hills, California

We have applied the procedures enumerated below to the accompanying Appropriations Limit Worksheet (or other alternative computation) of the City of Laguna Hills (City) for the fiscal year ended June 30, 2012. These procedures, which were agreed to by the City and the League of California Cities and presented in their Article XIII-B Appropriations Limitation Uniform Guidelines, were performed solely to assist you in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution (the Gann Spending Limitation Initiative). The City's management is responsible for the Appropriations Limit Worksheet (or other alternative computation).

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed Worksheets (or other alternative computation) used by the City to calculate its appropriations limit for the fiscal year ending June 30, 2012, and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the City Council.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Worksheet, we added prior year's limit to the total ratio of change, and agreed the resulting amount to the current year's limit.

Finding: No exceptions were noted as a result of our procedures.

Honorable Mayor and Members of the City Council
City of Laguna Hills, California
Page 2

3. We compared the current year information presented in the accompanying Appropriations Limit Worksheet to other worksheets used by the City as described in No. 1 above.

Finding: No exceptions were noted as a result of our procedures.

4. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet to the prior year appropriations limit adopted by the City Council for the prior year.

Finding: No exceptions were noted as a result of our procedures.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Worksheet (or other alternative computation). Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of the City Council and City Management and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

MOSS, LEVY & HARTZHEIM, LLP
Beverly Hills, California
July 28, 2011

**CITY OF LAGUNA HILLS
2011/2012
APPROPRIATIONS LIMIT CALCULATION**

A.	2010/2011 APPROPRIATIONS LIMIT (Prior year)	\$ 28,115,019
	2011/2012 CALCULATION FACTORS:	
B.	CHANGE IN PER CAPITA PERSONAL INCOME:	2.51%
C.	CHANGE IN COUNTY POPULATION:	<u>1.0070%</u>
D.	RATIO OF CHANGE	<u>1.0322757</u>
E.	2011/2012 APPROPRIATIONS LIMIT	\$ 29,022,451
	TOTAL FY 2010/2011 APPROPRIATIONS LIMIT	\$ 29,022,451
	LESS: TOTAL SUBJECT TO APPROPRIATIONS LIMIT	<u>\$ 10,336,399</u>
	AMOUNT UNDER THE APPROPRIATIONS LIMIT	<u><u>\$ 18,686,052</u></u>

**CITY OF LAGUNA HILLS
NOTES TO APPROPRIATIONS LIMIT SCHEDULE
FOR THE FISCAL YEAR ENDING JUNE 30, 2012**

1. PURPOSE OF LIMITED PROCEDURES REVIEW

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII-B, the annual calculation of the appropriations limit is subject to a limited procedures review in connection with the annual audit.

2. METHOD OF CALCULATION

Under Section 10.5 of Article XIII B, for fiscal years beginning on or after July, 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-87, adjusted for the inflation and population factors discussed in Notes 3 and 4 below.

3. POPULATION FACTORS

A California governmental agency may adjust its appropriations limit by either the annual percentage change of the jurisdiction's own population or the annual percentage change in population of the County in which the City is located. The factor adopted by the City of Laguna Hills for fiscal year 2011-2012 represents the annual percentage change in population for the County.

4. INFLATION FACTORS

A California governmental agency may adjust its appropriations limit by either the annual percentage change in the 4th quarter per capita personal income (which percentage is supplied by the State of California Department of Finance) or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City of Laguna Hills for fiscal year 2011-12 represents the annual percentage change in per capita personal income for the City.

5. OTHER ADJUSTMENTS

A California government agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another government agency or private entity. The City of Laguna Hills had no such adjustments for the calculation for the fiscal year ending June 30, 2012.



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A. LEVY, CPA
CRAIG A. HARTZHEIM, CPA
HADLEY Y. HUI, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES

9107 WILSHIRE BLVD. SUITE 500
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES

5800 HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council
City of Laguna Hills
Laguna Hills, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Laguna Hills, California (City), as of and for the year fiscal ended June 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

However, we noted certain other matters involving internal control over financial reporting that we reported to the management of the City in a separate letter dated on December 1, 2011.

OFFICES: BEVERLY HILLS · CULVER CITY · SANTA MARIA

MEMBER AMERICAN INSTITUTE OF C.P.A.'S · CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS · CALIFORNIA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

Moss, Levy and Hartzheim, LLP
Beverly Hills, California
December 1, 2011



CITY OF LAGUNA HILLS

California

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2011





CITY OF LAGUNA HILLS

California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2011

CITY MANAGER
Bruce E. Channing

ASSISTANT CITY MANAGER
Donald J. White



INTRODUCTORY SECTION

CITY OF LAGUNA HILLS

Table of Contents

Introductory Section	Table of Contents	i
	GFOA Certificate of Achievement	iii
	Letter of Transmittal	I - 1
	Elected Officials	I - 8
	Appointed Officials	I - 9
	Organizational Chart	I - 10
Financial Section	Independent Auditors' Report	II - 1
	Management Discussion & Analysis	II - 3
	Basic Financial Statements:	
	Government-wide Financial Statements:	
	Statement of Net Assets.....	II - 15
	Statement of Activities	II - 16
	Fund Financial Statements:	
	Balance Sheet - Governmental Funds	II - 19
	Reconciliation - Balance Sheet of Governmental Funds to the Statement of Net Assets	II - 20
	Statement of Revenues, Expenditures and Changes in Fund Balance- Governmental Funds	II - 21
	Reconciliation - Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	II - 22
	Statement of Net Assets - Proprietary Fund	II - 23
	Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Fund.....	II - 24
	Statement of Cash Flows - Proprietary Fund	II - 25
	Statement of Net Assets - Agency Fund	II - 26
	Notes to the Financial Statements	II - 27
	Required Supplementary Information:	
	Notes to Required Supplementary Information	II - 55
	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund.....	II - 56
	Supplementary Schedules:	
	Non-Major Governmental Funds - Special Revenue and Debt Service:	
	Combining Balance Sheet	II - 58
	Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	II - 60
	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
	Capital Projects	II - 62
	Debt Service.....	II - 63
	Gas Tax	II - 64
	Measure M - Turn Back and Discretionary	II - 65
	AB 2766	II - 66
	Proposition 42	II - 67
	Proposition 1B	II - 68
	FCPP.....	II - 69
	CARITS.....	II - 70
	CDBG.....	II - 71
	Redevelopment Tax Increment	II - 72
	Beverage Recycling	II - 73
	CR&R Recycling Fees.....	II - 74
	C&D Forfeited Deposits.....	II - 75
	AB 939 Surcharge Grant	II - 76
	Grants and Contributions	II - 77
	Public Art.....	II - 78
	Public Safety	II - 79
	Statement of Changes in Fiduciary Assets & Liabilities - Fiduciary Fund	II - 80

CITY OF LAGUNA HILLS

Table of Contents

Statistical Section (Unaudited)

Net Assets by Component	III - 3
Change in Net Assets	III - 4
Governmental Activities Tax Revenue By Source	III - 6
Fund Balances of Governmental Funds	III - 7
Changes in Fund Balances of Governmental Funds	III - 8
General Government Tax Revenues by Source	III - 9
Assessed Value and Estimated Actual Value of Taxable Property	III -10
Property Tax Rates - Direct and Overlapping Governments	III -11
Principal Property Taxpayers	III -12
Property Tax Levies and Collections	III -13
Ratios of Outstanding Debt by Type	III -14
Ratios of General Bonded Debt Outstanding	III -15
Direct and Overlapping Governmental Activities Debt	III -16
Legal Debt Margin Information	III -17
Pledged Revenue Coverage	III -18
Demographic & Economic Statistics	III -19
Principal Employers	III -20
Full-time Equivalent Employees by Function	III -21
Operating Indicators by Function	III -22
Capital Assets Statistics by Function	III -23
City at a Glance	III -24

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Laguna Hills
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Dandson

President

Jeffrey R. Emer

Executive Director



December 4, 2011

**Honorable Mayor and
Members of the City Council:**

The Comprehensive Annual Financial Report (CAFR) of the City of Laguna Hills for the fiscal year ended June 30, 2011, is submitted herewith. This report is published in accordance with local ordinance and State law requirements that financial statements be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent public accounting firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Laguna Hills. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. It is management's opinion that the data is accurate in all material aspects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and contains all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, misuse, and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. Because the cost of internal controls should not exceed anticipated benefits, the object is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misrepresentation. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and

reliable in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds of the City, as well as the City as a whole.

The City's financial statements have been audited by Moss, Levy & Hartzheim, LLP, a public accounting firm fully licensed and qualified to perform audits of local government. The independent auditors concluded that there was a reasonable basis for rendering an unqualified opinion on the City's financial statements and that they present fairly, in all material respects, the financial condition of the City at the end of this fiscal year.

A narrative introduction, overview and analysis of the basic financial statements for the City for the fiscal year ended June 30, 2011, is discussed in the Management's Discussion and Analysis (MD&A), which immediately follows the independent auditors report. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY OF LAGUNA HILLS

The City of Laguna Hills is located in South Orange County approximately 60 miles south of Los Angeles and 70 miles north of San Diego. Incorporated in 1991 under the laws of the State of California, it enjoys all the rights and privileges pertaining to "General Law" cities. The City is home to approximately 30,410 people and over 1,000 businesses.

The City of Laguna Hills operates under a Council-Manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of a Mayor and a four-member Council. The Mayor is annually selected by the City Council from among its membership, and serves a one-year term. The governing Council is responsible, among other things, for passing the City's ordinances and operating resolutions, adopting the biennial budget, appointing commissions and committees, and hiring the City Manager.

The City contracts for selected municipal services utilizing agreements with other governmental entities, private firms and individuals. Police services are provided by the Orange County Sheriff's Department and fire services are provided through the Orange County Fire Authority, of which the City is a member.

Although the majority of the area in the City has a distinctive residential character, the City has a strong commercial base, specifically in the northern section of the City. This commercial area, or “Urban Village,” is anchored by the regional Laguna Hills Mall, the Oakbrook Village Shopping Center, and the Saddleback Memorial Medical Center. In addition, the area north of the Mall holds a complement of commercial and mixed-use industrial uses.

FACTORS AFFECTING FINANCIAL CONDITION

LOCAL ECONOMY

Since its incorporation in 1991, Laguna Hills has had a strong and well-diversified tax base. The tax base has performed well in good economic times and has helped the City weather slower economic conditions and recessions. Following the impact of the Great Recession that substantially altered the economic landscape of the State and region, this well-diversified tax base comprises a critical component to the City’s continued success. As the effects of the Great Recession have led to a structural correction in the economy and settles into what many are calling a “new normal”, local government revenues in particular have been greatly impacted. While analysts have declared the recession officially over and a slow recovery is working its way through the economy, much of the State and region is still plagued by high unemployment and rampant foreclosures in the housing market that continue to limit the economic recovery. Consequently, while no governmental agencies escaped the impact in revenues these past few years, some cities have certainly fared better than others. In fiscal year 2010/2011, General Fund revenues in Laguna Hills increased by 2.4%. The slight increase in revenues combined with a concerted effort to minimize operating expenditures has resulted in an operating surplus of \$1,466,787. This was managed by reducing operating expenditures by approximately \$900,000, or 5% of the budgeted amount for fiscal year 2010/2011. Fortunately, we continue to see signs of a recovery in the local tax base during the first quarter of 2011/2012 with increases in sales tax.

Property taxes are also expected to continue to make a rebound next year, albeit rather slowly, given a positive consumer price index and the end to many of the temporary Proposition 8 reductions imposed by the County Assessor over the last few years.

The following growth assumptions are included in the City's budget for fiscal year 2011/2012 and, should they hold true, will positively impact revenues in Laguna Hills:

- General Inflation +2.00%
- Taxable Sales +2.21%
- Assessed Valuation +1.50%
- Interest Rate on Investments +0.75%

ACCOUNTING SYSTEM
AND BUDGETARY
CONTROLS

In developing the City's accounting system, consideration was given to the adequacy of internal accounting controls, which are designed to provide reasonable, but not absolute, assurance in connection with: (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. Furthermore, the City maintains budgetary controls to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by the City Council. The City Manager is authorized to transfer budgeted amounts within and between funds as deemed necessary in order to meet the City's needs. Revisions that exceed the appropriated budget must be approved by the City Council.

CAPITAL ASSETS

Generally, only assets which cost \$5,000 or more and which have a useful life of five years or more are considered capital assets. This designation is extensively discussed in the City's Internal Control Policies and Procedures for Capital Assets and Minor Equipment, which were developed for the City's compliance with the requirements with GASB 34. The City also utilizes a computerized asset-tracking program using a scanning device to update inventory records periodically.

MAJOR INITIATIVES

The following details the various initiatives of the City of Laguna Hills in 2010/2011:

FORMER CIRCUIT CITY SITE

The closure of the Circuit City in 2009 resulted in a great deal of interest in the site. Ultimately, in January 2010, Ashley's Furniture purchased the property for \$11.4 million. The site is currently under development to add an additional 5,949 square feet of retail space that will serve as the new home to an Ashley's Furniture, Total Wine and More, and Chick-Fil-A. Construction on the site is anticipated to be completed in the Spring of 2012.

IMPLEMENTATION OF GENERAL PLAN

Following the recent approval of the City's first major General Plan Update since 1994, the City continues working diligently to address many of the implementation plans identified in the General Plan. Specifically, the Urban Village Specific Plan was amended this past year to recognize new development authorized by the updated General Plan. In addition, the City's Development Code will be updated to comply with the new General Plan as well as any new pertinent State laws.

URBAN VILLAGE DEVELOPMENT PROJECTS

The Urban Village is anchored by the regional Laguna Hills Mall and includes the Oakbrook Village Shopping Center. Both areas have plans in the pipeline for extensive renovations that incorporate mixed-uses (housing/retail). Over the next few years, the Mall will undergo a series of changes as it moves away from smaller shop space to larger tenant spaces and restaurants. The owners of the Oakbrook Village Shopping Center continue to work with the City to create a redevelopment plan for the Center. The redevelopment plan will include the development of new retail and new residential units. Both Oakbrook Village and the Laguna Hills Mall continue to systematically de-lease in anticipation of their upcoming renovations. It is expected that both owners will submit development applications in the early part of 2012. In addition, construction on the former Circuit City site continues in order to make way for Ashley's Furniture, Total Wine and More, and Chick-Fil-A. To accommodate these new businesses and the future development anticipated for the Urban Village area, construction has begun to widen Avenida de Carlota to allow better traffic flow.

**LA PAZ WIDENING AT
INTERSTATE 5**

The La Paz Widening at Interstate 5 project was approved by the City Council on September 2010. This \$7.6 million project includes a number of safety and traffic flow improvements such as the widening and addition of off- and on-ramp lanes, modifying traffic signals, and landscape improvements. The City has successfully acquired \$4.7 million in Federal funding for the project, in addition to \$1.15 million of Measure M funds. Construction on the project began in April 2011 and is scheduled for completion in June 2012.

**CAPITAL PROJECTS
COMPLETED**

The City continues to be committed to job-creating infrastructure project for two reasons: 1) local public investment functions as local economic stimulus; and 2) construction costs have gone down significantly. Over the past year, the City completed the following projects:

- The Costeau Park Playground Renovation, which included installing new subsurface drainage, park benches, rubberized playground surfacing and new playground equipment.
- The Community Center Playground Renovation, which included refurbishing and restoring the existing security lights, removing the old surfacing of the play area and adding a new base layer, and adding new rubberized playground surfacing.

**COMMUNITY
DEVELOPMENT BLOCK
GRANT (CDBG)**

Over the past seven years, the City has been awarded Community Development Block Grant (CDBG) funds totaling over \$2,160,000. Over \$2,000,000 of these funds have been used for the partial rehabilitation of more than 140 affordable housing units for very low, low, and moderate income households in the City. In 2011, the City was awarded \$166,540 to renovate homes in the 248-unit Aliso Meadows Condominium Association. The remaining \$160,000 in grant monies have been used to complete a number of improvements and address deferred maintenance issues at the Florence Sylvester Memorial Senior Center. In 2011, the City was awarded \$62,453 to complete energy efficiency upgrades at the Center that include the installation of a solar panel system.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Laguna Hills for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. This was the nineteenth consecutive year the City has received this prestigious award. The certificate is a national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards, and must satisfy both generally accepted accounting principles and applicable legal requirements.

The City also received the GFOA Distinguished Budget Presentation Award for its 2009-11 biennial budget document. To qualify for the GFOA award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Administrative Services Department.

In closing, without the effective leadership, guidance, and support provided by the City Council, preparation of this report, as well as the favorable financial results of the past year, would not have been possible.

Respectfully submitted,

original signed

Bruce E. Channing
City Manager

original signed

Donald J. White
Assistant City Manager

CITY OF LAGUNA HILLS

ELECTED OFFICIALS AS OF JUNE 30, 2011



L. Allan Songstad, Jr
Mayor



Melody Carruth
Mayor Pro Tem



Randal Bressette
Council Member



Barbara Kogerman
Council Member



Joel Lautenschleger
Council Member

CITY OF LAGUNA HILLS

APPOINTED OFFICIALS AS OF JUNE 30, 2010



Donald J. White
Assistant City Manager/Deputy Treasurer



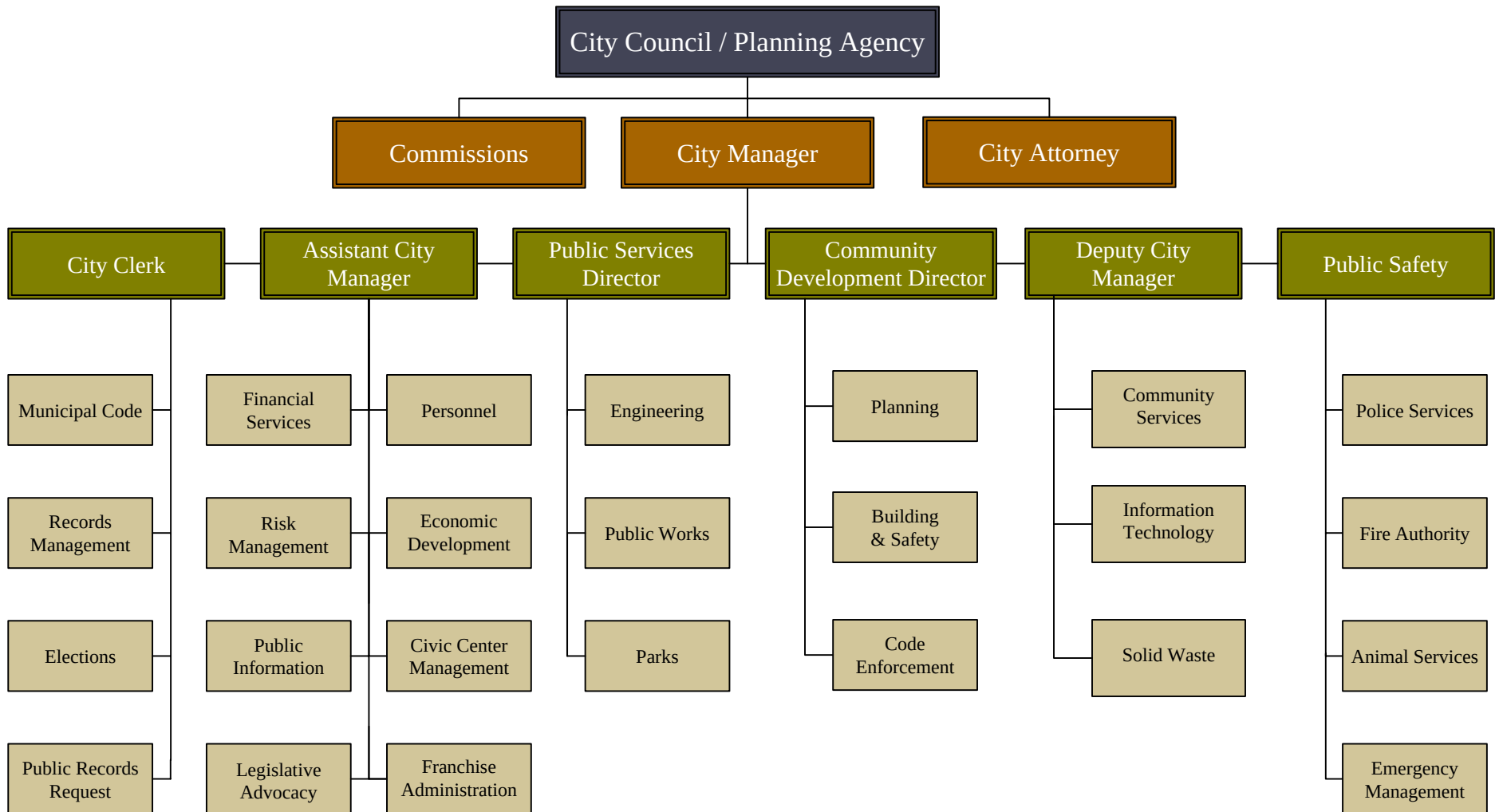
Bruce E. Channing
City Manager/Treasurer

- | | |
|------------------------------------|--|
| ♦ Gregory E. Simonian | City Attorney |
| ♦ Peggy J. Johns | City Clerk |
| ♦ Vernon A. Jones | Community Development Director |
| ♦ David T. Reynolds | Deputy City Manager |
| ♦ Kenneth H. Rosenfield | Director of Public Works/City Engineer |
| ♦ Lt. Steven F. Doan | Police Chief (O.C. Sheriff Department) |
| ♦ Div. Chief Edward Fleming | Fire Chief (OC. Fire Department) |

CITY OF LAGUNA HILLS

ORGANIZATIONAL CHART

June 30, 2011





FINANCIAL SECTION



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
9107 WILSHIRE BLVD. SUITE 500
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Laguna Hills
Laguna Hills, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Laguna Hills, California (City), as of and for the fiscal year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1 of the notes to the basic financial statements, effective July 1, 2010, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statements No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions* and GASB Statement No. 59 - *Financial Instruments Omnibus*.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Laguna Hills, California, as of June 30, 2011, and the respective changes in financial position and cash flows where applicable thereof, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated December 1, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages II-3 through II-14 and II-55 and II-56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Laguna Hills, California's financial statements as a whole. The introductory section, combining and individual non-major fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Moss, Levy & Hartzheim

Moss, Levy and Hartzheim, LLP
Beverly Hills, California
December 1, 2011



MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Laguna Hills offers the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended **June 30, 2011**. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter on page I-1 and the basic financial statements in the appropriate section.

Financial Highlights

Government-Wide

- The assets of the City of Laguna Hills exceeded its liabilities at the close of the most recent fiscal year by \$100,584,213. Of this amount, \$7,138,752 may be used to meet the City's ongoing obligations to its citizens and creditors.
- After recording the value of the City's infrastructure assets, net of accumulated depreciation, the increase in the City's net assets resulting from the most recent fiscal year's operation was \$424,720, approximately 4%.
- Total revenues from all sources were \$22,964,982.
- The total cost of all City programs and projects was \$22,540,262. Approximately 19%, or \$4,287,302, of this amount is attributable to depreciation on the City's infrastructure assets.
- Governmental net assets were \$88,956,306 as of June 30, 2011, after recording the value of the City's infrastructure assets, net of accumulated depreciation.
- Governmental activities, which include certain capital projects and depreciation related to capital assets, increased the City's net assets by \$1,154,137.

Fund Based

- As of the close of the current fiscal year, the governmental funds reported combined ending fund balances of \$10,540,306.
- Total non-spendable fund balances, amounts that are either not in spendable form or are legally or contractually required to be maintained, were \$305,302.
- Total spendable fund balances were \$10,235,004. Of this amount,

approximately \$13% (\$1,318,164 total assigned) is constrained by the City's intent to be used for a specific purpose and 36% (\$3,653,349 total restricted) is restricted in their use by external restrictions, such as by creditors, debt covenants, grantors, contributors, or by laws and regulations.

- Total governmental fund balances decreased by \$1,110,196.
- At the end of the most recent fiscal year, the total fund balance for the general fund was \$7,160,283.
- General fund reported revenues exceeding expenditures by \$1,466,787.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Laguna Hills' basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statement themselves.

- (1) **Government-wide financial statements.** These statements are designed to provide readers with a broad overview of the City of Laguna Hills' finances, in a manner similar to a private-sector business. The following reports comprise the government-wide financial statements:

- a) Statement of Net Assets. This report presents information on all the assets and liabilities, with the difference between the two reported as the *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or weakening, though it is important to consider other non-financial factors in accurately assessing the overall health of the City, such as the property tax base or condition of the roads, etc.; and
- b) Statement of Activities. The information presented in this report shows how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (referred to as *governmental activities*), from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as *business-type*

activities).

The **governmental activities** of the City of Laguna Hills include general government, public services, community development, community services and public safety. Property taxes, sales and use taxes, vehicle in lieu taxes, transient occupancy taxes, and franchise fees finance most of these activities.

The business-type activity of the City of Laguna Hills pertains to the leasing of certain areas in the Laguna Hills Civic Center, which also houses City Hall.

The government-wide financial statements can be found on pages II-15 to II-17 of this report.

- (2) **Fund financial statements.** These statements show how the City services were financed in the short term as well as what remains for future spending. These statements also report the City's operation in more detail than the government-wide statements by providing information about the City's most significant funds, but not the City as a whole. Funds are required to be established, either by State or Federal laws, in order to meet legal responsibilities associated with the usage of certain taxes, grants, and other money. There are three types of funds, namely:

- a) Governmental funds. These statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information provides a short-term view of the City's general government operations and shows whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. These funds are reported using the *modified accrual method* of accounting, which measures cash and all other financial assets that can readily be converted to cash. The relationship between governmental activities and the governmental funds are reported in the reconciliation of government-wide and fund financial statements and in Note 1 in the Notes to the Basic Financial Statements.

The City maintains 18 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund and capital projects fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each nonmajor governmental fund is provided in the form of *combining statements* elsewhere in this

report.

- b) Proprietary funds. When the City charges for the services it provides, other than those services associated with the City's general governmental operations, these services are generally reported in proprietary funds. The proprietary fund is used to report the same function presented as *business-type activities* in the government-wide financial statements. The City uses the proprietary fund to account for its Civic Center leasing activity.
- c) Fiduciary funds. These funds are used to account for resources held for the benefit of parties outside the government. They are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs.

The fund financial statements can be found on pages II-19 to II-26 of this report.

- (3) **Notes to the basic financial statements.** The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages II-27 to II-54 of this report.
- (4) **Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the budgetary comparisons for the general fund.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Government –Wide Financial Analysis

As noted earlier, net assets may serve as a useful indicator over time of the City's financial position. The City's combined net assets at the close of the most recent fiscal year ended June 30, 2011 were \$100,584,213, as shown on Table 1, on the following page.

By far the largest of the City's net assets (\$90.3 million, or 90% of total net assets) reflects its investment in capital assets (land, building, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should

be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. There is \$16,801,768 in debt outstanding related to the acquisition and construction of these capital assets.

Table 1
Condensed Statement of Net Assets
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 13,753	\$ 14,444	\$ 138	\$ 215	\$ 13,891	\$ 14,659
Capital assets	95,327	94,015	11,543	12,207	106,870	106,222
Total assets	<u>109,080</u>	<u>108,459</u>	<u>11,681</u>	<u>12,422</u>	<u>120,761</u>	<u>120,881</u>
Long-term liabilities outstanding	17,267	18,352	35	45	17,302	18,397
Other liabilities	2,857	2,305	18	20	2,875	2,325
Total liabilities	<u>20,124</u>	<u>20,657</u>	<u>53</u>	<u>65</u>	<u>20,177</u>	<u>20,722</u>
Net assets:						
Invested in capital assets, net of related debt	78,798	76,365	11,543	12,207	90,341	88,572
Restricted	3,653	3,935			3,653	3,935
Unrestricted	6,505	7,502	85	150	6,590	7,652
Total net assets	<u>\$ 88,956</u>	<u>\$ 87,802</u>	<u>\$ 11,628</u>	<u>\$ 12,357</u>	<u>\$ 100,584</u>	<u>\$ 100,159</u>

Another portion of the City's net assets, \$3,653,949 (3.6% of the total net assets), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net assets is unrestricted net assets of \$6,590,316, which may be used to meet the City's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's business-type activity involves the leasing of rentable areas in the Civic Center building. This 3-story building complex was renovated to accommodate the City offices and to add leasable spaces. Since June 28, 2004, the City government has operated from this facility. The occupancy rate was approximately 79% on June 30, 2011.

During the fiscal year ended June 30, 2011, the total revenue from all sources was \$22,964,982 and the cost of all activities was \$22,540,262, resulting in an overall increase in net assets of \$424,720. The City's governmental activities

increased total net assets by \$1,154,137 and the City's business-type activities decreased total net assets by \$729,417. The increase from governmental activities is primarily due to an influx in program revenues, in particular operating contributions for capital improvements. The decrease from business-type activities is largely attributable to depreciation. Of the \$1,190,752 of total operating expenses related to the City's property leasing activities, depreciation represents 58% (\$689,539) of that total.

The details of the changes in the City's Net Assets are shown in **Table 2** below.

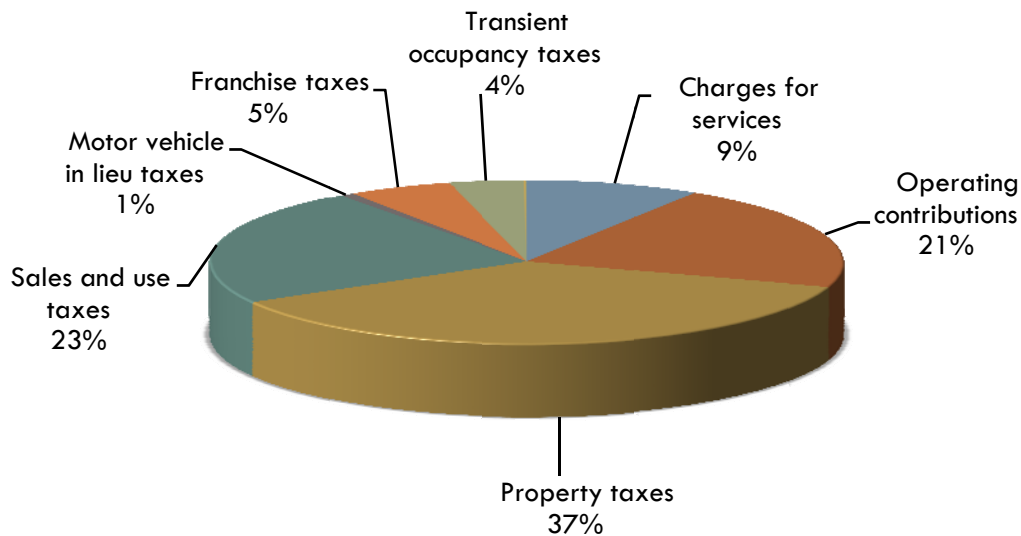
Table 2
Statement of Changes in Net Assets
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for services	\$ 2,011	\$ 1,846	\$ 536	\$ 649	\$ 2,547	\$ 2,495
Operating Contributions	4,738	3,060			4,738	3,060
Capital Contributions						
General Revenues:						
Property taxes	8,187	8,573			8,187	8,573
Sales and use taxes	5,239	5,197			5,239	5,197
Other State subvention						
Franchise taxes	1,200	1,218			1,200	1,218
Transient occupancy taxes	870	752			870	752
Motor Vehicle in lieu taxes	155	99			155	99
Interest earnings	25	30	1	3	26	33
Miscellaneous revenues	4	21			4	21
Total revenues	<u>22,429</u>	<u>20,796</u>	<u>537</u>	<u>652</u>	<u>22,966</u>	<u>21,448</u>
Expenses:						
Legislative/executive	1,537	1,592			1,537	1,592
Administrative services	1,772	1,724			1,772	1,724
Public services	5,781	7,390			5,781	7,390
Community development	1,405	1,596			1,405	1,596
Community services	3,703	1,770			3,703	1,770
Public safety	6,488	6,598			6,488	6,598
Property leasing			1,191	1,125	1,191	1,125
Interest	664	636			664	636
Total expenses	<u>21,350</u>	<u>21,306</u>	<u>1,191</u>	<u>1,125</u>	<u>22,541</u>	<u>22,431</u>
Change in net assets before transfers	<u>1,079</u>	<u>(510)</u>	<u>(654)</u>	<u>(473)</u>	<u>425</u>	<u>(983)</u>
Transfers	<u>75</u>	<u>25</u>	<u>(75)</u>	<u>(25)</u>	<u>-</u>	<u>-</u>
Change in net assets	1,154	(485)	(729)	(498)	425	(983)
Net assets, beginning, as restated	<u>87,802</u>	<u>88,287</u>	<u>12,357</u>	<u>12,855</u>	<u>100,159</u>	<u>101,142</u>
Net assets, ending	<u>\$ 88,956</u>	<u>\$ 87,802</u>	<u>\$ 11,628</u>	<u>\$ 12,357</u>	<u>\$ 100,584</u>	<u>\$ 100,159</u>

Governmental Activities

The revenue sources from governmental activities presented in the preceding table are illustrated in a pie chart shown below as **Figure 1**, which illustrates the percentage relationship of these revenues to each other, as well as their impact on the City's total resources.

Figure 1
Revenue by Sources – Governmental Activities
FY 2010/11



As shown in the above pie chart, roughly 70% of the City's total governmental revenues are from taxes, comprised of property, sales and use, motor vehicle in lieu, franchise and transient occupancy taxes. Program revenues totaled 30% of the total resources, comprised of charges for services and operating contributions.

The City's expenses in connection with its governmental activities are categorized by function, namely: legislative/executive, administrative services, public services, community development, community services and public safety. The program revenues associated with these governmental activities are classified into three categories, which are charges for services, operating contributions and capital contributions. The relationships of the City's program revenues with the related governmental functions are illustrated in a graph shown as **Figure 2** on the following page.

Expenses associated with governmental activities experienced only a very slight

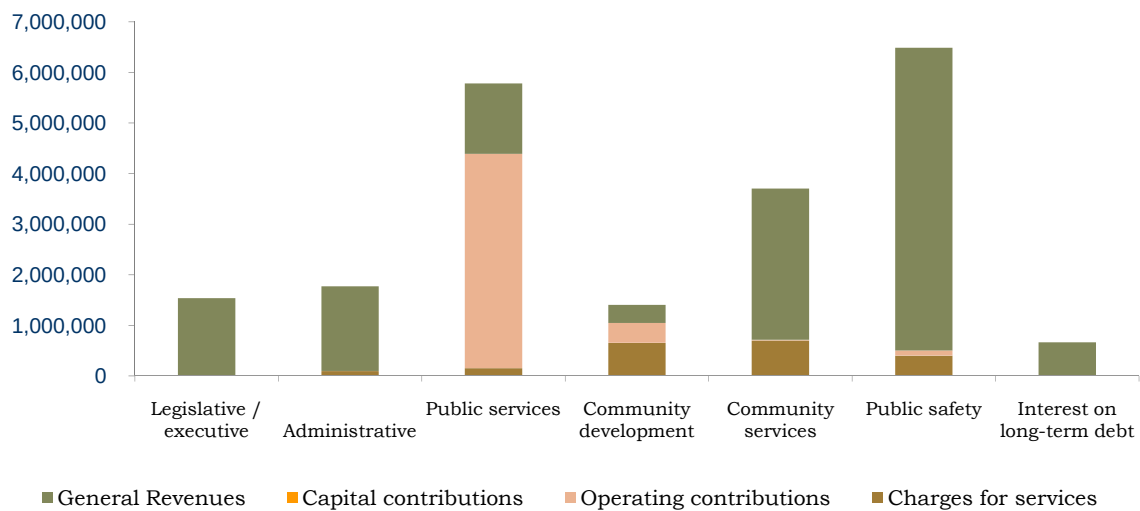
increase of .2% this past year, which is largely attributable to capital related items in public services. Of the \$21,349,510 of expenses, depreciation of capital assets accounts for \$3,597,763 (17%) and the debt service interest payment on capital related items accounts for \$663,944 (3%).

Program Revenues and Expenses:

Program revenues for the most recent fiscal year were \$6,749,054. Expenses related to governmental activities were \$21,349,510. The program revenues are generally not adequate to finance the governmental programs, so it is typical for governmental expenditures to be subsidized by general revenues. The City's expenditures for public services and public safety are comparatively higher than the other expense categories, as shown in **Figure 2** below. The interest on long-term debt was \$663,944.

Figure2

FUNDING OF GOVERNMENTAL ACTIVITIES FY 2010/11



Business-type Activities

During the most recent fiscal year, the operating revenues of the Laguna Hills Civic Center were \$535,455 and the operating expenses were \$1,190,752, resulting in a net operating loss of \$655,297, which includes a depreciation charge of \$689,539. After interest earnings of \$880 and transfers to the General Fund of \$75,000, the change in net assets at fiscal year-end was \$(729,417). The net cash provided by the leasing activities was \$8,980. The contra rent revenue associated with the occupied spaces for City Hall was \$597,478.

Analysis of Major Funds

As noted earlier, the City of Laguna Hills uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds:

The focus of the City of Laguna Hills' *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Laguna Hills' financing requirements. In particular, fund balances of the governmental funds are reported separately within classifications based on a hierarchy of constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned, and unassigned fund balance.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$10,540,306, a decrease of \$1,110,196 from prior year's balance. Of the ending fund balance, \$305,302 is non-spendable fund balance, which represents the portion of fund balance that is either not in spendable form or are legally or contractually required to be maintained. Of the remaining \$10,235,004 in spendable fund balance, \$1,318,164 is assigned fund balance and \$5,263,491 is unassigned fund balance. Assigned fund balance includes amounts which are constrained by the City's intent to be used for a specific purpose. These include \$212,500 designated for the Self-Insurance Workers' Compensation Program, \$130,945 designated for Claims Liability, and a total of \$974,719 is designated for equipment maintenance of the Civic Center, Community Center, Sports Complex, and various parks.

The fund balance of the City's general fund decreased by \$261,941 from the prior fiscal year's balance. The fund balance of the non-major governmental funds decreased by \$842,731. These changes in fund balances are largely attributable to the transfers out to fund the capital outlay for certain capital projects in the capital projects fund.

Proprietary funds:

The proprietary fund provides the same type of information found in the government-wide financial statements. The City's proprietary fund consists of owning a piece of commercial real estate and leasing it to various entities. The total square footage of the building is 51,946. The City is a tenant using approximately 20,843 square feet of the building. The enterprise fund does not charge the City rent. The estimated annual rent for the space

would be approximately \$598,000.

The statement of revenue, expenses, and change in net assets shows a net operating loss of \$655,297 before the interest earnings of \$880 and net transfers to the City of \$75,000. The net effect is a decrease in the ending net assets of \$729,417, which is largely attributable to depreciation. It should be noted that before accounting for depreciation the net operating income would be \$34,242 from the City's leasing related activities.

General Fund Budgetary Highlights

At fiscal year-end, total revenues were below the budgeted amount by \$2,271,746, as a result of the significant slowdown in California's economy. The slow economic recovery brought in revenues 11% lower than the original estimates in revenues for the fiscal year.

The total operating expenditures came in lower than the budgeted amount by \$807,161. The difference in the budgeted transfers in and transfers out can be attributed to capital project budget carry-overs.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2011 amounted to \$106,869,313 net of accumulated depreciation. This investment includes land, land improvements, easements, right of ways, building, building improvements, equipment, machinery, construction in progress, and infrastructure. In accordance with the requirement of GASB 34, the value of the City's infrastructure assets are included in this report, which include streets, sidewalks, curbs, gutters, playground equipment, and similar assets that are considered public property. Equipment and machinery includes vehicles, furniture, computer hardware and software.

A schedule showing the changes in the City's capital assets are shown in the following **Table 3** on the next page.

Table 3
City of Laguna Hills Capital Assets (Net of depreciation)
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land & improvements	\$ 32,130	\$ 31,739	\$ 2,855	\$ 2,855	\$ 34,985	\$ 34,594
Rights of ways/Easements	3,062	1,957			3,062	1,957
Building & improvements	7,263	7,923	8,687	9,352	15,950	17,275
Equipment and machinery	835	1,034			835	1,034
Construction in progress	1,704	2,141			1,704	2,141
Infrastructure						
Street signs	194	191			194	191
Storm drains	2,482	2,560			2,482	2,560
Streets	37,035	35,481			37,035	35,481
Parks inventory	1,590	1,622			1,590	1,622
Curbs, sidewalks, gutters	7,076	7,344			7,076	7,344
Bridges	1,956	2,023			1,956	2,023
Total capital assets net of depreciation	<u>\$ 95,327</u>	<u>\$ 94,015</u>	<u>\$ 11,542</u>	<u>\$ 12,207</u>	<u>\$106,869</u>	<u>\$106,222</u>

Additional information on the City's capital assets can be found in Note 5 on page II-44 of this report.

Long-term Debt

On January 26, 2010, to take advantage of favorable interest rates, the City issued \$17,190,000 of Certificates of Participation (COPs). Proceeds from the sale were placed in an irrevocable trust used to service the future debt requirements of the 2001 and 2003 Certificates of Participation, which were issued to finance a portion of the costs to develop certain property, including the Civic Center Renovation Project and Community Center. As a result, the balance of the 2001 and 2003 COPs are considered to be defeased and the liability for those bonds has been removed. At fiscal year-end June 30, 2011, the per capita liability of the City of Laguna Hills was \$529.43. Additional information on the City's long-term debt can be found in Note 6 on page II-45 of this report.

Budget and Economic Factors

The City's most recent adopted biennial budget for fiscal years 2011/12 - 2012/13 shows that the City continues to live within its means. The major goals and issues that dominated the budgeting process for this biennial budget are discussed in the transmittal letter together with the measures adopted to address the prevailing issues.

Requests for Information

This financial report is designed to provide a general overview of the City of Laguna Hills' finances to all interested parties. Any questions regarding this report or requests for additional information should be addressed to the City's Finance Department, at 24035 El Toro Road, Laguna Hills, California, 92653.

* * * * *

CITY OF LAGUNA HILLS

STATEMENT OF NET ASSETS

JUNE 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments (note 2)	\$ 8,604,113	\$ 168,990	\$ 8,773,103
Taxes receivable	1,539,611		1,539,611
Accounts receivable, net of allowance	313,775	37,052	350,827
Interest receivable	9,142		9,142
Prepaid items	38,952	7,034	45,986
Deferred charges, net of accumulated amortization	273,003		273,003
Due from other governments	936,960		936,960
Internal balances	75,000	(75,000)	
Restricted cash and investments (note 2)	1,962,813		1,962,813
Capital assets, not depreciated (note 5)	22,459,001	2,855,425	25,314,426
Capital assets, net of accumulated depreciation (note 5)	72,867,749	8,687,138	81,554,887
Total assets	<u>109,080,119</u>	<u>11,680,639</u>	<u>120,760,758</u>
LIABILITIES			
Accounts payable	1,376,519		1,376,519
Accrued liabilities	368,791	17,708	386,499
Interest payable	275,110		275,110
Due to other governments	835,992		835,992
Deposits		35,024	35,024
Noncurrent Liabilities (note 6):			
Due within one year	1,228,228		1,228,228
Due in more than one year	16,039,173		16,039,173
Total liabilities	<u>20,123,813</u>	<u>52,732</u>	<u>20,176,545</u>
NET ASSETS			
Invested in capital assets, net of related debt	78,797,985	11,542,563	90,340,548
Restricted for:			
Public services	1,679,083		1,679,083
Community services	59,264		59,264
Community development	103,440		103,440
Debt service	1,811,562		1,811,562
Unrestricted	6,504,972	85,344	6,590,316
Total net assets	<u>\$ 88,956,306</u>	<u>\$ 11,627,907</u>	<u>\$ 100,584,213</u>

See Accompanying Notes to the Basic Financial Statements

CITY OF LAGUNA HILLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011



		Program Revenues			Total Program Revenues
		Charges for Services	Operating Contributions	Capital Contributions	
	Expenses				
Governmental activities:					
Legislative/executive	\$ 1,537,287	\$ 2,236	\$ -	\$ -	\$ 2,236
Administrative services	1,771,910	96,726			96,726
Public services	5,781,123	155,373	4,233,919		4,389,292
Community development	1,404,624	653,918	391,771		1,045,689
Community services	3,702,911	701,040	12,390		713,430
Public safety	6,487,711	401,665	100,016		501,681
Interest expense	663,944				
Total governmental activities	<u>21,349,510</u>	<u>2,010,958</u>	<u>4,738,096</u>		<u>6,749,054</u>
Business-type activities:					
Property leasing	<u>1,190,752</u>	<u>535,455</u>			<u>535,455</u>
Total business-type activities	<u>1,190,752</u>	<u>535,455</u>			<u>535,455</u>
Total primary government	<u>\$ 22,540,262</u>	<u>\$ 2,546,413</u>	<u>\$ 4,738,096</u>	<u>\$ -</u>	<u>\$ 7,284,509</u>

General revenues:

Taxes:

Property taxes

Sales and use tax

Franchise tax

Transient occupancy tax

Intergovernmental, unrestricted:

Motor vehicle in lieu

Investment earnings

Miscellaneous revenue

Transfers

Total general revenues and transfers

Changes in net assets

Net assets - beginning

Net assets - ending

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Changes in Net Assets

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (1,535,051)	\$ -	\$ (1,535,051)
(1,675,184)		(1,675,184)
(1,391,831)		(1,391,831)
(358,935)		(358,935)
(2,989,481)		(2,989,481)
(5,986,030)		(5,986,030)
(663,944)		(663,944)
<u>(14,600,456)</u>		<u>(14,600,456)</u>
	(655,297)	(655,297)
	<u>(655,297)</u>	<u>(655,297)</u>
<u>(14,600,456)</u>	<u>(655,297)</u>	<u>(15,255,753)</u>
8,186,735		8,186,735
5,238,949		5,238,949
1,199,882		1,199,882
869,505		869,505
154,787		154,787
25,267	880	26,147
4,468		4,468
75,000	(75,000)	
<u>15,754,593</u>	<u>(74,120)</u>	<u>15,680,473</u>
1,154,137	(729,417)	424,720
87,802,169	12,357,324	100,159,493
<u>\$ 88,956,306</u>	<u>\$ 11,627,907</u>	<u>\$ 100,584,213</u>

This page intentionally left blank.

CITY OF LAGUNA HILLS
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2011

	General	Capital Projects	Debt Service	Other Governmental Funds	Totals
Assets					
Cash and investments	\$ 8,604,113	\$ -	\$ -	\$ -	\$ 8,604,113
Receivables:					
Taxes	1,539,611				1,539,611
Accounts	424,227				424,227
Interest	7,063		2,079		9,142
Prepaid items	38,952				38,952
Due from other funds (note 3)	1,736,622			1,863,623	3,600,245
Due from other governments	918,220			18,740	936,960
Advances to other funds	266,350				266,350
Restricted assets:					
Cash and investments	153,330		1,809,483		1,962,813
Total assets	<u>\$ 13,688,488</u>	<u>\$ -</u>	<u>\$ 1,811,562</u>	<u>\$ 1,882,363</u>	<u>\$ 17,382,413</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,376,519	\$ -	\$ -	\$ -	\$ 1,376,519
Deferred revenues	450,470			18,740	469,210
Accrued liabilities	368,791				368,791
Due to other funds (note 3)	3,518,269			6,976	3,525,245
Due to other governments	814,156			21,836	835,992
Advances from other funds				266,350	266,350
Total liabilities	<u>6,528,205</u>			<u>313,902</u>	<u>6,842,107</u>
Fund balances:					
Nonspendable	305,302				305,302
Restricted			1,811,562	1,841,787	3,653,349
Assigned	1,318,164				1,318,164
Unassigned	5,536,817			(273,326)	5,263,491
Total fund balances	<u>7,160,283</u>		<u>1,811,562</u>	<u>1,568,461</u>	<u>10,540,306</u>
Total liabilities and fund balances	<u>\$ 13,688,488</u>	<u>\$ -</u>	<u>\$ 1,811,562</u>	<u>\$ 1,882,363</u>	<u>\$ 17,382,413</u>

See Accompanying Notes to the Basic Financial Statements

CITY OF LAGUNA HILLS
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Fund balances of governmental funds	\$ 10,540,306
-------------------------------------	---------------

Amounts reported for governmental activities in the Statement of
Net Assets are different because:

Accounts receivable allowance for doubtful accounts.	(110,452)
--	-----------

Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	95,326,750
--	------------

Long term debt, deferred charges, compensated absences, and claims and judgements that have not been included in the governmental fund activity.	(16,994,398)
--	--------------

Accrued interest payable for the current portion of interest due on the Certificates of Participation has not been reported in the governmental funds.	(275,110)
--	-----------

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	<u>469,210</u>
---	----------------

Net assets of governmental activities	<u><u>\$ 88,956,306</u></u>
---------------------------------------	-----------------------------

See Accompanying Notes to the Basic Financial Statements

CITY OF LAGUNA HILLS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Revenues:					
Taxes	\$ 10,353,376	\$ -	\$ -	\$ 160,305	\$ 10,513,681
Licenses and permits	524,068			26,087	550,155
Intergovernmental revenues	5,483,221			4,540,064	10,023,285
Charges for current services	1,047,727				1,047,727
Fines and forfeitures	401,665				401,665
Investment income	16,514		8,754	11,638	36,906
Total revenues	<u>17,826,571</u>		<u>8,754</u>	<u>4,738,094</u>	<u>22,573,419</u>
Expenditures:					
Current:					
Legislative/executive	1,528,226				1,528,226
Administrative services	1,575,903			15,583	1,591,486
Public services	4,143,321			47,521	4,190,842
Community development	1,104,217			300,407	1,404,624
Community services	1,632,677			13,711	1,646,388
Public safety	6,375,440			100,016	6,475,456
Capital outlay		4,972,864		40,388	5,013,252
Debt service:					
Interest			712,976		712,976
Principal retirement			1,090,000		1,090,000
Total expenditures	<u>16,359,784</u>	<u>4,972,864</u>	<u>1,802,976</u>	<u>517,626</u>	<u>23,653,250</u>
Excess (deficiency) of revenues over expenditures	<u>1,466,787</u>	<u>(4,972,864)</u>	<u>(1,794,222)</u>	<u>4,220,468</u>	<u>(1,079,831)</u>
Other financing sources (uses):					
Lawsuit settlement	(105,365)				(105,365)
Transfers in (note 4)	5,603,674	4,972,864	1,788,698	66,682	12,431,918
Transfers out (note 4)	(7,227,037)			(5,129,881)	(12,356,918)
Total other financing sources (uses)	<u>(1,728,728)</u>	<u>4,972,864</u>	<u>1,788,698</u>	<u>(5,063,199)</u>	<u>(30,365)</u>
Net change in fund balances	(261,941)		(5,524)	(842,731)	(1,110,196)
Fund balances, beginning of fiscal year	<u>7,422,224</u>		<u>1,817,086</u>	<u>2,411,192</u>	<u>11,650,502</u>
Fund balances, end of fiscal year	<u>\$ 7,160,283</u>	<u>\$ -</u>	<u>\$ 1,811,562</u>	<u>\$ 1,568,461</u>	<u>\$ 10,540,306</u>

See Accompanying Notes to the Basic Financial Statements

CITY OF LAGUNA HILLS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds	\$ (1,110,196)
--	----------------

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,311,665
--	-----------

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but in the Statement of Net Assets, the costs are deferred and amortized throughout the period during which the related debt is outstanding. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.	1,121,565
--	-----------

To record as an expense the net change in compensated absences and claims and judgments in the Statement of Activities.	(56,864)
---	----------

Accrued interest for Certificates of Participation. This is the net change in accrued interest for the current period.	17,467
--	--------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net change in deferred revenue for the current period.	(129,500)
---	-----------

Change in net assets of governmental activities	<u>\$ 1,154,137</u>
---	---------------------

See Accompanying Notes to the Basic Financial Statements

CITY OF LAGUNA HILLS

PROPRIETARY FUND

STATEMENT OF NET ASSETS

JUNE 30, 2011

	Enterprise - Property Leasing
ASSETS	
Current assets:	
Cash and investments (note 2)	\$ 168,990
Accounts receivable	37,052
Prepaid items	7,034
Total current assets	<u>213,076</u>
Noncurrent assets:	
Capital assets not depreciated	2,855,425
Capital assets, net of accumulated depreciation	8,687,138
Total noncurrent assets	<u>11,542,563</u>
Total assets	<u>11,755,639</u>
LIABILITIES	
Current liabilities:	
Accrued liabilities	17,708
Due to other funds (note 3)	75,000
Total current liabilities	<u>92,708</u>
Noncurrent liabilities:	
Deposits	35,024
Total liabilities	<u>127,732</u>
NET ASSETS	
Net assets, invested in capital assets	11,542,563
Unrestricted	85,344
Total net assets	<u>\$ 11,627,907</u>

See Accompanying Notes to the Basic Financial Statements

CITY OF LAGUNA HILLS

PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Enterprise - Property Leasing</u>
Operating revenues:	
Rental fees	\$ 528,457
CAM revenues	3,460
Other current service fees	3,538
Total operating revenues	<u>535,455</u>
Operating expenses:	
Direct operating expenses	430,230
Advertising and promotion	5,431
Administrative and professional fees	4,504
Repairs and maintenance	61,048
Depreciation expense	689,539
Total operating expenses	<u>1,190,752</u>
Operating income/(loss)	<u>(655,297)</u>
Nonoperating revenues (expenses):	
Interest income	<u>880</u>
Total nonoperating revenues (expenses)	<u>880</u>
Income/(loss) before transfers	(654,417)
Transfers out	<u>(75,000)</u>
Change in net assets	<u>(729,417)</u>
Net assets, beginning of fiscal year	<u>12,357,324</u>
Net assets, end of fiscal year	<u><u>\$ 11,627,907</u></u>

See Accompanying Notes to the Basic Financial Statements

CITY OF LAGUNA HILLS

PROPRIETARY FUND

STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Enterprise - Property Leasing
Cash flows from operating activities:	
Receipts from tenants	\$ 509,414
Payments to suppliers for goods and services	(500,434)
Net cash provided by (used for) operating activities	8,980
Net cash flows from noncapital financing activities:	
Cash paid to other funds	(75,000)
Net cash used for noncapital financing activities	(75,000)
Cash flows from capital and related financing:	
Acquisition of capital assets	(25,446)
Net cash used for capital and related financing activities	(25,446)
Cash flows from investing activities:	
Interest on investments	880
Net cash provided by investing activities	880
Net increase (decrease) in cash and cash equivalents	(90,586)
Cash and cash equivalents at beginning of fiscal year	259,576
Cash and cash equivalents at end of fiscal year	\$ 168,990
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (655,297)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	689,539
Changes in assets and liabilities	
(Increase) decrease in accounts receivable	(15,632)
(Increase) decrease in prepaid items	2,286
Increase (decrease) in accrued liabilities	(1,507)
Increase (decrease) in deposits payable	(10,409)
Total adjustments	664,277
Net cash provided by operating activities	\$ 8,980
Non-cash investing, capital, and financing activities:	
During the fiscal year ending June 30, 2011, there were no non-cash investing, capital, or financing items.	

See Accompanying Notes to the Basic Financial Statements

CITY OF LAGUNA HILLS
AGENCY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2011

ASSETS

Cash and investments	\$ 285,009
	<u> </u>
Total assets	<u>\$ 285,009</u>

LIABILITIES

Deposits	\$ 285,009
	<u> </u>
Total liabilities	<u>\$ 285,009</u>

See Accompanying Notes to the Basic Financial Statements

CITY OF LAGUNA HILLS

Notes to the Financial Statements
June 30, 2011

(1) Reporting Entity and Summary of Significant Accounting Policies

a) Summary of Significant Accounting Policies

The basic financial statements of the City have been prepared in conformity with generally accepted accounting principles as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Financial Reporting Entity

The City of Laguna Hills (the City) was incorporated on December 20, 1991 under the General Laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety, highways and streets, parks, solid waste, public improvements, planning and zoning, building and safety, community services, and general administrative services.

b) Basis of Accounting and Measurement Focus

The *basic financial statements* of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB Pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under

the *economic resources measurement focus*, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditures.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to

finance the expenditures accrued for the reporting period. For this purpose, the City considers its general revenue, with the exception of property taxes, to be available if they are collected within 90 days of the end of the fiscal year. The City uses a 180-day availability period for special revenue grants and contributions, in accordance with the provisions set forth in Governmental Accounting, Auditing, and Financial Reporting (GAFR), Chapter 5, page 64, paragraph 1.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate; however, that they should not be considered “available spendable resources” since they do not represent net current assets. Recognition of governmental fund type revenues represented by non-current receivables are deferred until they become current receivables. Non-current portions of other long-term receivables are offset by fund balance reserve accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Proprietary Funds and Fiduciary Funds

The City's enterprise fund is a proprietary fund. In the fund financial statements, proprietary funds and fiduciary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds and fiduciary funds are presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets. The Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations, however, they do use the full accrual basis of accounting to recognize receivables and payables. The City has no internal service funds.

Proprietary fund operating revenues, such as rental fees, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment income result from non-exchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the enterprise fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the enterprise fund financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the enterprise fund are reported as a reduction of the related liability, rather than as expenditures.

c) Major Funds and Fiduciary Fund Types

The City reports the following major governmental funds:

General Fund

The General Fund is the general operating fund of the City. It is used to account for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in another fund.

Debt Service Fund

The Debt Service Fund is used to pay the City's debt service on its COP issue.

Capital Projects Fund

The Capital Projects Fund is used to account for the financial resources to be used for the acquisition and construction of the City's capital projects.

The City reports the following major proprietary fund:

Property Leasing

The City Hall Fund is used to account for activity pertaining to the leasing of certain areas in the Laguna Hills Civic Center, which has been the City Hall site and seat of government since June 28, 2004.

Additionally, the City reports the following fund types:

Special Revenue Funds

The Special Revenue Funds are used to account for certain revenue sources set aside for specific purposes, to avoid including restricted revenues within the general fund and to provide separate information on the sources and applications of these restricted sources.

Fiduciary Fund Type

The City has one Fiduciary Fund Type, an Agency Fund, used to account for construction deposits and trust monies received from builders, land developers, and other agencies.

d) Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Assets

“Total fund balances” of the City’s governmental funds, \$10,540,306, differs from “net assets” of governmental activities, \$88,956,306, reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Accounts Receivable Related Items

When receivables that are to be used in governmental activities are deemed to be uncollectible in the short term the statement of net assets includes an allowance to reflect the true assets of the City as a whole.

Miscellaneous damages reimbursement	\$ 7,405
Traffic accidents reimbursement	<u>103,047</u>
	<u>\$110,452</u>

Capital Related Items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$141,205,464
Accumulated depreciation	<u>(45,878,714)</u>
	<u>\$ 95,326,750</u>

Long-term Debt Transactions

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities and corresponding deferred charges and refunding (both current and long-term) are reported in the statement of net assets. Balances at June 30, 2011 were:

Certificates of Participation	\$16,100,000
COP deferred charges, net accumulated amortization of \$28,474	(273,003)
COP deferred refunding loss, net accumulated amortization of \$40,800	(391,196)
COP bond premium, net of accumulated amortization of \$113,989	1,092,964
Claims and judgments	119,106
Compensated absences	346,527
	<u>\$16,994,398</u>

Accrued Interest

Accrued liabilities in the statement of net assets differ from the amount reported in governmental funds due to accrued interest on Certificates of Participation.

Accrued interest	<u>\$ 275,110</u>
------------------	-------------------

Other Long-term Assets

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.

Sales tax triple flip	\$316,448
Housing fund deposits	18,739
Miscellaneous accounts receivable	134,023
	<u>\$469,210</u>

Reclassifications and Eliminations

Interfund balances must generally be eliminated in the government-wide statements, except for net residual amounts due between governmental and business-type activities. Amounts involving fiduciary funds should be reported as external transactions. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that expenses are reported only once - in the function in which they are allocated.

(e) Explanation of Differences between Governmental Fund Operating Statements and the Statement of Activities

The "net change in fund balances" for governmental funds, \$(1,110,196), differs from the "change in net assets" for governmental activities, \$1,154,137, reported in the statement of activities. The differences arise primarily from the long-term economic focus of the

statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital Related Items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decreased by the amount of depreciation expense charged for the year.

Capital outlay	\$ 5,013,252
Less amounts expended	(159,037)
Add signage	55,213
Depreciation expense	<u>(3,597,763)</u>
	<u>\$ 1,311,665</u>

Long-term Debt Transactions

The repayment of principal and cost of bond issuance (deferred charges) are reported as expenditures in the governmental fund. The proceeds from COP debt issuance and bond premium are reported as other financing sources. The net amount has the effect of reducing fund balance because current financial resources have been used. For the City as a whole, however, these payments reduce and proceeds increase the liabilities in the statement of net assets.

Amortization of unamortized premium, deferred charges and loss on refunding is not an expense of the governmental funds, but under the full accrual method is a component of interest expense.

Repayment of debt principal	\$ 1,090,000
Issuance cost and premium amortized	<u>31,565</u>
	<u>\$1,121,565</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This includes the net change in claims and judgments (see also Note 1 (j), Note 7 General Liability Insurance and Self-funded Workers' Compensation, and Note 6 Compensated Absences.)

The City provides a Retiree Health Savings Plan for its employees, wherein the City deposits the equivalent of the balance of the eligible employee's accumulated sick leave balance to the plan on the eligible employee's anniversary hire date (see also Note 1 (k) and Note 6 Compensated Absences).

Claims and judgments	\$ 25,175
Compensated absences	<u>31,689</u>
	<u>\$ 58,864</u>

Accrued Interest

The statement of activities includes changes in accrued interest on Certificates of Participation.

Accrued interest	<u>\$ (17,467)</u>
------------------	--------------------

Other Long-term Assets

Revenues that do not provide current financial resources are not reported as revenue in the governmental funds.

Sales tax triple flip	\$(89,485)
Housing fund deposits	(63,585)
Miscellaneous accounts receivable	<u>23,570</u>
	<u>\$(129,500)</u>

Reclassification and Eliminations

Interfund balances must generally be eliminated in the government-wide financial statements, except for net residual amounts due between business-type and governmental activities. Amounts involving fiduciary funds should be reported as external transactions. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that expenses are reported only once - in the function in which they are allocated.

(f) Cash and Investments

Investments are reported in the accompanying basic financial statements at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds, except for amounts held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

(g) Statement of Cash Flows

The enterprise proprietary fund participates in the City-wide cash and investments pool, which provides immediate access to invested funds. Accordingly, all cash and investments are considered to be cash and cash equivalents for purposes of the Statement of Cash Flows.

(h) Capital Assets

Capital assets are capital outlay for assets of a permanent nature, valued at \$5,000 or more or the usage of which is expected to be more than five years. Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair value at the date of the contribution.

Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government – wide financial statements and in the fund financial statements of the enterprise fund. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The range of lives used for depreciation purposes for each capital asset class, are as follows:

Building and improvements	20 years
Machinery and equipment	5-20 years
Infrastructure	5-60 years

(i) Property Taxes

The County of Orange collects property taxes for the City. Tax liens attach annually as of 12:01 am on the first day of January proceeding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on January 1 each year, and are delinquent, if unpaid, on August 31.

(j) Claims and Judgments Payable

As of July 1, 2003, the City became a member of the Exclusive Risk Management Authority of California. The annual premium included estimates of amounts paid for reported claims and incurred-but-not-reported claims based upon past experience, modified for current trends and information. Premiums are recorded as expenditures when they become payable from expendable available resources. When it is probable that a claims liability has been incurred and the amount of the loss can be reasonably estimated through historical trends and calculation of incurred but not reported claims (IBNR), the City accrues

the estimated liability for the expected claims and judgments. These amounts are recorded in the government-wide financial statements. A liability is reported in the governmental funds only if there is an amount due and payable at June 30.

(k) Compensated Absences

Vacation time is provided to all full-time and extended part-time employees. Upon separation or retirement from City service, all employees shall be compensated at their prevailing pay rate for their accrued vacation. No employee shall be allowed to carry over more than 320 hours of vacation time from one fiscal year to the next. At the start of the fiscal year, if an employee has more than 320 hours accrued, the City will automatically cash out any hours in excess of 320.

The City provides an ICMA Vantage Care Retirement Health Savings Plan to its full-time employees who have reached ten (10) years of service with the City. This employer-sponsored retiree health benefit allows employees to accumulate assets to pay for medical expenses upon retirement from the City or age 50 on a tax-free basis. The employee's beneficiary receives the assets of the individual plan after the employee's death. The assets of the individual plans are not subject to claims of the City's creditors. The start-up contribution for employees will be based on their accumulated sick leave hours in excess of 160 hours upon completion of ten (10) years of service to the City, at their prevailing pay rate. Thereafter, annual contributions will be made to each employee's account for their unused sick leave hours in excess of 160 hours on June 30th of each fiscal year at the employees' prevailing pay rate. Upon separation from employment, the City will make a final contribution on behalf of the employee equivalent to all the unused sick leave balance of the employee at the employee's prevailing pay rate at the time of separation. The City also contributes on behalf of each Participant \$5,000 upon completion of ten years of service and annually thereafter on the Participant's employment anniversary date.

All vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

(l) Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The City has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The City has chosen to report the expenditures when benefitted.

(m) Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and American Institute of Certified Public Accountants (AICPA), require management to make assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

(n) Budgetary Information

Biennial budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except for certain special revenue funds and capital projects funds, which adopt project length budgets and debt service funds that are not budgeted, as effective budgetary control is achieved through debt indenture provisions. The Housing Set Aside fund and Senior Mobility Program fund did not have an adopted budget during the current fiscal year

(o) Deficit Fund Balances/Net Assets

Nonmajor funds

A deficit fund balance of \$6,976 exists in the CR&R Recycling Special Revenue Fund. The deficit is due to the City incurring costs in advance of receiving revenue.

A deficit fund balance of \$266,350 exists in the Public Art Special Revenue Fund. The deficit is due to the City incurring costs in advance of receiving revenue.

(p) New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 54

For the fiscal year ended June 30, 2011, the City implemented GASB Statement No. 54, "Balance Reporting and Governmental Fund Type Definitions". This Statement is effective for financial statements for periods beginning after June 15, 2010. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are described in the Fund Equity section of this footnote.

The definitions of the General fund, special revenue fund type, capital projects fund type, and permanent fund type are clarified by the provisions in this statement.

Governmental Accounting Standards Board Statement No.59

For the fiscal year ended June 30, 2011, the City implemented GASB Statement No. 59, "Financial Instruments Omnibus". This Statement is effective for reporting periods beginning after June 15, 2010. The objective of this Statement is to establish standards to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The implementation of this statement did not have an effect on the City's basic financial statements for the fiscal year ended June 30, 2011.

(2) Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds. Cash and investments at June 30, 2011, are reported in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	\$ 8,773,103
Restricted cash and investments	1,962,813
Statement of Fiduciary Net Assets:	
Cash and investments	<u>285,009</u>
Total cash and investments	<u>\$11,020,925</u>

Cash and investments at June 30, 2011, consisted of the following:

Cash on hand		\$ 1,750
Pooled Deposits:		
Demand deposits	\$ 2,924,383	
Certificates of deposit	<u>570,957</u>	
Total Pooled Deposits		3,495,340
Pooled Investments:		
Local Agency Investment Fund		5,561,022
Restricted cash and investments:		
Local Agency Investment Fund	1,809,483	
Demand deposits	<u>153,330</u>	
Total restricted cash and investments		<u>1,962,813</u>
Total cash and investments		<u>\$ 11,020,925</u>

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on quarterly cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Deposits

At June 30, 2011, the carrying amount of the City's deposits was \$2,924,383 and the bank balance was \$2,885,828. The difference represents outstanding checks and other reconciling items.

<u>Pooled Deposits</u>	<u>Carrying Amount</u>
Demand Deposits:	
Bank Balance	\$ 2,885,828
Plus: Deposits in transit	51,897
Less: Outstanding warrants	<u>(13,342)</u>
Book Balance	2,924,383
Certificates of Deposit	<u>570,957</u>
Total Pooled Deposits	<u>\$ 3,495,340</u>

The California Government Code requires California banks and savings and loan associations to secure a city's deposits by pledging government securities with a fair value of 110% of a city's deposits. California law also allows financial institutions to secure a city's deposits by pledging first trust deed mortgage notes having a fair value of 150% of a city's total deposits. The City's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC.

In addition, the Transaction Account Guarantee Program provides for a guarantee through December 31, 2012, of all amounts in excess of \$250,000 held in noninterest-bearing transaction accounts at FDIC-insured institutions that agree to participate in the program. Noninterest-bearing transaction accounts are transaction accounts "with respect to which interest is neither accrued nor paid and on which the insured depository institution does not reserve the right to require advance notice of an intended withdrawal." This definition covers traditional demand deposit checking accounts that allow for an unlimited number of deposits and withdrawals at any time.

The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

Authorized Investments

Under the provision of the City's investment policy, and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments:

- U.S. Treasury bills
- U.S. Treasury notes, bonds or money market funds
- Certificates of deposit
- Money market mutual funds
- State Treasurer's Local Agency Investment Fund
- Overnight Government (U.S. Treasuries, Agencies, and Instrumentalities) Securities Investment Account managed by the City's primary bank
- Overnight Commercial Paper Investment Account managed by the City's primary bank
- Overnight repurchase agreements managed by the City's primary bank where market value of the repurchase agreement is 102 percent or greater than the value of the funds borrowed
- Commercial paper
- Prime Banker's Acceptances

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code.

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

GASB Statement No. 31

The City has adopted GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

GASB Statement No. 40

The issuance of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, established the existing standards for providing note disclosures

about a government's deposits and investments. This statement is designed to inform the user about deposit and investment risk and how it affects the entity's ability to provide services and meet its obligations as they become due. It requires an entity to disclose custodial credit risk only if they have:

- Deposits that are not insured and not collateralized, or that are collateralized with securities that are held by the bank or the bank's trust department or agent, but not in the government's name
- Investments that are not insured and are held by the other party or its trust department or agent, but not in the government's name.

The GASB also concluded that investments in mutual funds and external investment pools are not exposed to custodial credit risk and, therefore, do not have to be included in this disclosure.

Credit Risk

The City's investment policy limits investments in commercial paper and banker's acceptance to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policies further limits its investment choices. As of June 30, 2011, the City's investment in the State Treasurer's Local Agency Investment Fund has not been rated by a nationally recognized statistical rating organization. Investments in money market mutual funds are unrated, as well.

Concentration of Credit Risk

The City does not place a limit on the amount that may be invested with any one institution, with the exception of certificates of deposits. According to GASB 40, there is potential concentration of credit risk if more than 5 percent of the entity's investments are in any one issuer. As of June 30, 2011, none of the City's deposits or investments had been exposed to concentration of credit risk.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of June 30, 2011, none of the City's deposits or investments had been exposed to custodial credit risk.

Interest Rate Risk

The City has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest

rates. The City limits the investment maturities for operating funds to be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures as well as considering sizable blocks of anticipated revenue. The City has elected the segment time distribution method to present the investment maturities as follows:

<u>Investment Type</u>	<u>6 months or less</u>	<u>Fair Value</u>
Local Agency Investment Funds	\$ 5,561,022	\$ 5,561,022
Investment with Fiscal Agent:		
Local Agency Investment Funds	<u>1,809,483</u>	<u>1,809,483</u>
Total	\$ <u>7,370,505</u>	\$ <u>7,370,505</u>

(3) Interfund Receivables and Payables

Interfund receivables and payables at June 30, 2011, were as follows.

<u>Funds:</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Major Governmental:</u>		
General	\$ 1,736,622	\$ 3,518,269
<u>Non-major Governmental:</u>		
<u>Special Revenue Funds:</u>		
Measure M Turn Back & Discretionary	365,709	
Proposition 1B	476,833	
Senior Mobility Program	21,836	
CARITS	804,331	
Redevelopment Tax Increment	103,440	
Beverage Recycling	45,153	
CR&R Recycling Fee		6,976
C & D Forfeited Deposits	10,529	
AB 939 Surcharge Grant	10,558	
Grants and Contributions	25,234	
<u>Major Proprietary:</u>		
Enterprise-Property Leasing		<u>75,000</u>
Total	<u>\$ 3,600,245</u>	<u>\$ 3,600,245</u>

Outstanding balances at the end of the fiscal year between funds are reported as "due to/from other funds". These balances are the result primarily of interfund transfers that have not yet been funded.

Advances to and from other funds at June 30, 2011, were as follows:

<u>Funds:</u>	<u>Advances to other funds</u>	<u>Advances from other funds</u>
<u>Major Governmental:</u>		
General	\$ 266,350	\$ -
<u>Non-major Governmental:</u>		
<u>Special Revenue Funds:</u>		
Public Art		266,350
Total	<u>\$ 266,350</u>	<u>\$ 266,350</u>

These outstanding balances at the end of the fiscal year are the result interest-free advances from the General Fund to the Public Art Fund to cover the costs of the City's Civic Center Public Art Program. The repayment of this advance will be contingent on development as public art in lieu fees and grant funding for this project are generated in the coming years.

(4) Transfers In and Out

Transfers in and out for the fiscal year ended June 30, 2011 are as follows:

<u>Paying Fund</u>	<u>Transfers Out</u>	<u>Receiving Fund</u>	<u>Transfers In</u>
<u>Major Governmental:</u>		<u>Major Governmental:</u>	
General	\$ 7,227,037	General	\$ 5,603,674
		Capital Projects	4,972,864
		Debt Service	1,788,698
<u>Non-major Governmental:</u>		<u>Non-major Governmental:</u>	
<u>Special Revenue Funds:</u>		<u>Special Revenue Funds:</u>	
Gas Tax	1,409,197	Senior Mobility Program	3,097
Measure M Turn Back & Discretionary	1,464,545	Redevelopment Tax Increment	63,585
AB 2766	92,011		
Proposition 42	453,986		
Proposition 1B	157,215		
FCPP	1,276,883		
CARITS	54,055		
Housing Set Aside	63,585		
Grants & Contributions	144,704		
Public Art	13,700		
<u>Major Proprietary:</u>			
Enterprise-Property Leasing	<u>75,000</u>		
Totals	<u>\$ 12,431,918</u>	Totals	<u>\$ 12,431,918</u>

Interfund Transfers are principally used to 1) provide available funds to the Capital Projects Fund for interest and principal payments on the City's long-term debt and 2) supply the Capital Projects Fund with funding necessary to accomplish those projects approved by the City Council. During the fiscal year ended June 30, 2011, there were no significant interfund transfers that were not expected, budgeted for, unusual, or of a non-routine nature.

(5) Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance at</u> <u>July 1, 2010</u>	<u>Tranfers</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2011</u>
Governmental activities:					
Buildings and improvements	\$ 13,198,419	\$ -	\$ -	\$ -	\$ 13,198,419
Machinery and equipment	2,369,113				2,369,113
Land improvements	23,346,395	1,639,491	600		24,986,486
Infrastructure	<u>75,590,915</u>	<u>471,398</u>	<u>2,130,132</u>		<u>78,192,445</u>
Total cost of depreciable assets	<u>114,504,842</u>	<u>2,110,889</u>	<u>2,130,732</u>		<u>118,746,463</u>
Less accumulated depreciation for:					
Buildings and improvements	\$ 5,275,619		659,921		\$ 5,935,540
Machinery and equipment	1,334,994		199,285		1,534,279
Land improvements	9,300,660		1,249,324		10,549,984
Infrastructure	<u>26,369,678</u>		<u>1,489,233</u>		<u>27,858,911</u>
Total accumulated depreciation	<u>42,280,951</u>		<u>3,597,763</u>		<u>45,878,714</u>
Net depreciable assets	<u>72,223,891</u>		<u>(1,467,031)</u>		<u>72,867,749</u>
Land	17,693,529				17,693,529
Rights of way/Easements	1,956,600		1,104,928		3,061,528
Construction in progress	<u>2,141,065</u>	<u>(2,110,889)</u>	<u>1,682,853</u>	<u>(9,085)</u>	<u>1,703,944</u>
Total cost of non-depreciable assets	<u>21,791,194</u>	<u>(2,110,889)</u>	<u>2,787,781</u>	<u>(9,085)</u>	<u>22,459,001</u>
Total capital assets, net	<u>\$ 94,015,085</u>	<u>\$ -</u>	<u>\$ 1,320,750</u>	<u>\$ (9,085)</u>	<u>\$ 95,326,750</u>
Business-type activities:					
Buildings and improvements	\$ 13,765,338	\$ -	\$ 25,446	\$ -	\$ 13,790,784
Total cost of depreciable assets	<u>13,765,338</u>		<u>25,446</u>		<u>13,790,784</u>
Less accumulated depreciation for:					
Buildings and improvements	<u>4,414,107</u>		<u>689,539</u>		<u>5,103,646</u>
Total accumulated depreciation	<u>4,414,107</u>		<u>689,539</u>		<u>5,103,646</u>
Net depreciable assets	9,351,231		(664,093)		8,687,138
Land	<u>2,855,425</u>				<u>2,855,425</u>
Total capital assets, net	<u>\$ 12,206,656</u>	<u>\$ -</u>	<u>\$ (664,093)</u>	<u>\$ -</u>	<u>\$ 11,542,563</u>

Depreciation expensed was charged in the following functions in The Statement of Activities:

Governmental activities:

Legislative/executive	\$ 9,061
Administrative services	138,832
Public services	1,475,831
Community development	
Community services	1,961,784
Public safety	<u>12,255</u>
	3,597,763

Business-type activities:

Property leasing	<u>689,539</u>
------------------	----------------

Total \$ 4,287,302

(6) Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

Governmental Activities :

	<u>Balance at</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>June 30, 2011</u>	<u>Amounts Due</u> <u>in One Year</u>
Certificates of Participation:					
2010 COP	\$ 17,190,000	\$ -	\$ 1,090,000	\$ 16,100,000	\$ 1,130,000
Deferred loss on refunding	(419,996)		(28,800)	(391,196)	(28,800)
Unamortized premium	<u>1,173,428</u>		<u>80,464</u>	<u>1,092,964</u>	<u>80,464</u>
Total Certificates of Participation	<u>17,943,432</u>		<u>1,141,664</u>	<u>16,801,768</u>	<u>1,181,664</u>
Other Liabilities:					
Compensated absences	314,838	231,082	199,393	346,527	34,653
Claims and judgments	<u>93,931</u>	<u>32,410</u>	<u>7,235</u>	<u>119,106</u>	<u>11,911</u>
Total Other Liabilities	<u>408,769</u>	<u>263,492</u>	<u>206,628</u>	<u>465,633</u>	<u>46,564</u>
Totals	<u>\$ 18,352,201</u>	<u>\$ 263,492</u>	<u>\$ 1,348,292</u>	<u>\$ 17,267,401</u>	<u>\$ 1,228,228</u>

Typically, the City liquidates its compensated absences and claims and judgments with general fund resources.

2010 Certificates of Participation

On January 26, 2010, the City (through the City's blended component unit The Public Improvement Corporation) issued \$17,190,000 of Certificates of Participation (COPs). Proceeds from the sale were placed in an irrevocable trust that is used to service the future debt requirements of the 2001 and 2003 Certificates of Participation. This refunding resulted in an economic gain as well as savings from refunding. The economic gain realized in this refunding was \$1,072,242 and the savings resulting from the refunding was as follows:

Cash flow requirements to service old debt	\$ 23,858,154
Less: Cash flow requirements for new debt	<u>(22,738,962)</u>
Net savings from refunding	<u>\$ 1,119,192</u>

The 2010 COPs are direct obligations and pledge the full faith and credit of the City of Laguna Hills. The certificates were executed and delivered under the provisions of the Trust Agreement by and among The Bank of New York Mellon Trust Company, N.A, as trustee. The City is required under the Lease Agreement to make rental payments each 15th day of the month immediately preceding each February 1st and August 1st from any source of available funds in an amount sufficient to pay the annual principal and interest due with respect to the Certificates.

The Serial bonds mature in annual installments ranging from \$345,000 to \$1,670,000, commencing February 1, 2011 ending February 1, 2025. Interest accrues at rates between 2.00% and 5.00% and is payable semiannually. The annual requirements to amortize the certificates of participation as of June 30, 2011, are as follows:

Fiscal Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,130,000	\$ 668,388	\$ 1,798,388
2013	1,180,000	623,188	1,803,188
2014	1,205,000	599,586	1,804,586
2015	1,250,000	551,386	1,801,386
2016	1,300,000	501,386	1,801,386
2017 - 2021	7,290,000	1,675,420	8,965,420
2022 - 2026	<u>2,745,000</u>	<u>218,783</u>	<u>2,963,783</u>
Totals	<u>\$16,100,000</u>	<u>\$ 4,838,137</u>	<u>\$20,938,137</u>

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. The long-term portion of this liability, amounting to \$346,527 at June 30, 2011 will be paid from fund balance.

(7) General Liability Insurance & Workers' Compensation Program

In July 2003, the City joined the Exclusive Risk Management Authority of California (ERMAC), a pool of three other cities in California, namely Beaumont, Hayward, and Santa Maria, established under the provisions of California Government Code Section 6502, in order to jointly develop and fund General Liability insurance.

The ERMAC policy covers the City for losses due to personal injury, property damage, wrongful acts because of public officials' errors and omissions and unfair employment practices (see the chart below for City's retained limits and policy liability limits). Legal defense costs may be covered in addition to policy limits.

The City also carries property, business interruption and boiler & machinery insurance with ERMAC (PEPIP Program) to cover all City property. In addition, Difference in Conditions (DIC) or earthquake and flood insurance is provided by Praetorian Insurance Company. This policy covers the Laguna Hills Civic Center.

The following is a list of the allocation of risk coverage for the City as of June 30, 2011, taking in to account the City's self-insurance portion, if any.

Area of Risk	City Self-Insurance	Carrier	Risk Coverage
Municipal Broad General Liability	• \$100,000 for PI, PD or wrongful acts (public officials E&O) • \$1,000,000 for unfair employment practices	ERMAC	• \$25M per occurrence, excess limit of SIR
Property, Business Interruption and Boiler & Machinery	• \$10,000 per occurrence (specific perils may be higher)	ERMAC (PEPIP program)	• \$1B per occurrence combined • \$10M flood limit per occurrence • \$100M combined business interruption • \$100M boiler explosion & machinery breakdown combined
Difference in Conditions (DIC) (Multi-peril)	• \$25,000 • 5% earthquake	Beazley	• \$5M per occurrence and annual aggregate • \$18.8M TIV

Area of Risk	City Self-Insurance	Carrier	Risk Coverage
Crime	• \$2,500 - \$10,000	Travelers	• \$1M employee dishonesty • \$1M forgery alterations • \$1M money & securities theft, inside premises • \$1M money & securities theft, outside premises • \$1M computer fraud • \$1M money order & counterfeit currency • \$500,000 theft of other property, inside premises • \$500,000 theft of other property, outside premises
Recreational Class & Officials Supplemental	• None	Scottsdale	• \$1M per occurrence • \$300,000 property damage • \$1M personal injury, products and partial liability • \$5,000 medical expense
Business Auto	• \$500	Praetorian	• \$1M combined BI & PD • \$1M uninsured, under-insured motorist • \$5,000 medical payments • If any basis, non-owned or hired auto liability
Excess Workers' Compensation & Employers' Liability	• \$125,000	CSAC Excess Insurance Authority	• \$875,000 each accident or employee for disease & employers liability (Layer 1) • \$4 per occurrence in excess of Layer 1 (Layer 2) • \$45M per occurrence in excess of Layer 2 (Layer 3) • Statutory per occurrence in excess of Layer 3 (Layer 4)

Self-Insurance Program for Workers' Compensation Claims

The City carries excess workers' compensation & employers' liability insurance coverage with the CSAC Excess Insurance Authority (CSAC EIA). The excess insurance coverage provides for a pooled retention level layer above the City's \$125,000 SIR up to \$875,000 (total \$1,000,000 Layer 1). The Layer 2 limit is \$4,000,000 for each occurrence above the Layer 1 limit. The Layer 3 limit is \$45,000,000 for each occurrence above the Layer 2 limit. The Layer 4 limit is Statutory for each occurrence above the Layer 3 limit.

The City has entered into contract with CorVel Corporation as third-party administrators who supervise the workers compensation program.

Claims Liability

GASB Statement No. 10 specifies that a liability of outstanding unallocated loss adjustment expenses (ULAE) needs to be established, which are primarily composed of future claims administration for open claims, typically at 5% to 10% of estimated outstanding losses. The total amount designated for the Claims Liability Loss Reserve Fund as of June 30, 2011 is \$130,945.

When it is probable that a claims liability has been incurred and the amount of the loss can be reasonably estimated through historical trends and calculation of incurred but not reported claims (IBNR), the City accrues the estimated liability to the extent of the City's self-insured limit in the government-wide statements for expected claims and judgments.

The following is a summary of the changes in the claims liability for the last two fiscal years:

	FY 2010/11	FY 2009/10
Claims payable, beginning	\$ 93,931	\$ 54,758
Payments/changes in estimate	25,175	39,173
Claims payable, ending	\$ 119,106	\$ 93,931

(8) Pension Plan

Plan Description

The City of Laguna Hills contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their executive office at 400 P. Street, Sacramento, California 95814.

Funding Policy

Participants are required to contribute 7% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate. The current rate is 11.271% of annual covered payroll. The contribution requirements of plan members and the City are established by contract and may be amended by PERS.

Annual Pension Cost

For 2010-2011, the City's annual pension cost of \$494,325 for PERS was equal to the City's required and actual contributions.

THREE YEAR TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	\$488,396	100%	\$0
6/30/2010	\$476,195	100%	\$0
6/30/2011	\$494,325	100%	\$0

For fiscal years 2003-2011, the City of Laguna Hills participated in risk pooling. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all rate plans with less than 100 active members. Mandated participation in risk pools was initially based on the active membership of each rate plan as of June 30, 2003. The implementation of risk pools was done in a way that minimizes the impact on employer contribution rates. The first year in the risk pools, the employer contribution rates are almost identical to what the rates would have been outside pools. Future rates will be based on the experience of each pool. Pooling will reduce the volatility of future employer rates. Mandated participation will occur on an annual basis. If on any valuation date, starting with the June 30, 2003 valuation, a rate plan has less than 100 active members, it will be mandated in one of the risk pools effective on that valuation date.

At the time of joining a risk pool, a side fund was created to account for the difference between the funded status of the pool and the funded status of the City's plan. The side fund, when in the negative, is equivalent to the agency's unfunded liability. The actuarial valuation of the City's adjusted unfunded liability is \$616,192 as of June 30, 2011.

(9) Deferred Compensation

The City offers its employees two kinds of deferred compensation plans.

One plan is created in accordance with Internal Revenue Code Section 457. This plan, available to all employees, permits them to defer annually up to 25% of their annual salary to a maximum of \$16,500 for calendar year 2010 and \$16,500 for calendar year 2011. This maximum deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Amounts accumulated by the City under the plan have been invested in several investment options administered by independent third-party administrators at the direction of the employee. The assets of the Plan are held in trust, with the City as trustee, for the exclusive benefit of the Plan participants and their beneficiaries, and the assets cannot be diverted to any other purpose. The Trustee's beneficial ownership of Plan assets held in the ICMA Retirement Trust is held for the further exclusive benefit of the Plan participants and their beneficiaries. The Plan permits loans, administered by the City, in accordance with approved loan guidelines.

The other Plan is created in accordance with Internal Revenue Code Section 401A. This Plan is available to all management staff regardless of years of service, and non-management employees who have reached a minimum of ten years of service with the City. The City is the sole contributor to this Plan, and sets the contribution amount to each class of eligible employees. The contribution limit is in accordance with the prevailing IRS regulation. The assets of this Plan, held for the exclusive benefits of the Plan's participants and their beneficiaries, are administered by the Public Agency Retirement System (PARS), and the trustee is Union Bank of California. Amounts accumulated under this Plan are self-directed by each participant.

(10) Fund Equity

GASB Statement No. 34 adds the concepts of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

Net Assets

Net Assets are divided into three captions under GASB Statement No. 34. These captions apply only to Net Assets as determined at the Government-wide level, and are described below:

Invested in Capital Assets, net of related debt describes the portion of Net Assets which is represented by the current net book value of the City's capital assets, less outstanding balance of any debt issued to finance these capital assets.

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter.

Unrestricted describes the portion of Net Assets which is not restricted as to use.

Restricted net assets are net assets that are subject to constraints either by (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulation of other governments or (2) imposed by law through constitutional provisions or enabling legislation. There were no net assets at June 30, 2011 that were restricted by enabling legislation.

Restricted net assets at June 30, 2011 for governmental activities are as follows:

Public Services	\$ 1,679,083
Community Services	59,264
Community Development	103,440
Debt Service	<u>1,811,562</u>
Total Restricted Net Assets-Governmental Activities	<u>\$ 3,653,349</u>

Fund Balances

Fund Balances of the governmental funds are reported separately within classifications based on a hierarchy of constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned, and unassigned fund balance.

The *nonspendable* fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted fund balances are those that have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations.

Committed fund balances are those constrained to specific purposes by a government itself, using its highest level of decision-making authority. The City does not have any committed fund balances at June 30, 2011.

Assigned fund balances include amounts that are constrained by the City's intent to be used for specific purposes.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, followed by the unrestricted, committed, assigned, and unassigned resources as they are needed.

Fund balances are presented in the following categories: spendable, restricted, assigned, and unassigned. A detailed schedule of fund balances at June 30, 2011 is as follows:

	General Fund	Debt Service Fund	Other Governmental Funds	Total
Nonspendable:				
Prepaid Items	\$ 38,952	\$ -	\$ -	\$ 38,952
Advances	266,350			266,350
Total	<u>305,302</u>	<u></u>	<u></u>	<u>305,302</u>
Restricted:				
Debt Service		1,811,562		1,811,562
Measure M Turn Back			365,709	365,709
Prop 1B			476,833	476,833
CARITS			804,331	804,331
Redevelopment Tax Increment			103,440	103,440
Beverage Recycling			45,153	45,153
C & D Forfeited Deposits			10,529	10,529
AB 939 Surcharge Grant			10,558	10,558

Grants & Contributions			25,234	25,234
Total		1,811,562	1,841,787	3,653,349
Assigned:				
Workers Comp	212,500			212,500
Claims Liability	130,945			130,945
Community Center Mtnc	300,000			300,000
Parks Maintenance	184,351			184,351
Sports Complex Mtnc	226,972			226,972
Civic Center Eqpt Mtnc	213,146			213,146
Slopes/Storm Drain Mtnc	50,250			50,250
Total	1,318,164			1,318,164
Unassigned	5,536,817		(273,326)	5,263,491
Total Fund Balances	\$ 7,160,283	\$ 1,811,562	\$ 1,568,461	\$ 10,540,306

(11) Joint Venture

Orange County Fire Authority

In January 1995, the City of Laguna Hills entered into a Joint Powers Agreement with the Cities of Buena Park, Cypress, Dana Point, Irvine, Laguna Niguel, Lake Forest, La Palma, Los Alamitos, Mission Viejo, Placentia, San Clemente, San Juan Capistrano, Seal Beach, Stanton, Tustin, Villa Park, and Yorba Linda and the County of Orange to create the Orange County Fire Authority. Since the creation of the Authority, the cities of Aliso Viejo, Laguna Woods, Rancho Santa Margarita and Westminster have joined the Authority as members eligible for protection services. The purpose of the Authority is to provide for mutual fire protection, prevention and suppression services and related and incidental services including, but not limited to, emergency medical and transport services, as well as providing facilities and personnel for such services. The effective date of formation was March 1, 1995. The Authority's governing board consists of one representative from each City and two from the County. The operations of the Authority are funded with structural fire fees collected by the County through the property tax roll for the unincorporated area and on behalf of all member Cities except for the Cities of Stanton, Tustin, San Clemente, Buena Park, Placentia, Seal Beach and Westminster. The County pays all structural fire fees it collects to the Authority. The Cities of Stanton, Tustin, San Clemente, Buena Park, Placentia and Seal Beach are considered "cash contract cities" and accordingly make cash contributions based on the Authority's annual budget. No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2011. Upon dissolution of the Authority, all surplus money and property of the Authority will be conveyed or distributed to each member in proportion to all funds provided to the Authority by that member or by the County on behalf of that member during its membership.

Summarized information of the Authority for the fiscal year ended June 30, 2011 is as follows.

Government-Wide

Total Assets	\$ 378,901,717
Total Liabilities	<u>(91,272,346)</u>
Total Net Assets	<u>\$ 287,629,371</u>

Total Revenues	\$ 247,002,109
Total Expenditures	<u>(261,415,891)</u>
Net Change in Net Assets	<u>\$ (14,413,782)</u>

Complete financial statements may be obtained from the Orange County Fire Authority (1 Fire Authority Road, Irvine, CA 92602).

(12) Related Party Transactions

The City's enterprise fund consists of owning a piece of commercial real estate and leasing it to various entities. The total square footage of the building is 51,946. The City is a tenant using approximately 20,843 square feet of the building. The enterprise fund does not charge the City rent. The estimated annual rent for the space would be approximately \$598,000.

CITY OF LAGUNA HILLS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. BUDGETS AND BUDGETARY ACCOUNTING

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and used as a management control device. The City Council approves the two-year budget submitted by the City Manager prior to the beginning of the new two-year budget cycle. The Council conducts public hearings prior to its adoption. All remaining appropriations in the Operating Budget will be carried over from the first year to the second year of the two-year budget period. The City Council has the legal authority to amend the budget at any time during the fiscal year. The City Manager has the authority to transfer budgeted amounts between funds and divisions as deemed necessary to meet the City's needs within the overall legal limit established by the City Council. The City maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. The level of budgetary control is total expenditures by fund. Formal budgetary integration is employed as a management control device during the fiscal year for the governmental type funds.

2. EXPENDITURES IN EXCESS OF APPROPRIATIONS

Expenditures exceeded appropriations in the following General Fund department:

	Appropriations	Expenditures	Variance Positive (Negative)
General Fund:			
Administrative services	\$1,560,092	\$1,575,903	\$ (15,811)
Public services	\$4,034,907	\$4,143,321	\$ (108,414)

CITY OF LAGUNA HILLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variances with
	Original	Final	Actual	Final Budget
				Positive (Negative)
Revenues:				
Taxes	\$ 11,534,177	\$ 11,534,177	\$ 10,353,376	\$ (1,180,801)
Licenses and permits	481,518	481,518	524,068	42,550
Intergovernmental revenues	6,498,750	6,498,750	5,483,221	(1,015,529)
Charges for current services	1,024,872	1,024,872	1,047,727	22,855
Fines and forfeitures	475,000	475,000	401,665	(73,335)
Investment income	84,000	84,000	16,514	(67,486)
Total Revenues	20,098,317	20,098,317	17,826,571	(2,271,746)
Expenditures:				
Legislative/executive	1,621,720	1,631,720	1,528,226	103,494
Administrative services	1,560,092	1,560,092	1,575,903	(15,811)
Public services	4,034,907	4,034,907	4,143,321	(108,414)
Community development	1,246,135	1,246,135	1,104,217	141,918
Community services	1,754,629	1,754,629	1,632,677	121,952
Public safety	6,939,462	6,939,462	6,375,440	564,022
Total Expenditures	17,156,945	17,166,945	16,359,784	807,161
Excess (Deficiency) of				
Revenues over Expenditures	2,941,372	2,931,372	1,466,787	(1,464,585)
Other Financing Sources (Uses):				
Lawsuit settlement			(105,365)	(105,365)
Transfers in	8,821,027	13,705,790	5,603,674	(8,102,116)
Transfers out	(11,188,000)	(16,398,198)	(7,227,037)	9,171,161
Total Other Financing				
Sources (Uses)	(2,366,973)	(2,692,408)	(1,728,728)	963,680
Net Change in Fund Balance	574,399	238,964	(261,941)	(500,905)
Fund Balance, Beginning	7,422,224	7,422,224	7,422,224	
Fund Balance, Ending	\$ 7,996,623	\$ 7,661,188	\$ 7,160,283	\$ (500,905)

See Notes to Required Supplementary Information

NON-MAJOR FUNDS

Gas Tax Fund - Used to account for revenues and expenditures for general street improvement maintenance related to the City's share of state gasoline taxes collected under Street and Highway Code, Sections 2105, 2106, 207 and 2107.5.

Measure M- Turn Back & Discretionary Fund - Used to account for revenues and expenditures made for street improvement and transportation system maintenance financed through the Orange County Transportation Authority.

AB 2766 Fund - Used to account for revenues and expenditures made for air quality improvement. AB 2766 was enacted to authorize air pollution control districts to impose fees on motor vehicles.

Proposition 42 Fund - Used to account for revenues and expenditures related to the State's portion of sales tax on gasoline, used for the purpose of transportation related projects, specifically, local street repairs and improvements.

Proposition 1B Fund - Used to account for revenues and expenditures related to Proposition 1B, a voter-approved transportation bond for transportation related projects that relieve traffic congestion and improve air quality.

Senior Mobility Program - Used to account for revenues and expenditures related to the OCTA Senior Mobility Program. Participating cities are eligible to receive funds from OCTA to help design and operate a transit program that best fits the needs of older adults in their communities.

FCPP - Used to account for revenues and expenditures related to the County of Orange Foothill Circulation Phasing Plan, used for the purpose of regional transportation improvements in southeastern Orange County.

CARITS Fund - Used to account for revenues and expenditures related to the cooperative agreement with the County of Orange for Coastal Area Road Improvement and Traffic Signals (CARITS) fee program.

Community Development Block Grant Fund - Used to account for revenues and expenditures to improve local and national objectives to provide decent and safe housing for low- and moderate-income families. This is grant funding obtained from the United States Department of Housing and Urban Development (HUD) for the purposes of rehabilitating "eligible" deteriorating housing in the City.

Redevelopment Tax Increment Fund - Used to account for revenues and expenditures related to the 20% set-aside redevelopment tax increment funds generated from properties within the Laguna Hills portion of the El Toro Redevelopment Project Area.

Beverage Recycling Fund - Used to account for revenues and expenditures related to grant funding received from the California State Department of Conservation for the purpose of implementing and supporting beverage container recycling programs within the City.

CR&R Recycling Fund - Used to account for contractual revenues received from the City's franchised hauler, CR&R, for the purposes of recycling consulting services and general recycling activity expenditures.

C & D Forfeited Deposits Fund - Used to account for Construction and Demolition Waste Recycling Program security deposits, which have been forfeited by the applicant, used for administration costs of the program, or on programs to divert the waste from construction, demolition and alteration projects from landfill disposal, or other recycling programs.

AB 939 Surcharge Grant Fund - Used to account for revenues and expenditures related to the County of Orange Regional Recycling and Waste Diversion Grant Program for the purpose of implementing and supporting regional recycling and waste diversion within the City.

Housing Set Aside - Used to account for property tax increment specifically levied for low and moderate income housing. State law requires that at least 20% of tax increment monies received be dedicated for the sole purpose of the development and preservation of affordable housing in the community.

Grants & Contribution Fund - Used to account revenues and expenditures made for specific projects including landscape improvements and certain capital expenditures. Land developers and builders, as well as other public agencies provide financing.

Public Art Fund - Used to account for revenues and expenditures related to the City's Public Art program designed to enhance the cultural and aesthetic environment and to encourage creativity, education and appreciation of the arts.

Public Safety Fund - Used to account for revenues received and expenditures made for front line police services. Financing is provided by federal and state funds.

CITY OF LAGUNA HILLS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2011

Special Revenue								
		Measure M				Senior		
	Gas Tax	Turn Back &	AB 2766	Prop 42	Prop 1B	Mobility	FCPP	CARITS
Assets		Discretionary				Program		
Due from other funds	\$ -	\$ 365,709	\$ -	\$ -	\$ 476,833	\$ 21,836	\$ -	\$ 804,331
Due from other governments								
Total Assets	<u>\$ -</u>	<u>\$ 365,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 476,833</u>	<u>\$ 21,836</u>	<u>\$ -</u>	<u>\$ 804,331</u>
Liabilities and Fund Balances								
Liabilities:								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments						21,836		
Deferred revenue								
Advances from other funds								
Total Liabilities						21,836		
Fund Balances:								
Restricted		365,709			476,833			804,331
Assigned								
Unassigned								
Total Fund Balance		365,709			476,833			804,331
Total Liabilities and Fund Balance	<u>\$ -</u>	<u>\$ 365,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 476,833</u>	<u>\$ 21,836</u>	<u>\$ -</u>	<u>\$ 804,331</u>

	Redevelopment		CR&R	C & D	AB 939					Total
CDBG	Tax	Beverage	Recycling	Forfeited	Surcharge	Housing	Grants and	Public	Public	Nonmajor
	Increment	Recycling	Fee	Deposits	Grant	Set Aside	Contributions	Art	Safety	Governmental
										Funds
\$ -	\$ 103,440	\$ 45,153	\$ -	\$ 10,529	\$ 10,558	\$ 18,740	\$ 25,234	\$ -	\$ -	\$ 1,863,623
										18,740
\$ -	\$ 103,440	\$ 45,153	\$ -	\$ 10,529	\$ 10,558	\$ 18,740	\$ 25,234	\$ -	\$ -	\$ 1,882,363
\$ -	\$ -	\$ -	\$ 6,976	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,976
						18,740				21,836
								266,350		18,740
										266,350
			6,976			18,740		266,350		313,902
	103,440	45,153		10,529	10,558		25,234			1,841,787
			(6,976)					(266,350)		(273,326)
	103,440	45,153	(6,976)	10,529	10,558		25,234	(266,350)		1,568,461
\$ -	\$ 103,440	\$ 45,153	\$ -	\$ 10,529	\$ 10,558	\$ 18,740	\$ 25,234	\$ -	\$ -	\$ 1,882,363

CITY OF LAGUNA HILLS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Special Revenue							
	Gas Tax	Measure M Turn Back & Discretionary	AB 2766	Prop 42	Prop 1B	Senior Mobility Program	FCPP	CARITS
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits								
Intergovernmental	844,366	1,828,462	36,831	78,003		12,390	1,275,000	
Investment income	1,054	1,792	31	1,160	2,030		1,883	2,967
Total Revenues	845,420	1,830,254	36,862	79,163	2,030	12,390	1,276,883	2,967
Expenditures:								
Current:								
Administrative services								
Public services								
Community development								
Community services						13,711		
Public safety								
Capital outlay						1,776		
Total Expenditures						15,487		
Excess (Deficiency) of Revenues over Expenditures	845,420	1,830,254	36,862	79,163	2,030	(3,097)	1,276,883	2,967
Other Financing Sources (Uses):								
Transfers in						3,097		
Transfers out	(1,409,197)	(1,464,545)	(92,011)	(453,986)	(157,215)		(1,276,883)	(54,055)
Total Other Financing Sources (Uses)	(1,409,197)	(1,464,545)	(92,011)	(453,986)	(157,215)	3,097	(1,276,883)	(54,055)
Net Change in Fund Balances	(563,777)	365,709	(55,149)	(374,823)	(155,185)			(51,088)
Fund Balances (Deficit), Beginning	563,777		55,149	374,823	632,018			855,419
Fund Balances (Deficit), Ending	\$ -	\$ 365,709	\$ -	\$ -	\$ 476,833	\$ -	\$ -	\$ 804,331

										Total
	Redevelopment		CR&R	C & D	AB 939					Nonmajor
	Tax	Beverage	Recycling	Forfeited	Surcharge	Housing	Grants &	Public	Public	Governmental
CDBG	Increment	Recycling	Fee	Deposits	Grant	Set Aside	Contribution	Art	Safety	Funds
\$ -	\$ 76,720	\$ -	\$ 20,000	\$ -	\$ -	\$ 63,585	\$ -	\$ -	\$ -	\$ 160,305
				26,087						26,087
251,221		9,071					104,704		100,016	4,540,064
	245	138	5	25	43		265			11,638
251,221	76,965	9,209	20,005	26,112	43	63,585	104,969		100,016	4,738,094
				15,583						15,583
		3,136	26,054		2,996		15,335			47,521
251,221	49,186									300,407
									100,016	13,711
							38,612			100,016
-										40,388
251,221	49,186	3,136	26,054	15,583	2,996		53,947		100,016	517,626
	27,779	6,073	(6,049)	10,529	(2,953)	63,585	51,022			4,220,468
	63,585									66,682
						(63,585)	(144,704)	(13,700)		(5,129,881)
	63,585					(63,585)	(144,704)	(13,700)		(5,063,199)
	91,364	6,073	(6,049)	10,529	(2,953)		(93,682)	(13,700)		(842,731)
	12,076	39,080	(927)		13,511		118,916	(252,650)		2,411,192
\$ -	\$ 103,440	\$ 45,153	\$ (6,976)	\$ 10,529	\$ 10,558	\$ -	\$ 25,234	\$ (266,350)	\$ -	\$ 1,568,461

CITY OF LAGUNA HILLS
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual	
Revenues:				
Investment income	\$ -	\$ -	\$ -	\$ -
Total Revenues				
Expenditures:				
Capital Outlay	8,896,000	13,609,559	4,972,864	8,636,695
Total Expenditures	8,896,000	13,609,559	4,972,864	8,636,695
Excess (Deficiency) of Revenues over Expenditures	(8,896,000)	(13,609,559)	(4,972,864)	8,636,695
Other Financing Sources (Uses):				
Transfers in	8,896,000	13,609,559	4,972,864	(8,636,695)
Total Other Financing Sources (Uses)	8,896,000	13,609,559	4,972,864	(8,636,695)
Net change in Fund Balances				
Fund Balance, Beginning				
Fund Balance, Ending	\$ -	\$ -	\$ -	\$ -

CITY OF LAGUNA HILLS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with Final Budget- Positive(Negative)
	Original	Final	Actual	
Revenues:				
Investment income	\$ -	\$ -	\$ 8,754	\$ 8,754
Total Revenues			8,754	8,754
Expenditures:				
Debt Service:				
Interest	802,000	802,000	712,976	89,024
Principal	1,090,000	1,090,000	1,090,000	
Total Expenditures	1,892,000	1,892,000	1,802,976	89,024
Excess (Deficiency) of Revenues over Expenditures	(1,892,000)	(1,892,000)	(1,794,222)	97,778
Other Financing Sources (Uses):				
Transfers in	1,892,000	1,892,000	1,788,698	(103,302)
Total Other Financing Sources (Uses)	1,892,000	1,892,000	1,788,698	(103,302)
Net Change in Fund Balances			(5,524)	(5,524)
Fund Balance, Beginning	1,817,086	1,817,086	1,817,086	
Fund Balance, Ending	\$ 1,817,086	\$ 1,817,086	\$ 1,811,562	\$ (5,524)

CITY OF LAGUNA HILLS
GAS TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 630,360	\$ 630,360	\$ 844,366	\$ 214,006
Investment income	<u>5,600</u>	<u>5,600</u>	<u>1,054</u>	<u>(4,546)</u>
Total Revenues	<u>635,960</u>	<u>635,960</u>	<u>845,420</u>	<u>209,460</u>
Other Financing Sources (Uses):				
Transfers out	<u>(1,199,737)</u>	<u>(1,199,737)</u>	<u>(1,409,197)</u>	<u>(209,460)</u>
Total Other Financing Sources (Uses)	<u>(1,199,737)</u>	<u>(1,199,737)</u>	<u>(1,409,197)</u>	<u>(209,460)</u>
Net Change in Fund Balance	(563,777)	(563,777)	(563,777)	
Fund Balance, Beginning	<u>563,777</u>	<u>563,777</u>	<u>563,777</u>	
Fund Balance, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF LAGUNA HILLS
MEASURE M - TURN BACK AND DISCRETIONARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental	\$ 3,179,686	\$ 3,307,067	\$ 1,828,462	\$ (1,478,605)
Investment income	8,400	8,400	1,792	(6,608)
Total Revenues	<u>3,188,086</u>	<u>3,315,467</u>	<u>1,830,254</u>	<u>(1,485,213)</u>
Other Financing Sources (Uses):				
Transfers out	<u>(3,188,086)</u>	<u>(3,315,467)</u>	<u>(1,464,545)</u>	<u>1,850,922</u>
Total Other Financing Sources (Uses)	<u>(3,188,086)</u>	<u>(3,315,467)</u>	<u>(1,464,545)</u>	<u>1,850,922</u>
Net Change in Fund Balance			365,709	365,709
Fund Balance, Beginning	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 365,709</u>	<u>\$ 365,709</u>

CITY OF LAGUNA HILLS
AB2766 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental	\$ 38,000	\$ 38,000	\$ 36,831	\$ (1,169)
Investment income	560	560	31	(529)
Total Revenues	38,560	38,560	36,862	(1,698)
Other Financing Sources (Uses):				
Transfers out	(93,709)	(93,709)	(92,011)	1,698
Total Other Financing Sources (Uses)	(93,709)	(93,709)	(92,011)	1,698
Net Change in Fund Balance	(55,149)	(55,149)	(55,149)	
Fund Balance, Beginning	55,149	55,149	55,149	
Fund Balance, Ending	\$ -	\$ -	\$ -	\$ -

CITY OF LAGUNA HILLS
PROPOSITION 42 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 346,392	\$ 451,392	\$ 78,003	\$ (373,389)
Investment income	<u>5,600</u>	<u>5,600</u>	<u>1,160</u>	<u>(4,440)</u>
Total Revenues	<u>351,992</u>	<u>456,992</u>	<u>79,163</u>	<u>(377,829)</u>
Other Financing Sources (Uses):				
Transfers out	<u>(726,815)</u>	<u>(831,815)</u>	<u>(453,986)</u>	<u>377,829</u>
Total Other Financing Sources (Uses)	<u>(726,815)</u>	<u>(831,815)</u>	<u>(453,986)</u>	<u>377,829</u>
Net Change in Fund Balance	(374,823)	(374,823)	(374,823)	
Fund Balance, Beginning	<u>374,823</u>	<u>374,823</u>	<u>374,823</u>	
Fund Balance, Ending	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

CITY OF LAGUNA HILLS
PROPOSITION 1B SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Positive (Negative)
Revenues:				
Investment income	\$ 8,400	\$ 8,400	\$ 2,030	\$ (6,370)
Total Revenues	8,400	8,400	2,030	(6,370)
Other Financing Sources (Uses):				
Transfers out	(640,418)	(640,418)	(157,215)	483,203
Total Other Financing Sources (Uses)	(640,418)	(640,418)	(157,215)	483,203
Net Change in Fund Balance	(632,018)	(632,018)	(155,185)	476,833
Fund Balance, Beginning	632,018	632,018	632,018	
Fund Balance, Ending	\$ -	\$ -	\$ 476,833	\$ 476,833

CITY OF LAGUNA HILLS
FCPP SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental	\$ 1,275,000	\$ 1,275,000	\$ 1,275,000	\$
Investment income	8,400	8,400	1,883	(6,517)
Total Revenues	1,283,400	1,283,400	1,276,883	(6,517)
Other Financing Sources (Uses):				
Transfers out	(1,283,400)	(1,283,400)	(1,276,883)	6,517
Total Other Financing Sources (Uses)	(1,283,400)	(1,283,400)	(1,276,883)	6,517
Net Change in Fund Balance				
Fund Balance, Beginning				
Fund Balance, Ending	\$ -	\$ -	\$ -	\$ -

CITY OF LAGUNA HILLS
CARITS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Positive (Negative)
Revenues:				
Investment income	\$ 14,000	\$ 14,000	\$ 2,967	\$ (11,033)
Total Revenues	14,000	14,000	2,967	(11,033)
Other Financing Sources (Uses):				
Transfers out	(110,000)	(110,000)	(54,055)	55,945
Total Other Financing Sources (Uses)	(110,000)	(110,000)	(54,055)	55,945
Net Change in Fund Balance	(96,000)	(96,000)	(51,088)	44,912
Fund Balance, Beginning	855,419	855,419	855,419	
Fund Balance, Ending	\$ 759,419	\$ 759,419	\$ 804,331	\$ 44,912

CITY OF LAGUNA HILLS
CDBG SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental	\$ 373,725	\$ 373,725	\$ 251,221	\$ 122,504
Total Revenues	373,725	373,725	251,221	122,504
Expenditures:				
Current:				
Community development	373,725	373,725	251,221	122,504
Net Change in Fund Balance				
Fund Balance, Beginning				
Fund Balance, Ending	\$ -	\$ -	\$ -	\$ -

CITY OF LAGUNA HILLS
REDEVELOPMENT TAX INCREMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Positive (Negative)
Revenues:				
Taxes	\$ 33,660	\$ 33,660	\$ 76,720	\$ 43,060
Investment income	1,680	1,680	245	(1,435)
Total Revenues	35,340	35,340	76,965	41,625
Expenditures:				
Current:				
Community development			49,186	(49,186)
Excess of Revenues over Expenditures	35,340	35,340	27,779	(7,561)
Other Financing Sources (Uses):				
Transfers in			63,585	(63,585)
Total Other Financing Sources (Uses)			63,585	(63,585)
Net Change in Fund Balance	35,340	35,340	91,364	56,024
Fund Balance, Beginning	12,076	12,076	12,076	
Fund Balance, Ending	\$ 47,416	\$ 47,416	\$ 103,440	\$ 56,024

CITY OF LAGUNA HILLS
BEVERAGE RECYCLING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental	\$ 8,000	\$ 8,000	\$ 9,071	\$ 1,071
Investment income	560	560	138	(422)
Total Revenues	8,560	8,560	9,209	649
Expenditures:				
Current:				
Public Services	8,000	8,000	3,136	4,864
Net Change in Fund Balance	560	560	6,073	5,513
Fund Balance, Beginning	39,080	39,080	39,080	
Fund Balance, Ending	\$ 39,640	\$ 39,640	\$ 45,153	\$ 5,513

CITY OF LAGUNA HILLS
CR&R RECYCLING FEES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Positive (Negative)
Revenues:				
Taxes	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Investment income	560	560	5	(555)
Total Revenues	20,560	20,560	20,005	(555)
Expenditures:				
Current:				
Public Services	20,000	20,000	26,054	(6,054)
Net Change in Fund Balance	560	560	(6,049)	(6,609)
Fund Balance (Deficit), Beginning	(927)	(927)	(927)	
Fund Balance (Deficit), Ending	<u><u>\$ (367)</u></u>	<u><u>\$ (367)</u></u>	<u><u>\$ (6,976)</u></u>	<u><u>\$ (6,609)</u></u>

CITY OF LAGUNA HILLS
C & D FORFEITED DEPOSITS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Positive (Negative)
Revenues:				
Licenses and permits	\$ -	\$ -	\$ 26,087	\$ 26,087
Investment income	560	560	25	(535)
Total Revenues	560	560	26,112	25,552
Expenditures:				
Current:				
Public Services			15,583	(15,583)
Net Change in Fund Balance	560	560	10,529	9,969
Fund Balance, Beginning				
Fund Balance, Ending	\$ 560	\$ 560	\$ 10,529	\$ 9,969

CITY OF LAGUNA HILLS
AB 939 SURCHARGE GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Positive (Negative)
Revenues:				
Investment income	\$ 560	\$ 560	\$ 43	\$ (517)
Total Revenues	560	560	43	(517)
Expenditures:				
Current:				
Public Services			2,996	(2,996)
Net Change in Fund Balance	560	560	(2,953)	(3,513)
Fund Balance, Beginning	13,511	13,511	13,511	
Fund Balance, Ending	\$ 14,071	\$ 14,071	\$ 10,558	\$ (3,513)

CITY OF LAGUNA HILLS
GRANTS AND CONTRIBUTIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 1,700,000	\$ 5,315,000	\$ 104,704	\$ (5,210,296)
Investment income	1,120	1,120	265	(855)
Total Revenues	1,701,120	5,316,120	104,969	(5,211,151)
Expenditures:				
Current:				
Public Services			15,335	(15,335)
Capital Outlay			38,612	(38,612)
Total Expenditures			53,947	(53,947)
Other Financing Sources (Uses):				
Transfers out	(1,741,120)	(5,356,120)	(144,704)	5,211,416
Total Other Financing Sources (Uses)	(1,741,120)	(5,356,120)	(144,704)	5,211,416
Net Change in Fund Balance	(40,000)	(40,000)	(93,682)	(53,682)
Fund Balance, Beginning	118,916	118,916	118,916	
Fund Balance, Ending	\$ 78,916	\$ 78,916	\$ 25,234	\$ (53,682)

CITY OF LAGUNA HILLS
PUBLIC ART FUND SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Total Revenues				
Other Financing Sources (Uses):				
Transfers out			(13,700)	(13,700)
Total Other Financing Sources (Uses)			(13,700)	(13,700)
Net Change in Fund Balance			(13,700)	(13,700)
Fund Balance (deficit), Beginning	(252,650)	(252,650)	(252,650)	
Fund Balance (deficit), Ending	<u>\$ (252,650)</u>	<u>\$ (252,650)</u>	<u>\$ (266,350)</u>	<u>\$ (13,700)</u>

CITY OF LAGUNA HILLS
PUBLIC SAFETY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive(Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 125,000	\$ 125,000	\$ 100,016	\$ (24,984)
Total Revenues	125,000	125,000	100,016	(24,984)
Expenditures:				
Current:				
Public safety	125,000	125,000	100,016	24,984
Total Expenditures	125,000	125,000	100,016	24,984
Net Change in Fund Balance				
Fund Balance, Beginning				
Fund Balance, Ending	\$ -	\$ -	\$ -	\$ -

CITY OF LAGUNA HILLS
AGENCY FUND
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Assets				
Cash and investments	\$ <u>268,824</u>	\$ <u>-</u>	\$ <u>16,185</u>	\$ <u>285,009</u>
Total assets	\$ <u><u>268,824</u></u>	\$ <u><u>-</u></u>	\$ <u><u>16,185</u></u>	\$ <u><u>285,009</u></u>
Liabilities				
Deposits	\$ <u>268,824</u>	\$ <u>-</u>	\$ <u>16,185</u>	\$ <u>285,009</u>
Total liabilities	\$ <u><u>268,824</u></u>	\$ <u><u>-</u></u>	\$ <u><u>16,185</u></u>	\$ <u><u>285,009</u></u>



STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Laguna Hills' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City of Laguna Hills' overall financial health.

Contents	Page
Financial Trends	III-3
<i>Financial trend schedules contain trend information to help the reader understand how the City of Laguna Hills' financial performance and well-being have changed over time.</i>	
Revenue Capacity	III-10
<i>Revenue capacity schedules contain information to help the reader assess the City of Laguna Hills' most significant local revenue source, the property tax.</i>	
Debt Capacity	III-14
<i>Debt capacity schedules present information to help the reader assess the affordability of the City of Laguna Hills' current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	III-19
<i>Demographic and economic information schedules offer demographic and economic indicators to help the reader understand the environment within which the City of Laguna Hills' financial activities take place.</i>	
Operating Information	III-21
<i>Operating information schedules contain service and infrastructure data to help the reader understand how the information in the City of Laguna Hills' financial report relates to the services the government provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

This page intentionally left blank.

CITY OF LAGUNA HILLS

NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004 ^(a)	2005	2006	2007	2008	2009	2010	2011
Governmental activities										
Invested in capital assets, net of related debt	\$ 18,321,732	\$ 17,736,446	\$ 42,960,776	\$ 44,165,410	\$ 46,474,237	\$ 50,728,980	\$ 52,338,159	\$ 56,606,677	\$ 76,364,755	\$ 78,797,985
Restricted	1,020,083	2,043,428	2,531,175	3,246,346	3,839,611	3,023,222	4,701,017	3,356,723	3,935,701	3,653,349
Unrestricted	10,879,032	10,633,566	10,050,219	9,308,718	9,377,131	10,606,335	10,230,570	7,858,499	7,501,713	6,504,972
Total government activities net assets	<u>\$ 30,220,847</u>	<u>\$ 30,413,440</u>	<u>\$ 55,542,170</u>	<u>\$ 56,720,474</u>	<u>\$ 59,690,979</u>	<u>\$ 64,358,537</u>	<u>\$ 67,269,746</u>	<u>\$ 67,821,899</u>	<u>\$ 87,802,169</u>	<u>\$ 88,956,306</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 6,133,119	\$ 6,023,608	\$ 12,744,792	\$ 14,413,461	\$ 14,163,874	\$ 13,796,813	\$ 13,292,252	\$ 12,720,481	\$ 12,206,656	\$ 11,542,563
Restricted										
Unrestricted	113,063	207,205	298,992	169,956	540,017	359,254	195,703	134,998	150,668	85,344
Total business-type activities net assets	<u>\$ 6,246,182</u>	<u>\$ 6,230,813</u>	<u>\$ 13,043,784</u>	<u>\$ 14,583,417</u>	<u>\$ 14,703,891</u>	<u>\$ 14,156,067</u>	<u>\$ 13,487,955</u>	<u>\$ 12,855,479</u>	<u>\$ 12,357,324</u>	<u>\$ 11,627,907</u>
Primary government										
Invested in capital assets, net of related debt	\$ 24,454,851	\$ 23,760,054	\$ 55,705,568	\$ 58,578,871	\$ 60,638,111	\$ 64,525,793	\$ 65,630,411	\$ 69,327,158	\$ 88,571,411	\$ 90,340,548
Restricted	1,020,083	2,043,428	2,531,175	3,246,346	3,839,611	3,023,222	4,701,017	3,356,723	3,935,701	3,653,349
Unrestricted	10,992,095	10,840,771	10,349,211	9,478,674	9,917,148	10,965,589	10,426,273	7,993,497	7,652,381	6,590,316
Total primary government net assets	<u>\$ 36,467,029</u>	<u>\$ 36,644,253</u>	<u>\$ 68,585,954</u>	<u>\$ 71,303,891</u>	<u>\$ 74,394,870</u>	<u>\$ 78,514,604</u>	<u>\$ 80,757,701</u>	<u>\$ 80,677,378</u>	<u>\$ 100,159,493</u>	<u>\$ 100,584,213</u>

^(a) As of June 30, 2004, the City completed its inventory of infrastructure assets, which include streets and sidewalks, curbs, gutters, playground equipment and similar assets, which are considered public property. Thus, in accordance with the requirement of GASB, the value of these infrastructure assets were included in the June 30, 2004 report.

^(b) Data presented is from fiscal year ended June 30, 2002, when GASB 34 was implemented.

CITY OF LAGUNA HILLS

CHANGE IN NET ASSETS

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental activities:										
Legislative/executive	\$ 1,597,963	\$ 1,669,415	\$ 1,246,684	\$ 1,299,424	\$ 1,389,720	\$ 1,441,763	\$ 1,534,942	\$ 1,542,082	\$ 1,592,070	\$ 1,537,287
Administrative services	1,329,893	2,457,364	1,795,147	2,593,403	2,357,409	1,928,022	1,785,896	1,719,314	1,724,356	1,771,910
Public services	12,258,663	7,174,054	6,970,973	6,650,188	7,360,168	9,507,357	6,814,629	8,318,347	7,389,564	5,781,123
Community development	625,240	733,724	785,278	1,060,418	1,247,350	1,541,295	1,775,552	1,523,476	1,595,670	1,404,624
Community services	858,783	1,751,118	1,892,812	3,225,589	1,554,514	1,651,779	1,771,671	1,776,257	1,769,589	3,702,911
Public safety	4,262,592	4,999,520	5,109,994	5,288,663	5,598,571	5,893,769	6,503,096	6,422,802	6,597,894	6,487,711
Interest expense	1,312,113	1,086,092	1,044,572	1,002,505	973,024	942,801	910,500	875,447	636,441	663,944
Total governmental activities expenses	22,245,247	19,871,287	18,845,460	21,120,190	20,480,756	22,906,786	21,096,286	22,177,725	21,305,584	21,349,510
Business-type activities:										
Property leasing	213,871	618,621	427,492	1,035,344	1,087,912	1,139,550	1,162,891	1,117,002	1,125,330	1,190,752
Total business-type activities expenses	213,871	618,621	427,492	1,035,344	1,087,912	1,139,550	1,162,891	1,117,002	1,125,330	1,190,752
Total primary government expenses	\$ 22,459,118	\$ 20,489,908	\$ 19,272,952	\$ 22,155,534	\$ 21,568,668	\$ 24,046,336	\$ 22,259,177	\$ 23,294,727	\$ 22,430,914	\$ 22,540,262
Program Revenues										
Government activities:										
Charges for Services:										
Legislative/executive	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,236
Administrative services										96,726
Public services		82,679	56,665	48,696	38,683	59,584	58,539	98,818	86,176	155,373
Community development	484,875	664,189	924,056	552,029	535,973	672,168	616,819	544,227	514,162	653,918
Community services	229,080	390,960	468,773	511,766	540,369	562,584	683,911	687,987	703,099	701,040
Public safety	307,458	379,792	381,119	405,000	533,977	475,214	485,376	435,452	542,732	401,665
Operating Contributions	2,013,036	3,369,544	2,795,098	2,583,927	4,774,223	6,826,309	3,486,884	4,217,578	3,059,335	4,738,096
Capital Contributions	345,064	11,320	55,545	19,665	40,771	57,282	24,674			
Total governmental activities program revenues	3,379,513	4,898,484	4,681,256	4,121,083	6,463,996	8,653,141	5,356,203	5,984,062	4,905,504	6,749,054
Business-type activities:										
Charges for Services:										
Property Leasing	345,339	473,102	455,298	406,721	588,842	688,215	790,817	591,665	649,270	535,455
Operating grants and contributions										
Capital grants and contributions				2,134,938						
Total business-type activities program revenues	345,339	473,102	455,298	2,541,659	588,842	688,215	790,817	591,665	649,270	535,455
Total primary government program revenues	\$ 3,724,852	\$ 5,371,586	\$ 5,136,554	\$ 6,662,742	\$ 7,052,838	\$ 9,341,356	\$ 6,147,020	\$ 6,575,727	\$ 5,554,774	\$ 7,284,509

(Continued)

	Fiscal Year									
--	-------------	--	--	--	--	--	--	--	--	--

(Continued)										
Net (expense)/revenue	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities	\$ (18,865,734)	\$ (14,972,803)	\$ (14,164,204)	\$ (16,999,107)	\$ (14,016,760)	\$ (14,253,645)	\$ (15,740,083)	\$ (16,193,663)	\$ (16,400,080)	\$ (14,600,456)
Business- type activities	131,468	(145,519)	27,806	1,506,315	(499,070)	(451,335)	(372,074)	(525,337)	(476,060)	(655,297)
	<u>\$ (18,734,266)</u>	<u>\$ (15,118,322)</u>	<u>\$ (14,136,398)</u>	<u>\$ (15,492,792)</u>	<u>\$ (14,515,830)</u>	<u>\$ (14,704,980)</u>	<u>\$ (16,112,157)</u>	<u>\$ (16,719,000)</u>	<u>\$ (16,876,140)</u>	<u>\$ (15,255,753)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 4,323,019	\$ 4,532,842	\$ 4,836,439	\$ 4,892,577	\$ 5,219,940	\$ 6,000,932	\$ 6,310,302	\$ 8,624,076	\$ 8,573,008	\$ 8,186,735
Sales and use taxes	6,400,705	6,799,566	6,746,046	7,964,948	6,868,829	6,811,004	6,368,887	5,522,204	5,197,367	5,238,949
Motor vehicle in lieu taxes	2,094,888	1,951,508	1,546,339	2,724,783	2,591,236	2,575,919	2,690,646	114,895	99,167	154,787
Other State subvention	50,988	24,944	1,108	1,919	95,072	25,026				
Franchise taxes	853,807	851,198	888,821	920,778	1,006,109	1,218,116	1,202,702	1,237,335	1,217,595	1,199,882
Transient occupancy taxes	840,759	830,935	967,378	980,585	1,156,409	1,227,989	1,219,609	915,807	752,478	869,505
Investment earnings	363,099	201,246	120,274	134,912	210,046	325,266	469,876	119,006	29,205	25,267
Miscellaneous revenue	10,732	147,002	56,056	111,761	404,382	620,465	44,312	62,493	21,389	4,468
Lawsuit settlement	1,419,367		1,349,451							
Transfers		(130,000)		(30,000)	(599,379)	100,000	300,000	150,000	24,790	75,000
Total governmental activities	<u>16,357,364</u>	<u>15,209,241</u>	<u>16,511,912</u>	<u>17,702,263</u>	<u>16,952,644</u>	<u>18,904,717</u>	<u>18,606,334</u>	<u>16,745,816</u>	<u>15,914,999</u>	<u>15,754,593</u>
Business-type activities:										
Investment earnings	26	150	2,016	3,318	30	3,511	3,962	2,877	2,695	880
Transfers		130,000		30,000	599,379	(100,000)	(300,000)	(150,000)	(24,790)	(75,000)
Total business-type activities	<u>26</u>	<u>130,150</u>	<u>2,016</u>	<u>33,318</u>	<u>599,409</u>	<u>(96,489)</u>	<u>(296,038)</u>	<u>(147,123)</u>	<u>(22,095)</u>	<u>(74,120)</u>
Total primary government	<u>\$ 16,357,390</u>	<u>\$ 15,339,391</u>	<u>\$ 16,513,928</u>	<u>\$ 17,735,581</u>	<u>\$ 17,552,053</u>	<u>\$ 18,808,228</u>	<u>\$ 18,310,296</u>	<u>\$ 16,598,693</u>	<u>\$ 15,892,904</u>	<u>\$ 15,680,473</u>
Change in Net Assets										
Governmental activities	(2,508,370)	236,438	2,347,708	703,156	2,935,884	4,651,072	2,866,251	552,153	(485,081)	1,154,137
Business-type activities	131,494	(15,369)	29,822	1,539,633	100,339	(547,824)	(668,112)	(672,460)	(498,155)	(729,417)
Total primary government	<u>\$ (2,376,876)</u>	<u>\$ 221,069</u>	<u>\$ 2,377,530</u>	<u>\$ 2,242,789</u>	<u>\$ 3,036,223</u>	<u>\$ 4,103,248</u>	<u>\$ 2,198,139</u>	<u>\$ (120,307)</u>	<u>\$ (983,236)</u>	<u>\$ 424,720</u>

2012/13/2011 ITEM NO. 4.8
Data presented is from fiscal year ended June 30, 2002, when GASB 34 was implemented.

CITY OF LAGUNA HILLS
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Fiscal Year	Property Tax	Sales & Use Tax	Motor Vehicle in Lieu Tax	Other State Subvention	Franchise Tax	Transient Occupancy Tax	Total
2002	\$ 4,323,019	\$ 6,400,705	\$ 2,094,888	\$ 50,988	\$ 853,807	\$ 840,759	\$ 14,564,166
2003	4,532,842	6,799,566	1,951,508	24,944	851,198	830,935	14,990,993
2004	4,836,439	6,746,046	1,546,339	1,108	888,821	967,378	14,986,131
2005	4,892,577	7,964,948	2,724,783	1,919	920,778	980,585	17,485,590
2006	5,219,940	6,868,829	2,591,236	95,072	1,006,109	1,156,409	16,937,595
2007	6,000,932	6,811,004	2,575,919	25,026	1,218,116	1,227,989	17,858,986
2008	6,310,302	6,368,887	2,690,646		1,202,702	1,219,609	17,792,146
2009	8,624,076	5,522,204	114,895		1,237,335	915,807	16,414,317
2010	8,573,008	5,197,367	99,167		1,217,595	752,478	15,839,615
2011	8,186,735	5,238,949	154,787		1,199,882	869,505	15,649,858

^(a) Data presented is from fiscal year ended June 30, 2002, when GASB 34 was implemented.

CITY OF LAGUNA HILLS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund										
Reserved	\$ 126,619	\$ 187,690	\$ 127,613	\$ 52,957	\$ 40,016	\$ 30,745	\$ 186,524	\$ 44,610	\$ 15,624	\$
Unreserved	10,929,290	10,710,922	10,556,528	9,252,463	10,074,573	11,019,918	10,313,093	8,582,945	8,611,931	
Nonspendable										305,302
Restricted										
Committed										
Assigned										1,318,164
Unassigned										5,536,817
Total general fund	<u>\$ 11,055,909</u>	<u>\$ 10,898,612</u>	<u>\$ 10,684,141</u>	<u>\$ 9,305,420</u>	<u>\$ 10,114,589</u>	<u>\$ 11,050,663</u>	<u>\$ 10,499,617</u>	<u>\$ 8,627,555</u>	<u>\$ 7,422,224</u>	<u>\$ 7,160,283</u>
All other governmental funds										
Reserved	\$ 814,145	\$ 4,584,721	\$ 614,510	\$ 628,258	\$ 652,694	\$ 419,790	\$ 421,484	\$ 415,078	\$ 1,817,086	\$
Unreserved, reported in:										
Special revenue funds	1,020,083	1,627,814	1,918,250	2,129,536	2,751,414	2,603,432	4,202,374	2,427,534	2,411,192	
Debt service funds		415,163	416,135	421,470	435,502					
Nonspendable										
Restricted										3,653,349
Committed										
Assigned										
Unassigned										(273,326)
Total all other governmental funds	<u>\$ 1,834,228</u>	<u>\$ 6,627,698</u>	<u>\$ 2,948,895</u>	<u>\$ 3,179,264</u>	<u>\$ 3,839,610</u>	<u>\$ 3,023,222</u>	<u>\$ 4,623,858</u>	<u>\$ 2,842,612</u>	<u>\$ 4,228,278</u>	<u>\$ 3,380,023</u>

CITY OF LAGUNA HILLS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:										
Taxes	\$ 6,017,586	\$ 6,214,974	\$ 6,803,566	\$ 7,312,670	\$ 7,412,442	\$ 8,598,829	\$ 8,843,272	\$ 10,858,989	\$ 10,553,196	\$ 10,513,681
Licenses and permits	236,278	319,494	854,948	530,839	505,608	599,423	579,915	521,724	423,012	550,155
Intergovernmental	11,444,907	12,105,317	10,515,416	12,348,515	14,796,110	16,153,141	12,364,967	9,727,124	7,975,877	10,023,285
Charges for current services	1,907,776	1,021,335	1,111,839	743,414	828,054	815,148	951,289	909,504	946,119	1,047,727
Fines and forfeitures	307,458	323,792	333,119	357,000	485,977	426,060	437,376	435,452	542,732	401,665
Miscellaneous					25,914					
Investment income	768,697	252,812	224,829	222,313	363,044	552,887	494,550	223,846	45,732	36,906
Total revenues	<u>20,682,702</u>	<u>20,237,724</u>	<u>19,843,717</u>	<u>21,514,751</u>	<u>24,417,149</u>	<u>27,145,488</u>	<u>23,671,369</u>	<u>22,676,639</u>	<u>20,486,668</u>	<u>22,573,419</u>
Expenditures:										
Current:										
Legislative/executive	1,594,617	1,673,657	1,264,822	1,296,945	1,389,261	1,431,276	1,521,937	1,527,927	1,583,009	1,528,226
Administrative services	1,303,699	1,677,304	1,816,417	1,811,903	1,663,400	1,804,671	1,863,562	1,664,029	1,537,841	1,591,486
Public services	3,760,190	3,413,539	3,445,753	3,441,494	3,551,780	4,050,846	4,897,258	4,419,088	4,088,538	4,190,842
Community development	624,608	732,057	748,454	1,050,679	1,239,540	1,533,319	1,823,818	1,660,768	1,593,187	1,404,624
Community services	849,827	1,124,936	1,230,118	1,378,890	1,518,157	1,679,248	1,717,124	1,733,464	1,570,196	1,646,388
Public safety	4,260,433	4,998,999	4,883,141	5,303,888	5,630,812	5,915,809	6,524,289	6,427,542	6,585,639	6,475,456
Capital outlay	17,310,083	5,758,801	9,764,192	6,128,394	5,337,802	8,991,937	2,619,246	7,102,899	2,013,797	5,013,252
Debt service:										
Interest	939,688	1,067,963	1,048,504	1,004,910	975,512	945,372	913,325	878,480	427,854	712,976
Cost of bond issuance	339,044								301,477	
Payment to bond escrow agent	887,222									
Discount on bond	305,290									
Principal retirement		640,000	849,844	1,216,000	1,130,000	1,160,000	1,016,178	1,010,000	820,000	1,090,000
Total expenditures	<u>32,174,701</u>	<u>21,087,256</u>	<u>25,051,245</u>	<u>22,633,103</u>	<u>22,436,264</u>	<u>27,512,478</u>	<u>22,896,737</u>	<u>26,424,197</u>	<u>20,521,538</u>	<u>23,653,250</u>
Excess (deficiency) of revenues over expenditures	(11,491,999)	(849,532)	(5,207,528)	(1,118,352)	1,980,885	(366,990)	774,632	(3,747,558)	(34,870)	(1,079,831)

(Continued)

(Continued)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Other financing sources (uses):										
Transfers in	\$ 31,295,918	\$ 11,515,391	\$ 18,075,145	\$ 10,035,905	\$ 10,928,487	\$ 17,968,939	\$ 5,956,627	\$ 13,800,602	\$ 7,868,431	\$ 12,431,918
Transfers out	(31,295,918)	(11,645,391)	(18,075,145)	(10,065,905)	(11,527,866)	(17,868,939)	(5,656,627)	(13,650,602)	(7,843,641)	(12,356,918)
Bond Proceeds	19,000,000	5,660,000							17,190,000	
Payment to bond escrow agent	(8,596,094)								(18,081,996)	
Premium on bond issue									1,206,953	
Sales tax repayment						(358,909)				
Lawsuit Settlement			1,349,451			550,000	(70,000)	(55,750)	(7,500)	(105,365)
Total other financing sources (uses)	10,403,906	5,530,000	1,349,451	(30,000)	(599,379)	291,091	230,000	94,250	332,247	(30,365)
Net change in fund balances	\$ (1,088,093)	\$ 4,680,468	\$ (3,858,077)	\$ (1,148,352)	\$ 1,381,506	\$ (75,899)	\$ 1,004,632	\$ (3,653,308)	\$ 297,377	\$ (1,110,196)
Debt service as a percentage of noncapital expenditures	4.97%	8.41%	7.62%	12.13%	11.75%	10.13%	10.17%	9.64%	6.67%	7.42%

CITY OF LAGUNA HILLS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year Ended June 30,	Real Property		Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate		Estimated Actual Taxable Value	Assessed Value ^(a) as a Percentage of Actual Value
	Land	Improvements				TRA 31-066	TRA 31-001		
2002	\$ 1,689,950	\$ 2,066,089	\$ 133,627	\$ 111,137	\$ 3,778,529	1.03592	1.01604	\$ 3,782,350	99.899%
2003	1,815,482	2,134,455	142,675	125,317	3,967,296	1.02821	1.01724	3,967,515	99.994%
2004	1,990,403	2,214,756	131,000	138,425	4,197,734	1.00610	1.01902	4,197,860	99.997%
2005	2,216,145	2,289,665	132,785	130,954	4,507,641	1.04206	1.01771	4,508,804	99.974%
2006	2,516,918	2,382,644	128,824	118,914	4,909,472	1.03599	1.01598	4,909,424	100.001%
2007	2,834,519	2,462,720	151,279	132,697	5,315,821	1.03118	1.01469	5,313,973	100.035%
2008	3,034,914	2,565,230	164,299	29,001	5,735,442	1.03264	1.01401	5,736,525	99.981%
2009	3,030,698	2,651,991	156,285	148,289	5,690,685	1.03473	1.01507	5,692,646	99.966%
2010	2,865,870	2,726,535	140,679	144,635	5,588,449	1.03564	1.01475	5,589,417	99.983%
2011	2,767,424	2,707,753	126,552	141,164	5,460,565	1.03533	1.01471	5,460,470	100.002%

Sources: HdL Coren & Cone, Orange County Assessor Annual Tax Rolls

Note: Property in the county is reassessed annually.

^(a) Does not include aircraft or tax-exempt property.

CITY OF LAGUNA HILLS
PROPERTY TAX RATES
DIRECT AND OVERLAPPING ^(a) GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	TRA 31-066				TRA 31-001			
	City of Laguna Hills		Overlapping Rates		City of Laguna Hills		Overlapping Rates	
	City, School & District				City, School & District			
	Assessments	School		Direct &	Assessments	School		Direct &
	Basic Levy- Operating	District Debt Service	Special Districts	Overlapping Rates	Basic Levy- Operating	District Debt Service	Special Districts	Overlapping Rates
2002	1.00000		0.03592	1.03592	1.00000	0.00834	0.00770	1.01604
2003	1.00000		0.02821	1.02821	1.00000	0.01054	0.00670	1.01724
2004	1.00000		0.00610	1.00610	1.00000	0.01292	0.00610	1.01902
2005	1.00000	0.03626	0.00580	1.04206	1.00000	0.01191	0.00580	1.01771
2006	1.00000	0.03079	0.00520	1.03599	1.00000	0.01078	0.00520	1.01598
2007	1.00000	0.02668	0.00450	1.03118	1.00000	0.01019	0.00450	1.01469
2008	1.00000	0.02834	0.00430	1.03264	1.00000	0.00971	0.00430	1.01401
2009	1.00000	0.03043	0.00430	1.03473	1.00000	0.01077	0.00430	1.01507
2010	1.00000	0.03194	0.00370	1.03564	1.00000	0.01105	0.00370	1.01475
2011	1.00000	0.03163	0.00370	1.03533	1.00000	0.01101	0.00370	1.01471

Source: Orange County Auditor-Controller Tax Rate Book

^(a) Overlapping rates are those of local and county governments that apply to property owners within the City of Laguna Hills. Not all overlapping rates apply to all City of Laguna Hills property owners (e.g., the rates of special districts apply only to the proportion of the City's property owners whose property is located within the geographic boundaries of the special district.)

CITY OF LAGUNA HILLS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(amounts expressed in thousands)

Taxpayer	2011				2002		
			Percentage of			Percentage of	
	Taxable		Total Taxable	Taxable		Total Taxable	
	Assessed		Assessed	Assessed		Assessed	
	Value	Rank	Value	Value	Rank	Value	
Shopping Center Associates	\$ 122,485	1	2.24%	\$ 83,985	1	2.22%	
Acquiport Three Corporation	73,267	2	1.34%	55,863	2	1.48%	
TGM Prado LLC	51,770	3	0.95%				
LakeHills at Laguna LLC	43,375	4	0.79%				
SPRTMRT Properties Trust	39,591	5	0.73%	28,830	6	0.76%	
LHT Saddleback LLC	37,415	6	0.69%				
La Paz Office Plaza LLC	30,151	7	0.55%				
Memorial Health Services	26,994	8	0.49%				
Moulton Plaza LLC	22,277	9	0.41%				
EQR-Villa Solana Vistas	21,444	10	0.39%	18,253	10	0.48%	
Landmark Laguna LP				38,200	3	1.01%	
Pinebrook Apartments				34,491	4	0.91%	
Saddleback Partners LLC				29,415	5	0.78%	
VV California				20,984	7	0.56%	
Laguna Hills Investment				20,037	8	0.53%	
Spieker Properties LP				19,247	9	0.51%	
Totals	\$ 468,769		8.58%	\$ 349,305		9.24%	

Source: HdL Coren & Cone, Orange County Assessor Combined Tax Rolls

CITY OF LAGUNA HILLS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year Ended June 30,			Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	<u>Secured</u>	<u>Unsecured</u>		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2002	\$ 3,749	\$ 220	\$ 3,969	\$ 3,881	97.8%	\$ 49	\$ 3,930	99%
2003	3,862	218	4,080	4,001	98.1%	60	4,061	100%
2004	4,133	224	4,357	4,270	98.0%	58	4,328	99%
2005	4,488	230	4,718	4,631	98.2%	50	4,682	99%
2006	4,884	232	5,116	4,990	97.5%	54	5,044	99%
2007	5,266	267	5,533	5,325	96.2%	67	5,393	97%
2008	5,697	250	5,946	5,714	96.1%	116	5,830	98%
2009	5,675	250	5,925	5,685	96.0%	200	5,885	99%
2010	5,555	256	5,812	5,629	96.9%	203	5,832	100%
2011	5,489	248	5,737	5,577	97.2%	133	5,710	100%

CITY OF LAGUNA HILLS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

(amounts expressed in thousands, except per capita amount)

Fiscal Year	Certificates of Participation	Percentage of Estimated Actual Taxable Value of Property ^(a)	Per Capita ^(b)
2002	\$19,000	0.50%	\$583.47
2003	24,020	0.61%	730.65
2004	23,180	0.55%	702.21
2005	22,300	0.49%	659.55
2006	21,390	0.44%	632.63
2007	20,450	0.38%	604.83
2008	19,480	0.34%	582.87
2009	18,470	0.32%	554.99
2010	17,190	0.31%	511.71
2011	16,100	0.29%	529.43 ^(c)

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

^(a) *See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page III - 10 for property value data.*

^(b) *Population data can be found in the Schedule of Demographic and Economic Statistics on page III - 19.*

^(c) *Per capita increase due to decrease in population, based on 2011 adjusted population forecast prepared by CSUF Center for Demographics, which incorporates 2010 Census data and 2010 California Employment Development Department benchmark data.*

CITY OF LAGUNA HILLS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
------------------------	---	---	--------------	---	-----------------------

Note: There was no general bonded debt outstanding for the last ten fiscal years.

CITY OF LAGUNA HILLS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2011

	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	227,670,000	0.305%	694,394
Saddleback Valley Unified School District	134,935,000	18.732%	25,276,024
Capistrano Unified School District Facilities Improvement District No. 1	48,449,930	0.018%	8,721
Moulton-Niguel Water District and, I.D.'s 6 & 8	26,370,000	3.467 & 94.918%	1,055,997
Orange County Community Facilities District #88-2	623,796	100.000%	623,796
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 27,658,932
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</u>			
		<u>% Applicable</u>	<u>Debt</u>
Orange County General Fund Obligations	316,898,000	1.458%	\$ 4,620,373
Orange County Pension Obligations	54,682,497	1.458%	797,271
Orange County Board of Education Certificates of Participation	19,000,000	1.458%	277,020
Municipal Water District of Orange County Water Facilities Corporation	14,120,000	1.721%	243,005
South Orange County Community College District Certificates of Participation	17,375,000	3.392%	589,360
Capistrano Unified School District Certificates of Participation	22,980,000	0.012%	2,758
Irvine Ranch Water District Certificates of Participation	81,400,000	0.001%	814
Moulton-Niguel Water District Certificates of Participation	86,805,000	13.888%	12,055,478
SUBTOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$ 18,586,079
City of Laguna Hills Certificates of Participation, Direct Debt	16,100,000	100.000%	16,100,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			34,686,079
Less: MWDOC Water Facilities Corporation (100% self-supporting)			243,005
TOTAL NET OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$ 34,443,074
GROSS COMBINED TOTAL DEBT			\$ 62,345,011 ^b
NET COMBINED TOTAL DEBT			\$ 62,102,006

^(a) The percentage of overlapping debt applicable is estimated using taxable assessed property values.

^(b) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

CITY OF LAGUNA HILLS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 567,352	\$ 595,127	\$ 629,679	\$ 676,321	\$ 736,414	\$ 797,096	\$ 860,479	\$ 853,897	\$ 838,413	\$ 819,070
Total net debt applicable to limit	<u>19,000</u>	<u>24,020</u>	<u>23,180</u>	<u>22,300</u>	<u>21,390</u>	<u>20,450</u>	<u>19,480</u>	<u>18,470</u>	<u>17,190</u>	<u>16,100</u>
Legal debt margin	<u>\$ 548,352</u>	<u>\$ 571,107</u>	<u>\$ 606,499</u>	<u>\$ 654,021</u>	<u>\$ 715,024</u>	<u>\$ 776,646</u>	<u>\$ 840,999</u>	<u>\$ 835,427</u>	<u>\$ 821,223</u>	<u>\$ 802,970</u>
Total net debt applicable to limit as a percentage of debt limit	3.35%	4.04%	3.68%	3.30%	2.90%	2.57%	2.26%	2.16%	2.05%	1.97%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value	\$ 5,566,678
Add back: exempt real property	<u>106,208</u>
Total assessed value	5,460,470
Debt limit (15% of total assessed value)	819,070
Debt applicable to limit:	
Certificates of Participation	<u>16,100</u>
Total net debt applicable to limit	16,100
Legal debt margin	<u>\$ 802,970</u>

Note: Under state finance law, the City of Laguna Hills' outstanding general obligation debt should not exceed 15 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

CITY OF LAGUNA HILLS
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Note: There was no debt covenants that required pledged-revenue coverage for the last ten fiscal years.



CITY OF LAGUNA HILLS

DEMOGRAPHIC & ECONOMIC STATISTICS

2010 Population by Race/Ethnicity

White	18,725	61.7%
Hispanic	6,242	20.6%
Asian & Pacific Islander	3,790	12.5%
Black	373	1.2%
Other	1,214	4.0%

Year	Total Personal Income (thousands) ⁽¹⁾	Per Capita Income
2001	1,186,032	36,647
2002	1,198,698	36,741
2003	1,226,811	37,369
2004	1,275,828	38,677
2005	1,321,554	39,938
2006	1,384,623	41,813
2007	1,425,961	43,058
2008	1,441,089	43,346
2009	1,417,282	42,444
2010	1,500,666	44,672

Consumer Price Index

Year	CPI	% Change
2001	177.3	3.3%
2002	182.2	2.8%
2003	187.0	2.6%
2004	193.2	3.3%
2005	201.8	4.5%
2006	210.4	4.3%
2007	217.3	3.3%
2008	225.0	3.5%
2009	223.2	-0.8%
2010	225.8	1.2%

2010 Housing Units

	Quantity	%
Total Housing Units	11,046	-
Occupied	10,469	94.8%
Vacant	577	5.2%
Persons Per Renter-Occupied Unit	2.89	
Persons per Owner-Occupied Unit	2.85	

Population

2001	32,369
2002	32,626
2003	32,833
2004	32,994
2005	33,101
2006	33,129
2007	33,143
2008	33,421
2009	33,280
2010	33,593
2011	30,410

Unemployment Rate

Year	Labor Force	Unemployed	Rate
2001	21,020	280	1.3
2002	21,300	450	2.1
2003	21,240	500	2.4
2004	21,600	400	1.9
2005	17,900	600	3.1
2006	17,800	500	2.9
2007	18,300	500	2.9
2008	18,300	700	4.0
2009	18,200	1,300	7.0
2010	17,800	1,400	8.0

Building Activity and Valuation (in thousands)

	2008	2009	2010
Residential			
New Single Family	2,633	0	2,905
New Multi-Family	0	0	0
Addition, alterations	4,284	5,626	12,608
Total Residential	6,917	5,626	15,513
Commercial			
New Commercial	2,700	0	0
New Industrial	0	0	0
Addition, alterations	5,731	5,111	5,949
Total Non-Residential	8,431	5,111	5,949
Total Valuation	12,715	10,737	21,462
No. of New Dwelling Units	4	0	3

2010 Population by Age

Age	Population	%
0-4	1,563	5.2%
5-14	3,804	12.5%
15-24	4,012	13.2%
25-34	3,412	11.4%
35-54	9,319	30.7%
55-64	4,214	14.1%
65-74	2,106	6.90%
75+	1,784	5.9%



Sources: Cal State Fullerton Center for Demographic Research, HDL Reported City of Laguna Hills' Demographic, and Economic Statistics, US Census Bureau and Department of Labor and Statistics

⁽¹⁾ Demographic Data is totaled from Census Block Groups that overlap the City's boundaries.

CITY OF LAGUNA HILLS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2010 ⁽¹⁾			2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Saddleback Memorial Medical	1,020	1	6.22%	1,800	1	8.68%
Professional Community Management	350	2	2.13%			
JC Penney Corp Inc.	250	3	1.52%			
Macys Department Store	200	4	1.22%			
United Parcel Service				125	2	0.60%
Semi-Kinetics Inc				109	3	0.53%
Merrill Lynch & Co. Inc.				100	4	0.48%
PacificCare Behavioral Health				100	5	0.48%
Total	1,820		11.10%	2,234		10.77%

Source: California State University, Fullerton, Center for Demographic Research, Orange County Progress Report 2010 & 2001

(1) 2011 Orange County Progress Report not available.

CITY OF LAGUNA HILLS
FULL-TIME EQUIVALENT PERSONNEL ALLOCATION BY FUNCTION
LAST TEN FISCAL YEARS

Function	Full-time Equivalent Personnel at June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Legislative/executive	5.16	5.06	5.06	4.31	5.31	5.31	5.31	5.72	5.72	5.72
Administrative services	8.18	8.28	8.28	9.03	7.28	7.78	6.78	6.18	6.18	6.18
Public services	30.25	30.25	30.00	30.00	30.00	41.00	41.00	42.00	42.00	44.00
Community development	5.50	5.50	6.00	6.00	7.85	8.30	8.30	8.15	7.15	8.15
Community services	14.50	14.50	15.50	14.25	14.25	14.25	14.25	15.61	15.61	15.75
Public safety	<u>32.13</u>	<u>32.13</u>	<u>30.10</u>	<u>30.17</u>	<u>30.07</u>	<u>31.19</u>	<u>31.24</u>	<u>29.19</u>	<u>29.19</u>	<u>29.20</u>
Total	<u>95.72</u>	<u>95.72</u>	<u>94.94</u>	<u>93.76</u>	<u>94.76</u>	<u>107.83</u>	<u>106.88</u>	<u>106.85</u>	<u>105.85</u>	<u>109.00</u>

Source: City of Laguna Hills' Biennial Budget

CITY OF LAGUNA HILLS
OPERATING INDICATORS BY FUNCTION
FOR THE FISCAL YEAR ENDING JUNE 30, 2011

Function	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11
Police ^(b)							
Physical arrests	468	487	579	460	740	721	684
Parking violations	897	1,799	3,162	2,757	3,636	2,662	2,087
Traffic violations	3,637	5,367	3,846	5,566	4,886	5,781	4,089
Fire ^(c)							
Number of calls answered	2,211	2,373	2,424	2,434	2,421	2,558	2,614
Inspections	651	586	549	309	387	439	393
Highways and Streets ^(d)							
Sidewalk replacement (sq. ft.)	10,190	7,610	3,450	1,850	4,660	22,266	8,592
Curb & gutter replacement (linear ft.)	1,678	626	90	110	2,374	1,030	1,727
Asphalt concrete placed (tons)	12,244	15,203	13,385	11,362	21,291	15,695	14,454
Street sweeping debris collected (tons)	315	922	546	265	449	294	290
New sign installations	23	37	65	37	64	92	102
Sign Replacements	102	161	304	238	277	168	173
Trees trimmed	1,493	2,370	1,815	1,763	1,774	2,273	1,872
Trees removed	349	247	265	207	214	81	114
Trees planted	90	67	108	262	82	43	39
Sanitation ^(a)							
Refuse collected (tons/day)	83	80	70	63	50	46	46
Recyclables collected (tons/day)	72	77	65	55	52	50	47
Culture and Recreation ^(e)							
Community center programs (participants)	7,877	8,215	8,650	8,173	9,538	7,262	6,876
Athletic permits	70	74	71	70	76	69	57
Waste Stream ^(a)							
Refuse collected (tons)	30,124	29,126	25,705	22,981	18,089	16,698	16,814
Recyclables collected (tons)	26,102	27,927	23,691	20,120	19,081	18,162	17,325

^(a) CR&R Monthly Tonnage Report, 6/30/11

^(b) Orange County Sheriff's Department Deputy Statistics Report

^(c) Orange County Fire Authority- Clerk of the Authority, Safety & Environmental Services, Planning & Development

^(d) City of Laguna Hills, Public Works Department

^(e) City of Laguna Hills, Community Center Department

CITY OF LAGUNA HILLS
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Highways and streets										
Streets (miles)	82	83	83	83	83	83	83	83	83	83
Traffic signals	44	44	45	45	45	45	45	45	45	45
Culture and recreation										
Parks acreage	83	83	83	83	83	83	83	83	83	83
Parks	15	15	15	15	15	15	15	15	15	15
Community centers	1	1	1	1	1	1	1	1	1	1
Civic Center				1	1	1	1	1	1	1

Source: Various City Departments

CITY OF LAGUNA HILLS

AT A GLANCE

GENERAL INFORMATION

The City of Laguna Hills, located in South Orange County, has approximately 6.6 square miles of land in its corporate boundary and is now home to 30,410 people. Majority of the area in the City has a distinctive residential character. Yet, the City has a strong commercial base in its northern part. This commercial area, or “urban village”, is anchored by the regional Laguna Hills Mall, the Oakbrook Village Shopping Center, and the Saddleback Memorial Hospital. It includes approximately 2,000,000 square feet of retail, restaurant, professional office, and medical related building space. When the City annexed the “North Laguna Hills” area in July of 1996, the City acquired 1.2 square miles of primarily light industrial, professional office, specialty retail, hotel, and residential uses. This annexed area contains a furniture row, office headquarters, major electronics products, retailer, and the only light industrial/manufacturing establishments in the City. In September of 2000, the City grew by another 150 acres as a result of the annexation of residential properties identified as West Laguna Hills.

HISTORY

Laguna Hills is built on one of the major land grants developed during the rancho area. Following Mexico’s independence from Spain in 1821, those who had served in the government or who had friends in authority were given vast lands for cattle grazing. Rancho Lomas de Santiago, Rancho San Joaquin, and Rancho Niguel covered much of the western portion of the Saddleback Valley. Don Juan Avila was granted the 13,000-acre Rancho Niguel on which Laguna Hills is located.

In 1874, Lewis Moulton purchased Rancho Niguel from Don Juan Avila and increased the original grant to 22,000 acres. Moulton and his partner, Jean Piedrea Daguerre, used the ranch to raise sheep and cattle. The Moulton ranch was eventually subdivided in the early 1960s part of which is recognized as Laguna Hills.

Incorporation efforts began in 1987 and on March 5, 1991, the goal of incorporation was finally achieved with 86% of the residents voting in favor of forming the City of Laguna Hills. On December 20, 1991, Laguna Hills officially became a City.

CITY GOVERNMENT

The City of Laguna Hills is a General Law City that operates under the Council/Manager form of government. The voters elect five of their fellow citizens to the City Council for overlapping four-year terms. The Council, in turn, selects one of its members to serve as Mayor for a one-year term. The City Council holds regular public meetings on the second and fourth Tuesday of each month.

CITY OF LAGUNA HILLS

AGENDA REPORT CITY ATTORNEY DEPARTMENT

ISSUE: ORDINANCE OF THE CITY OF LAGUNA HILLS ADDING CHAPTER 6-40 TO TITLE 6 OF THE LAGUNA HILLS MUNICIPAL CODE ESTABLISHING CITY PARKS AND SPECIFIED PRIVATE COMMUNITY PARKS AS "CHILD SAFETY ZONES" WHERE REGISTERED SEX OFFENDERS ARE PROHIBITED FROM ENTERING WITHOUT WRITTEN PERMISSION FROM THE ORANGE COUNTY SHERIFF

SUMMARY:

On September 27, 2011, by a unanimous vote of the City Council, the Council directed that the city attorney's office research and prepare a report and prepare draft ordinance options for consideration and possible future adoption of a local child safety zone ordinance modeled after the County of Orange Child Safety Zone Ordinance, which operates to prohibit registered sex offenders from entering County parks without written permission from the Orange County Sheriff. The city attorney's office prepared the requested report along with two proposed draft ordinance options, which were presented for Council consideration during the November 8, 2011 City Council meeting.

Following discussion and deliberation by the Council on November 8th, by unanimous vote of the Council, the city attorney's office was directed to prepare a local Child Safety Zone Ordinance, modeled after the County Child Safety Zone Ordinance, prohibiting registered sex offenders from entering all City parks and specified private homeowner association community parks without written authorization from the Orange County Sheriff. A proposed child safety zone ordinance was introduced by City Council at the November 22, 2011, City Council Meeting, which is a revised version of the previously presented draft ordinance Option 2, based on the specific direction given by the Council on November 8th. It is in order to adopt the Ordinance.

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT AN ORDINANCE ENTITLED: "AN ORDINANCE OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ADDING CHAPTER 6-40 TO TITLE 6 OF THE LAGUNA HILLS MUNICIPAL CODE PROHIBITING REGISTERED SEX OFFENDERS FROM ENTERING CITY PARKS AND SPECIFIED PRIVATE COMMUNITY PARKS WITHOUT WRITTEN PERMISSION FROM THE ORANGE COUNTY SHERIFF."

BACKGROUND:

Sex offenders present a risk to public safety. California Penal Code sections 290 *et seq.*, require individuals convicted of certain crimes to register as sex offenders. The registration process is used to ensure that such offenders are readily available for police surveillance at all times because such offenders are deemed likely to commit similar offenses in the future.

On April 5, 2011, the Orange County Board of Supervisors unanimously voted to adopt a new County ordinance to create child safety zones ("County Child Safety Zone Ordinance") (O.C.C.O No. 03-18-1 to 6) to further protect children from registered sex offenders by restricting sex offenders' access to County parks, as defined, which are locations where children regularly gather. The County Child Safety Zone Ordinance was developed and proposed by Orange County District Attorney Tony Rackauckas and Supervisor Shawn Nelson (Fourth District) with the intent of reducing the risk of harm to children by making it a misdemeanor for registered sex offenders to enter County recreational areas where children regularly gather without written permission from the Orange County Sheriff. On April 19, 2011, the City received letters from Orange County District Attorney Tony Rackauckas and Orange County Supervisor Patricia Bates urging the City Council to enact a local law similar to the County Child Safety Zone Ordinance in an effort to protect children in local City parks from sexual predators.

On September 27, 2011, the City Council discussed the possible adoption of a "presence" ordinance substantially similar to the County Child Safety Zone Ordinance. The Council directed the city attorney's office to prepare a draft local child safety zone ordinance modeled after the County Child Safety Zone Ordinance and to return on November 8, 2011 with a report and proposed draft ordinance options for review and consideration. On October 26, 2011, District Attorney Tony Rackauckas sent a subsequent 11-page letter to the City encouraging the City of Laguna Hills to enact a local ordinance substantially similar to the County Child Safety Zone Ordinance to prohibit all registered sex offenders from entering City parks where children regularly gather without written permission from the Orange County Sheriff.

Following discussion and deliberation by the Council on November 8th, by unanimous vote of the Council, the city attorney's office was directed to prepare a local Child Safety Zone Ordinance, modeled after the County Child Safety Zone Ordinance, prohibiting registered sex offenders from entering all City parks and specified private homeowner association community parks and recreational areas without written authorization from the Orange County Sheriff. A proposed child safety zone ordinance was introduced by City Council at the November 22, 2011, City Council Meeting, which is a revised version of the previously presented draft ordinance Option 2, based on the specific direction given by the Council on November 8th.

DISCUSSION:

The City of Laguna Hills is home to approximately 30,344 residents, with approximately 22.3% of the City's population under 18 years old.¹ The City attracts families with children because of the housing, schools, churches, recreational amenities, sports facilities, community parks, and family oriented environment within the City. Within the City, there are currently 15 City parks and 15 private homeowner association community parks and recreational areas, which are described and depicted collectively in **Attachments "A" and "B,"** respectively. Accordingly, these City parks and private homeowner association community parks and recreational areas have been identified as areas within the City where children and families regularly gather.

It is the purpose and intent of the proposed ordinance to protect children and families from registered sex offenders by restricting sex offenders' access to locations in the community where children regularly gather, such as all City parks and specified private homeowner association community parks and recreational areas.

Proposed Child Safety Zone Ordinance

The proposed ordinance (**Attachment "C"**) is a modified version of the County Child Safety Zone Ordinance, which contains the following features:

- (1) Additional findings in support of locally adopting the ordinance;
- (2) Restricting the scope of the ordinance prohibition to apply to all registered sex offenders;
- (3) A provision requiring that any waiver request be date, time, and location specific;
- (4) A provision requiring the posting of park signage to give notice of the ordinance and its requirements;
- (5) An expansion of the prohibition to include not only all City parks, but also all private homeowner association community parks and recreational areas owned, operated, leased or maintained by a homeowners' association, where the homeowners' association has provided written notice to the City requesting enforcement of the ordinance on private common area property; and,
- (6) An additional provision inserting criteria for issuance of a waiver.

The penalties for violating the proposed ordinance are consistent with the County Child Safety Zone Ordinance by a fine not exceeding \$500 and/or imprisonment in a county jail for a period of not more than six months for the first violation; a minimum of ten days

¹ Statistics based on 2010 Census Data.

in jail and not more than six months in jail, or by both imprisonment and a fine up to \$500 for a second violation; and a minimum of 90 days in jail and not more than six months in jail, or by both imprisonment and fine of up to \$500 dollars for a third or subsequent violation.

In addition, the proposed ordinance allows the Orange County Sheriff to grant date, time, and location specific written permission for individual registered sex offenders based, in part, on certain criteria incorporated into the ordinance itself. Reasons that *may* justify a request to enter into the parks under the ordinance include:

- (1) Accessing the Park for the purposes of exercising the rights of free speech or assembly;
- (2) Accessing the Park for purposes of lawful employment;
- (3) Accessing the Park for the purposes of voting in any local, state, or federal election; or
- (4) Accessing the Park for purposes of attending a religious service.

Notice to Penal Code Section 290 Sex Offender Registrants

If the City Council decides to adopt the proposed ordinance, it is recommended that Police Services staff be directed to notify all registered sex offenders residing in the City and issue a written notification to inform registrants of the newly adopted child safety zone ordinance.

Legality of Local Park Sex Offender Restrictions

As previously indicated, there is no clear and definitive judicial determination in California state or federal courts concerning the legality and validity of locally-imposed "presence" restrictions on the rights of registered sex offenders to enter into and/or upon City parks, nor with respect to broadening such prohibition to cover private homeowner association common area parks and recreational areas. The City Attorney is of the opinion that fair arguments can be made in support of such restrictions; however, no assurances can be provided that such arguments will be adopted by state and/or federal courts. Local sex offender park restrictions are an untested and undeveloped area of the law.

ALTERNATIVES:

1. Defer consideration of the adoption of a local child safety zone ordinance pending further review and monitoring of similar regulations in Orange County and elsewhere to evaluate the effectiveness of such regulations and any legal developments concerning their validity.

2. Defer consideration of the adoption of the proposed ordinance to allow City staff time to conduct public outreach with the various homeowner association boards to gauge their level of interest in broadening the prohibition to privately owned and maintained homeowner association common area parks.

3. Revise the proposed ordinance to limit the scope of the prohibition to all City parks consistent with the City's existing park and recreational facility use regulations and consistent with the County's Child Safety Zone Ordinance.

FISCAL IMPACT:

Other than City staff and city attorney time spent in researching and preparing the ordinance, there are no anticipated fiscal impacts associated with adopting the ordinance.

CONCLUSION:

The City Council should consider the alternatives provided herein and provide staff with any comments and/or direction, or proceed with approval, read by title only, and adopt the proposed child safety zone ordinance.

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT AN ORDINANCE ENTITLED: "AN ORDINANCE OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ADDING CHAPTER 6-40 TO TITLE 6 OF THE LAGUNA HILLS MUNICIPAL CODE PROHIBITING REGISTERED SEX OFFENDERS FROM ENTERING CITY PARKS AND SPECIFIED PRIVATE COMMUNITY PARKS WITHOUT WRITTEN PERMISSION FROM THE ORANGE COUNTY SHERIFF."

ATTACHMENTS:

- A. List of all City parks and private homeowner association common area community parks and recreational areas.
- B. Maps depicting all City parks and private homeowner association common area community parks and recreational areas.
- C. Proposed Child Safety Zone Ordinance.

EXHIBIT A

CITY PARKS									
Site Information									
	Street Number	Street Name	Street Suffix	Zip	Cross Street	TRACT LOT APN	RECORDED BOOK AND PAGE	COUNTY QUITCLAIM	ACREAGE
	24701	Jorie	Drive	92653	Clarington/Ashland	9881 2 620-461-05	413/42-47	19960529568 - 10/18/96	3.49
	25000	Beckenham	Street	92653	Beckenham St/Wilkes Pl	7864 2 620-361-02	338/13-18	19960529568 - 10/18/96	2.75
	25130	Stockport	Street	92653	Stockport St/Wilkes Pl	8103 60 620-261-01	325/40-43	19960529568 - 10/18/96	3.99
	24821	Mendocino Park	Aliso Hills	92653	Mendocino Ct	9044 206 625-141-29	417/1-9	19960529568 - 10/18/96	3.93
	25842	Aliso Hills Park	Alicia	92653	Aliso Hills Dr/Alicia Pkwy	9044 207 625-162-01	417/1-9	19960529568 - 10/18/96	2.1
	24742	Mandeville Park	Rio Grande	92653	Mandeville Dr.	11235 22 625-251-03	493/22-27	19960529568 - 10/18/96	3.34
	25081	Costeau Park	Velasquez	92653	Costeau Dr./Alicia Pkwy	7186 71 620-392-01/02	358/42-45	19960529568 - 10/18/96	3.67
	25222	Mackenzie Park	Mackenzie	92653	Mackenzie St/Pike Rd	7080 39 620-202-34	282/10-12	19960529568 - 10/18/96	2.85
	25772	Knotty Pine Park	Knotty Pine	92653	Knotty Pine/Mackenzie	8225 99 620-272-01	324/24-26	19960529568 - 10/18/96	3.85
	25601	El Conejo Park	El Conejo	92653	El Conejo Ln/Calero Av	9403 119 625-053-18	393/41-46	19960529568 - 10/18/96	2
	23612	San Remo Park	San Remo	92653	San Remo Dr/Taranto	7311 222 616-252-01	280/39-43	19980127953 - 03/06/98	1.6
	22181	Santa Victoria Park	Santa Maria	92653	Marsala/Barbera	7371 247 616-281-32	284/26-35	19980127953 - 03/06/98	2.87
	22330	Veeh Ranch Park	Santa Victoria	92653	Santa Victoria Dr.	8333 6 588-071-04	342/12-18	19980127953 - 03/06/98	11
	27355	Cabot Park	Cabot	92653	Cabot Rd/Rapid Falls Rd	9293 195 636-081-01	460/18-31	19960529568 - 10/18/96	8.6
	25555	Community Center & Sports Complex	Alicia	92653	Alicia/Paseo DE Valencia	625-021-21		19960529568 - 10/18/96	30.6

HOA PARKS											
	Street Number	Street Name	Street Suffix	Zip	Cross Street	TRACT	LOT	APN	RECORDED BOOK AND PAGE	COUNTY QUITCLAIM	ACREAGE
				92653	La Paz Rd/Moulton Pkwy	11557		2 634-221-02	584/37-41		5.25
	26682	Dapple Grey	Drive	92653	Dapple Grey Dr/Nellie Gail Rd	9295	210	627-221-01	419/29-44		3.47
		Fossil Park ³				10885		4 625-212-05	479/21-25		1
	25542	Gallup Park ²	Circle	92653	Gallup Cir/Nellie Gail Rd	9296	273	627-521-01	466/5-18		5.17
	27251	Hidden Trail ²	Hidden Trail Road	92653	Hidden Trail/Stageline Dr	12550	50	636-341-45	566/38-42		2.44
		Laguna Village ⁴				8333	7	588-042-15	342/12-18		4.57
	24732	Nellie Gail	Road	92653	Ridge Route/Santa Vittoria Dr	9292	143	627-032-01	384/38-50		2.77
		Moulton Ranch ⁵				9863	2	627-592-20	642/11-16		8.22
		Nellie Gail Equestrian Center ²	Nellie Gail Road	92653	Empty Saddle Dr/Nellie Gail Rd	9292	1	627-071-05	384/38-50		20.11
		Sheep Hills ⁶				11493	2	625-281-03	502/24-25		8
		Quail Creek ⁷				9945	1*	937-89-001	463/38-39		2
	26451	Bella Vista ⁸	La Traviata Road	92653	Bridlewood Dr/Laurel Crest Dr	9863	1*	937-89-368	642/11-16		0.5
		Lomas Laguna ⁹				12091	4	634-131-17	526/25-28		2
	25014	Sunset Place ¹⁰	Sunset	92653	Alicia Pkwy/Laguna Ct	8855	69	620-343-21	389/12-14		0.5
		Aliso Meadows ³	Place	92653	Sunset Place west/east	10885	2*	625-211-04	479/21-25		1

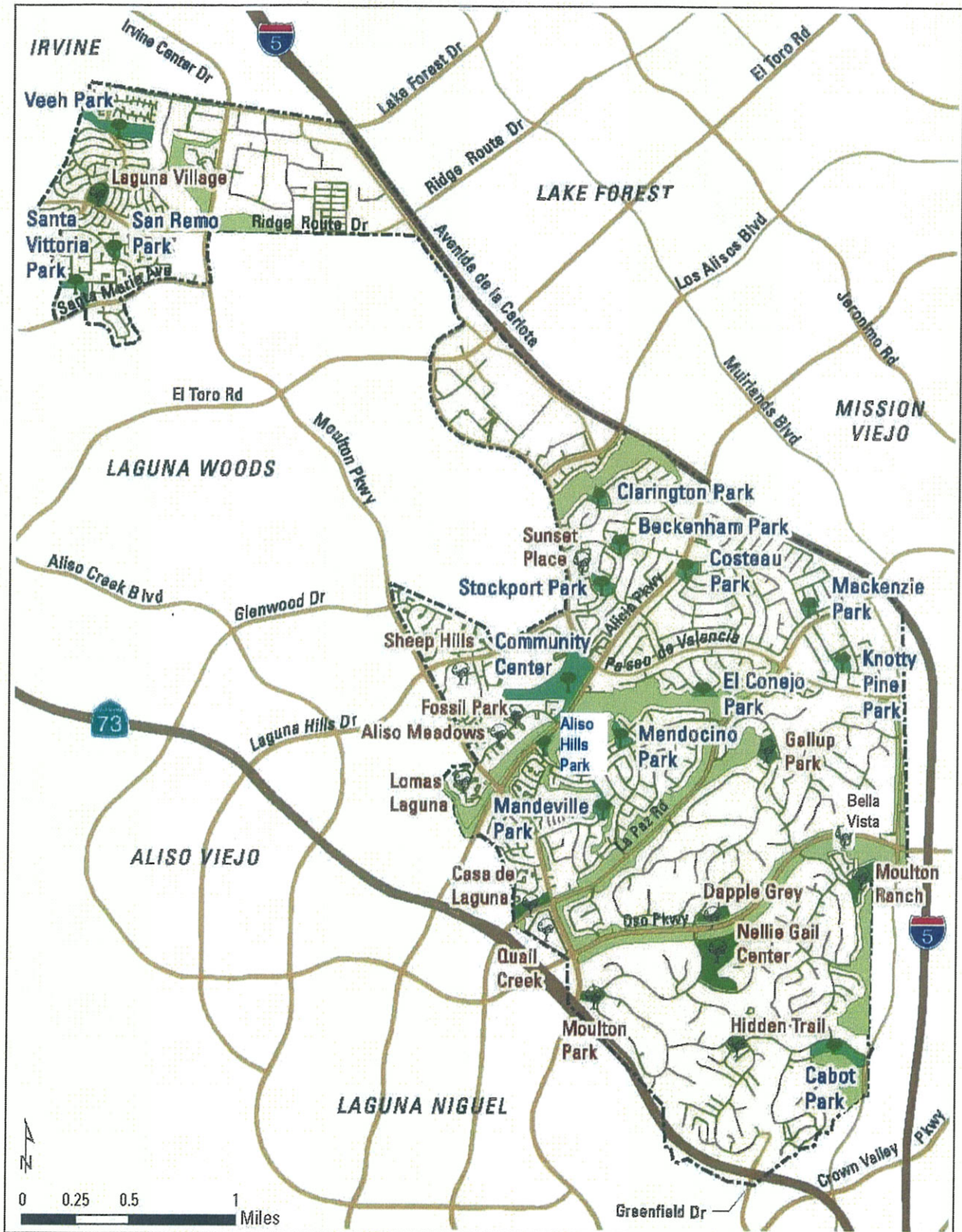
LEGEND

* Recreation facility is a part of HOA common area and not a separate designated lot.

- ¹ Brosa HOA
- ² Nellie Gail Ranch HOA
- ³ Aliso Meadows HOA
- ⁴ Laguna Village HOA
- ⁵ Moulton Ranch HOA
- ⁶ Aliso Viejo Community Association
- ⁷ Quail Creek HOA
- ⁸ Bella Vista HOA
- ⁹ Lomas Laguna HOA
- ¹⁰ Sunset Place HOA

EXHIBIT B

CITY OF LAGUNA HILLS GENERAL PLAN | CONSERVATION AND OPEN SPACE



- Park
- Open Space
- City Boundary
- Major Streets
- Private Park
- Local Streets
- Freeway/ Toll Road

Source: EDAW, 2008.

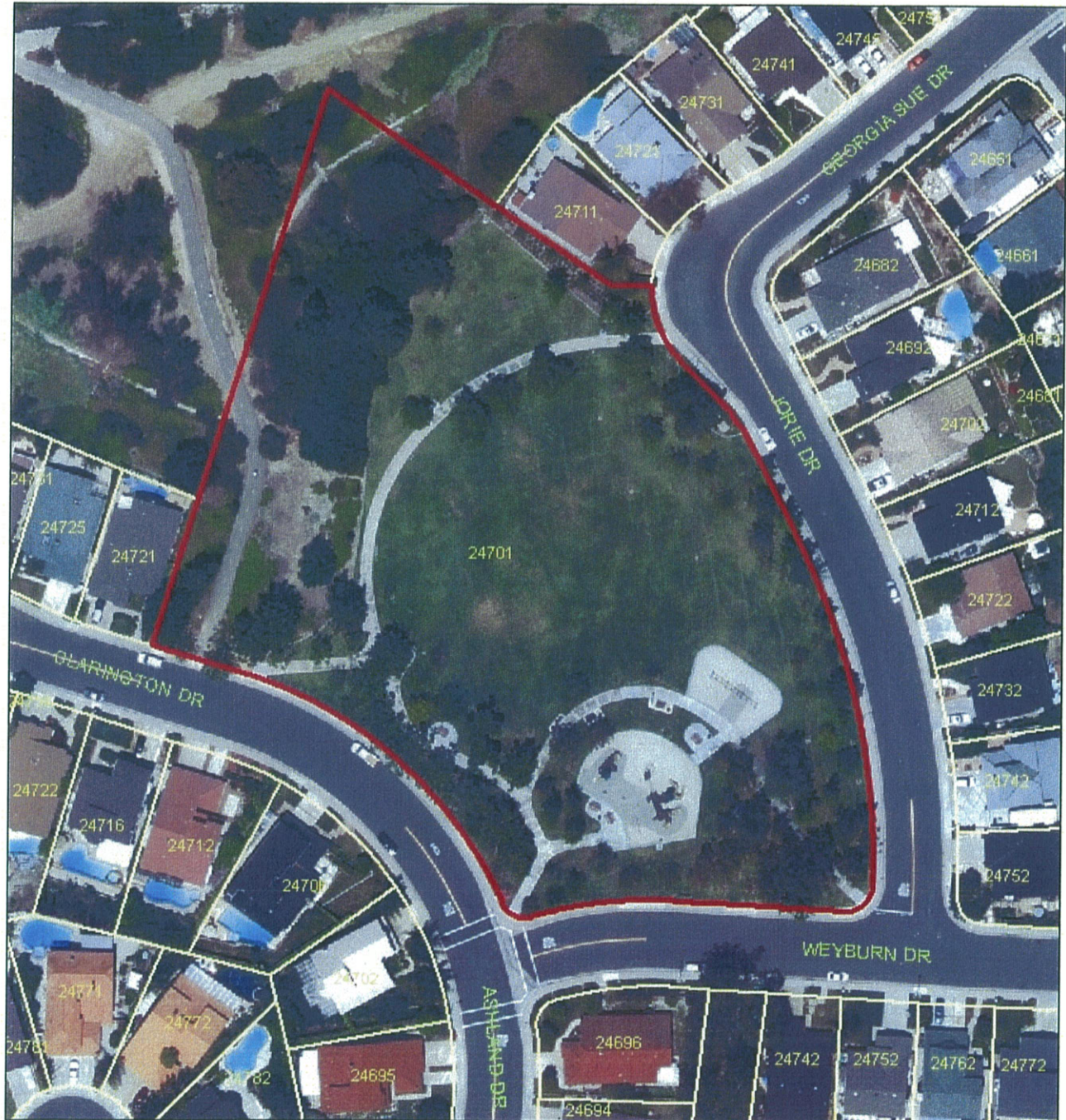
Figure COS - 1
Open Space and Parklands





City of Laguna Hills

CLARINGTON PARK



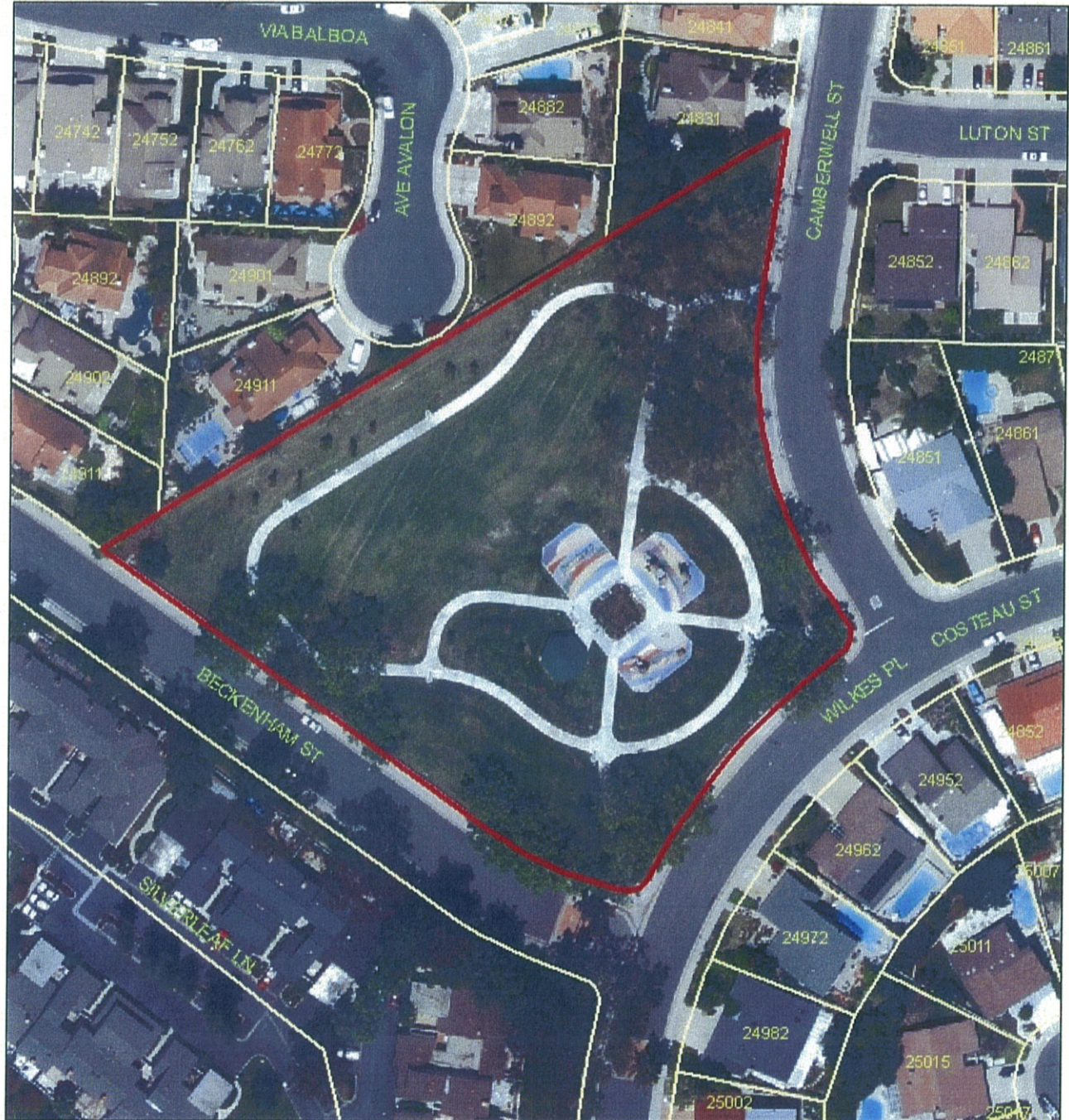
100 0 100 Feet

Date Created: 11/16/2011



City of Laguna Hills

BECKENHAM PARK



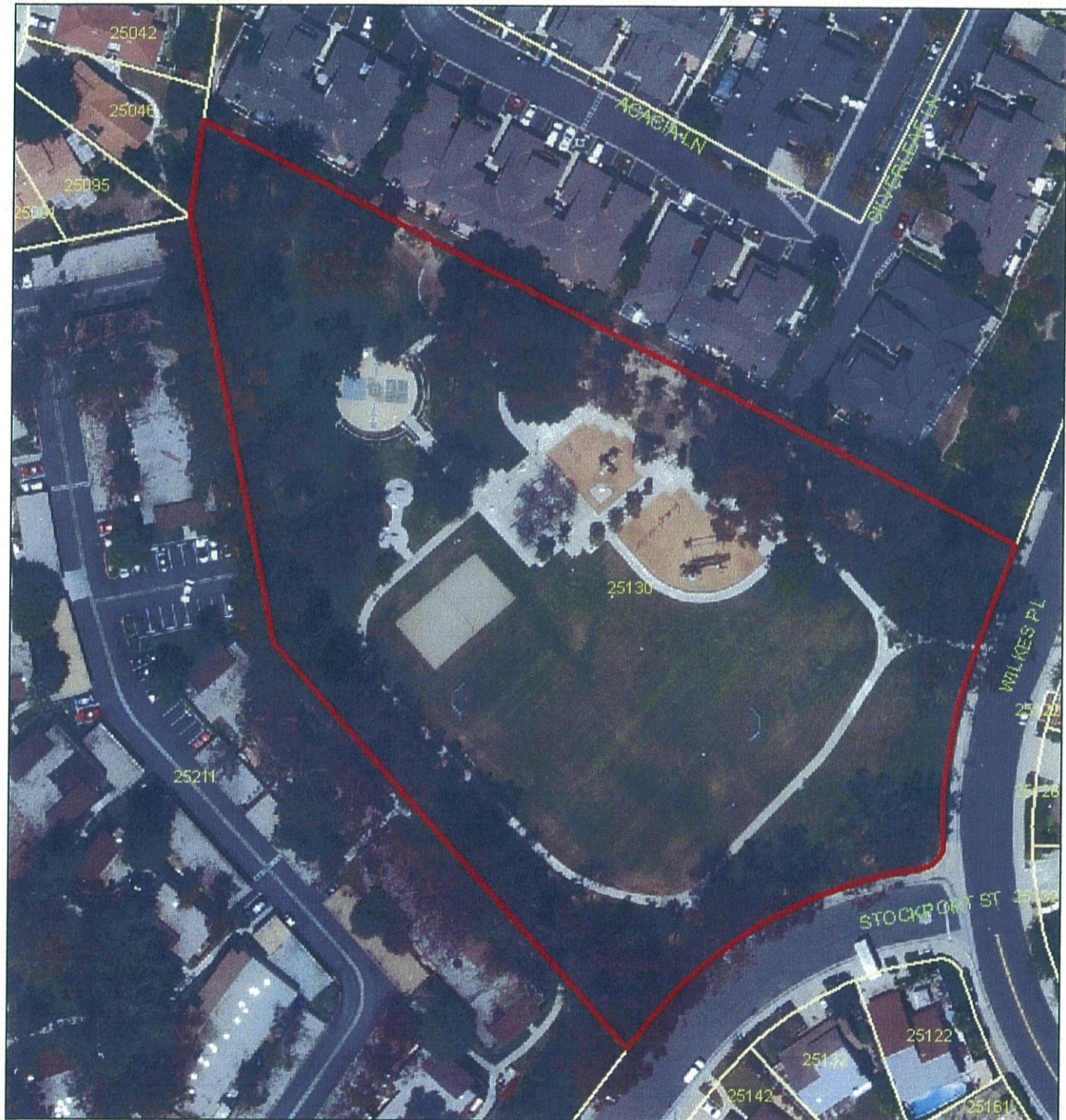
100 0 100 Feet

Date Created: 11/16/2011



City of Laguna Hills

STOCKPORT PARK



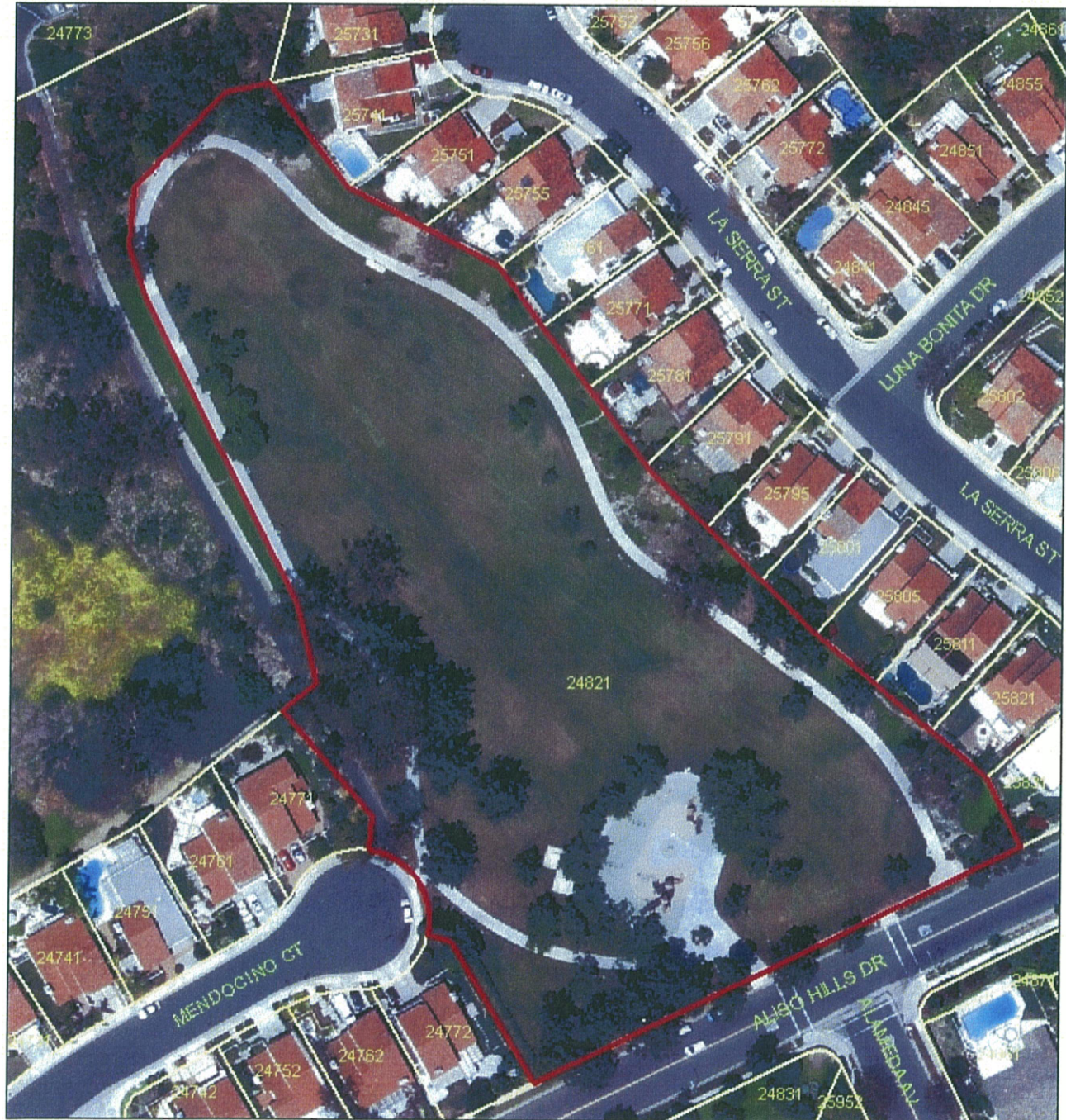
100 0 100 Feet

Date Created: 11/16/2011



City of Laguna Hills

MENDOCINO PARK



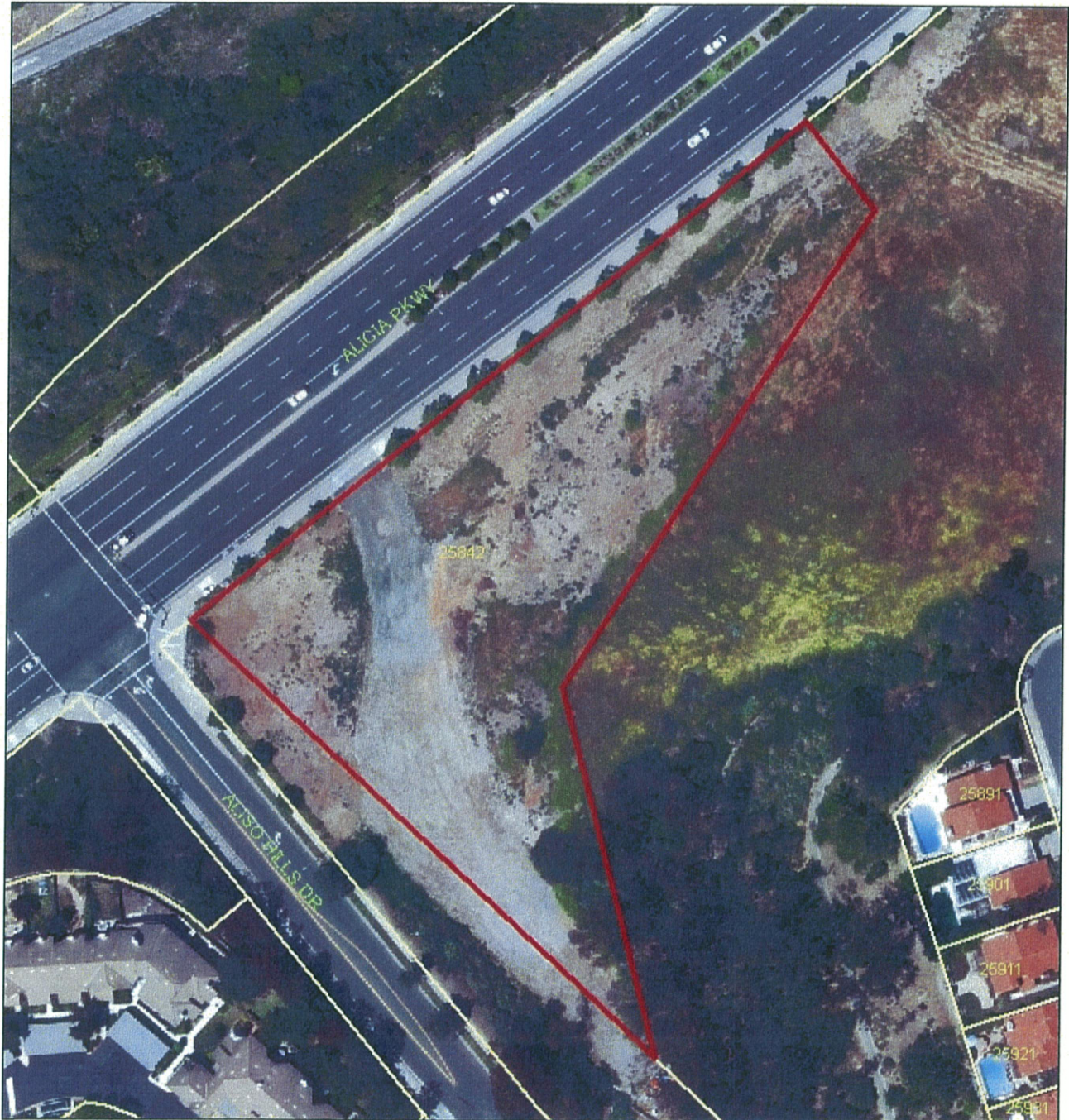
100 0 100 Feet

Date Created: 11/16/2011



City of Laguna Hills

ALISO HILLS PARK (FUTURE)



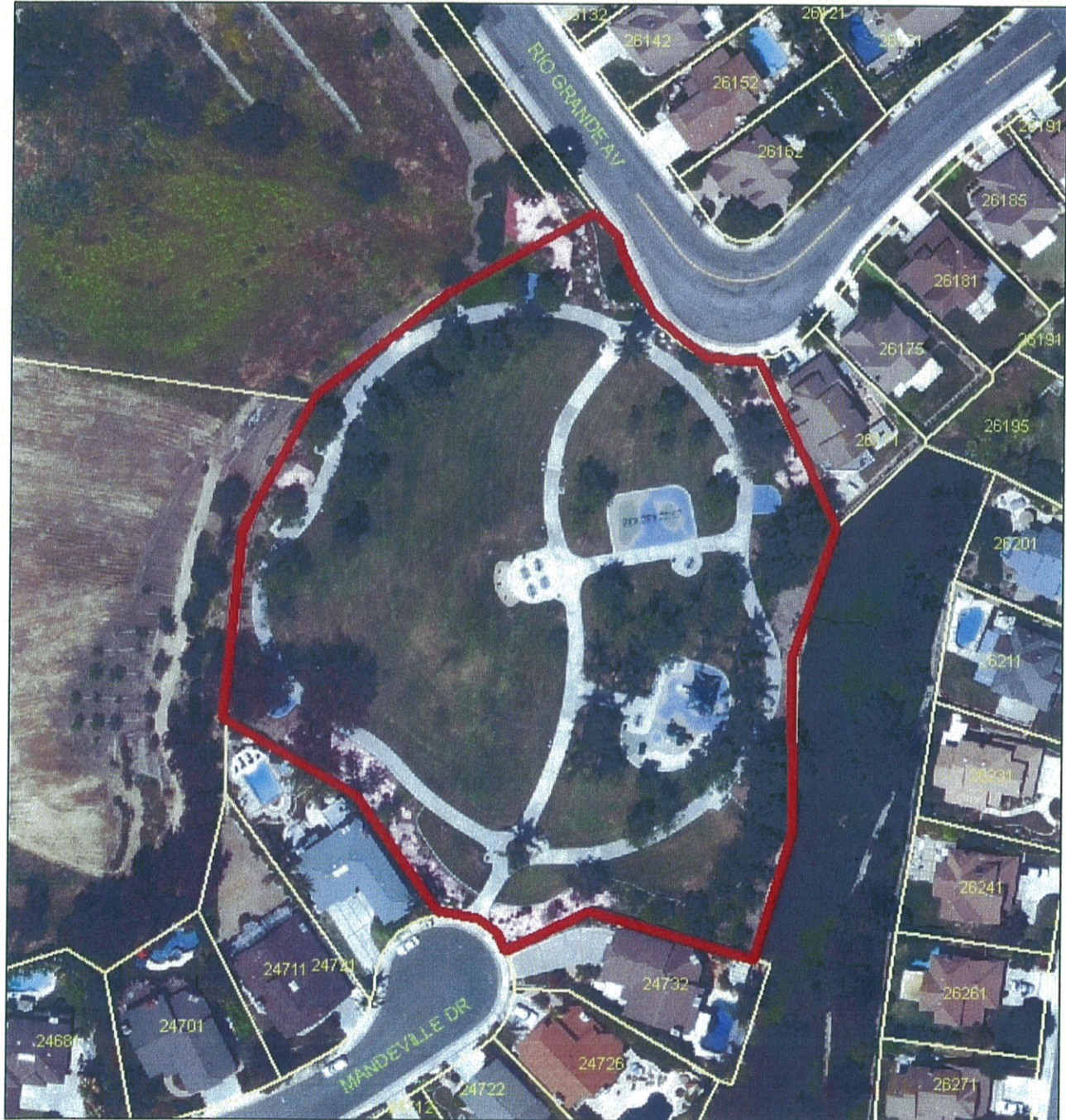
100 0 100 Feet

Date Created: 11/16/2011



City of Laguna Hills

MANDEVILLE PARK



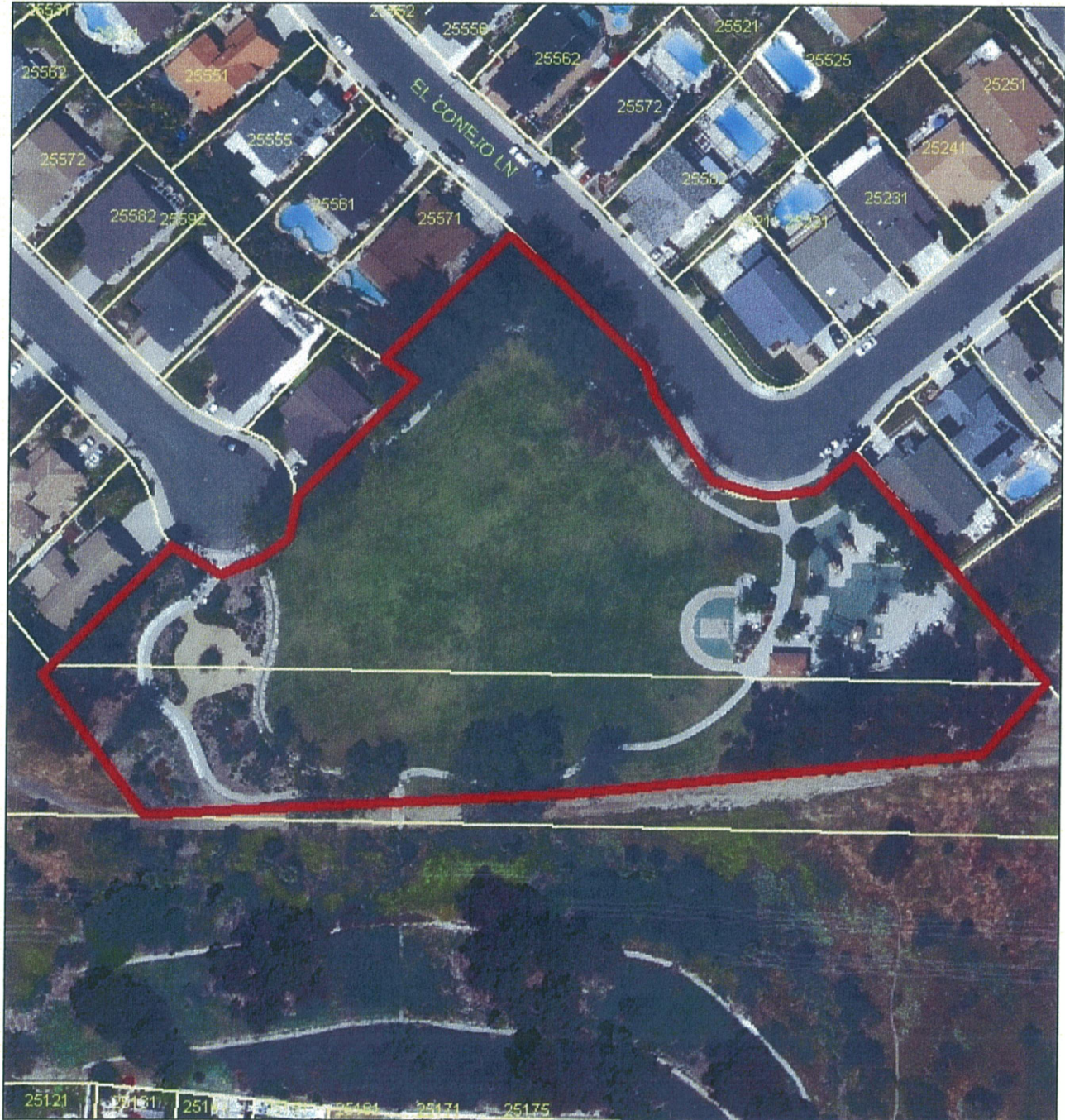
100 0 100 Feet

Date Created: 11/16/2011



City of Laguna Hills

EL CONEJO PARK



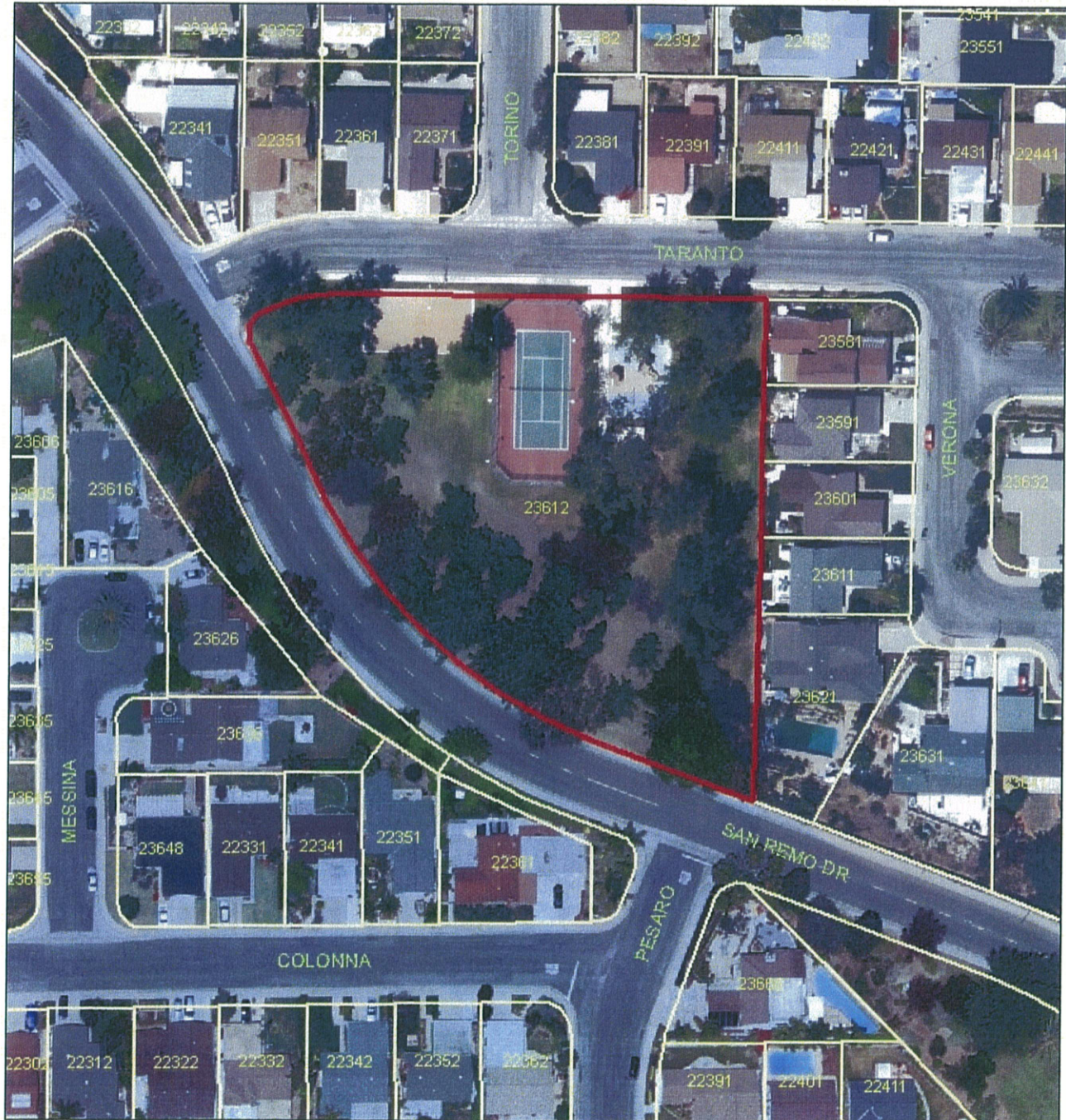
100 0 100 Feet

Date Created: 11/16/2011



City of Laguna Hills

SAN REMO PARK



100 0 100 Feet

Date Created: 11/16/2011



City of Laguna Hills

SANTA VITTORIA PARK



100 0 100 Feet

Date Created: 11/16/2011



City of Laguna Hills

CABOT PARK



200 0 200 Feet

Date Created: 11/16/2011



City of Laguna Hills

COMMUNITY CENTER & SPORTS COMPLEX



300 0 300 Feet

Date Created: 11/16/2011



City of Laguna Hills

CASCADE LAGUNA (PRIVATE)



200 0 200 Feet

Date Created: 11/16/2011



City of Laguna Hills

DAPPLE GREY PARK (PRIVATE)



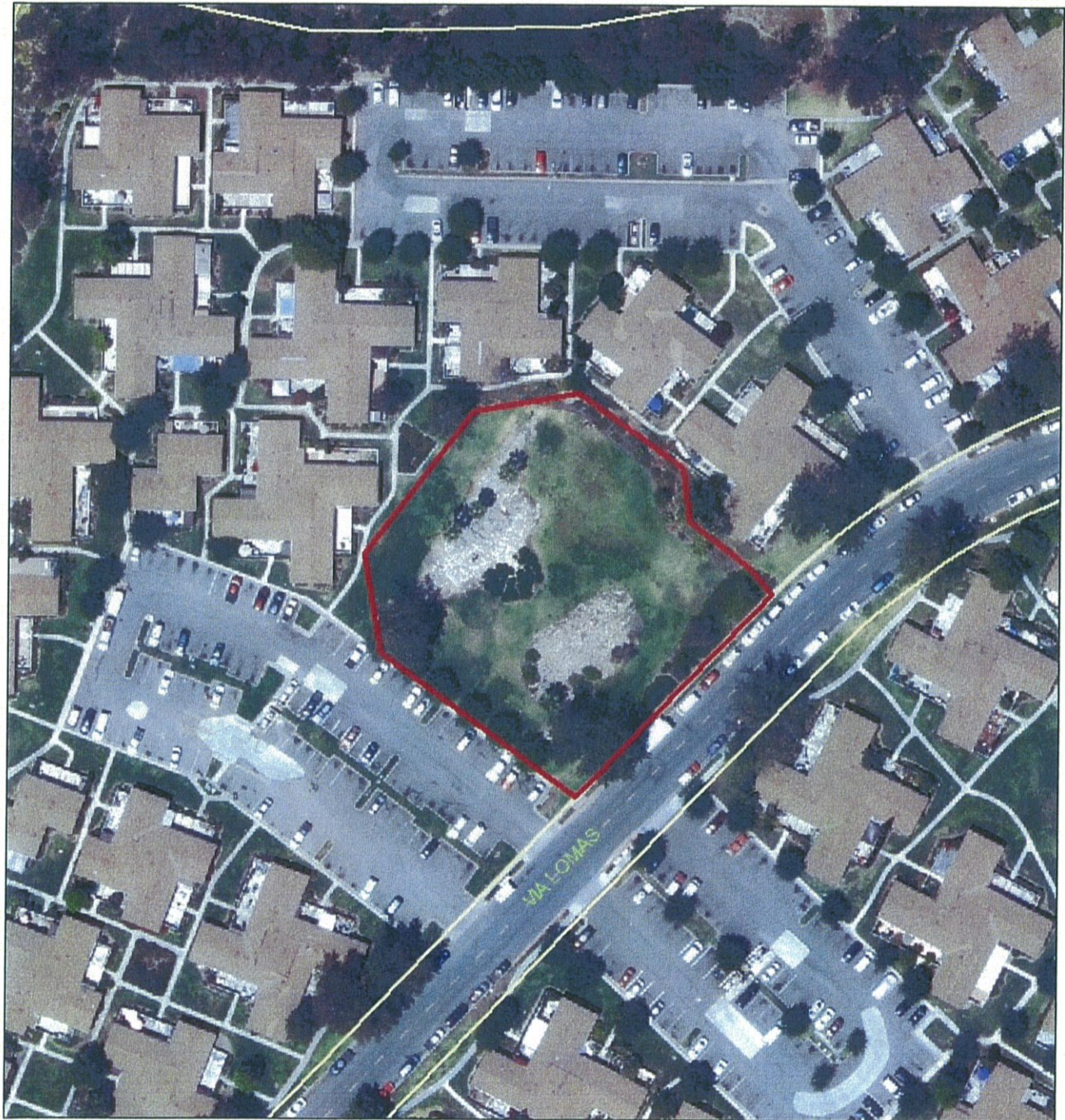
200 0 200 Feet

Date Created: 11/16/2011



City of Laguna Hills

FOSSIL PARK (PRIVATE)



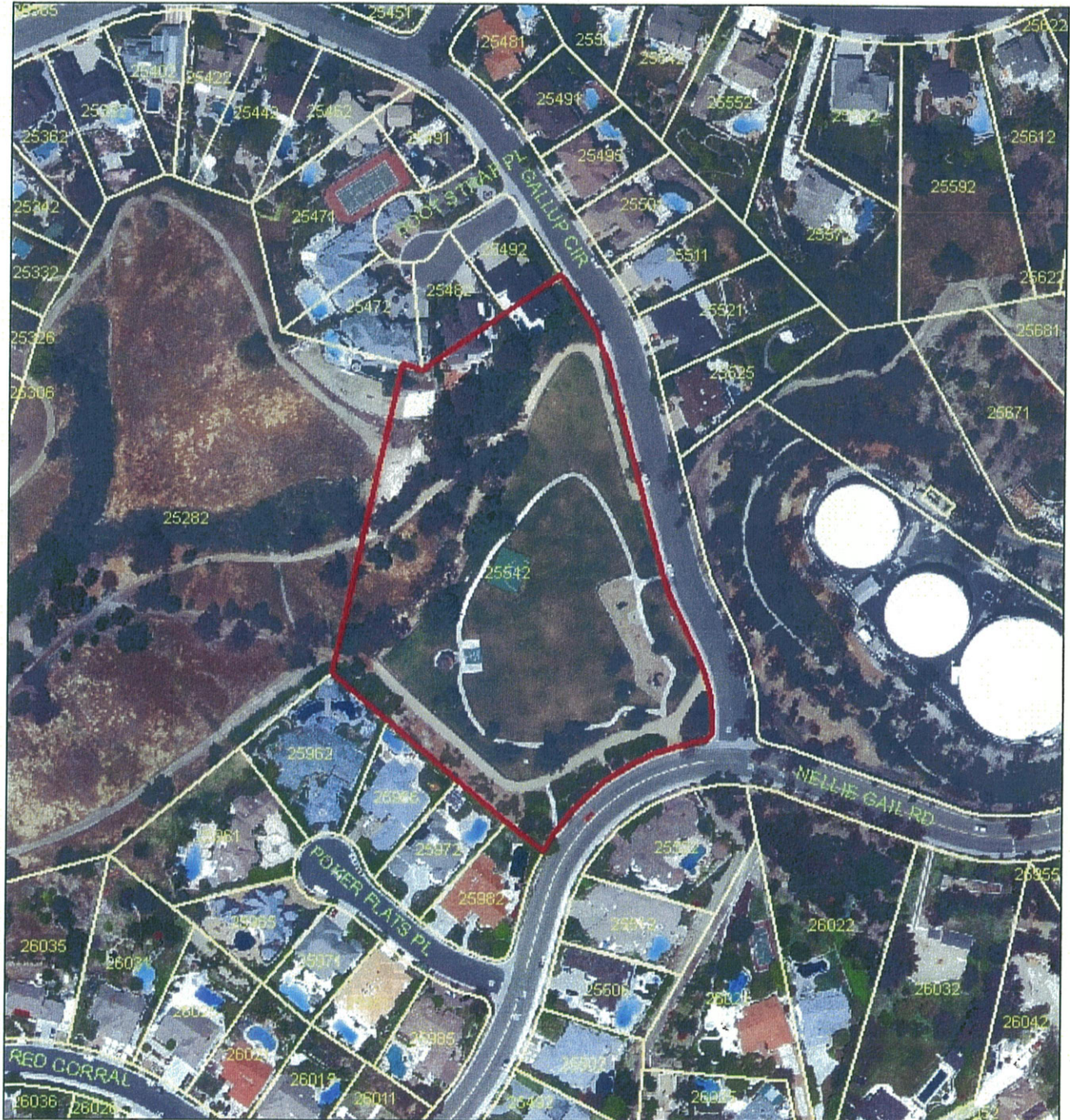
100 0 100 Feet

Date Created: 11/16/2011



City of Laguna Hills

GALLUP PARK (PRIVATE)



200 0 200 Feet

Date Created: 11/16/2011



City of Laguna Hills

HIDDEN TRAIL PARK (PRIVATE)



100 0 100 Feet

Date Created: 11/16/2011



City of Laguna Hills

LAGUNA VILLAGE (PRIVATE)



100 0 100 Feet

Date Created: 11/16/2011



City of Laguna Hills

MOULTON PARK (PRIVATE)



100 0 100 Feet

Date Created: 11/16/2011



City of Laguna Hills

NELLIE GAIL EQUESTRIAN CENTER (PRIVATE)



300 0 300 Feet

Date Created: 11/16/2011



City of Laguna Hills

SHEEP HILLS PARK (PRIVATE)



200 0 200 Feet

Date Created: 11/16/2011



City of Laguna Hills

QUAIL CREEK (PRIVATE)



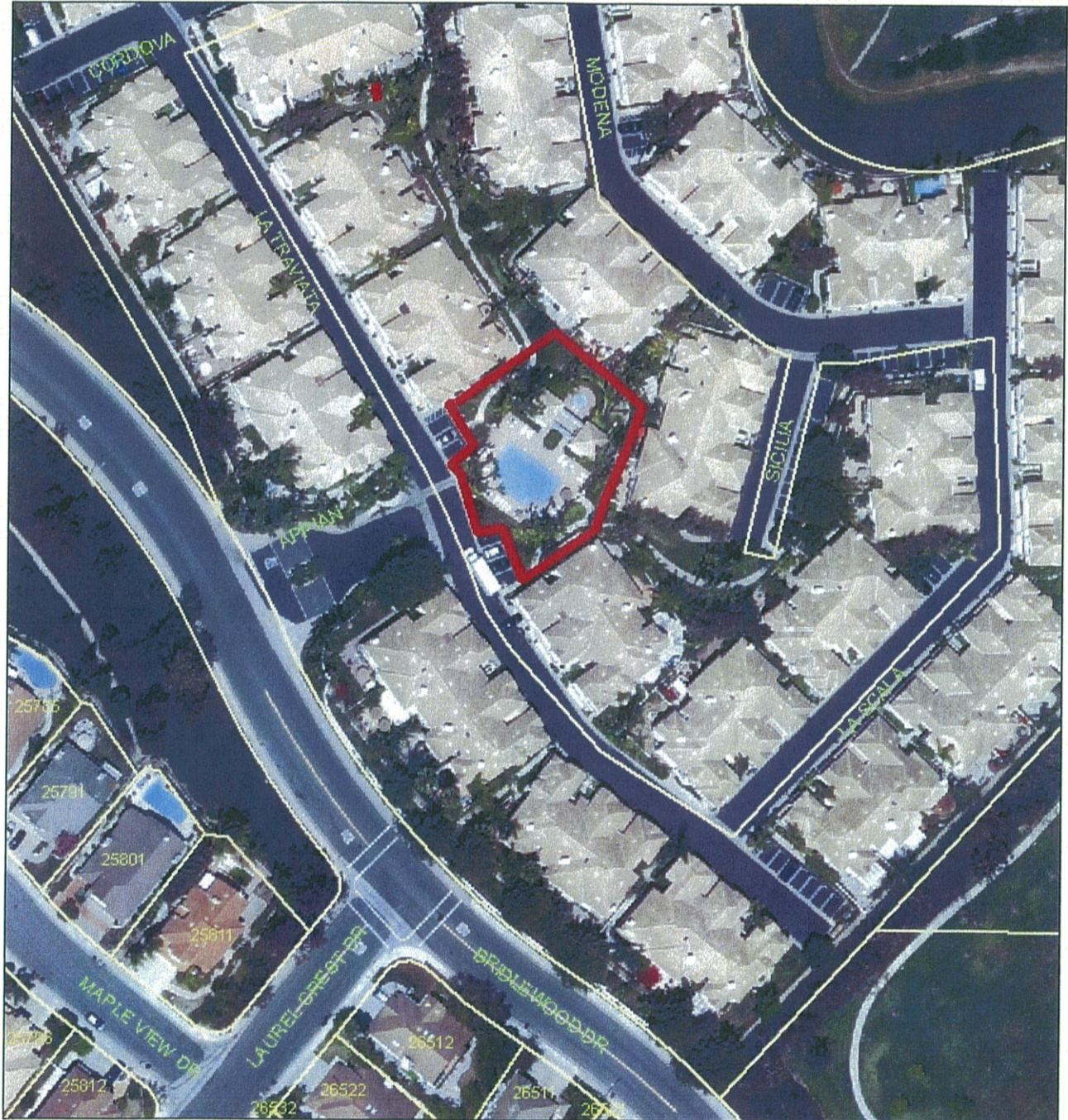
100 0 100 Feet

Date Created: 11/16/2011



City of Laguna Hills

BELLA VISTA (PRIVATE)



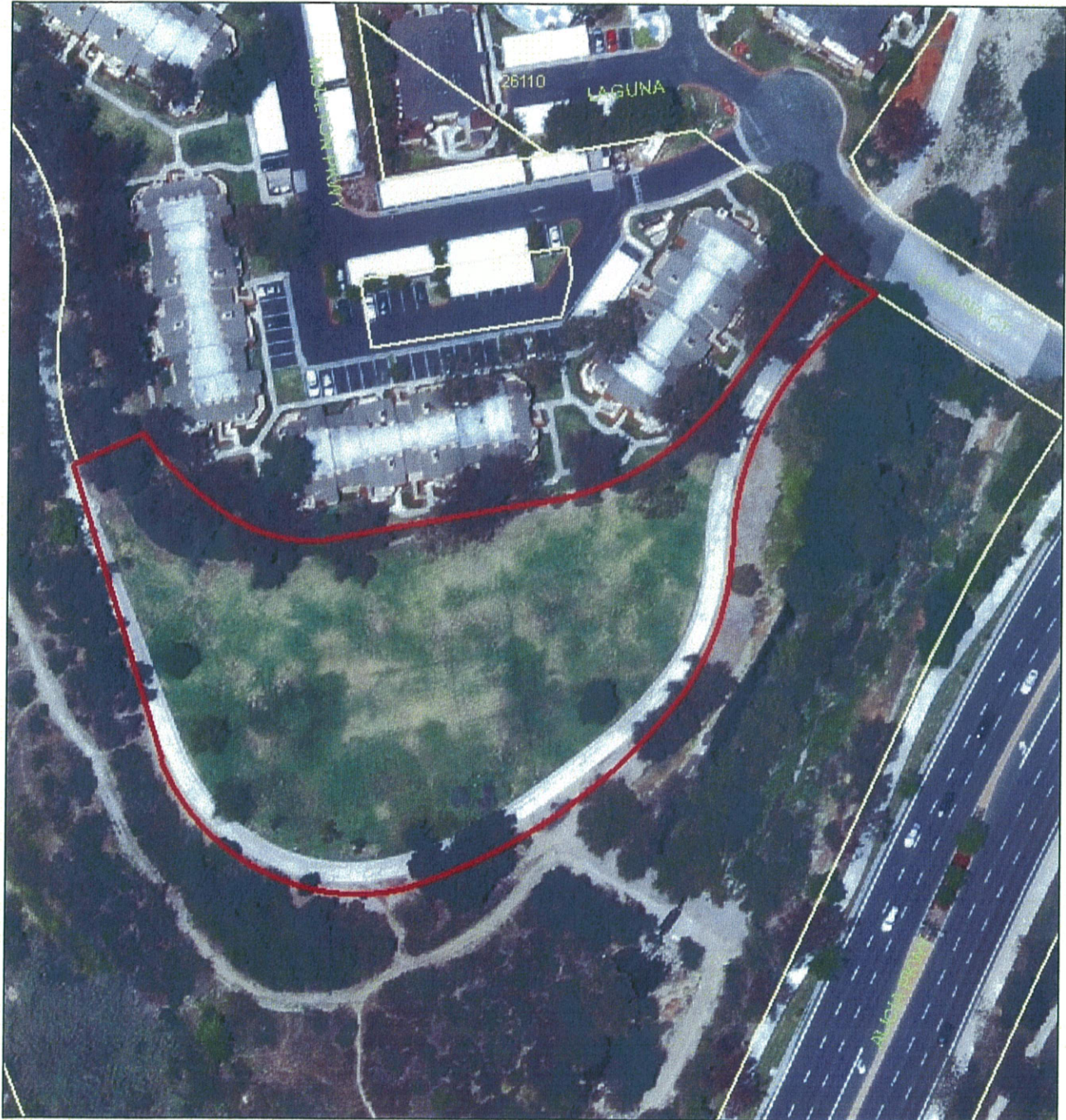
100 0 100 Feet

Date Created: 11/16/2011



City of Laguna Hills

LOMAS LAGUNA (PRIVATE)



100 0 100 Feet

Date Created: 11/16/2011



City of Laguna Hills

ALISO MEADOWS (PRIVATE)



100 0 100 Feet

Date Created: 11/16/2011

EXHIBIT C

ORDINANCE NO.

AN ORDINANCE OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ADDING CHAPTER 6-40 TO TITLE 6 OF THE LAGUNA HILLS MUNICIPAL CODE PROHIBITING REGISTERED SEX OFFENDERS FROM ENTERING CITY PARKS AND SPECIFIED PRIVATE COMMUNITY PARKS WITHOUT WRITTEN PERMISSION FROM THE ORANGE COUNTY SHERIFF

WHEREAS, the California Sex Registration Act, codified in California Penal Code sections 290 *et seq.*, requires persons convicted of specific sex offenses to register with "the chief of police of the city in which he or she is residing, or the sheriff of the county if he or she is residing in an unincorporated area or city that has no police department, and, additionally, with the chief of police of a campus of the University of California, the California State University, or community college if he or she is residing upon the campus or in any of its facilities, within five working days of coming into, or changing his or her residence within, any city, county, or city and county, or campus in which he or she temporarily resides"; and

WHEREAS, Proposition 83, codified in California Penal Code section 3003.5, prohibits any person on parole or probation required to register as a sex offender pursuant to the California Penal Code section 290 *et seq.*, from residing within two thousand (2,000) feet of any public or private school, or any park where children regularly gather; and

WHEREAS, pursuant to Penal Code section 626.81, registered sex offenders are restricted from entering upon school premises without lawful business thereon and written permission from the chief administrative official of that school; and

WHEREAS, on April 5, 2011, the Orange County Board of Supervisors unanimously adopted a new County Child Safety Zone Ordinance to create a child safety zone in County owned parks to further protect children from registered sex offenders, and on April 19, 2011, Orange County District Attorney Tony Rackauckas and Orange County Supervisor Patricia Bates sent a letter to the City urging the City Council to enact a law similar to the County Child Safety Zone Ordinance to protect children in parks in the City; and

WHEREAS, the City of Laguna Hills is an attractive place for families and children because of the City's family-oriented environment, numerous parks and recreational facilities, and community character; and

WHEREAS, according to the 2010 Census Data, approximately 22.3% of the City's population is under 18 years of age; and

WHEREAS, parks within the City of Laguna Hills are a place where children and families frequently gather and visit; and

WHEREAS, sex offenders have high recidivism rates that exceed those exhibited by other convicted criminals as indicated in a report published in 2003 issued by the U.S. Department of Justice, Bureau of Justice Statistics entitled "Recidivism of Sex Offenders Released From Prison in 1994", which showed, from a study of prisoners released in 1994 from fifteen (15) states, that released sex offenders were four times (4x) more likely to be rearrested for a new sex crime as compared to non-sex offenders released (a copy of this report is available for review at the City Clerk's Office); and

WHEREAS, according to the Megan's Law website maintained by the California Department of Justice, of the current eight (8) registered sex offenders residing in the City of Laguna Hills, six (6) of those registered sex offenders were convicted of offenses involving minors under the age of 18 years old; and

WHEREAS, in an effort to protect the health, safety, and welfare of minors within the City, the City Council desires to take additional action to further protect children and families from dangerous sex offender predators by establishing child safety zones that prohibit registered sex offenders from entering into or upon the premises of parks located within the City, which are places where children regularly gather; and

WHEREAS, the City Council hereby finds that the City has a compelling interest in protecting children and families in places where they regularly gather, such as all City parks and specified private homeowner association community parks and recreational areas, from sexual predators.

THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. Chapter 6-40 is hereby added to Title 6 of the Laguna Hills Municipal Code, which shall read as follows:

Chapter 6-40 Child Safety Zones – Prohibition of Registered Sex Offenders from Entering Parks.

Sections:

Sec. 6-40.010	Purpose and Intent.
Sec. 6-40.020	Definitions.
Sec. 6-40.030	Prohibitions.
Sec. 6-40.040	Signage Posting Requirement.
Sec. 6-40.050	Penalties for Violations.
Sec. 6-40.060	Other Prosecution Authorized.
Sec. 6-40.070	Waiver Criteria.

Sec. 6-40.010 Purpose and Intent.

It is the purpose and intent of this Chapter to protect children from registered sex offenders by restricting sex offenders' access to locations where children regularly gather. It is also the purpose and intent of this Chapter to reduce the risk of harm to children by impacting the ability of sex offenders to be in contact with children. It is

further the intent of this Chapter to provide additional restrictions beyond those provided for in state law by restricting sex offenders from certain limited locations, and by allowing for criminal penalties for violations of this Chapter. It is not the intent of this Chapter to allow conduct otherwise prohibited by state law or to contradict state law. City parks and specified private community parks in the City of Laguna Hills are recognized by the City Council as locations where children regularly gather.

Sec. 6-40.020 Definitions.

For purposes of this Chapter, the following terms are defined as follows:

Child, children or minor(s) means any person(s) under eighteen (18) years of age.

Park means any and all City owned, operated, leased, or maintained land established before or after the effective date of this ordinance for park, recreation, or open space purposes where children regularly gather, including: (1) Clarington Park; (2) Beckenham Park; (3) Stockport Park; (4) Mendocino Park; (5) Aliso Hills Park; (6) Mandeville Park; (7) Costeau Park; (8) MacKenzie Park; (9) Knotty Pine Park; (10) El Conejo Park; (11) San Remo Park; (12) Santa Vittoria Park; (13) Veeh Ranch Park; (14) Cabot Park; and (15) Laguna Hills Community Center and Sports Park Complex. Records identifying, describing, and depicting the location of these areas shall be maintained on file in the office of the city clerk for public review and inspection.

Park shall also include homeowner association owned, operated, leased, or maintained common areas established before or after the effective date of this ordinance for private park, recreation, or open space purposes where children regularly gather, where the homeowners' association has provided written notice to the City requesting enforcement of this ordinance, including: (1) Casa de Laguna Park; (2) Dapple Grey Park; (3) Fossil Park; (4) Gallup Park; (5) Hidden Trail Park; (6) Laguna Village Park; (7) Moulton Park; (8) Moulton Ranch Park; (9) Nellie Gail Equestrian Center; (10) Sheep Hills Park; (11) Quail Creek recreation area; (12) Bella Vista recreation area; (13) Lomas Laguna Park; (14) Sunset Place Park; and (15) Aliso Meadows recreation area. Records identifying, describing, and depicting the location of these areas shall be maintained on file in the office of the city clerk for public review and inspection.

Orange County Sheriff shall mean the Orange County Sheriff or the Sheriff's designee

Sec. 6-40.030 Prohibitions.

Any person required to register pursuant to California Penal Code sections 290 *et seq.*, who enters into or upon any Park within the City where children regularly gather without written permission from the Orange County Sheriff, is guilty of a misdemeanor. Each entry into any such area, regardless of the time period between entries, shall constitute a separate offense under this ordinance.

Sec. 6-40.040 Signage Posting Requirement.

For all Parks, a notice in substantially the following form shall be posted:

"Any person required to register pursuant to Penal Code §290 is prohibited from entering into or upon this park without written authorization from the Orange County Sheriff's Department. (LHMC Chapter 6-40)"

Sec. 6-40.050 Penalties for Violation.

Punishment for a violation of this ordinance shall be as follows:

(1) Upon a first conviction, by imprisonment in a county jail for a period of not more than six months, or by a fine not exceeding five hundred dollars (\$500), or by both imprisonment and a fine.

(2) Upon a second conviction, by imprisonment in a county jail for a period of not less than ten (10) days and not more than six months, or by both imprisonment and a fine not exceeding five hundred dollars (\$500). Upon a second conviction, however, the person shall not be released on probation, parole, or any other basis until he or she has served not less than ten (10) days.

(3) Upon a third or subsequent conviction, by imprisonment in a county jail for a period of not less than ninety (90) days and not more than six months, or by both imprisonment and a fine not exceeding five hundred dollars (\$500). Upon a third or subsequent conviction, however, the person shall not be released on probation, parole, or any other basis until he or she has served not less than ninety (90) days.

Sec. 6-40.060 Other Prosecution Authorized.

Nothing in this Chapter shall preclude or prohibit prosecution under any other provision of law. This Chapter shall not apply to persons already restricted from parks pursuant to California Penal Code section 3053.8.

Sec. 6-40.070 Waiver Criteria.

Notwithstanding the foregoing, a registered sex offender may, by written request made to the Orange County Sheriff, which request shall be date, time, and location specific, seek written authorization to enter into or upon a Park. The Orange County Sheriff shall evaluate each written request to determine whether to grant, conditionally grant, or deny the request. Reasons that may justify the request include:

- (1) Accessing the Park for the purposes of exercising the rights of free speech or assembly;
- (2) Accessing the Park for purposes of lawful employment;
- (3) Accessing the Park for the purposes of voting in any local, state, or federal election; or

(4) Accessing the Park for the purposes of attending a religious service.

SECTION 2. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance is, for any reason, held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more section, subsection, subdivision, sentence, clause, phrase, or portion thereof be declared invalid or unconstitutional.

SECTION 3. The City Clerk shall certify to the adoption of this Ordinance and cause the same to be posted at the duly designated posting places within the City and published once within fifteen days after passage and adoption as may be required by law; or, in the alternative, the City Clerk may cause to be published a summary of this Ordinance and a certified copy of the text of this Ordinance shall be posted in the Office of the City Clerk five days prior to the date of adoption of this Ordinance; and, within fifteen days after adoption, the City Clerk shall cause to be published, the aforementioned summary and shall post a certified copy of this Ordinance, together with the vote for and against the same, in the Office of the City Clerk.

PASSED, APPROVED, AND ADOPTED this 13th day of December, 2011.

_____, 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 Ordinance No. 2011- was duly introduced and placed upon its first reading at a Regular Meeting of the City Council on the November 22, 2011, and that thereafter, said Ordinance was duly adopted and passed at a Regular Meeting of the City Council held on the December 13, 2011, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

PEGGY J. JOHNS, CITY CLERK

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

AFFIDAVIT OF POSTING
AND PUBLICATION

PEGGY J. JOHNS, being first duly sworn, deposes and says:

That she is the duly appointed and qualified City Clerk of the City of Laguna Hills;

That in compliance with State Laws of the State of California, ORDINANCE NO. 2011- , being:

AN ORDINANCE OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ADDING CHAPTER 6-40 TO TITLE 6 OF THE LAGUNA HILLS MUNICIPAL CODE RESTRICTING SPECIFIED SEX OFFENDERS FROM ENTERING CITY AND COMMUNITY PARKS WITHOUT WRITTEN PERMISSION FROM THE ORANGE COUNTY SHERIFF BASED ON SPECIFIED WRITTEN CRITERIA

on the 27th day of November 2011, was published in summary in The Register and on the 23rd day of December 2011, was published in summary in the Saddleback Valley News; and was, in compliance with City Resolution No. 2004-05-25-2, on the 23rd of November 2011, and the 14th day of December 2011, caused to be posted in summary in three places in the City of Laguna Hills, to wit:

Laguna Hills City Hall
Laguna Hills Community Center
Courtyard at La Paz Center

PEGGY J. JOHNS, CITY CLERK
Laguna Hills, California

CITY OF LAGUNA HILLS

AGENDA REPORT PUBLIC SERVICES DEPARTMENT

**ISSUE: PROGRESS PAYMENT NO. 9 FOR LA PAZ ROAD WIDENING AT I-5
IMPROVEMENT PROJECT, CIP NO. 159**

SUMMARY:

Work on the La Paz Road Widening at I-5 Improvement Project, CIP No. 159, began on April 7, 2011, and is being performed by SEMA Construction, Inc. Work performed in November included engineering, progress scheduling, site management, inlet protection, street sweeping, rain event planning, storm water sampling, signage, traffic control, concrete removal and replacement, clearing and grubbing, excavation, steel reinforcement, asphalt concrete, signal and lighting, fiber communications, and mobilization. The contractor has submitted the ninth progress payment request for approval including Contract Change Order No. 4. The change order is necessary to address changed or unknown subsurface conditions, the extension of a waterline, the extension of an electrical service, and minor quantity adjustments. Approval is recommended.

BACKGROUND:

A routine monthly action for capital improvement projects is the submission, review, and approval of the contractor's invoice. Procedurally, field staff verifies the contractor's quantities and matches them with the submitted invoice. The unit prices and total costs of the project are confirmed by the office staff and a progress payment is then processed. A ten (10) percent retention is withheld from each payment to assure final performance of the work. The contractor for the project, SEMA Construction, Inc., has submitted the ninth progress payment for the subject project as follows:

ITEM #	DESCRIPTION	QUANTITY	UNIT	\$	AMOUNT
1	RE Office	.05	LS	\$ 50,000.00	\$ 2,500.00
2	Progress Schedule	.05	LS	\$ 3,000.00	\$ 150.00
3	Time Related Overhead	14	WD	\$ 2,000.00	\$ 28,000.00

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE CONTRACT CHANGE ORDER NO. 4 AND PROGRESS PAYMENT NO. 9, IN THE NET AMOUNT OF \$201,491.59, TO SEMA CONSTRUCTION, INC., FOR THE LA PAZ ROAD WIDENING AT I-5 IMPROVEMENT PROJECT, CIP NO. 159.

Agenda Report
Progress Payment No. 9 for CIP No. 159
Page 2

4	Construction Site Mgmt	.05	LS	\$ 10,000.00	\$ 500.00
10	Temp Inlet Protection	11	EA	\$ 86.00	\$ 946.00
11	Street Sweeping	.05	LS	\$ 25,000.00	\$ 1,250.00
12	Temp Conc Wash Bin	1	EA	\$ 1,000.00	\$ 1,000.00
14	Rain Event Action Plan	5	EA	\$ 100.00	\$ 500.00
16	Storm Water Sampling	1	EA	\$ 400.00	\$ 400.00
18	Construction Signage	.05	LS	\$ 40,400.00	\$ 2,020.00
19	Traffic Control System	.05	LS	\$ 55,700.00	\$ 2,785.00
26	Portable Message Signs	.05	LS	\$ 1,600.00	\$ 80.00
42	Remove Concrete (Curb, etc.)	8	CY	\$ 66.00	\$ 528.00
44	Clearing & Grubbing	.10	LS	\$100,000.00	\$ 10,000.00
45	Roadway Excavation	500	CY	\$ 6.73	\$ 3,365.00
73	Tieback Anchor	25	EA	\$ 1,471.20	\$ 36,780.00
75	Class 1 Conc (Structure)	1.6	CY	\$ 600.00	\$ 960.00
78	Minor Conc (Minor Structure)	.50	CY	\$ 800.00	\$ 400.00
83	Bar Reinforcing Steel (RW)	10,000	LB	\$ 0.92	\$ 9,200.00
84	Shotcrete	60	CY	\$ 274.25	\$ 16,455.00
111	Minor Conc (Misc. Cons)	7.49	CY	\$ 517.02	\$ 3,872.48
131	Signal & Lighting (1)	.06	LS	\$126,497.46	\$ 7,589.85
137	Fiber Communications	.32	LS	\$ 61,900.00	\$ 19,808.00
139	Mobilization	.05	LS	\$402,578.80	\$ 20,128.94
CCO No. 3	(B) Irrig Traffic Control	1	LS	\$ 715.59	\$ 715.59
CCO No. 4	(B) Electrical Irrig Control	.18	LS	\$ 27,543.12	\$ 4,957.76
	(C1) TM Extra Work	1	LS	\$ 38,014.87	\$ 38,014.87
	(D1) Remove Concrete	1	LS	\$ 10,973.05	\$ 10,973.05
Total To Date				\$1,734,324.92	
Less Prior Billing				<u>\$1,510,445.38</u>	
Total This Period				\$ 223,879.54	\$223,879.54
Less 10% Retention					<u>\$(22,387.95)</u>
					\$201,491.59

CHANGE ORDERS:

Contract Change Order No. 4, attached, is proposed for approval. This change order addresses: (a) the extension of a waterline to provide recycled water to the outer edges of the project; (b) extension of electrical services to irrigation controllers due to the service point not being at the anticipated location; (c) the removal of additional contaminated soil not covered under Contract Change Order No. 2; (d) the removal of

additional buried debris not covered under Contract Change Order No. 3; and (e) minor quantity revisions, all in the total value of \$117,820.31.

CHANGE ORDER RECAP:

<u>Contract Change Order</u>	<u>Value</u>	<u>Approved</u>
CCO #1	\$ 23,717.09	June 28, 2011
CCO #2	\$ 20,000.00	June 28, 2011
CCO #3	\$ 22,500.00	August 23, 2011
CCO #4	<u>\$117,820.31</u>	
Total	\$184,037.40	

Change orders to date represent 4.35% of the base contract value of \$4,228,879.00.

FISCAL IMPACT:

The progress payment is within the Capital Improvement Program Budget for the La Paz Road Widening at I-5 Improvement Project, CIP No. 159.

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE CONTRACT CHANGE ORDER NO. 4 AND PROGRESS PAYMENT NO. 9, IN THE NET AMOUNT OF \$201,491.59, TO SEMA CONSTRUCTION, INC., FOR THE LA PAZ ROAD WIDENING AT I-5 IMPROVEMENT PROJECT, CIP NO. 159.

ATTACHMENTS:

- Contract Change Order No. 4

CITY OF LAGUNA HILLS CONTRACT CHANGE ORDER

CONTRACT CHANGE ORDER NO. 4

SHEET 1 OF 5 SHEETS

PROJECT: La Paz Widening at I-5, CIP No. 159

CONTRACTOR: SEMA Construction

In accordance with contract provisions, the following changes in the contract and/or contract work are hereby authorized and as compensation therefore, the following addition to or deductions from the contract price are hereby approved.

Note: This change order is not effective until approved by the City Engineer.

Description of work to be done, estimate of quantities, and prices to be paid. Segregate between additional work at contract price, agreed price, and force account. Unless otherwise stated, rates for rental of equipment are actually used and no allowance will be made for idle time.

Change requested by: City

This change order provides compensation to SEMA Construction for the following extra work:

A Extra Work at Agreed Lump Sum:

Install 6" Water Line, C900 pipe as shown on the attached sketch (CCO #4 Sheet 1 of 11), including the following: two gate valves, one flow sensor, one remote control valve, and one wye strainer. The water line will connect from an existing 6" valve to a new water meter to be installed along La Paz that will serve the Alicia interchange. Install one 1 1/4" or 1 1/2" conduit in the 10" crossover #7 under the bridge. Bring this conduit from the end of the crossover to the new remote control valve. Do not remove the existing irrigation controller "A" on plan Sheet 134. Caltrans will provide two 6" gate valves, 1000 of C900 pipe, one 6" flow sensor, one 6" wye strainer, and one 6" remote control valve. Contractor to provide all other materials as needed.

SEMA will be compensated as "Extra Work" per the Section 3-3 of the Green Book, "Extra Work" and Special Provision Section 3-3 "Extra Work":

Lump Sum Amount = \$13,702.00

Total Not-To Exceed Increase, A: \$ 13,702.00

By reason of this order the time of completion will be adjusted as follows:

A: No Time

B1: Extra Work at Agreed Lump Sum:

Provide electrical power for the irrigation controllers as shown on the attached sketch (CCO #4, Page 2 of 11). Delete Bid Item #138, Electric Services (irrigation) (Total Bid Price = \$5,200.00) entirely. Provide two circuits for the new controllers instead of three as originally indicated on the attached sketch. The lump sum payment of \$27,543.12 shall include one move-in of a directional boring machine for the La Paz crossing on the plan.

Lump Sum Amount = \$27,543.12

Total Lump Sum Increase, B1: \$ 27,543.12

By reason of this order the time of completion will be adjusted as follows:

B1: No Time

C1: CCO #2 Amendment #1, Extra Work At Time & Materials (Force Account):

This change provides additional compensation and time for the work authorized under CCO #2 for handling contaminated soil while installing shoring for Retaining Walls #3 and #4. The total cost of this work is agreed upon at \$58,014.87, which provides compensation per the attached spreadsheet (CCO #4 Spreadsheet, Pages 1 and 2). \$20,000 has been provided under CCO #2, so this amendment provides additional compensation for the balance.

Lump Sum Amount (Increase Above CCO #2) = \$38,014.87

Total Lump Sum Increase, C1: \$ 38,014.87

By reason of this order the time of completion will be adjusted as follows:

C1: Time Extension: Deferred pending review of Time Impact Analysis

D1: CCO #3 Amendment #1: Extra Work at Time & Materials (Force Account)

This change provides additional compensation for the work authorized under CCO #3, Part B, to remove and dispose of miscellaneous debris (buried concrete, asphalt, and other materials) encountered throughout the jobsite. The work is to be performed as Extra Work At Force Account. This Part D1 of this Change Order authorizes an additional \$20,000 beyond the original \$10,000.00 authorized in CCO #3, Part B.

Not-to-Exceed Increase = \$20,000

Total Not-to-Exceed Increase, D1: \$ 20,000

By reason of this order the time of completion will be adjusted as follows:

D1: No Time

E1: Extra Work at Agreed Lump Sum

Modify the Electrical Plans per the attached revised drawings for (CCO #4, Sheets 3 to 11 of 11) The modifications will provide fiber optic connections to all traffic signal controllers and ramp metering controllers, plus the CCTV Camera (Caltrans cable). Caltrans will provide all cables not in the original contract and provide integration and terminations. These revised drawings also modify the traffic signal power location at the intersection of Cabot Road and La Paz by deleting the new service cabinet and using the existing Caltrans dual meter pedestal on Cabot Road for intersection power. The new service cabinet shown currently on Sheet E-2 of the contract drawings (Note 10) which has already been purchased shall be turned over to the City of Laguna Hills as surplus material.

Lump Sum Increase = \$11,619.38

Total Lump Sum Increase, E1: \$11,619.38

By reason of this order the time of completion will be adjusted as follows:

E1: No Time

F1: Extra Work at Agreed Unit Prices

The following Final Pay Bid Items are increased at contract Unit Prices:

Bid Item #74, Structural Concrete, Retaining Wall Increased 2.8 CY@400 per CY = \$1,120.00
(New Total Final Pay Quantity is 372.8 CY)

Bid Item #78, Minor Concrete Minor Structure Increased 6.3 CY @ \$800.00 per CY = \$5,040.00
(New Total Final Pay Quantity is 78.3 CY)

Bid Item #80, Architectural Surface Increased 60.5 SF @ \$9.00 per SF = \$544.50
(New Total Final Pay Quantity is 5060.5 SF)

Bid Item #83, Bar Reinforcing Steel, RW, Increased 257 LB @ \$0.92 per LB = \$236.44
(New Total Final Pay Quantity is 127,657 LB)

This above increases in final pay quantities provide compensation for the elevation changes for the top-of-tie-back wall requested in Athalye Letter #62 of August 29,2011 for items 74, 80, and 83. It also provides compensation for the reconstruction of drainage structures at 5a, 8a, and

CONTRACT CHANGE ORDER NO. 4

the connection of the existing 24" RCP to System 7a, including a settlement of NOPC #1 for this work (item 78).

Total of Final Pay Quantity Increases = \$6,940.94

Total Increase in Final Pay Quantities, F1: \$6,940.94

By reason of this order the time of completion will be adjusted as follows:

F1: No Time

The compensation (time and cost) set forth in this Change Order comprises the total compensation due the Contractor, all Subcontractors and all suppliers, for the work or change defined in this Change Order, including all impact on any unchanged work. By signing this Change Order, the Contractor acknowledges and agrees, on behalf of himself, all Subcontractors, and all suppliers, that the stipulated compensation includes payment for all work contained in this Change Order, plus all payment for the interruption of schedules.

Extended overhead costs, delay, and all impact, ripple effect or cumulative impact on all other, work under this Contract. The signing of this Change Order shall indicate that the Change Order constitutes full mutual accord and satisfaction for the change, and that the time and/or cost under the Change Order constitutes the total equitable adjustment owed the Contractor, all Subcontractors, and all suppliers, as a result of the change. The Contractor, on behalf of himself, all Subcontractors, and all suppliers, agrees to waive all rights, without exception or reservation of any kind whatsoever, to file any further claim or request for equitable adjustment of any type, for any reasonably foreseeable cause that shall arise out of or as a result of this Change Order or the impact of this Change Order on the remainder of the work under this Contract.

SUMMARY OF CONTRACT TIME

Original Contract Date:	April 7, 2011
Original Contract Time:	275
Original Completion Date:	May 18, 2012
Time Extension this C.O.:	0
Total Contract Time Extension:	0
Revised Contract Time:	N/A
Revised Final Completion Due Date:	N/A
Time Subject to Liquidated Damages:	None
Actual Final Completion Date:	TBD

Original Contract Price	<u>\$4,228,879.00</u>
Prev. Authorized Changes	<u>\$ 66,217.09</u>
This Change (Add)	<u>\$ 117,820.31</u>
Amended Contract Price	<u>\$4,412,916.40</u>

CONTRACT CHANGE ORDER NO. 4

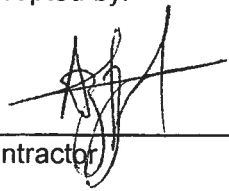
If the Contractor does not sign acceptance of this order, his attention to the requirements of the specifications as to proceeding with the order work and filing a written protest within the time therein specified.

Approved by:

Director of Public Services

Date

Accepted by:



Contractor

11/18/11

Date

Print Name:

AZZAM SAAD
v.p. Contracts

CITY OF LAGUNA HILLS

AGENDA REPORT PUBLIC SERVICES DEPARTMENT

ISSUE: AWARD OF PROFESSIONAL SERVICES AGREEMENT FOR ENVIRONMENTAL CLEARANCE AND DESIGN OF THE PHASE 1 WIDENING OF PASEO DE VALENCIA FROM KENNINGTON DRIVE TO LAGUNA HILLS DRIVE, CIP NO. 145A

SUMMARY:

Paseo de Valencia is designated as a major arterial highway between El Toro Road and La Paz Road in the Countywide Master Plan of Arterial Highways and the City's General Plan. Major arterial highways are to consist of six travel lanes but Paseo de Valencia, in this area, currently consists of only five lanes. To address the lane deficit and plan for future traffic conditions, the City was granted Measure M2 funding for environmental clearance and design services of a Phase 1 Project to widen Paseo de Valencia from Kennington Drive to Laguna Hills Drive. Staff subsequently issued a Request for Proposal to six firms seeking professional services necessary to prepare the environmental clearance and project plans and to seek construction funding of the project. Four firms submitted proposals which were reviewed and ranked by a three-member staff committee. The top two firms were then interviewed resulting in the selection of STV, Inc., as the best qualified firm to advance the project. It is recommended that City Council select STV, Inc., and authorize the City to enter into the standard form Professional Services Agreement with this firm for the subject project environmental clearance services and preparation of plans, specifications, and estimates.

BACKGROUND:

Paseo de Valencia is designated as a major arterial highway between El Toro Road and La Paz Road in the Countywide Master Plan of Arterial Highways and the City's General Plan. Paseo de Valencia carries approximately 32,000 vehicles per day between Los Alisos Boulevard and Laguna Hills Drive. Within this reach, the street consists of three northerly bound travel lanes and only two southerly bound travel lanes. Afternoon

RECOMMENDATION: THAT THE CITY COUNCIL: (1) SELECT STV, INC., FOR THE ENVIRONMENTAL CLEARANCE AND DESIGN SERVICES OF THE PASEO DE VALENCIA PHASE 1 WIDENING PROJECT BETWEEN KENNINGTON DRIVE AND LAGUNA HILLS DRIVE, CIP NO. 145A; (2) AUTHORIZE THE MAYOR TO SIGN AND THE CITY CLERK TO ATTEST TO THE STANDARD FORM PROFESSIONAL SERVICES AGREEMENT; AND (3) DIRECT STAFF TO AMEND THE CAPITAL IMPROVEMENT PROGRAM BUDGET TO ESTABLISH PROJECT FUNDING FOR CIP NO. 145A IN FISCAL YEAR 2011-12.

congestion is common during the peak travel hours for southerly bound Paseo de Valencia traffic approaching Laguna Hills Drive. To address current and long-term traffic circulation needs, it is necessary to plan for the construction of the third southerly bound travel lane on Paseo de Valencia. This year, the City was granted funding by the Orange County Transportation Authority (OCTA) under Measure M2 for environmental clearance services and the final design work for a First Phase Project to widen Paseo de Valencia to the full six-lane major arterial highway cross section between Kennington Drive and Laguna Hills Drive. Subsequently, staff issued a Request for Proposal to six firms seeking professional services necessary to prepare the environmental clearance document, prepare the project plans, specifications and estimate, and to seek construction funding of the project.

On November 15, 2011, four firms submitted proposals for the subject project utilizing the qualifications based selection process (separate sealed fee envelope). The four firms submitting proposals were Bureau Veritas, Willdan, STV, Inc., and Kreuzer Consulting Group. A staff committee consisting of the Assistant City Manager, Director of Public Services, and Associate Civil Engineer ranked the proposals and then interviewed the top two firms on November 30, 2011. The best qualified firm to perform the scope of work was determined to be STV, Inc. STV, Inc. is a 100-year-old multi-disciplinary firm with offices throughout the United States and has extensive highway design experience. STV, Inc., also included several experienced sub-consultants in their team to provide a proposal that met or exceeded the City's requirements for a successful project. Their local office is located in Irvine, California.

Following the selection of STV, Inc., staff reviewed the fee proposal, refined the scope of work, and negotiated the base fee of the consultant to match the refined work. The project concept proposes to shift Paseo de Valencia to the east to avoid right-of-way acquisition for the expanded roadway on the west side of the project, provide sidewalks, bike lanes, and three travel lanes in both directions, and reconstruct the raised and landscaped median island. Due to the shift of the roadway, the full structural section of the pavement will also be reconstructed as a part of the future construction. The project, however, has one variable component that may or may not become necessary to construct depending upon the conclusions of the environmental clearance document. This component is the potential need for noise mitigation (typically sound walls) on either side of the widened roadway. Accordingly, STV, Inc., was requested to and provided a separate fee for the noise mitigation design work. The environmental clearance services and preparation of the plans, specifications, and cost estimates will occur over a one-year time span. Construction will be in the future when funding becomes available.

Staff will implement a public outreach program with this project to include residents immediately adjacent to the project in both the City of Laguna Hills and the City of

Laguna Woods. In addition to the statutory requirements associated with the environmental clearance process, additional public meetings are anticipated to inform the public of the project components.

Staff has prepared the attached standard form Professional Services Agreement with STV, Inc., that includes their full proposal, fees, and the City's Request for Proposal as attachments. Approval of the Agreement is recommended.

FISCAL IMPACT:

The funding for this project consists of a Measure M2 allocation in the amount of \$371,513 plus a 25% City match of \$123,838 of CARITS funds for a total project commitment of \$495,351. No General Funds are committed to this project. The complete Paseo de Valencia project is included in the future Capital Improvement Program Budget as CIP No. 145. With the provision of grant funds by OCTA and CARITS funds, the Capital Improvement Program Budget will need to be amended to reflect the currently proposed work of the Phase 1 Project to be known as CIP No. 145A.

The four firms that proposed on the subject project submitted fees for services ranging from \$333,059 to \$564,778. The original fee proposed by STV, Inc., of \$378,341 was revised to match a refined scope of work resulting in a base fee of \$332,526 with an add-on fee of \$46,740, if extensive sound walls are required to be designed. To that value, staff has proposed an increase to the maximum contract value of approximately 5% for contingencies, bringing the total fee maximum to \$399,266. The total fee of STV, Inc., is within the project funding.

RECOMMENDATION: THAT THE CITY COUNCIL: (1) SELECT STV, INC., FOR THE ENVIRONMENTAL CLEARANCE AND DESIGN SERVICES OF THE PASEO DE VALENCIA PHASE 1 WIDENING PROJECT BETWEEN KENNINGTON DRIVE AND LAGUNA HILLS DRIVE, CIP NO. 145A; (2) AUTHORIZE THE MAYOR TO SIGN AND THE CITY CLERK TO ATTEST TO THE STANDARD FORM PROFESSIONAL SERVICES AGREEMENT; AND (3) DIRECT STAFF TO AMEND THE CAPITAL IMPROVEMENT PROGRAM BUDGET TO ESTABLISH PROJECT FUNDING FOR CIP NO. 145A IN FISCAL YEAR 2011-12.

ATTACHMENTS:

- Professional Services Agreement

PROFESSIONAL SERVICES AGREEMENT

(Paseo De Valencia Roadway Widening from Kennington Drive to Laguna Hills Drive)

THIS PROFESSIONAL SERVICES AGREEMENT (hereinafter "Agreement") is made and entered into, to be effective this 13th day of December 2011, by and between the CITY OF LAGUNA HILLS, a municipal corporation organized and existing under the laws of the State of California, (hereinafter referred to as "City") and STV, Inc., a New York Corporation, (hereinafter referred to as "Consultant"). City and Consultant are sometimes hereinafter individually referred to as "Party" and are hereinafter collectively referred to as the "Parties."

RECITALS

A. City has determined that there is a need to retain the professional services of a licensed Civil Engineering firm for the purposes of preliminary design, environmental clearance and final design of roadway improvements to widen Paseo de Valencia to six travel lanes meeting Master Plan of Arterial Highway standards between Kennington Drive and Laguna Hills Drive (the "Project").

B. Consultant has submitted to City a proposal to provide professional Civil Engineering, Land Surveying, Geotechnical, Landscape Architecture, Planning and related support services to City for the Project pursuant to the terms of this Agreement.

C. Consultant is qualified by virtue of its experience, training, education, reputation, and expertise to provide these services and has agreed to provide such services as provided herein.

D. City desires to retain Consultant to provide such professional services.

NOW, THEREFORE, in consideration of the promises and mutual obligations, covenants, and conditions contained herein, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. SERVICES OF CONSULTANT

1.1 Scope of Services and Standard of Performance. In compliance with all terms and conditions of this Agreement, Consultant agrees to perform the professional services set forth in the Proposal/Scope of Work, dated November 15, 2011, which is attached hereto as Exhibit "A" and is incorporated herein by reference (hereinafter referred to as the "Services" or "Work"). As a material inducement to the City entering into this Agreement, Consultant acknowledges and understands that the Services and Work contracted for under this Agreement require specialized skills and abilities and that, consistent with this understanding, Consultant's services and work shall be performed in a skillful and competent manner and shall be held to a standard of quality and workmanship prevalent in the industry for such service and work and with the standards recognized as being employed by professionals in the same discipline in the

State of California. Consultant represents and maintains that it is skilled in the professional discipline necessary to perform the Services and Work and that it holds the necessary skills and abilities to satisfy the standard of work as set forth in this Agreement. Consultant represents and warrants that it and all of its employees and subcontractors providing services under this Agreement shall have sufficient skill and experience to perform the Services and Work assigned to them. All Services and Work shall be completed to the reasonable satisfaction of the City.

1.2 Contract Documents.

The Agreement between the Parties shall consist of the following: (1) this Agreement; (2) the Consultant's signed, original Proposal/Scope of Work dated November 15, 2011 ("Consultant's Proposal") and submitted to City; and, (3) the City's Request for Proposals dated October 14, 2011, not including the sample draft Professional Services Agreement contained therein, which shall all be referred to collectively hereinafter as the "Contract Documents." The Consultant's Proposal and the City's Request for Proposals, which are both attached hereto as Exhibits "A" and "B," respectively, are hereby incorporated by reference and are made a part of this Agreement. All provisions of this Agreement, the Consultant's Proposal, and the City's Request for Proposals shall be binding on the Parties. Should any conflict or inconsistency exist in the Contract Documents, the conflict or inconsistency shall be resolved by applying the provisions in the highest priority document, which shall be determined in the following order of priority: (1st) the terms and conditions of this Agreement; (2nd) the provisions of the City's Request for Proposals (Exhibit "B"); and (3rd) the provisions of the Consultant's Proposal (Exhibit "A").

1.3 Compliance with Law. Consultant shall comply with all applicable Federal, State, and local laws, statutes, and ordinances and all lawful orders, rules, and regulations promulgated thereunder, including without limitation all applicable fair labor standards and Cal/OSHA requirements.

1.4 Licenses, Permits, Fees, and Assessments. Prior to performing any services, Consultant shall obtain all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice its profession and perform the Work and Services required by this Agreement. Consultant represents and warrants to City that Consultant shall, at its sole cost and expense, keep in effect at all times during the term of this Agreement and any extension, any license, permit, qualification, or approval that is legally required for Consultant to perform the Work and Services under this Agreement. Consultant shall have the sole obligation to pay for any fees, assessments, and taxes, plus applicable penalties and interest, which may be imposed by law and arise from or are necessary for the Consultant's performance of the Work and Services required by this Agreement, and shall indemnify, defend, and hold harmless City against any such fees, assessments, taxes penalties, or interest levied, assessed, or imposed against City hereunder.

1.5 Familiarity with Work. By executing this Agreement, Consultant warrants that it (a) has thoroughly investigated and considered the Scope of Work or Services to be performed, (b) has carefully considered how the Services should be performed and has carefully examined the location or locations at or with respect to where such Services or Work is to be performed,

and (c) fully understands the facilities, difficulties, and restrictions attending performance of the Services under this Agreement. If the Services involve work upon any site, Consultant warrants that Consultant has or will investigate the site and is or will be fully acquainted with the conditions there existing, prior to commencement of any Services hereunder. Should the Consultant discover any latent or unknown conditions that will materially affect the performance of the Services hereunder, Consultant shall immediately inform the City of such fact and shall not proceed except at Consultant's risk until written instructions are received from the City.

1.6 Care of Work. Consultant shall adopt reasonable methods during the term of the Agreement to furnish continuous protection to the Work and the equipment, materials, papers, documents, plans, studies, and/or other components thereof to prevent losses or damages, and shall be responsible for all such damages, to persons or property, until acceptance of the Work by the City, except such losses or damages as may be caused by City's own negligence.

1.7 Further Responsibilities of Parties. Both Parties agree to use reasonable care and diligence to perform their respective obligations under this Agreement. Both Parties agree to act in good faith to execute all instruments, prepare all documents, and take all actions as may be reasonably necessary to carry out the purposes of this Agreement.

1.8 Additional Services. City shall have the right at any time during the performance of the Services, without invalidating this Agreement, to order extra work beyond that specified in the Scope of Work or make changes by altering, adding to, or deducting from such Work. No such extra work may be undertaken unless a written order is first given by the City to the Consultant, incorporating therein any adjustment in (i) the Maximum Contract Amount, as defined below, and/or (ii) the time to perform this Agreement, which adjustments are subject to the written approval of the Consultant. It is expressly understood by Consultant that the provisions of this section shall not apply to the services specifically set forth in the Scope of Work or reasonably contemplated therein, regardless of whether the time or materials required to complete any work or service identified in the Scope of Work exceeds any time or material amounts or estimates provided therein.

2. COMPENSATION

2.1 Maximum Contract Amount. For the Services rendered pursuant to this Agreement, Consultant shall be compensated by City in accordance with the Schedule of Compensation/Fees, which is attached hereto as Exhibit "A" and is incorporated herein by reference, but not exceeding the total maximum contract amount of Three Hundred Ninety Nine Thousand Two Hundred Sixty Six dollars and no cents (\$399,266.00) (hereinafter referred to as the "Maximum Contract Amount"), except as may be provided pursuant to Section 1.8 above. The method of compensation shall be as set forth in Exhibit "A." Compensation for necessary expenditures for reproduction costs, telephone expenses, and transportation expenses must be approved in advance by the Contract Officer designated pursuant to Section 4.2 and will only be approved if such expenses are also specified in the Schedule of Compensation/Fees. The Maximum Contract Amount shall include the attendance of Consultant at all Project meetings reasonably deemed necessary by the City. Consultant shall not be entitled to any increase in the Maximum Contract Amount for attending these meetings. Consultant hereby acknowledges that

it accepts the risk that the services identified in the Scope of Work may be more costly and/or time-consuming than Consultant anticipates, that Consultant shall not be entitled to additional compensation therefore, and that the provisions of Section 1.8 shall not be applicable to the services identified in the Scope of Work. The maximum amount of City's payment obligation under this section is the amount specified herein. If the City's maximum payment obligation is reached before the Consultant's Services under this Agreement are completed, consultant shall nevertheless complete the Work without liability on the City's part for further payment beyond the Maximum Contract Amount.

2.2. Method of Payment. Unless some other method of payment is specified in the Schedule of Compensation/Fees (Exhibit "A"), in any month in which Consultant wishes to receive payment, no later than the tenth (10) working day of such month, Consultant shall submit to the City, in a form approved by the City's finance manager, an invoice for services rendered prior to the date of the invoice. Such requests shall be based upon the amount and value of the services performed by Consultant and accompanied by such reporting data including an itemized breakdown of all costs incurred and tasks performed during the period covered by the invoice, as may be required by the City. City shall use reasonable efforts to make payments to Consultant within forty-five (45) days after receipt of the invoice or a soon thereafter as is reasonably practical.

2.3 Changes in Scope. In the event any change or changes in the Scope of Services is requested by the City, the Parties shall execute a written amendment to this Agreement, setting forth with particularity all terms of such amendment, including, but not limited to, any additional professional fees. An amendment may be entered into: (a) to provide for revisions or modifications to documents or other work product or work when documents or other work product or work is required by the enactment or revision of law subsequent to the preparation of any documents, other work product, or work; and/or (b) to provide for additional services not included in this Agreement or not customarily furnished in accordance with generally accepted practice in Consultant's profession.

2.4 Appropriations. This Agreement is subject to and contingent upon funds being appropriated therefore by the Laguna Hills City Council for each fiscal year covered by the Agreement. If such appropriations are not made, this Agreement shall automatically terminate without penalty to the City.

3. SCHEDULE OF PERFORMANCE

3.1 Time of Essence. Time is of the essence in the performance of this Agreement. The time for completion of the services to be performed by Consultant is an essential condition of this Agreement. Consultant shall prosecute regularly and diligently the Work of this Agreement according to the agreed upon Schedule of Performance (Exhibit "A").

3.2 Schedule of Performance. Consultant shall commence the Services pursuant to this Agreement upon receipt of a written notice to proceed and shall perform all Services within the time period(s) established in the Schedule of Performance, which is attached hereto as Exhibit "A" and is incorporated herein by reference. When requested by Consultant, extensions to the time period(s) specified in the Schedule of Performance may be approved in writing by the

Contract Officer, but such extensions shall not exceed one hundred eighty (180) days cumulatively; however, the City shall not be obligated to grant such an extension.

3.3 Force Majeure. The time period(s) specified in the Schedule of Performance for performance of the Services rendered pursuant to this Agreement shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of the Consultant (financial inability excepted), including, but not limited to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, and/or acts of any governmental agency, including the City, if Consultant, within ten (10) days of the commencement of such delay, notifies the City Manager in writing of the causes of the delay. The City Manager shall ascertain the facts and the extent of delay, and extend the time for performing the Services for the period of the enforced delay when and if in the judgment of the City Manager such delay is justified. The City Manager's determination shall be final and conclusive upon the Parties to this Agreement. In no event shall Consultant be entitled to recover damages against the City for any delay in the performance of this Agreement, however caused, Consultant's sole remedy being extension of the Agreement pursuant to this section.

3.4 Term. Unless earlier terminated as provided elsewhere in this Agreement, this Agreement shall commence upon the effective date of this Agreement and shall continue in full force and effect until completion of the Services but not exceeding two (2) years from the date hereof, except as otherwise provided in the Schedule of Performance (Exhibit "A") and pursuant to Section 3.2 above, unless extended by mutual written agreement of the Parties.

4. COORDINATION OF WORK

4.1 Representative of Consultant. The following principal of Consultant is hereby designated as being the principal and representative of Consultant authorized to act in its behalf with respect to the Services to be performed under this Agreement and make all decisions in connection therewith: David L. Borger, P.E., Senior Vice President. It is expressly understood that the experience, knowledge, education, capability, expertise, and reputation of the foregoing principal is a substantial inducement for City to enter into this Agreement. Therefore, the foregoing principal shall be responsible during the term of this Agreement for directing all activities of Consultant and devoting sufficient time to personally supervise the services performed hereunder. The foregoing principal may not be changed by Consultant without prior written approval of the Contract Officer.

4.2 Contract Officer. The Contract Officer shall be such person as may be designated by the City Manager of City, and is subject to change by the City Manager. It shall be the Consultant's responsibility to ensure that the Contract Officer is kept fully informed of the progress of the performance of the Services, and the Consultant shall refer any decisions which must be made by City to the Contract Officer. Unless otherwise specified herein, any approval of City required hereunder shall mean the approval of the Contract Officer. The Contract Officer shall have authority to sign all documents on behalf of the City required hereunder to carry out the terms of this Agreement.

4.3 Prohibition Against Subcontracting or Assignments. The experience, knowledge, capability, expertise, and reputation of Consultant, its principals and employees, were a substantial inducement for City to enter into this Agreement. Therefore, Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, voluntarily or by operation of law, without the prior written consent of City. Consultant shall not contract with any other entity to perform the Services required without prior written consent of City. If Consultant is permitted to subcontract any part of this Agreement by City, Consultant shall be responsible to City for the acts and omissions of its subcontractor(s) in the same manner as it is for persons directly employed. Nothing contained in this Agreement shall create any contractual relationships between any subcontractor and City. All persons engaged in the Work will be considered employees of Consultant. City will deal directly with and will make all payments to Consultant. In addition, neither this Agreement nor any interest herein may be transferred, assigned, conveyed, hypothecated, or encumbered voluntarily or by operation of law, whether for the benefit of creditors or otherwise, without the prior written consent of City. Transfers restricted hereunder shall include the transfer to any person or group of persons acting in concert of more than twenty five percent (25%) of the present ownership and/or control of Consultant, taking all transfers into account on a cumulative basis. In the event of any such unapproved transfer, including any bankruptcy proceeding, this Agreement shall be void. No approved transfer shall release Consultant or any surety of Consultant from any liability hereunder without the express written consent of City.

4.4 Independent Contractor.

A. The legal relationship between the Parties is that of an independent contractor, and nothing herein shall be deemed to make Consultant a City employee. During the performance of this Agreement, Consultant and its officers, employees, and agents shall act in an independent capacity and shall not act as City officers or employees. The personnel performing the Services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither City nor any of its officers, employees, or agents shall have control over the conduct of Consultant or any of its officers, employees, or agents, except as set forth in this Agreement. Consultant, its officers, employees, or agents shall not maintain an office or any other type of fixed business location at City's offices. City shall have no voice in the selection, discharge, supervision, or control of Consultant's employees, servants, representatives, or agents, or in fixing their number, compensation, or hours of service. Consultant shall pay all wages, salaries, and other amounts due its employees in connection with this Agreement and shall be responsible for all reports and obligations respecting them, including but not limited to social security income tax withholding, unemployment compensation, workers' compensation, and other similar matters. City shall not in any way or for any purpose be deemed to be a partner of Consultant in its business or otherwise a joint venturer or a member of any joint enterprise with Consultant.

B. Consultant shall not incur or have the power to incur any debt, obligation, or liability against City, or bind City in any manner.

C. No City benefits shall be available to Consultant, its officers, employees, or agents in connection with any performance under this Agreement. Except for professional

fees paid to Consultant as provided for in this Agreement, City shall not pay salaries, wages, or other compensation to Consultant for the performance of Services under this Agreement. City shall not be liable for compensation or indemnification to Consultant, its officers, employees, or agents, for injury or sickness arising out of performing Services hereunder. If for any reason any court or governmental agency determines that the City has financial obligations, other than pursuant to Section 2 and Subsection 1.8 herein, of any nature relating to salary, taxes, or benefits of Consultant's officers, employees, servants, representatives, subcontractors, or agents, Consultant shall indemnify City for all such financial obligations.

5. INSURANCE

5.1 Types of Insurance. Consultant shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to City, the insurance described herein for the duration of this Agreement, including any extension thereof, or as otherwise specified herein, against claims which may arise from or in connection with the performance of the Work hereunder by Consultant, its agents, representatives, or employees. Insurance required herein shall be provided by an authorized insurance company and admitted in the State of California and having a minimum A.M. Best's Guide Rating of A-, Class VII or better, unless such requirements are waived in writing by the City Manager or his designee due to unique circumstances. In the event the City Manager determines that the Work or Services to be performed under this Agreement creates an increased or decreased risk of loss to the City, the Consultant agrees that the minimum limits of the insurance policies may be changed accordingly upon receipt of written notice from the City Manager or his designee. Consultant shall immediately substitute any insurer whose A.M. Best rating drops below the levels specified herein. Except as otherwise authorized below for professional liability (errors and omissions) insurance, all insurance provided pursuant to this Agreement shall be on an occurrence basis. The minimum amount of insurance required hereunder shall be as follows:

A. **Errors and Omissions Insurance.** Consultant shall obtain and maintain in full force and effect throughout the term of this Agreement, professional liability (errors and omissions) insurance coverage in an amount of not less than two million dollars (\$2,000,000.00) per claim or occurrence, in accordance with the provisions of this section.

(1) Consultant shall either: (a) certify in writing to the City that Consultant is unaware of any professional liability claims made against Consultant and is unaware of any facts which may lead to such a claim against Consultant; or (b) if Consultant does not provide the certification pursuant to (a), Consultant may be required by City to procure from the professional liability insurer an endorsement providing that the required limits of the policy shall apply separately to claims arising from errors and omissions in the rendition of services pursuant to this Agreement.

(2) If the policy of insurance is written on a "claims made" basis, the City may require that the policy be continued in full force and effect at all times during the term of this Agreement, and for a period of three (3) years from the date of the completion of the Services provided hereunder. In the event of termination of the policy during this period, Consultant shall obtain continuing insurance coverage for the prior acts or omissions of

Consultant during the course of performing Services under the terms of this Agreement. The coverage shall be evidenced by either a new policy evidencing no gap in coverage, or by obtaining separate extended "tail" coverage with the present or new carrier or other insurance arrangements providing for complete coverage, either of which shall be subject to the written approval by the City Manager.

(3) In the event the policy of insurance is written on an "occurrence" basis, the policy shall be continued in full force and effect during the term of this Agreement, or until completion of the Services provided for in this Agreement, whichever is later. In the event of termination of the policy during this period, new coverage shall immediately be obtained to ensure coverage during the entire course of performing the Services under the terms of this Agreement.

B. Workers' Compensation Insurance. Consultant shall obtain and maintain, in full force and effect throughout the term of this Agreement, workers' compensation insurance in at least the minimum statutory amounts, and in compliance with all other statutory requirements, as required by the State of California. Consultant agrees to waive and obtain endorsements from its workers' compensation insurer waiving subrogation rights under its workers' compensation insurance policy against the City and to require each of its subcontractors, if any, to do likewise under their workers' compensation insurance policies.

C. Commercial General Liability Insurance. Consultant shall obtain and maintain, in full force and effect throughout the term of this Agreement, a policy of comprehensive general liability insurance with limits of at least one million dollars (\$1,000,000.00) per occurrence, two million dollars (\$2,000,000.00) in the general aggregate, and one million dollars (\$1,000,000.00) for products and completed operations.

(1) The commercial general liability policy shall name the City of Laguna Hills as an additional insured in accordance with standard ISO additional insured endorsement form CG2010(1185) or equivalent language.

(2) Consultant either: (a) shall certify in writing to the City that Consultant is unaware of any liability claims made against Consultant, and is unaware of any facts which may lead to such a claim against Consultant; or (b) if Consultant does not provide the certification pursuant to (a), Consultant may be required by City to procure from the commercial general liability insurer an endorsement providing that the required limits of the policy shall apply separately to occurrences during the rendition of services pursuant to this Agreement.

D. Business Automobile Insurance. Consultant shall obtain and maintain, in full force and effect throughout the term of this Agreement, a policy of business automobile liability insurance written on a per occurrence basis with a single limit liability in the amount of one million dollars (\$1,000,000.00) bodily injury and property damage. The policy shall include coverage for owned, non-owned, leased, and hired cars.

E. Employer Liability Insurance. Consultant shall obtain and maintain, in

full force and effect throughout the term of this Agreement, a policy of employer liability insurance written on a per occurrence basis with a policy limit of at least one million dollars (\$1,000,000.00) per accident for bodily injury or disease.

5.2 Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City Manager prior to commencing any work or services under this Agreement. Consultant guarantees payment of all deductibles and self-insured retentions. City reserves the right to reject deductibles or self-insured retentions in excess of \$10,000, and the City Manager may require evidence of pending claims and claims history as well as evidence of Consultant's ability to pay claims for all deductible amounts and self-insured retentions proposed in excess of \$10,000.

5.3 Other Insurance Requirements. The following provisions shall apply to the insurance policies required of Consultant pursuant to this Agreement:

- 5.3.1. The required commercial general and business automobile liability policies shall be endorsed to state that City and its officers, council members, officials, employees, agents, and volunteers shall be covered as additional insureds with respect to liability arising out of all work or services performed by Consultant pursuant to this Agreement. The coverage shall contain no special limitations on the scope of protection afforded to additional insureds. Additional insured endorsements are not required for the professional liability and workers' compensation policies.
- 5.3.2 For any claims related to this Agreement, Consultant's coverage shall be primary insurance as respects City and its officers, council members, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by the City and its officers, council members, officials, employees, agents, and volunteers shall be in excess of Consultant's insurance and shall not contribute with it. The insurer shall waive all rights of subrogation and contribution it may have against the City, its officers, council members, officials, employees, agents, and volunteers, and their respective insurers.
- 5.3.3 Any failure by Consultant to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to City and its officers, council members, officials, employees, agents, and volunteers.
- 5.3.4 Each insurance policy required by this section shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or modified by either Party, or reduced in coverage or in limits, except after thirty (30) days prior written notice by First Class U.S. Mail, postage-prepaid, has been provided to the City. Notwithstanding the foregoing in this subsection, if coverage is to be suspended, voided, or cancelled because of Consultant's failure to pay the insurance premium, the notice provided to City shall be by ten (10) days prior written notice.

- 5.3.5 All insurance coverage and limits provided by Consultant and available or applicable to this Agreement are intended to apply to each insured, including additional insureds, against whom a claim is made or suit is brought to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to the City or its operations shall limit the application of such insurance coverage.
- 5.3.6 None of the insurance coverages required herein will be in compliance with these requirements if they include any limiting endorsement which substantially impairs the coverages set forth herein (e.g., elimination of contractual liability or reduction of discovery period), unless the endorsement has first been submitted to the City Manager and approved in writing.
- 5.3.7 The required insurance endorsements shall not contain any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, or that any party will "endeavor" (as opposed to being required) to comply with the requirements of the endorsements. Certificates of insurance will not be accepted in lieu of required endorsements, and submittal of certificates without required endorsements may delay commencement of the Project. It is Consultant's obligation to ensure timely compliance with all insurance submittal requirements as provided herein.
- 5.3.8 Consultant agrees to ensure that subcontractors, if any, and any other parties involved with the Project who are brought onto or involved in the Project by Consultant, provide the same minimum insurance coverage required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with subcontractors and others engaged in the Project will be submitted to the City for review.
- 5.3.9 Consultant acknowledges and agrees that any actual or alleged failure on the part of the City to inform Consultant of non-compliance with any insurance requirement in no way imposes any additional obligations on the City nor does it waive any rights hereunder in this or any other regard.
- 5.3.10 Consultant shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. Endorsements as required in this Agreement applicable to the renewing or new coverage shall be provided to City no later than ten (10) days prior to expiration of the lapsing coverage.
- 5.3.11 Requirements of specific insurance coverage features or limits contained in this section are not intended as limitations on coverage, limits, or other requirements

nor as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.

5.3.12 The requirements in this section supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs the provisions of this section.

5.3.13 Consultant agrees to provide immediate notice to City of any claim or loss against Consultant arising out of the Work performed under this Agreement and for any other claim or loss which may reduce the insurance available to pay claims arising out of this Agreement.

5.3.14 Consultant agrees that the provisions of this section shall not be construed as limiting in any way the extent to which the Consultant may be held responsible for the payment of damages resulting from the Consultant's activities or the activities of any person or person for which the Consultant is otherwise responsible.

5.4 Verification of Coverage. Consultant shall furnish City original certificates of insurance and endorsements, including additional insured endorsements, in a form acceptable to the City, affecting all of the coverages required by this section. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. Consultant shall provide to City all certificates and endorsements required by this section before commencing any work on the Project. Consultant shall furnish, at City's request, copies of actual policies including all declaration pages, endorsements, exclusions and any other policy documents City requires to verify coverage.

6. INDEMNIFICATION

To the fullest extent permitted by law, Consultant shall indemnify, defend (at Consultant's sole cost and expense), protect and hold harmless City and its officers, council members, officials, employees, agents and volunteers and all other public agencies whose approval of the Project is required, (individually "Indemnified Party"; collectively "Indemnified Parties") against any and all liabilities, claims, judgments, arbitration awards, settlements, costs, demands, orders, and penalties (collectively "Claims"), including but not limited to Claims arising from injuries or death of persons (Consultant's employees included) and damage to property, which Claims arise out of, pertain to, or are related to the negligent acts or omissions, recklessness, or willful misconduct of Consultant, its agents, employees, or subcontractors, or arise from Consultant's failure to perform any term, provision, covenant, or condition of this Agreement ("Indemnified Claims"). Such obligation to defend, hold harmless, and indemnify any of the Indemnified Parties shall not apply to the extent that such Claims are caused in part by the sole negligence, active negligence, or willful misconduct of such Indemnified Parties.

Consultant shall reimburse the Indemnified Parties for any reasonable expenditures,

including reasonable attorneys' fees, expert fees, litigation costs, and expenses that each Indemnified Party may incur by reason of Indemnified Claims. Upon request by an Indemnified Party, Consultant shall defend with legal counsel reasonably acceptable to the Indemnified Party all Claims against the Indemnified Party that may arise out of, pertain to, or relate to Indemnified Claims, whether or not Consultant is named as a party to the Claim proceeding. The determination whether a Claim "may arise out of, pertain to, or relate to Indemnified Claims" shall be based on the allegations made in the Claim and the facts known or subsequently discovered by the Parties. Consultant's indemnification obligation hereunder shall survive the expiration or earlier termination of this Agreement until all actions against the Indemnified Parties for such matters indemnified hereunder are fully and finally barred by the applicable statute of limitations or, if an action is timely filed, until such action is final.

7. REPORTS AND RECORDS

7.1 Accounting Records. Consultant shall keep complete, accurate, and detailed accounts of all time, costs, expenses, and expenditures pertaining in any way to this Agreement. Consultant shall keep such books and records as shall be necessary to properly perform the Services required by this Agreement and to enable the Contract Officer to evaluate the performance of such Services. The Contract Officer shall have full and free access to such books and records at all reasonable times, including the right to inspect, copy, audit, and make records and transcripts from such records.

7.2 Reports. Consultant shall periodically prepare and submit to the Contract Officer such reports concerning the performance of the Services required by this Agreement as the Contract Officer shall require. Consultant hereby acknowledges that the City is greatly concerned about the cost of the Work and Services to be performed pursuant to this Agreement. For this reason, Consultant agrees that if Consultant becomes aware of any facts, circumstances, techniques, or events that may or will materially increase or decrease the cost of the Work or Services contemplated herein or, if Consultant is providing design services, the cost of the project being designed, Consultant shall promptly notify the Contract Officer of such fact, circumstance, technique, or event and the estimated increased or decreased cost related thereto and, if Consultant is providing design services, the estimated increased or decreased cost estimate for the project being designed.

7.3 Ownership of Documents. All drawings, specifications, reports, records, documents, memoranda, correspondence, computations, and other materials prepared by Consultant, its employees, subcontractors, and agents in the performance of this Agreement shall be the property of City and shall be promptly delivered to City upon request of the Contract Officer or upon the termination of this Agreement, and Consultant shall have no claim for further employment or additional compensation as a result of the exercise by City of its full rights of ownership of the documents and materials hereunder. Any use of such completed documents for other projects and/or use of incomplete documents without specific written authorization by the Consultant will be at the City's sole risk and without liability to Consultant, and the City shall indemnify the Consultant for all damages resulting therefrom. Consultant may retain copies of such documents for its own use. Consultant shall have an unrestricted right to use the concepts embodied therein. Consultant shall ensure that all its subcontractors shall provide for assignment

to City of any documents or materials prepared by them, and in the event Consultant fails to secure such assignment, Consultant shall indemnify City for all damages resulting therefrom.

7.4 Release of Documents. All drawings, specifications, reports, records, documents, and other materials prepared by Consultant in the performance of services under this Agreement shall not be released publicly without the prior written approval of the Contract Officer. All information gained by Consultant in the performance of this Agreement shall be considered confidential and shall not be released by Consultant without City's prior written authorization.

7.5 Audit and Inspection of Records. After receipt of reasonable notice and during the regular business hours of City, Consultant shall provide City, or other agents of City, such access to Consultant's books, records, payroll documents, and facilities as City deems necessary to examine, copy, audit, and inspect all accounting books, records, work data, documents, and activities directly related to Consultant's performance under this Agreement. Consultant shall maintain such books, records, data, and documents in accordance with generally accepted accounting principles and shall clearly identify and make such items readily accessible to such parties during the term of this Agreement and for a period of three (3) years from the date of final payment by City hereunder.

8. ENFORCEMENT OF AGREEMENT

8.1 California Law and Venue. This Agreement shall be construed and interpreted both as to validity and as to performance of the Parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim, or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of Orange, State of California, or any other appropriate court in such County, and Consultant covenants and agrees to submit to the personal jurisdiction of such court in the event of such action.

8.2 Interpretation. This Agreement shall be construed as a whole according to its fair language and common meaning to achieve the objectives and purposes of the Parties. The terms of this Agreement are contractual and the result of negotiation between the Parties. Accordingly, any rule of construction of contracts (including, without limitation, California Civil Code Section 1654) that ambiguities are to be construed against the drafting party, shall not be employed in the interpretation of this Agreement. The caption headings of the various sections and paragraphs of this Agreement are for convenience and identification purposes only and shall not be deemed to limit, expand, or define the contents of the respective sections or paragraphs.

8.3 Termination. City may terminate this Agreement for any reason, with or without cause, upon giving Consultant thirty (30) days written notice. Upon such notice, City shall pay Consultant for Services performed through the date of termination. Upon receipt of such notice, Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. Thereafter, Consultant shall have no further claims against the City under this Agreement. Upon termination of the Agreement pursuant to this section, Consultant shall submit to the City an invoice for work and services performed prior to the date of termination. In addition, the Consultant reserves the right to terminate this Agreement at any time, with or

without cause, upon sixty (60) days written notice to the City, except that where termination is due to material default by the City, the period of notice may be such shorter time as the Consultant may determine.

8.4 Default of Consultant.

A. Consultant's failure to comply with any provision of this Agreement shall constitute a default.

B. If the City Manager, or his designee, determines that Consultant is in default in the performance of any of the terms or conditions of this Agreement, he shall notify Consultant in writing of such default. Consultant shall have ten (10) days, or such longer period as City may designate, to cure the default by rendering satisfactory performance. In the event Consultant fails to cure its default within such period of time, City shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice of any remedy to which City may be entitled at law, in equity, or under this Agreement. Consultant shall be liable for any and all reasonable costs incurred by City as a result of such default. Compliance with the provisions of this section shall not constitute a waiver of any City right to take legal action in the event that the dispute is not cured, provided that nothing herein shall limit City's right to terminate this Agreement without cause pursuant to Section 8.3.

C. If termination is due to the failure of the Consultant to fulfill its obligations under this Agreement, City may, after compliance with the provisions of Section 8.4.B, take over the work and prosecute the same to completion by contract or otherwise, and the Consultant shall be liable to the extent that the total cost for completion of the Services required hereunder exceeds the Maximum Contract Amount (provided that the City shall use reasonable efforts to mitigate such damages), and City may withhold any payments to the Consultant for the purpose of set-off or partial payment of the amounts owed the City as previously stated. The withholding or failure to withhold payments to Consultant shall not limit Consultant's liability for completion of the Services as provided herein.

8.5 Waiver. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the Party against whom enforcement of a waiver is sought. Any waiver by the Parties of any default or breach of any covenant, condition, or term contained in this Agreement, shall not be construed to be a waiver of any subsequent or other default or breach, nor shall failure by the Parties to require exact, full, and complete compliance with any of the covenants, conditions, or terms contained in this Agreement be construed as changing the terms of this Agreement in any manner or preventing the Parties from enforcing the full provisions hereof.

8.6 Rights and Remedies Cumulative. Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the Parties are cumulative and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party.

8.7 Legal Action. In addition to any other rights or remedies, either Party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement.

8.8 Attorney Fees. In the event any dispute between the Parties with respect to this Agreement results in litigation or any non-judicial proceeding, the prevailing Party shall be entitled, in addition to such other relief as may be granted, to recover from the non-prevailing Party all reasonable costs and expenses, including but not limited to reasonable attorney fees, expert consultant fees, court costs and all fees, costs, and expenses incurred in any appeal or in collection of any judgment entered in such proceeding. To the extent authorized by law, in the event of a dismissal by the plaintiff or petitioner of the litigation or non-judicial proceeding within thirty (30) days of the date set for trial or hearing, the other Party shall be deemed to be the prevailing Party in such litigation or proceeding.

9. CITY OFFICERS AND EMPLOYEES: NON-DISCRIMINATION

9.1 Non-liability of City Officers and Employees. No officer or employee of the City shall be personally liable to the Consultant, or any successor-in-interest, in the event of any default or breach by the City or for any amount which may become due to the Consultant or to its successor, or for breach of any obligation of the terms of this Agreement.

9.2 Conflict of Interest. No officer or employee of the City shall have any financial interest, direct or indirect, in this Agreement nor shall any such officer or employee participate in any decision relating to the Agreement which effects his financial interest or the financial interest of any corporation, partnership, or association in which he is, directly or indirectly, interested in violation of any state statute or regulation. Consultant warrants that it has not paid or given and will not pay or give any third party any money or other consideration in exchange for obtaining this Agreement.

9.3 Covenant Against Discrimination. In connection with its performance under this Agreement, Consultant shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, age, marital status, ancestry, or national origin. Consultant shall ensure that applicants are employed, and that employees are treated during their employment, without regard to their race, religion, color, sex, age, marital status, ancestry, or national origin. Such actions shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

10. MISCELLANEOUS PROVISIONS

10.1 Patent and Copyright Infringement.

A. To the fullest extent permissible under law, and in lieu of any other warranty by City or Consultant against patent or copyright infringement, statutory or otherwise,

it is agreed that Consultant shall defend at its expense any claim or suit against City on account of any allegation that any item furnished under this Agreement, or the normal use or sale thereof arising out of the performance of this Agreement, infringes upon any presently existing U.S. letters patent or copyright and Consultant shall pay all costs and damages finally awarded in any such suit or claim, provided that Consultant is promptly notified in writing of the suit or claim and given authority, information and assistance at Consultant's expense for the defense of same, and provided such suit or claim arises out of, pertains to, or is related to the negligence, recklessness or willful misconduct of Consultant. However, Consultant will not indemnify City if the suit or claim results from: (1) City's alteration of a deliverable, such that City's alteration of such deliverable created the infringement upon any presently existing U.S. letters patent or copyright; or (2) the use of a deliverable in combination with other material not provided by Consultant when it is such use in combination which infringes upon an existing U.S. letters patent or copyright.

B. Consultant shall have sole control of the defense of any such claim or suit and all negotiations for settlement thereof. Consultant shall not be obligated to indemnify City under any settlement made without Consultant's consent or in the event City fails to cooperate in the defense of any suit or claim, provided, however, that such defense shall be at Consultant's expense. If the use or sale of such item is enjoined as a result of the suit or claim, Consultant, at no expense to City, shall obtain for City the right to use and sell the item, or shall substitute an equivalent item acceptable to City and extend this patent and copyright indemnity thereto.

10.2 Notices. All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered, sent by registered or certified mail, postage prepaid, return receipt requested, or delivered or sent by facsimile with attached evidence of completed transmission, and shall be deemed received upon the earlier of (i) the date of delivery to the address of the person to receive such notice if delivered personally or by messenger or overnight courier; (ii) five (5) business days after the date of posting by the United States Post Office if by mail; or (iii) when sent if given by facsimile. Any notice, request, demand, direction, or other communication sent by facsimile must be confirmed within forty-eight (48) hours by letter mailed or delivered. Other forms of electronic transmission such as e-mails, text messages, instant messages are not acceptable manners of notice required hereunder. Notices or other communications shall be addressed as follows:

To City:

City of Laguna Hills
Attention: City Manager
24035 El Toro Road
Laguna Hills, California 92653
Telephone: (949) 707-2600
Facsimile: (949) 707-2633

To Consultant:

STV Incorporated
David L. Borger, P.E., Senior Vice President
9130 Anaheim Place, Suite 210
Rancho Cucamonga, CA 91730-1360
Telephone: (909) 481-1370
Email: david.borger@stvinc.com

10.3 Entire Agreement. This Agreement constitutes the entire agreement between the Parties and supersedes all prior negotiations, arrangements, agreements, representations, and understandings, if any, made by or among the Parties with respect to the subject matter hereof. No amendments or other modifications of this Agreement shall be binding unless executed in writing by both Parties hereto, or their respective successors, assigns, or grantees.

10.4 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be determined to be invalid by a final judgment or decree of a court of competent jurisdiction, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of that provision, or the remaining provisions of this Agreement unless the invalid provision is so material that its invalidity deprives either Party of the basic benefit of their bargain or renders this Agreement meaningless.

10.5 Successors in Interest. This Agreement shall be binding upon and inure to the benefit of the Parties' successors and assignees.

10.6 Third Party Beneficiary. Except as may be expressly provided for herein, nothing contained in this Agreement is intended to confer, nor shall this Agreement be construed as conferring, any rights, including, without limitation, any rights as a third-party beneficiary or otherwise, upon any entity or person not a party hereto.

10.7 Recitals. The above-referenced Recitals are hereby incorporated into the Agreement as though fully set forth herein and each Party acknowledges and agrees that such Party is bound, for purposes of this Agreement, by the same.

10.8. Corporate Authority. Each of the undersigned represents and warrants that (i) the Party for which he is executing this Agreement is duly authorized and existing, (ii) he is duly authorized to execute and deliver this Agreement on behalf of the Party for which he is signing, (iii) by so executing this Agreement, the Party for which he is signing is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which the Party for which he is signing is bound.

10.9 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

///
///
///
///

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the Parties have executed and entered into this Agreement as of the date first written above.

"CITY"
CITY OF LAGUNA HILLS,
a California municipal corporation

Mayor

ATTEST:

(SEAL)

PEGGY JOHNS,
City Clerk

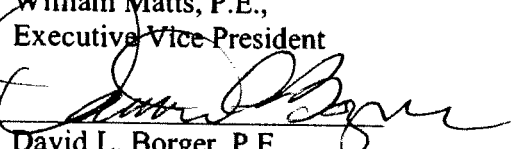
APPROVED AS TO FORM:

GREGORY E. SIMONIAN,
City Attorney

"CONSULTANT"
(STV, Inc.)

By:


William Matts, P.E.,
Executive Vice President


David L. Borger, P.E.
Senior Vice President

* For Consultants/Contractors: Vendors that are a corporation, signature requirements are as follows:

1) One signature by the Chairman of the Board, the President, or the Vice President.

And 2) One signature by the Secretary, any Assistant Secretary, the Chief Financial Officer or an Assistant Treasurer

* For Consultants/Contractors: Vendors that are not a corporation, signature requirements are as follows: the person who has authority to bind the consultant/contractor/vendor must sign on one of the lines above.

EXHIBIT “A”

NOVEMBER 15, 2011 PROPOSAL/ SCOPE OF WORK

INCLUDING,

SCHEDULE OF PERFORMANCE

AND

SCHEDULE OF COMPENSATION/ FEES

EXHIBIT “B”

OCTOBER 14, 2011 CITY OF LAGUNA HILLS REQUEST FOR PROPOSALS



PROPOSAL

Design and Environmental Clearance Services

PASEO de VALENCIA **WIDENING** from KENNINGTON DRIVE to LAGUNA HILLS DRIVE



12/13/2011 ITEM NO. 4.11



November 15, 2011

Kenneth H. Rosenfield, P.E.
Director of Public Services
City of Laguna Hills
24035 El Toro Road
Laguna Hills, CA 92653

Reference: Request for Proposal for Design and Environmental Clearance Services – Paseo de Valencia Widening from Kennington Drive to Laguna Hills Drive

Dear Mr. Rosenfield:

The city of Laguna Hills (City) is seeking a professional consultant to provide design and environmental clearance services that will widen and reconstruct Paseo De Valencia to its six-lane configuration in accordance with the City's General Plan as the first stage of a phased implementation plan to upgrade this major arterial. The ideal firm for this project will have a knowledgeable project team with availability to hit the ground running, a proven understanding and approach, and the ability to deliver excellence in quality while meeting schedule and budget requirements. STV Incorporated (STV) is such a firm; and, in our 30 years of experience in California, providing services to city, state, and local agencies, we have developed the knowledge and expertise to anticipate and respond effectively to the City's needs.

STV understands the critical issues impacting the community include noise mitigation, minimizing construction impacts, avoiding impacts to existing SCE facilities, and having construction documents completed by the end of 2012. STV has assembled a team that will effectively meet these challenges in a collaborative manner with the City and other stakeholders, and offers innovative yet practical, cost-effective and timely solutions to deliver a successful project.

Our **Project Manager, Tapas Dutta, P.E.** has more than 20 years of experience in designing and managing projects for highways and local streets, and is available and committed 100% to the City for this project. His management style is proactive and hands-on and based on building team consensus. He has successfully delivered a number of city and Caltrans projects. STV's Irvine office is located six miles from the project site, allowing STV the ability to respond to issues quickly during the construction phase. Supporting our project manager is a staff of in-house experts and specialty subconsultant firms.

STV commits to providing the services within the proposed RFP schedule. Our team is wholeheartedly committed to supplying the City with the qualified staff it needs to meet the excellence in quality this project requires, while meeting schedule and budgetary requirements. As you will see in our submission, we have the resources, experience, and proposed approach to best fulfill the City's project needs. STV thanks you for your consideration and looks forward to working with you on this very important project. STV has reviewed the professional services agreement and reserves the right to discuss certain provisions of the proposed contract dealing with warranties and sections 5.1.A and 5.1.B.

Should you have any questions or need additional information, please contact our Principal-in-Charge, Mr. Borger at 213-400-3978, or by email david.borger@stvinc.com; or Project Manager, Mr. Dutta at 949-278-3238 Ext. 207 or by email at Tapas.Dutta@stvinc.com. This proposal will remain valid for 90 days.

Sincerely,

A handwritten signature in black ink, appearing to read 'David L. Borger', written over a horizontal line.

David L. Borger, P.E.
Senior Vice President, Western Region



Table of Contents

Design Team Qualifications	1
Project Team	3
Team Organization	3
Project Understanding	9
Work Plan	15

Design Team Qualifications

Introduction to STV

STV is a leading multidisciplinary planning, environmental, architectural, engineering, and construction management consulting firm with nearly 160 personnel located in three Southern California offices — Irvine, Rancho Cucamonga, and Los Angeles — and can draw from up to 1,750 personnel in more than 30 offices throughout North America. STV consistently ranks among the country's top 25 firms in bridges, highways, rail, and mass transit. STV's current and annual work averages 70% public clients and 30% private clients.

STV has the depth and resources to assist the City to achieve its goal of widening Paseo de Valencia from Kennington Drive to Laguna Hills Drive, as well as provide environmental clearance services while minimizing the impact of construction and noise to the residents and visitors to the Community.

Relevant Experience

A major transportation presence in California for more than 30 years, STV has been providing engineering, architectural, and construction management services to numerous municipalities and public transportation agencies in Southern California that include the cities of Anaheim, Agoura Hills, Los Angeles, Burbank, Long Beach, Pomona, and Santa Monica, as well as the Orange County Transportation Authority (OCTA), Riverside County Transportation Commission (RCTC), and the Los Angeles County Department of Public Works, among others. At this time, STV does not have any private contract work with the City of Laguna Hills.

STV has completed numerous assignments for public agencies across the country. The following is a list of STV's relevant local experience in the last five years.

Caltrans Route 101/Reyes Adobe Road Interchange Improvements, Agoura Hills, CA.

Reyes Adobe Road (Route 101) connects to a signalized intersection then widens from two to four through-lanes. South of Route 101, Reyes Adobe Road connects to Agoura Road (see Figure 1).



Figure 1. STV designed major intersection improvements, including road widening, for Route 101 at Adobe Reyes Road ▲

STV provided preliminary and final civil design and preparation of plans, specifications, and estimates (PS&E) for major improvements to this interchange in Agoura Hills, CA, primarily the expansion of the 4-span, 221-foot-long bridge over Route 101 from three lanes to six lanes, along with sidewalk modifications and new lighting to enhance circulation and safety. STV also provided design for utility relocations, stormwater collection, and stormwater quality best management practices (BMPs), as well as construction administration support for the estimated \$8.4 million project, including construction support.

Los Angeles Department of Public Works Accelerated Road Construction Program, Los Angeles County, CA.

Under an on-call services contract with the Los Angeles County Department of Public Works (PW), STV completed design for nearly 20 road reconstruction and rehabilitation projects throughout Los Angeles County as part of the Accelerated Road Construction Program. The firm prepared surveys, materials reports, right-of-way (ROW) maps, and final design and construction documents for these roadway, sidewalk, and curb reconstruction projects. The firm also designed drainage



improvements, which often required utility evaluations. STV's experience inspecting roadway and drainage systems helped to complete the work within a tight schedule.

Los Angeles County Department of Public Works Truck-Impacted Intersection Improve-ments Project, Los Angeles County, CA.

For this project sponsored by the Southern California Association of Governments to improve mobility in the southwest part of Los Angeles County, STV prepared ROW plans; coordinated utilities; designed drainage, signals, and traffic improvements; and prepared design and construction documents for 10 intersections in the cities of Bell, Compton, Cudahy, Huntington Park, Long Beach, Lynnwood, Maywood, South Gate, and Vernon to accommodate truck turning movements. Catch basins that were located at the end of curb returns were also impacted by street widenings. STV obtained design permits required for the relocation of catch basins and re-grading to maintain drainage flow. STV recommended signal and traffic improvements including timing modifications, the addition of video detection systems, and striping changes to accommodate the larger turning radii of trucks.

Metro Intersection Improvements for Orange Line BRT Project, Los Angeles, CA.

STV prepared the preliminary engineering and developed design criteria, an operations and maintenance plan, an engineer's estimate, and bridging documents for this \$320 million Los Angeles County Metropolitan Transportation Authority (Metro) extension of bus rapid transit (BRT) service along a disused Southern Pacific Railway ROW from the terminus of the Red Line in North Hollywood to the Warner Center in Woodland Hills, CA. The busway crosses more than 30 intersections because it operates on a former railroad ROW. To avoid traffic congestion in front of the busway and maintain safe operations, STV oversaw the design of intersection improvements including new turning lanes and signals synchronized with busway operations. STV continued to provide support through the bidding and construction phases, and for approximately three years after revenue operations of the award-winning busway began (see Figure 2).



Figure 2. The highly successful Orange Line BRT project crosses more than 30 intersections. STV oversaw extensive intersection improvements.▲

Orange County Public Works Department A/E On-Call Services for Road Improvements, Orange County, CA.

STV is providing various architectural and engineering (A/E) services to the Orange County Public Works Department under an on-call contract for two projects: Modjeska Canyon Road and Olive Grove Lane project and Baja Panorama Street Improvements project. Devastating fires in October 2007 devoured hillside vegetation in Modjeska Canyon in Silverado, CA, and subsequent heavy rains inundated the canyon with mud

and debris. To mitigate flooding and mud flows, STV developed a project report evaluating four solutions and, working closely with the county Environmental and Regulatory Permits group, developed the locally preferred alternative, which was least disruptive to the environment and the community. The firm

is currently developing a final PS&E package for the preferred alternative: construction of a 2' x 3' reinforced box culvert in the shoulder area that will preserve and protect the olive trees that the community cherishes.

For the Baja Panorama Street Improvements project, STV is preparing alternative designs and a PS&E package for a connecting segment of hillside roadway with steep side slopes in Santa Ana,

"I would like to express our appreciation to you and the STV team for their dedication and support in performing preliminary engineering and construction support services on the San Fernando Valley Metro Orange Line Project. . . The STV team has been a valued contributor to this project, and we can all be proud of the many project achievements and the overall success of the program."

— Roger F. Dames, P.E., Deputy Executive Officer Project Manager



CA. The scope of work includes a geotechnical report to evaluate slope stability and the development of alternatives to prevent slope erosion.

Additional STV Southern California Clients

In addition to STV clients discussed above, STV has a long history of service to public agencies across California — a sampling of which is included in Table 1.

STV's proposed project manager, Tapas Dutta, P.E., has personal experience working on relevant projects such as the city of Irvine's Culver Drive/Michelson Drive project and the city of Santa Clarita's Scherzinger Lane Improvements project. A detailed description of these projects and Mr. Dutta's responsibilities can be found in the Staff Qualifications section of this proposal.

Mr. Borger is an industry leader in the planning and design of transportation facilities, and he will make sure that proper engineering practices support this roadway widening project for the City.

Upon STV selection, Mr. Dutta will work with our designated **QA/QC Manager, Mysore Satish, P.E.**, to develop a tailored project QA/QC plan.

Team Organization

The proposed key personnel and project team organizational structure is based on the

California Department of Transportation	Los Angeles County Department of Public Works
City of Agoura Hills	Los Angeles Metropolitan Transit Authority
City of Anaheim	Orange County Transportation Authority
City of Burbank	Port of Los Angeles
City of Long Beach	Port of Long Beach
City of Los Angeles Department of Public Works	Riverside County Transportation Commission
City of Norwalk	San Bernardino Association of Governments

Project Team

STV will manage all aspects of the design and clearance services for the Paseo de Valencia Widening Project, provide project controls and quality assurance/quality control (QA/QC), and coordinate the work of in-house staff and subconsultants seamlessly with efficiency, completeness, and transparency—essential aspects of our management philosophy.

A proven and qualified **Project Manager, Tapas Dutta, P.E.**, will lead the STV team and serve as the single point-of-contact for the City. Mr. Dutta has more than 20 years of experience in civil engineering. He will develop and tailor project control documents including a Project Management Plan, which will be updated as the project develops. He will be supported by the **Project Engineer, Jason Davidson, P.E.** Mr. Davidson is a civil engineer with more than 15 years of experience in infrastructure design for a variety of roadway, site development, and facility improvement projects. The **Principal-in-Charge, David Borger, P.E.**, is an STV Senior Vice President and the firm's Western Region market leader.

services and functional requirements of this assignment. STV has extensive experience in managing street widening improvement projects and has an in-depth understanding of the scope requirements based on providing similar services to Southern California agencies and nationwide, as evidenced in the team biographies. The STV project team is available immediately to begin work on the Project for the City and will be dedicated to this project for its duration. Table 2 below illustrates proposed key team members' estimated percentage of time to be allocated on this project. STV's organization chart in Figure 3 shows the staff services, reporting relationships, and subconsultants.

Name	Project Role	Availability
Tapas Dutta, PE	Project Manager	100%
Jason Davidson, PE	Project Engineer	80%
Mysore Satish, PE	QA/QC Manager	25%
David Borger, PE	Principal-in-Charge	25%
Karen Lin, PE, LEED® AP BD+C	Utilities Engineer	40%
Karou McCullough, PE	Civil Engineer	50%
Alan Bosch, PE	Civil Engineer	50%
Richard Campbell, PE	Structural Engineer	40%
Mohammad Qureshi, PhD, PE, TE	Traffic Study/Traffic Signal Design	50%
Robert Fee, PE	Lighting Specialist	35%
Calvin Yoshitake, PLS	Surveyor and ROW Specialist	50%
Gene Anderson	Environmental Engineer	50%
Renie Meier-Wong, ASLA	Landscape/Irrigation Specialist	20%
Curt Scheyhing, GE	Geotechnical Engineer	50%
Dennis H. Jue, PE, TE	Funding Assistance	20%

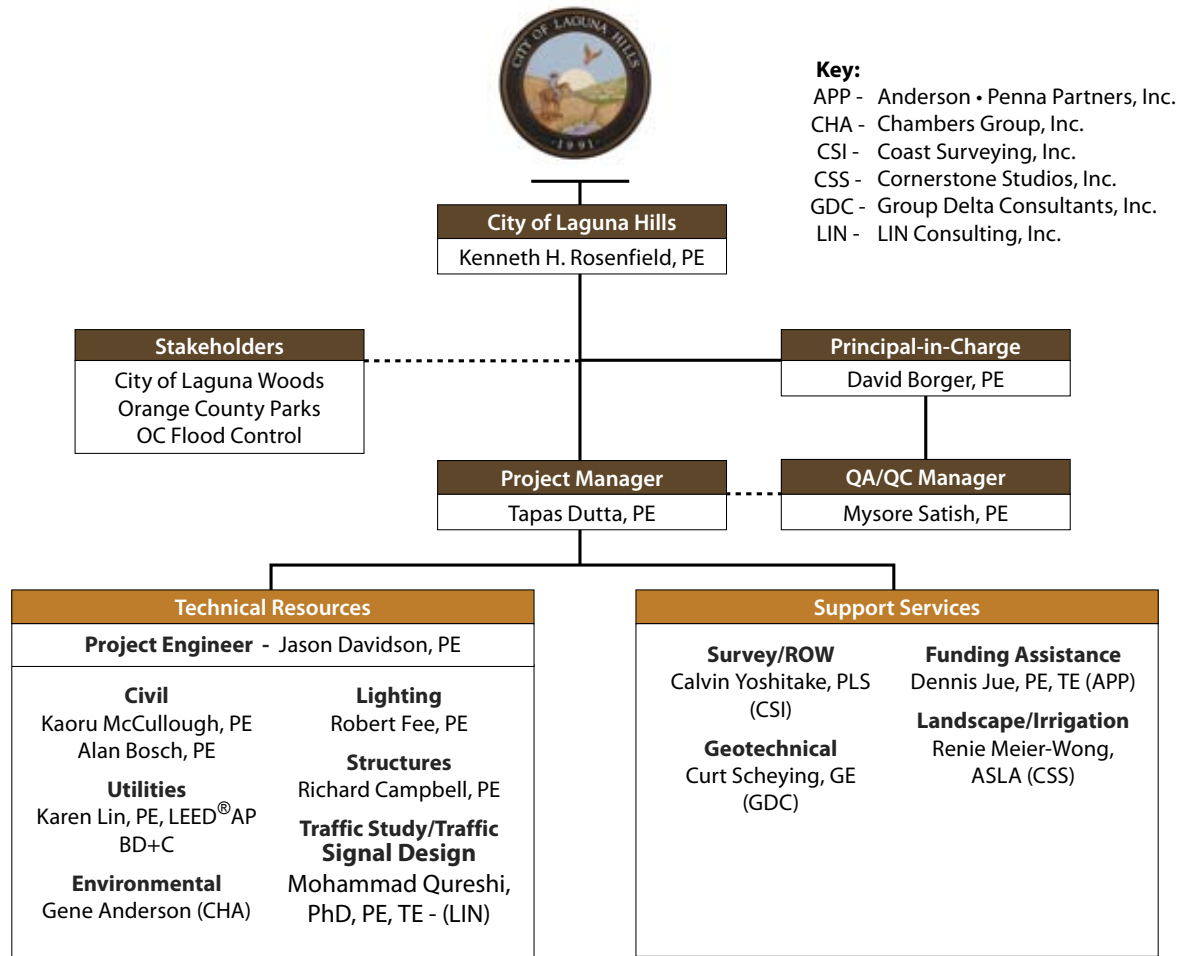


Figure 3. Organization Chart ▲

Staff Qualifications

Biographies of the project team's key personnel is included below.

TAPAS DUTTA, P.E.

STV - PROJECT MANAGER

EDUCATION:

M.S., Civil Engineering; Virginia Tech
 B.S., Civil Engineering Jadavpur University, India

PROFESSIONAL REGISTRATION: P.E.: California

Mr. Dutta has more than 20 years of experience in civil engineering, with a focus on management, planning, and design of major roadway and highway reconstruction projects. His extensive background in the public sector gives him solid knowledge of the design and management of a variety of projects from preliminary engineering through final PS&Es. For the city of Fontana, he completed the traffic impact study and traffic design that in-

cluded pavement delineation, signing, signal, and construction staging, for the complete PS&E for six miles of widening of a principal arterial. Mr. Dutta also supervised an alignment and pavement rehabilitation study for six miles of roadway in Cathedral City, CA. Mr. Dutta is a highly capable manager of engineering and computer-aided design (CAD) staff, with a proven ability to successfully oversee design quality for complex civil engineering projects. The following projects represent a sample of his relevant experience.

- City of Santa Clarita Scherzinger Road Lane Improvements - Project Manager
- City of Irvine Culver Drive and Michelson Drive Intersection Improvements - Lead Traffic Engineer
- City of Palm Springs Gene Autry Bridge and Trail Widening - Deputy Project Manager/Lead Civil Engineer
- City of Irwindale Buena Vista Street Realignment - Lead Civil Engineer/Lead Traffic Engineer
- IVDA 3rd and 5th Street Improvements - Technical Reviewer



- City of Fontana Jurupa Avenue Street Improvement - Lead Traffic Engineer
- City of Cathedral City Date Palm Drive Alignment - Civil Task Leader/Traffic Task Leader

JASON W. DAVIDSON, P.E.

STV - PROJECT ENGINEER

EDUCATION:

B.S., Civil Engineering; California State Polytechnic University, Pomona

PROFESSIONAL REGISTRATION: P.E.: California

Mr. Davidson, a civil engineer and project manager/engineer, has more than 15 years experience providing infrastructure design for a variety of roadway, site development, and facility improvement projects. His expertise includes civil engineering for street expansion and improvement, preparation of grading, utility, stormwater management, erosion control plans, and design of retaining wall plans and profiles. He is adept at the use of current software for the analysis of drainage improvements, hydraulic modeling, and fire flow, and for design data management including survey points, alignments, and terrain modeling for earthwork analysis. Mr. Davidson has also successfully overseen schedules and budgets, complex detailing and drafting, and multidisciplinary teams in the design and construction of large structural and civil systems. A snapshot of his relevant experience is provided below.

- Caltrans Route 101/Reyes Adobe Road Interchange Improvements - Civil Engineer
- City of Ontario Francis Street Storm Drain and Street Rehabilitation - Design Engineer
- OCPWD Modjeska Canyon Road and Olive Grove Lane - Civil Engineer

MYSORE R. SATISH, P.E.

STV - QA/QC MANAGER

EDUCATION:

M.S., Civil Engineering; Rennesslaer Polytechnic Institute

B. Eng., Civil Engineering; Bangalore University, India

PROFESSIONAL REGISTRATION: P.E.: California

Mr. Satish has more than 25 years of experience overseeing civil design for a wide range of transportation projects including managing and overseeing QA/QC processes on roadway widening; retaining walls, sound walls, and culverts; streetscape; and highway improvement projects. Mr. Satish has prepared project study reports, hydrology/drainage reports, and Stormwater

Pollution Prevention Plans (SWPPPs), and has been responsible for the design and detailing of several types of drainage systems. Mr. Satish has prepared design alternatives for interchange improvement and road realignment projects, which include pavement design, signing and striping, and geometric layout. He is also experienced in construction staging, traffic handling, ROW, and utility investigation and relocation design.

DAVID L. BORGER, P.E.

STV - PRINCIPAL-IN-CHARGE

EDUCATION:

M.S., Civil Engineering; New Jersey Institute of Technology

B.S., Civil Engineering; Newark College of Engineering

PROFESSIONAL REGISTRATION: P.E.: California

Mr. Borger is nationally recognized for his expertise in overseeing the completion of a wide range of transportation and civil engineering projects in Southern California and throughout the country. With more than 35 years of engineering and management experience, his record of excellence includes executive oversight of major highway and infrastructure improvement projects to maintain the proper coordination of schedules and compliance with all budget and quality objectives. Among Mr. Borger's most recent projects was a five-year, on-call A/E services contract with Caltrans that included feasibility studies, planning studies, infrastructure studies, A/E design and review, PS&Es, and design services during construction for a wide variety of facilities.

KAREN LIN, P.E., LEED® AP BD+C

STV - UTILITIES ENGINEER

EDUCATION:

B.S., Civil Engineering; University of Texas at Austin

PROFESSIONAL REGISTRATION:

P.E.: California; LEED Accredited Professional (AP) BD+C; U.S. Green Building Council

Ms. Lin is a design engineer with more than 10 years of experience in transportation, and related design projects in California. She has prepared intersection detail plans, grading and drainage systems, utility drawings, resurfacing drawings, and engineering estimates. Ms. Lin also has field experience in the inspection of roadways, drainage systems, and sanitary sewer construction sites. She is adept at researching ROWs, making variance corrections, coordinating change requests, compiling project manuals, and revising specifications. Ms. Lin is thoroughly familiar with the policies, procedures, and requirements of various local agencies. Clients have included Caltrans, Los Angeles DPW, Metro, and OCTA.

**KAROU MCCULLOUGH, P.E.**

STV - CIVIL ENGINEER

EDUCATION:

M.S., Transportation Engineering; University of California, Irvine

B.S., Civil Engineering; Washington University in St. Louis

PROFESSIONAL REGISTRATION: P.E.: California

Ms. McCullough is a design engineer with experience providing designs for roadway and transit projects. Ms. McCullough is proficient in the use of CAD software to develop designs according to Caltrans and various other agencies' standards, and has prepared cost estimates, design stormwater BMPs, and prepare Modified Access Reports for the Federal Highway Administration (FHWA). As design engineer for the Caltrans/OCTA SR-57 North-bound Widening. She developed roadway drawings including geometric layouts, profiles, cross sections, and drainage and utility layouts for the widening of five miles of north-bound State Route 57 (SR-57) from SR-91 north from Orangethorpe Avenue in Placentia to Lambert Road in Brea, CA. Ms. McCullough was also the design engineer for the Caltrans Crown Valley Parkway Widening project in Mission Viejo, CA and the Caltrans/City of Irvine Jamboree Road Widening project.

ALAN BOSCH, P.E.

STV - CIVIL ENGINEER

EDUCATION:

B.S., Civil Engineering; University of California, Irvine

PROFESSIONAL REGISTRATION: P.E.: California

Mr. Bosch is a civil engineer with more than 15 years of professional experience in the planning and design of transportation systems including roadways, highways, and grade separations. Mr. Bosch is proficient in the use of AutoCAD, MicroStation, Softdesk, and InRoads design software. He is well versed in Caltrans and the American Association of State Highway and Transportation Officials (AASHTO) standards.

RICHARD CAMPBELL, P.E.

STV - STRUCTURAL ENGINEER

EDUCATION:

B.S., Civil Engineering; California State University, Long Beach

Diploma, Mechanical Engineering Technology; Saskatchewan Institute of Applied Arts and Sciences

PROFESSIONAL REGISTRATION: P.E.: California

Mr. Campbell has more than 30 years of design and construction experience in structural, civil, and mechanical engineering, with a strong focus on public works structures. He is thoroughly familiar with Caltrans methods and procedures for analysis, design, retrofit, and construction of bridge structures. Mr. Campbell's background encompasses active involvement in major projects at all levels, including initial concept, advanced planning, preparation of final PS&Es, and construction management. He has also designed a wide range of ancillary structures such as retaining walls, sound walls, drainage structures, pump stations, and maintenance buildings. Mr. Campbell was the structures engineer for the Caltrans SR-55 Sound Walls project where he was responsible for designing 16-foot-high concrete block sound walls on top of concrete retaining walls with varying heights of 6 feet to 12 feet along SR-55 between Walnut Avenue and Katella Avenue in Orange, CA.

MOHAMMAD A. QURESHI, Ph.D., P.E., T.E.

LIN Consulting, Inc. - TRAFFIC STUDY AND TRAFFIC SIGNAL DESIGN

EDUCATION:

Ph.D., Civil Engineering Transportation; University of Tennessee

M.S., Civil Engineering (Transportation); University of California, Berkeley

B.S., Civil Engineering; University of California Berkeley

PROFESSIONAL REGISTRATION: P.E.: California; T.E.: California

Dr. Qureshi has more than 14 years of experience as a transportation engineer, with expertise in traffic signal operational analysis, highway capacity analysis, accident analysis, and intersection design alternatives analysis. He has provided project management for completing traffic studies, electrical PS&E work, installation and modification of traffic signals, electrical services plans and fiber optic plans within the Caltrans ROW, plans for Traffic Monitoring Station (TMS), and Ramp Meter System (RMS) plans. He has provided traffic analysis and studies for projects such as the I-405/Laguna Canyon Overpass Bridge Widening project in Irvine CA; OCTA West County HOV Widening Freeway at I-405/I-605/SR-22 Interchange project; Metro Express Lane in the County of Los Angeles, CA; the Mid-City/Exposition Light Rail Design-Build project in Los Angeles, CA; and the I-215 and SR-60 Connector project in San Bernardino, CA.

**ROBERT FEE, P.E.**

STV - LIGHTING SPECIALIST

EDUCATION:**B.S., Electrical Engineering; North Dakota State University****PROFESSIONAL REGISTRATION: P.E.: California**

Mr. Fee is a project manager with more than 35 years of professional experience in electrical design. He has provided design and design management of electrical systems for numerous transportation projects in Southern California and throughout the country, and performed design, remodeling, upgrade, and modification of electrical systems. As electrical engineer for Caltrans On-Call Services, he provided electrical design for several projects as part of a statewide on-call contract with Caltrans.

CALVIN YOSHITAKE, PLS

Coast Surveying, Inc. - SURVEYOR AND ROW SPECIALIST

EDUCATION: B.S., Forestry; Northern Arizona University**PROFESSIONAL REGISTRATION: PLS: California****CERTIFICATIONS: SCRRRA/UPRR/ACE Roadway Worker Certification**

Mr. Yoshitake has more than 35 years of experience in surveying and engineering. He has managed both field and office operations for all phases of surveying, mapping services, and ROW surveys. He is well versed in the specifications and standards for Caltrans. Mr. Yoshitake has performed numerous ROW surveys, design surveys, and construction staking for more than 1,000 projects and tasks for public agencies, contractors, engineers, architects, railroads, utilities, private developers, and owners.

GENE ANDERSON

Chambers Group - ENVIRONMENTAL ENGINEER

EDUCATION:**B.A., Environmental Studies, California State University, Sacramento****B.A., Study of Religion, University of California, Los Angeles****Juris Doctorate Program, Loyola University, College of Law, Los Angeles**

Mr. Anderson has more than 30 years of environmental consulting experience, and is a recognized expert in the preparation of environmental documents subject to both the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA) with an emphasis in transportation projects. He has managed large-scale projects within the counties of Orange, Los Angeles, Ventura, San Bernardino, and Riverside. As project manager for the Long Beach Boulevard Improvements project in

Lynwood, CA, he was responsible for the preparation of an Initial Study/Mitigated Negative Declaration (IS/MND). The project involved the Magnolia Avenue Roadway Widening, Rehabilitation, and Beautification project which consisted of 2.5 miles of roadway improvements and beautification additions from Buchanan Avenue to Tyler Street in the city of Riverside.

RENIE MEIER-WONG, ASLA

Cornerstone Studios, Inc. - LANDSCAPE/IRRIGATION

EDUCATION:**M. Landscape Architecture, Urban Design Emphasis; University of Pennsylvania, PA****PROFESSIONAL REGISTRATION: L.A.: California**

Ms. Meier-Wong is an established landscape architect with more than 25 years of varied professional experience. She has the skills for integrating the aesthetics of art forms with the pragmatics of project requirements. She has successfully completed many diverse projects in urban design, transportation, campus redevelopment, parks and recreation, and institutions. Ms. Meier-Wong emphasizes innovative, exciting designs that suit the client's needs, as well as attractive graphics, accurate construction documents, and on-time and on-budget deliveries. As project manager for the Lake Forest Citywide Median and Slope Restoration project, she was responsible for overseeing work including concept design, construction documents, and construction observation. She provided landscape design for medians, parkways, and adjacent slopes.

CURT SCHEYHING, G.E.

Group Delta Consulting, Inc. - GEOTECHNICAL ENGINEER

EDUCATION:**M.S., Civil Engineering; San Diego State University, CA****B.S., Civil Engineering; San Diego State University, CA****PROFESSIONAL REGISTRATION: G.E.: California; P.E.: California**

Mr. Scheyhing has more than 15 years of geotechnical experience ranging from planning and executing field and laboratory investigations, to technical oversight of engineering analysis and design, to project management. He has been responsible for geotechnical design of numerous transportation projects in the Orange County, Los Angeles, and San Diego areas. Orange County project experience includes the SR-55 Project Study Report (MacArthur to I-5), I-405/Fairview Road Widening PS&E, and I-405/Laguna Canyon Road PS&E. His areas of expertise include analysis of static and seismic slope stability of soil and rock slopes; geotechnical design of spread footings, driven piles, and drilled piles for bridge foundations; geotechnical design of earth retaining structures in-



cluding concrete walls, MSE walls, soil nail walls, and tieback walls; settlement analysis for foundations and earth fills; liquefaction evaluation; use of lightweight cellular concrete fills; and ground improvement including surcharge and stone columns.

DENNIS H. JUE, P.E., T.E.

Anderson • Penna Partners, Inc. - FUNDING ASSISTANCE

EDUCATION:

B.S., Civil Engineering; Loyola Marymount University, Los Angeles, CAA

PROFESSIONAL REGISTRATION: P.E.: California; T.E.: California

Mr. Jue brings more than 40 years of experience in municipal engineering program management having worked for both public and private employers. His experience in city engineering, traffic engineering and public works inspection includes planning, directing, coordinating and administering the operations, maintenance and construction activities of Public Works Departments. Mr. Jue's responsibilities included preparing, coordinating, and submitting documentation required to obtain and process Caltrans federal funding. He completed the documentation to fund storm damage repairs to Antonio Parkway through FHWA and the Antonio Parkway Rehabilitation Project through the Transportation Community and System Preservation Program. As the City of Tustin Consulting Program Manager, Mr. Jue provided assistance in coordinating the funding, design, ROW acquisition, and construction management of the city of Tustin's major capital improvement program. Projects included major arterial street widening, extension of arterial streets, a new on and off ramp with the SR-55, and a new 17-acre community park. Provided assistance for seven projects that required the partial acquisition of 35 properties with a total construction value of over \$75 million.

Subconsultants

To support STV's in-house project management, QA/QC, project controls, and engineering specialists, we have reached out to a number of local experienced consulting firms in Southern California to provide the City with a comprehensive team.

Coast Surveying, Inc.

Surveying and ROW

Coast Surveying, Inc. (Coast), a California Corporation, specializes in surveying, mapping, aerial photogrammetry, and ROW engineering. Coast has experience working for several governmental agencies including Caltrans, OCTA, and the County of Orange. Coast is well known for its ability to complete complex, challenging projects on time and within budget, without sacrificing quality.

More than 85% of Coast's business is from on-call contracts with the cities of Garden Grove, Newport Beach, Santa Ana, Seal Beach, and Tustin. Coast's team is fully equipped, and has qualified personnel and vast experience to perform all of the survey and mapping work required for this project.

Chambers Group, Inc.

Environmental

Chambers Group, Inc. (Chambers) is a certified Disabled Veteran Business Enterprise (DVBE), and a Service Disabled Veteran Owned Business (SDVOB) firm with a history of interpreting and advising clients on complex federal, state, and local environmental regulations and legislation. Chambers brings excellent experience performing work on transportation infrastructure projects. The firm has completed roadway widening, intersection improvement, and other projects for several California cities and transportation agencies, as well as prepared thousands of CEQA and NEPA environmental documents and related technical studies including Environmental Impact Reports (EIRs), Program and Supplemental EIRs, IS, Negative Declarations (NDs), and MNDs. Chambers Group provided a CEQA IS/MND, a biological habitat assessment, and a cultural resource survey for the Cactus Avenue Widening project for the city of Moreno Valley in compliance with the Western Riverside County Multiple Species Habitat Conservation Plan.

LIN Consulting, Inc.

Traffic Study and Traffic Signal Design

LIN Consulting, Inc. (LIN) provides traffic engineering, including traffic signal engineering; traffic signal system synchronization; signing and striping design; work site traffic control and detour design; traffic analysis and reports; traffic calming and pedestrian safety studies; fiber optic communication systems; freeway CCTV, CMS, VDS, and RMS; intelligent transportation system (ITS) division; traffic impact studies; and parking studies and analysis. LIN's accomplished team has amassed a considerable amount of traffic, civil, and electrical engineering experience working with counties, cities, and the state of CA, as well as with private owners and developers. LIN's engineers have completed similar traffic design and traffic study projects in Orange County such as completing traffic studies and electrical PS&E work for the OCTA West County HOV Widening project in Orange County, CA. The firm's responsibilities included the installation and modification of traffic signals at Seal Beach Blvd., the design of freeway communication fiber optic trunk lines, the implementation of a CCTV system, ramp meters, surveillance stations, ramp lighting, tunnel lighting, freeway inter-



change lighting, and various traffic analyses and studies for the preparation of a Transportation Management Plan (TMP).

Group Delta Consultants

Geotechnical and Soils Engineering

Group Delta Consultants, Inc. (GDC), established in 1986, has seven certified laboratories and offices in California. The laboratories are licensed in California and approved testing facilities by various agencies including AASHTO, city of Los Angeles, and Caltrans. GDC provides geotechnical engineering including field investigation relating to soils, grading, slopes, hydrogeology, in-situ testing, foundation design, ground improvement; environmental engineering; geology; forensics; hazardous materials testing; inspections; and construction support.

Previous experience includes the OCTA Project Study Report/Project Development Support, I-5 Widening from SR-73 to the El Toro Y project in Orange County, California. OCTA in partnership with Caltrans District 12, evaluated alternatives to add lanes to increase freeway capacity and improve traffic operations on I-5. GDC's scope of work included both preliminary geotechnical and foundation reports plus the initial site assessment. Key geotechnical issues for the project included presence of localized areas of shallow groundwater and liquefaction susceptibility, and potential impacts to foundations and slopes; static and seismic embankment and retaining wall stability; stability of cut slopes/walls, localized presence of landslide prone formations; embankment fill settlement magnitude and time rate in alluvial areas; temporary excavation and shoring, tieback anchors; and subgrade characteristics, expansive soils, and r-value for pavement design.

Cornerstone Studios, Inc.

Landscape Design and Irrigation

Cornerstone Studios, Inc. (CSS), specializes in landscape architecture, park planning, urban design, and resource analysis, and practices sustainable design in all its projects. Projects encompass a wide range of the built environment, with emphasis on outdoor improvements, park and recreation areas, streetscapes, transportation facilities, schools, and urban sites. CSS's projects have been LEED Gold and Silver certified and include work completed in Lake Forest, CA including the Trabuco Road Landscape Improvements Project. The scope of this project included landscape design of the parkways as well as the newly proposed medians. The planting design incorporates some of the existing mature trees with the goal of providing a unifying design from Bake Parkway to Lake

Forest Drive. The median landscape will provide verticality, colors, and texture all year round to this stretch of Trabuco Road. CSS proposed the use of the latest water conserving irrigation products to implement the irrigation design. CSS's ability to demonstrate concept designs graphically helped the community and HOA to arrive at a decision between four design options quickly.

Anderson • Penna Partners, Inc.

Funding Assistance

Anderson • Penna Partners, Inc. (APP) is a consulting practice serving local and regional agencies that specializes in project delivery and staff augmentation. The firm is a California corporation that has been in business since 2005. APP staff is experienced in delivering many types of public infrastructure projects and assisting with project finance. Currently, APP assists the cities of Laguna Beach, Lake Forest, Rancho Santa Margarita, Newport Beach, and Tustin as an extension of staff with various funding, design, project management and construction management projects. This experience enables the firm to provide other services tailored to specific municipal engineering needs, such as grant application preparation, grant administration, labor compliance, utility and inter-agency coordination, structural engineering, plan review/plan check, energy efficiency consulting, water resources engineering, and transportation engineering.

Project Understanding

Paseo de Valencia is a major arterial from El Toro Road to La Paz Road in the city of Laguna Hills per Orange County's Master Plan of Arterial Highways and the City's General Plan dated July 14, 2009. Much of the Paseo de Valencia roadway between El Toro Road and Alicia Parkway has two south-bound lanes and three north-bound lanes. This Project will widen the south-bound roadway to three lanes as the first of a phased implementation to upgrade Paseo de Valencia to its ultimate planned width and correct the lane imbalance. The Project includes reconstructing the entire street width and the median (see Figure 4).

The Project extends about 2,400 feet with a Class II bike lane along the west side and an adjacent Orange County Parks (OC Parks) trail (Aliso Creek Trail), including a Class I bike lane along the east side. There is an existing sidewalk along the east side, a landscaped median that includes street lights, and the city of Laguna Woods abuts along the west side of the Project. Along the east side, the adjacent land use is typically medium-low density residential. South of the project limits, Aliso Creek crosses under Paseo de



Figure 4. Existing south-bound lanes on Paseo de Valencia south of Kennington Drive▲

Valencia. Laguna Hills High School is located immediately north of the project limits. Southern California Edison (SCE) has transmission poles with overhead lines along the east side of Paseo de Valencia and north of the Project. The last pole on the east side is located immediately south of the Kennington Drive intersection. The transmission lines cross Paseo de Valencia with the remainder of the SCE poles being located along the west side of Paseo de Valencia. Within the project limit, Paseo de Valencia carries over 32,000 daily vehicles (from the February 2011 count).

STV's knowledge of this project has been gained by reading the City's request for proposal (RFP) released October 14, 2011, visiting the project site, reviewing the City's as-built plans, and conferring with the City, OC Parks, and the Orange County Flood Control District.

STV understands the importance of this project and the City's concern with the impact the Project will have on the community. STV understands the City would like to avoid ROW closure at Gate 4 in Laguna Woods and noise during the construction phase because of the severe impact it would have on the community. We also understand the concern of safety during the construction phase, especially since this phase will directly impact Laguna Hills High School traffic. The STV team has developed what we believe are some innovative ideas for addressing these issues as detailed in the Approach below. Figure 5 on the following page shows the overall project elements.

Best Value Approach

STV takes a best value approach in meeting and exceeding the City's expectations. All design decisions will be made as a team with STV providing comparative data, pros and cons, and conceptual cost estimates for each design option considered. An example of this team approach is STV's proposed workshop with the City and stakeholders to narrow down design options leading to a preferred alternative vetted by the Team. This approach will enable the environmental team to focus on the preferred alternative and enable the design team to incorporate mitigation elements at the earliest.

Survey

STV will provide cross sections at 25-foot intervals as outlined in the RFP. STV proposes performing the design survey at 50-foot intervals in addition to recording the grade breaks. This approach may potentially save 20% to 30% of the surveying cost while providing the requisite accuracy levels.

SCE Transmission Pole

The existing SCE pole located on the east side of Paseo de Valencia, south of the Kennington Drive intersection, controls the geometric design of the reconstructed roadway (see Figure 6). According to recently obtained as-built drawings from the City, the existing width measured between the back of the sidewalk on the east side to the ROW line (wall) along the west side is typically 112 feet. According to the City's General Plan, the standard width between the back of the sidewalks for a six-lane divided major arterial should be 120 feet. The SCE pole is currently 18 inches behind the curb face. Along the west side, the offset from the existing curb face to



Figure 6. Existing SCE pole to remain in place will control design▲

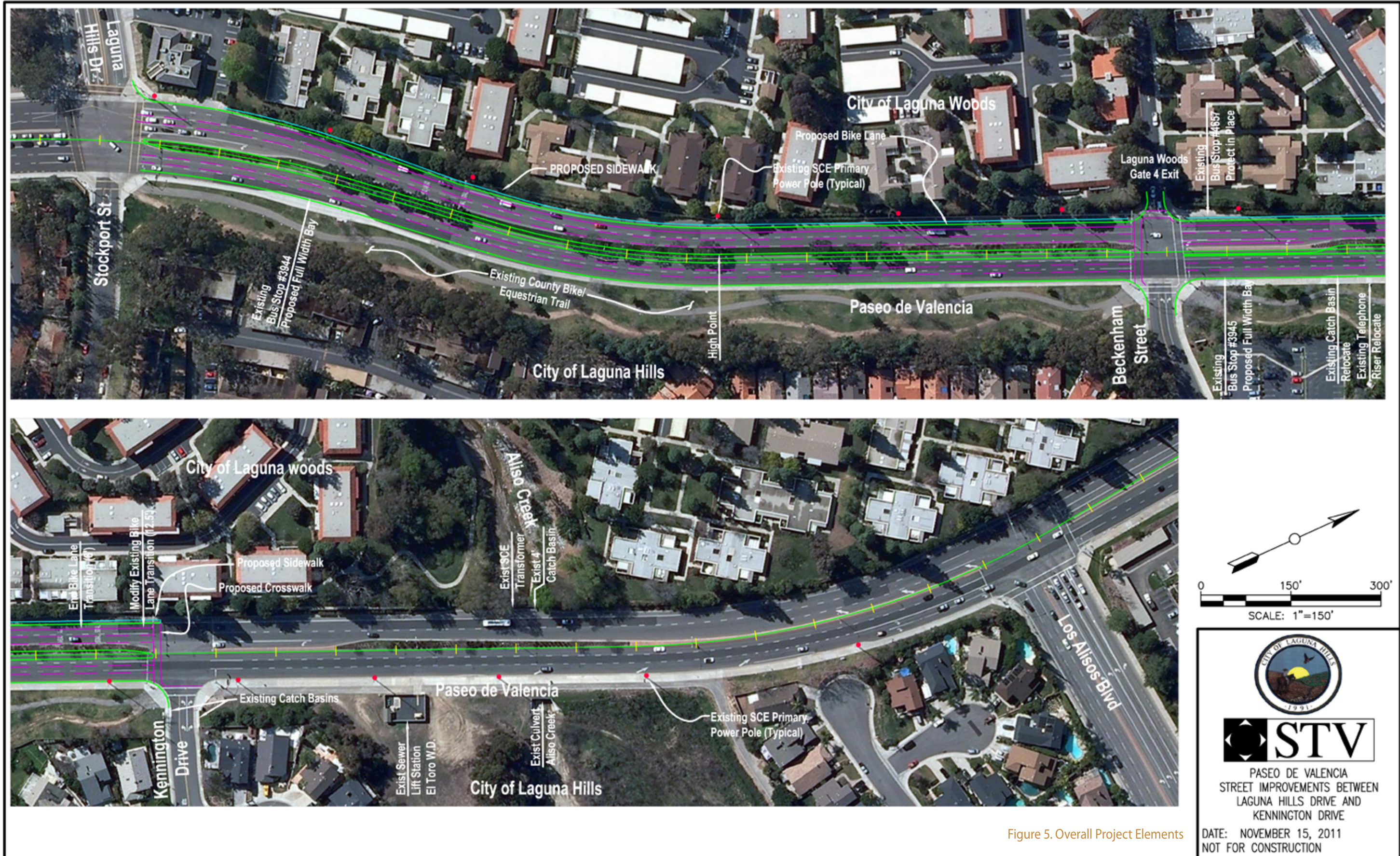


Figure 5. Overall Project Elements

12/13/2011 ITEM NO. 4.11

11.9.2011 4:08 PM PASEO-DE-VALENCIA (CML3D 2011).DWG



the wall (deemed to be the City ROW) varies. STV field measured this offset distance to be about 3.5 feet at the SCE pole location controlling the design as shown in Figure 7. Based on our field measurements, estimates from available aeriels and information from the City as-built drawings, STV has determined the existing and proposed typical section at this SCE pole location. It appears that the proposed section can be accommodated without impact to the SCE pole, by using minimum standard widths as prescribed by the City – 12-foot lanes, 14-foot median, 6-foot bike lanes, and a 6-foot shoulder. The full 120 feet preferred section will likely not be feasible at this constraint section.

Minimizing Construction Impacts

STV offers the following strategies to consider reducing construction impacts.

Rapid Set Concrete (RSC)

STV understands the City does not typically use Portland Cement Concrete (PCC) for paving arterial streets. However, our recent experience with the city of Agoura Hills warrants considering this approach as a special option to reduce construction time. STV also understands that RSC was used recently in the city of La Habra on Imperial Highway. For Agoura Hills, the STV team successfully used RSC in the U.S. 101/Reyes Adobe Road interchange project. The material is Caltrans-approved and has been used for weekend closures to complete the widening that includes demolition, base preparation, concrete pour and a six-hour curing period. Additional

cost of the RSC was offset by the cost savings from the reduced construction window.

Transportation Management Plan (TMP)

Regardless of the methodology of construction selected for the Project, we believe that a comprehensive TMP including detailed stage construction plans is critical in alleviating motorist and community impacts during construction. STV's proposed TMP will be detailed and practical and will be drafted in close consultation with the City and other stakeholders. The TMP will be based on Caltrans' guidelines with the following major components:

- Public information
- Motorist information
- Incident management
- Construction
- Demand management
- Alternate routes

Information dissemination and coordination with residential groups, OCTA relating to bus operations, OC Parks relating to the Aliso Creek Trail operation, Orange County Flood Control District relating to water quality and discharge to the Aliso Creek, emergency vehicles operators and Laguna Hills High School relating to pedestrian safety will be addressed in the TMP.

Stage Construction

Figure 8 shows our approach to staging the project using conventional paving materials. STV is aware that the City allows lane closures between 9 a.m. and 4 p.m. on weekdays, keeping at least one lane in each direction open at all times. STV proposes to com-

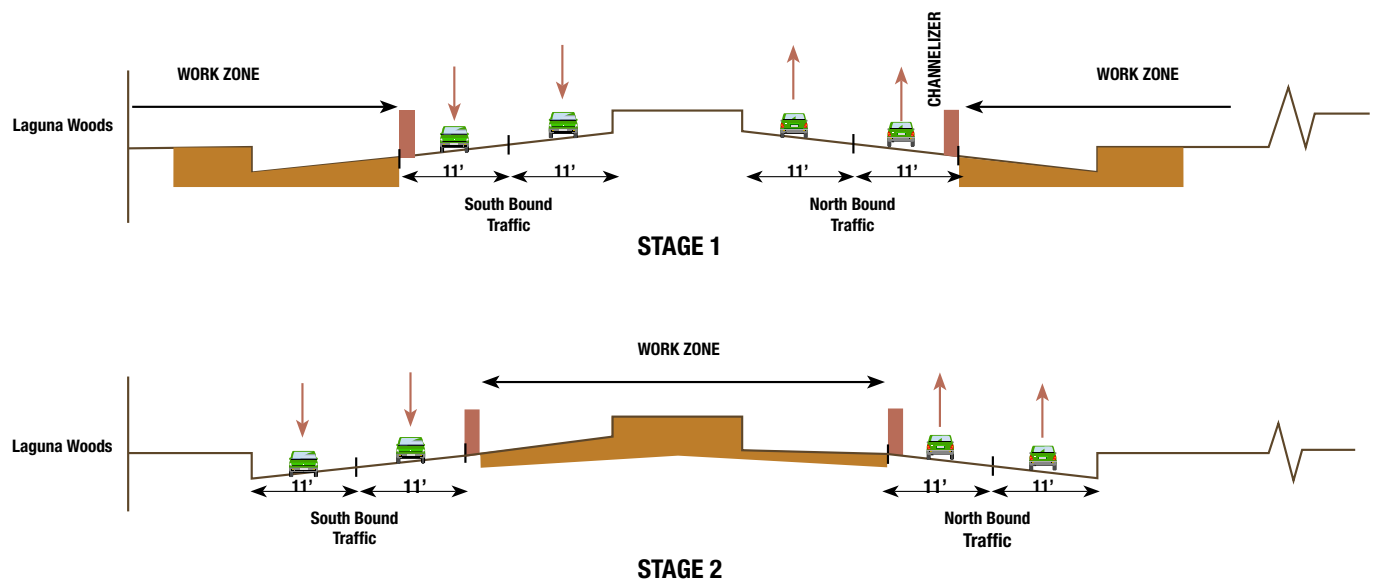
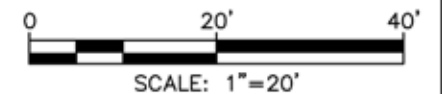
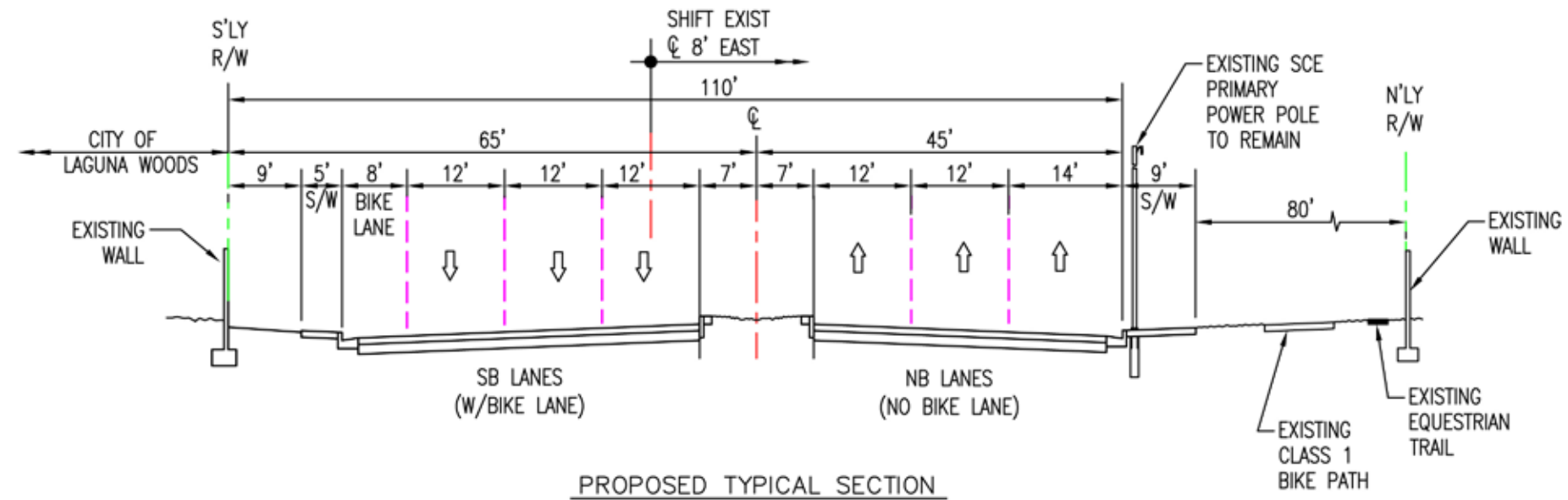
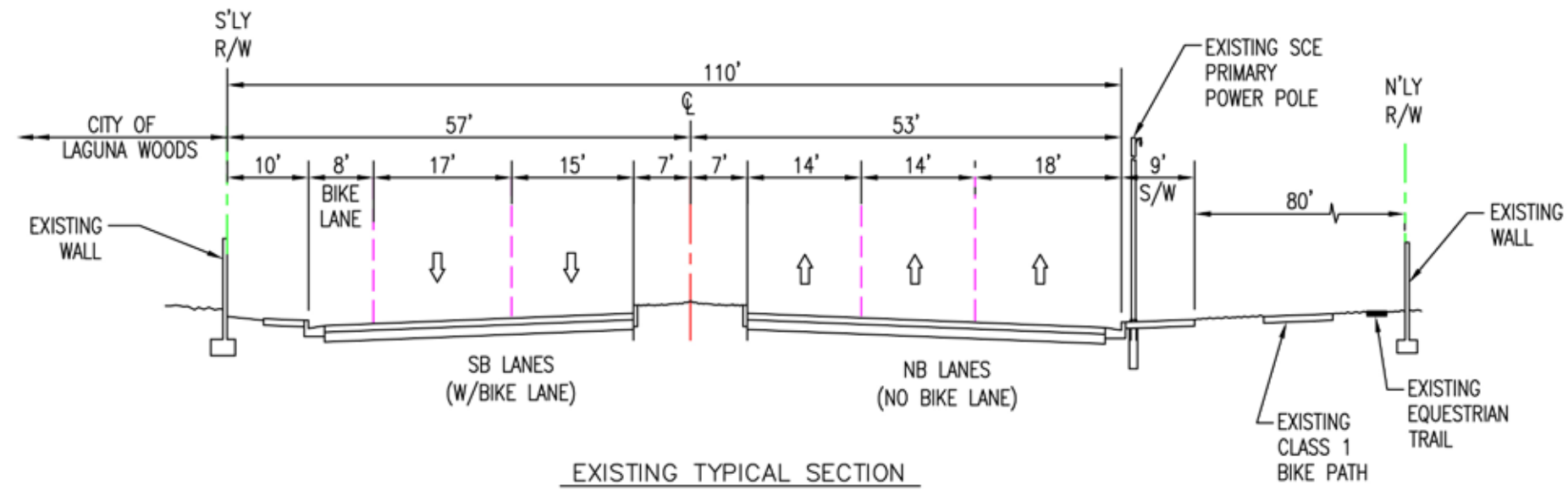


Figure 8. Stage Construction ▲



PASEO DE VALENCIA
STREET IMPROVEMENTS BETWEEN
LAGUNA HILLS DRIVE AND
KENNINGTON DRIVE
DATE: NOVEMBER 15, 2011
NOT FOR CONSTRUCTION

Figure 7. Typical Sections



plete major construction elements on this project in two main stages. Bicycle traffic along the south-bound lanes will be diverted to the Class I bikeway adjacent to the north-bound lanes. Two travel lanes in each direction will remain open at all times. The travel lanes will be narrowed to 11 feet during construction.

The outside lanes will be completed in Stage 1 and the inside lanes and median will be completed in Stage 2.

Advance signage will encourage through-traffic on Paseo de Valencia to take suggested alternate routes. Potential alternate routes include using I-5 between El Toro Road and Alicia Parkway or diverting traffic to use El Toro Road, Moulton Parkway, and Alicia Parkway to avoid the construction zone. Coordination with Caltrans and the cities of Laguna Woods, Lake Forest, and Aliso Viejo would be required for these alternate routes which will also be addressed in the TMP.

Laguna Woods Gate 4 Exit Traffic Handling

The west leg of the Beckenham Street intersection at Paseo de Valencia comprises exit-only lanes from Gate 4 in Laguna Woods. During construction, we recommend coordination with Laguna Woods to inform and encourage its residents normally using Gate 4 to use Gates 2 and 3 as alternate exit routes. This will be addressed in the TMP and will alleviate community impacts during construction.

County Parks Easement

Outside the SCE pole constraint section, STV proposes widening Paseo de Valencia to the east to achieve the full standard 120 foot wide section, as recommended in the City's General Plan. The proposed widening may impact the easement that OC Parks possesses for Aliso Creek Trail. Mr. Dutta has recently met with Mr. Huggins of OC Parks to discuss this project. Our understanding of the easement modification process is as follows:

- OC Parks will review the proposed design at the preliminary, 65%, and 95% stages
- Prior to the 95% submission, STV will provide legal description/plats in a format provided by Parks
- OC Parks expects the easement modification process to take about four months

OC Parks shared a number of comments and concerns on this Project with STV. These concerns and STV's solutions are addressed in Table 3.

Water Quality

STV understands that the Project falls under the jurisdiction of the San Diego Regional Water Quality Board. The new model

TABLE 3. STV'S PROPOSED SOLUTIONS

Issues	STV Solutions
Concern on loss of trail footprint	STV design will not include any loss of trail.
Concern over removal of trees	Trees that may be required to be removed will be identified and suitable replanting plan incorporated in design.
Concern over tunnel effect that proposed sound walls may have	Soundwall location will likely be closer to the property line with significant horizontal offset from the trails. STV's design will address this concern.
Aesthetics of sound walls	STV is proposing to use City color palette form liners on the proposed walls.
Need for bicycle and equestrian push buttons at signals	Currently there are equestrian push buttons at Kennington and Laguna Hills Drive. The STV design will propose bicycle and equestrian pushbuttons at all three signal locations (Kennington, Beckenham and Laguna Hills).

Water Quality Management Plan (WQMP) has been approved as of August 17, 2011. The selection of the appropriate water quality feature will be consistent with the Greenstreets guidelines from the United States Environmental Protection Agency (USEPA). STV will take advantage of the greenbelt along the east side of Paseo de Valencia to locate water quality treatment features. STV recently completed a WQMP for the Baja Panorama Street Rehabilitation Project for the County of Orange.

Evaluation of Extending Three South-bound Lanes to Los Alisos Boulevard

Between Los Alisos Boulevard and Kennington Drive, there are currently two south-bound lanes with a short segment of a third lane which drops about 400 feet south of the Los Alisos Boulevard intersection. This segment is outside the scope of the current project. Extending the third south-bound lane southwards through Los Alisos Boulevard would close the lane imbalance on the south-bound direction. STV is offering an option to evaluate extending the lane. Design constraints include the SCE poles and the sewer lift station for El Toro Water District along the east side and the presence of an SCE transformer on the west side of the roadway. Creating a third south-bound lane without impacting any of these elements would require a non-standard median and



potentially non-standard lane widths.

Schedule

STV is aware that the City desires to have the construction documents completed by the end of 2012. A detailed schedule is included in Figure 9. To avoid schedule slippage we have included the following features:

- Hold a workshop with the City and other stakeholders to come to an agreement on the preferred alignment. Following the workshop, the STV team will complete preliminary engineering for City approval.
- The environmental technical studies will focus on the preferred alternative. All mitigation measures will be immediately incorporated into the design.
- The environmental approval process will proceed concurrently with the final design.
- Design will continue during the City review process.

Project Management

The STV team will institute the following management and coordination elements to a successful project delivery to the City:

- **Informal over the shoulder review.** The STV project manager has used this successfully with prior projects. These reviews would occur prior to major formal submissions.
- **Scope Control Memorandum.** Any potential scope change will be immediately brought to the attention of the City using a formal memorandum prior to additional work being performed.
- **Issues Matrix.** Maintain an issues matrix with a responsible person and deadlines identified for each task.
- **Cost to complete analysis.** STV will perform this analysis starting at the 65% plans, specifications, and estimate (PS&E) level in order to detect and prevent cost over-runs and perform appropriate course corrections.

Quality Management

STV maintains a company-wide Quality Management System (QMS) conforming to the ISO 9001 standards. The QMS embodies the following basis precepts:

- All work must be reviewed prior to being submitted
- The reviewer must be a qualified individual, independent of the originator

Figure 10 illustrates STV's review process for each milestone submittal.

Work Plan

STV acknowledges the scope of work described in the RFP. The following section includes additional scope comments and our assumptions.

Task 1 - Design Survey

STV will research existing control monuments and perform a control network of the project site. Control will be based upon NAD 83 and NAVD 88 unless otherwise specified by the City. STV will provide cross sections at 25-foot intervals. We propose 50-foot intervals plus breaks resulting in cost savings to the City while maintaining the same level of accuracy.

Task 2 - Geotechnical and Soils Engineering

Preliminary investigation indicates terrain at the site is gently rolling with existing AC pavements, and regional geologic mapping and local experience indicate the site is underlain by Tertiary-age (soft rock) siltstone of the Capistrano Formation (Tcs). In addition, local fill and alluvial soil may overlie the siltstone. The groundwater is generally deeper than 20 feet, but may be as shallow as 20 feet at Aliso Creek near the north end. Our experience indicates Tcs generally has low r-value and may be moderately to highly expansive. The site is not located in a fault rupture, liquefaction, or seismic landslide hazard zone. No major cuts and fills are proposed, no blasting required, and no existing landslides are present.

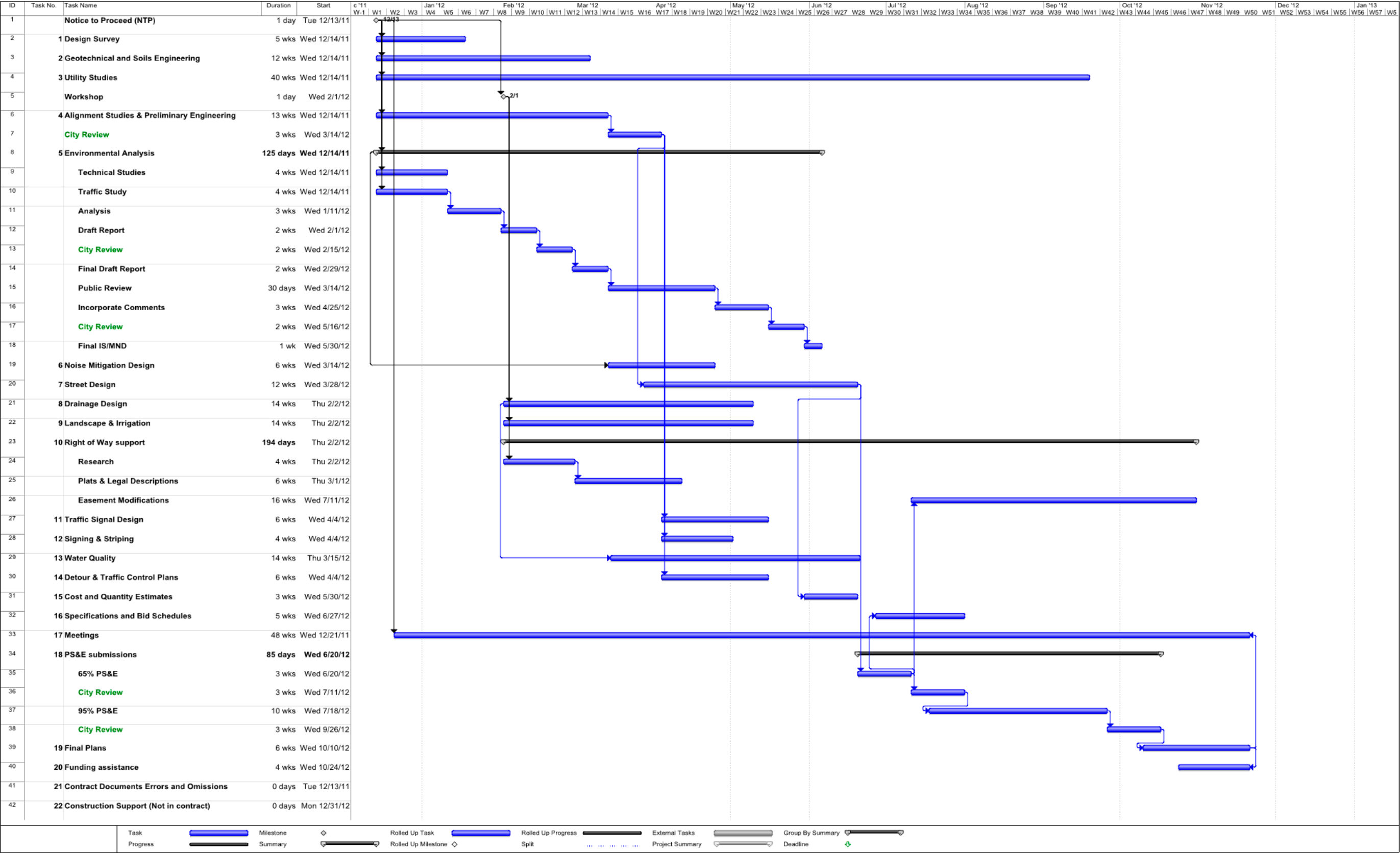
Our focus will be on the design of the pavement section, including cost considerations, use of concrete versus asphalt, mitigation of expansive soil if needed, and quiet pavement. Our analysis will also recommend sound wall and light pole foundations.

STV assumes the site to be absent of contamination and is not including scope or cost estimates for abatement, remediation, or other clean-up measures at this stage.

Task 3 - Utility Studies

STV will research and identify the utilities within the project footprint to determine the affected utility lines upon notice-to-proceed (NTP). Our search methodology will include a field survey, as-built research, and DigAlert database research.

STV will maintain a detailed record of all potential utility owners and follow-up to have utility owners verify the presence of active lines followed by an evaluation of possible impacted utilities.



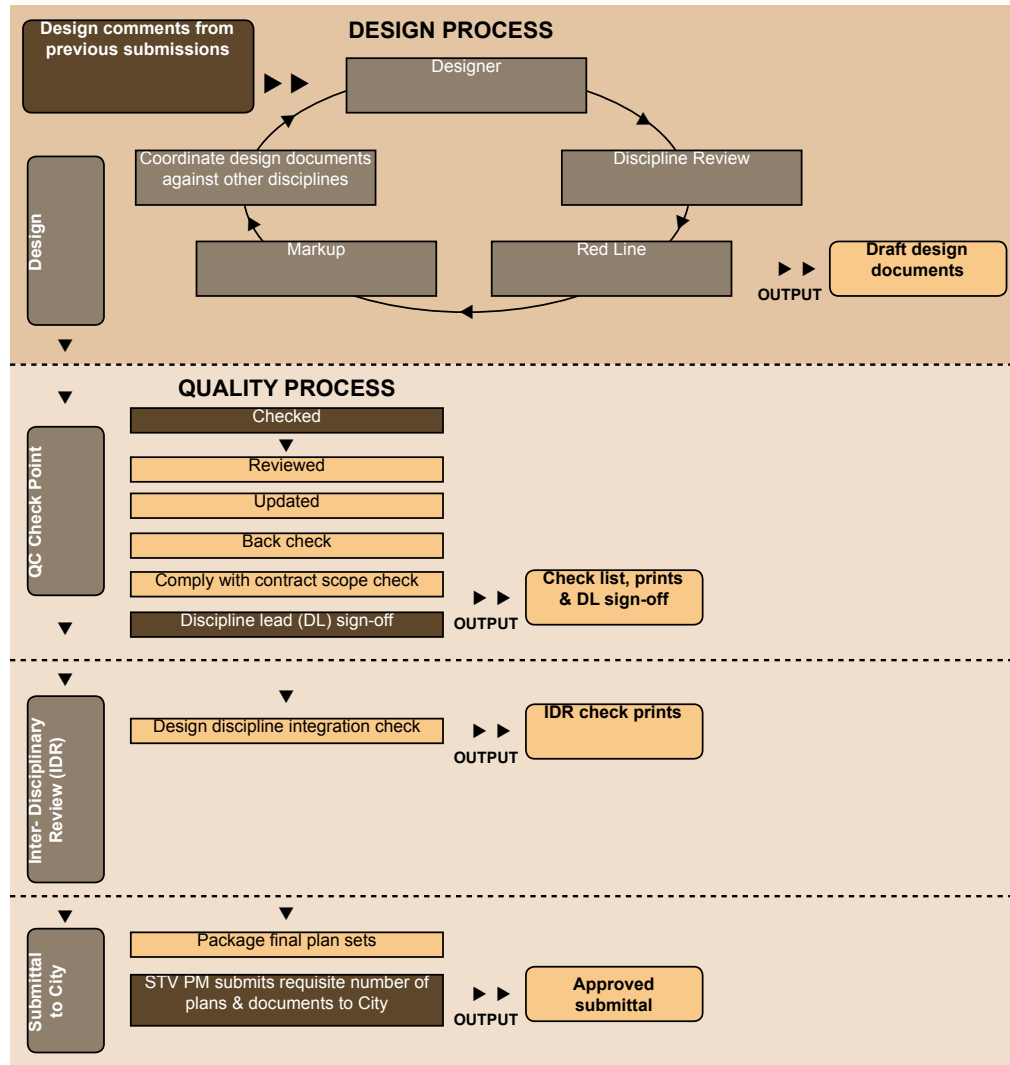


Figure 10. STV's Review Process ▲

Table 4 lists some of the potentially affected utilities based on our preliminary consultation of the Underground Dig Alert database.

TABLE 4. POTENTIAL UTILITIES	
Type	Owner
Communication	Cox Communications
Communication	AT&T
Communication	Verizon
Communication	Connexion Technologies
Gas	Southern California Gas
Gas	San Diego Gas & Electric
Power	Southern California Edison
Water	Moulton Niguel Water District
Water	El Toro Water District

Task 4 - Alignment Studies and Preliminary Engineering

Task will be completed in accordance with RFP scope.

Task 5 - Environmental Analysis

Implementing this project will result in environmental impacts that could be a nuisance within the residential areas that are located on both sides of the project area. Of particular concern are short-term construction activities that would cause noise events and degrade air quality due to the release of particulate emissions (airborne dust) generated by excavation, grading, hauling, and various other activities related to construction. Emissions from construction equipment are also anticipated.



STV will prepare an Initial Study/Mitigated Negative Declaration (IS/MND) in compliance with the CEQA, and the City's adopted Environmental Review Guidelines. STV and our environmental consultant will work closely as a team to include the mitigation measures within the final design of the project and prepare the environmental analysis in a manner that reflects a reduction in the mitigation measures that would otherwise require monitoring during construction.

The following technical studies will be prepared for inclusion in the IS/MND: traffic impact analysis, hydraulic/hydrologic (H&H) report, soil and geotechnical report, air quality impact analysis, noise impact assessment including sound wall design and other noise mitigation design, and the visual-aesthetic impact analysis using digitized photo-simulations (if required). While direct project impacts to biological resources are expected to be minimal, mitigation measures will be required to protect nesting birds and the removal of mature specimen trees.

The supporting traffic analyses will develop traffic forecasts and calculate levels of service for the signalized intersections along Paseo de Valencia at Kennington Drive, Beckenham Street, and Laguna Hills Drive. Three scenarios are expected to be analyzed: 1) existing conditions prior to construction; 2) post construction conditions; and 3) horizon year conditions. Count data for intersections and roadway segments will be collected and forecasts for future conditions developed using growth factors forecast for the City. Level of service analyses will be conducted for the signalized intersections within the project limits using the Intersection Capacity Utilization method as established in the City's General Plan.

Task 6 - Noise Mitigation Design

Although earthen berms and vegetation can partially mitigate sound, the most effective mitigation measure in an urban environment is to build solid sound walls. The recommended location of the sound walls will be in the noise study report part of the environmental document.

STV will prepare a preliminary Sound Wall Selection Report for the City's evaluation to select the type of sound wall to be used at each location. For the Paseo de Valencia Street widening, it is envisioned that architecturally pleasing sound walls incorporating the current City specified colored fieldstone pattern will be used (see Figure 12).

At this time, it is anticipated that economical spread footings designed for current California Building Code vertical self-weight and lateral wind and seismic loads will be used to support a beautiful,

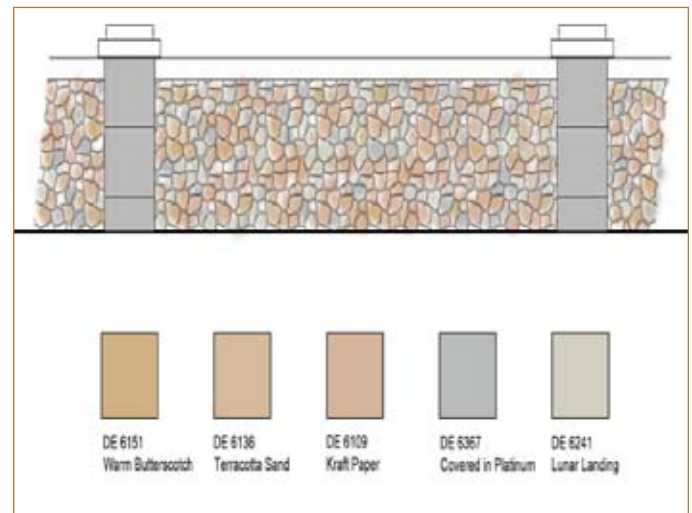


Figure 12. Concrete sound wall ▲

but cost-effective, pilaster and wall system.

The panels could be either cast-in-place painted fieldstone form-lined concrete, precast decorative fieldstone concrete panels, or clear acrylic panels (full or partial). In areas not as visual to motorists and pedestrians, a more cost-effective, but sustainable, conventional concrete block wall with drought resistant screening vegetation could be used.

STV staff will prepare illustrative sketches of each sound wall type proposed with a description, advantage or disadvantage matrix and an estimated cost per linear foot. STV will present the report to the City so the City can efficiently select the best noise mitigating wall types for this segment of Paseo de Valencia.

Task 7 - Street Design

The design includes a roadway plan and profile, typical sections, intersection details, utility plans, curb and gutter, sidewalk and adjustments to the existing median lighting, as required by the preferred alternative. Appropriate cross fall (typically 2% in a tangent section) would be maintained. The pavement section would be per recommendations from the geotechnical report corresponding to an appropriate traffic index value approved by the City.

There are two bus stops (OCTA bus stops 3944 and 3945) along the north-bound lanes within the limits of the Project. Along the south-bound lanes there is one OCTA bus stop (number 4657)



within the Project limits. OCTA operates four routes served by these bus stops: 87, 91, 188A, and 212.

Bus stop 3945 is located immediately north of the Beckenham Street intersection. Currently there is no designated bus bay or concrete bus pad. STV proposes to add a bus bay with the sidewalk meandering around it. In order to avoid realigning the OC Parks bicycle trail, STV proposes to move the bus stop about 50 feet to the north (see Figure 13).

Bus stop 3944 is located south of the Laguna Hills Drive intersection. There is an existing concrete bus pad and designated bus

and irrigation and street lighting team members to incorporate all standard elements.

Task 8 - Drainage Design

Based on our field investigations and as-built plans obtained from the City, the existing Paseo de Valencia profile has a high point between Beckenham and Laguna Hills Drive. The low points are outside the project limits, the southerly low point being near Alicia Parkway while the northerly low point is at Aliso Creek. There is an existing conveyance system with drain lines, curb inlets and gutter flow that drain the project area. An H&H study will be completed to ascertain the adequacy of the existing system. The north-bound lanes have existing inlets near Kennington Drive and two others on Kennington Drive near its intersection with Paseo de Valencia. There is also a cross gutter at Beckenham Street allowing runoff from the north-bound lanes to bypass. The south-bound lanes is currently a 4-foot wide inlet north of Aliso Creek. This inlet is older and undersized compared to other existing inlets (see Figure 14). OCFD will review the H&H report and the drainage design, since part of the Project storm flow discharges into Aliso Creek. It is our understanding that OC Parks maintains the creek upstream of Paseo de Valencia and OCFD has an easement to maintain the creek downstream of Paseo de Valencia. OC Parks may need to be involved in this process.

Task 9 - Landscape and Irrigation



Figure 13. Existing bus stop 3645 along the north-bound lanes within the limits of the Project ▲

bay. The bus bay appears to be undersized with vehicles in the adjacent lane frequently observed impinging into the bus bay. STV proposes to adjust the bus bay to the appropriate width.

Bus stop 4657 is located across from bus stop 3945. This stop has neither a bus pad nor a bus bay. Due to ROW constraints, it appears that a designated bus bay may not be feasible at this location. STV proposes to add a concrete bus pad for this stop.

The preferred alternative may require alteration of the OC Parks trail easement. STV will strive to avoid adjusting the trail alignment.

STV is familiar with the City's design standards for the 14-foot raised median. The street designer will work closely with our landscape



Figure 14. Existing 4-foot inlet along the south-bound lanes ▲



This segment of road is under the jurisdiction of El Toro Water District and Moulton Niguel Water District and is in the San Diego Watershed. STV is aware that the Moulton Niguel Water District uses recycled water for irrigation, while El Toro Water District does not. STV will have early discussions with both water districts to agree on a consistent irrigation design for the Project. The Landscaping and Irrigation Plan will have the following features:

- The landscaped median will be per the City's standards
- The design will account for the SCE and OC Parks easements within the project
- The design will incorporate water quality management practices into our landscape design
- The design will incorporate AB 1881 water use requirements into our planting design

Task 10 - Right-of-Way Support

STV anticipates the potential need for an OC Parks easement modification. Other ROW impacts are not anticipated. STV will author the legal description of the modifications and prepare plat drawings. We assume that the title reports will be provided.

STV will perform research on cadastral records and perform a record boundary survey for mapping record ROW and parcel lines. STV will prepare a record ROW base map showing the street ROW, adjacent parcels, and centerline of streets.

STV will obtain and review six preliminary title reports for the Greenbelt and plot existing easements shown on the Preliminary Title Reports. STV will prepare legal descriptions and plats of the proposed easements.

Task 11 - Traffic Signal Design

The widening of Paseo de Valencia will impact three signalized intersections at Kennington Drive, Beckenham Street, and Laguna Hills Drive. Therefore, signal modification plans will be needed to reconstruct the intersections. While the majority of relocated equipment will be on the easterly side of the road, the full reconstruction of the roadway structural section and changes in standards for wind loads on poles will result in a complete overhaul of the signals at these intersections. Plans and specifications that meet current standards and also use energy saving products such as light emitting diode signal lamps will be prepared. It is anticipated that phasing will remain the same as existing conditions and that timing plans will not be needed. However, as an optional task, we can prepare new timing plans for these signals. The new

signals will consider the incorporation of dedicated bicycle and equestrian push buttons based on the comments from OC Parks.

Task 12 - Signing and Striping

Task will be completed in accordance with RFP scope.

Task 13 - Water Quality

Task will be completed in accordance with RFP scope.

Task 14 - Detour and Traffic Control Plans

Task will be completed in accordance with RFP scope.

Task 15 - Cost and Quantity Estimates

While it is important to verify construction quantities for accuracy, unit costs on several key construction items including asphalt concrete, steel, and earthwork continue to fluctuate rapidly. STV will derive accurate unit costs by consulting several sources including the latest local low bids, the MEANS cost data book, and the latest Caltrans cost data book.

Task 16 - Specifications and Bid Schedules

STV will use the latest Greenbook format for this task. For specialty items such as traffic signals, we will reference the appropriate Caltrans specifications using the Greenbook format.

Task 17 - Meetings

STV anticipates participating in monthly council meetings and City staff meetings. In addition, STV will hold monthly Project Development Team meetings, some of which will have a focus on environmental studies. STV expects to participate and support the City in two public outreach meetings. STV understands the lead for the public outreach meetings will be a representative of the City or its designee.

Task 18 - PS&E Submissions

Task will be completed in accordance with RFP scope.

Task 19 - Final Plans

Task will be completed in accordance with RFP scope.

Task 20 - Funding Assistance

OCTA's Measure M applications must be prepared electronically using the agency's forms and drop down menus. The application will be for securing construction funding only. Since the current call for projects is due in December 2011, the schedule will not allow for an application for this project to be submitted at that



time. The application for the Project is expected to be submitted in response to OCTA's next round of call for projects.

Task 21 - Contract Documents Errors and Omissions

STV's management and QA/QC process eliminates potential design errors and omissions based on available information and reasonable assumptions. In the event it is demonstrated that certain design elements in the contract documents are in error due to quality of work below commonly accepted and prevailing industry standards of practice, STV will correct such errors without additional compensation from the City.

Task 22 - Construction Support

STV understands that construction support is outside the scope of this Project. Common tasks in construction support include:

- Provide support and analysis
- Assist in pre-construction meeting
- Support the City by responding to RFIs
- Review contractor drawings
- Review contract change orders
- Monitor schedule and attend meetings
- Complete as-built plans and assist the City in the final punch list and project closeout

Staff Labor Hours

The labor breakdown by task is shown on the following page.



Staff Hourly Table

Team Members	Task 0	Task 1	Task 2	Task 3	Task 4	Task 5	Task 6	Task 7	Task 8	Task 9	Task 10	Task 11	Task 12	Task 13	Task 14	Task 15	Task 16	Task 17	Task 18	Task 19	Task 20	Task 21	Task 22
STV																							
Project Manager	180	2	2	20	12	4	4	12	8	2	8	2	2	4	2	2	8	64	16	8	1		
QA/QC Manager					4			4	2					2		2	1		4	4			
Project Engineer - Civil		2	4	40	40			48	48		8	2	8	40	16	4	16	40	48	24			
Staff Engineer - Civil				64	40			48	48				16	40	24	16			40	24			
CADD		4		24	24			24	40					16	8	16				40	24		
Lead Engineer - Structure								24								4	4	8	8	4			
Design Engineer - Structure								48								8	8		16	8			
Lead Engineer - Electrical									24							4	4	8	12	8			
Design Engineer - Electrical									40							8	8		16	8			
Total STV Hours by Task	180	8	6	148	120	4	100	216	106	2	16	4	42	94	58	48	49	120	200	112	1	0	0
Coast Surveying, Inc.																							
Survey Manager		1										3											
Project Surveyor		8										52											
Survey Analyst		30										50											
Two-person Survey Crew		61																					
Cornerstone Studios, Inc.																							
Landscape Principal										3									4				
Landscape Project Manager										8									31				
Landscape Architect										22									18				
CADD										21									111				
Clerical										2									4				
Chambers Group, Inc.																							
Environmental Program Manager							83																
Principal Air/Noise Specialist							18																
Senior Environmental Planner							116																
Environmental Planner							174																
Graphics							6																
Administrative							44																
Group Delta Consultants, Inc.																							
Geotechnical Principal			2																				
Geotechnical Associate			27																				
Staff Engineer			47																				
Technician			27																				
Drafting			4																				
Clerical			4																				
LIN Consulting, Inc.																							
Traffic Principal												6											
Senior Project Manager						18						27											
Senior Engineer												71											
Project Engineer						32						126											
Anderson Penna Partners, Inc.																							
Senior Program Manager																					24		
Total Sub Hours by Task		100	111	0	0	491	0	0	0	56	105	230	0	0	0	0	0	0	168	0	24	0	0
Total Project Hours	180	108	117	148	120	495	100	216	106	58	121	234	42	94	58	48	49	120	368	112	25	0	0

Task 0 - Project Management
Task 1 - Design Survey
Task 2 - Geotechnical and Soils Engineering
Task 3 - Utility Studies & Workshop
Task 4 - Alignment Studies & Preliminary Engineering
Task 5 - Environmental Analysis (including traffic studies)
Task 6 - Noise Mitigation
Task 7 - Street Design
Task 8 - Drainage Design
Task 9 - Landscape & Irrigation
Task 10 - Right-of-Way Support
Task 11 - Traffic Signal Design
Task 12 - Signing & Striping
Task 13 - Water Quality
Task 14 - Detour & Traffic Control Plans
Task 15 - Cost and Quantity Estimates
Task 16 - Specifications and Bid Schedules
Task 17 - Meetings
Task 18 - PS&E Submissions
Task 19 - Final Plans
Task 20 - Funding Assistance
Task 21 - Contract Documents Errors and Omissions
Task 22 - Construction Support (not included in contract)



**CITY OF LAGUNA HILLS
DISCLOSURE
EMPLOYMENT RELATIONSHIPS
AND FINANCIAL INTEREST**

NAME OF CONSULTANT: STV Incorporated

DISCLOSURE/EMPLOYMENT RELATIONSHIPS WITH CITY OFFICIALS OR
CITY EMPLOYEES:

NONE

DISCLOSURE/FINANCIAL INTERESTS OF CITY OFFICIALS OR CITY
EMPLOYEES IN THE ENTITY:

NONE

I declare under penalty of perjury, under the laws of the State of California, that
the foregoing is true and correct.

Signed this 2nd day of November, 2011, at
Rancho Cucamonga, California.

Name: David L. Borger, P.E.

Title: Senior Vice President

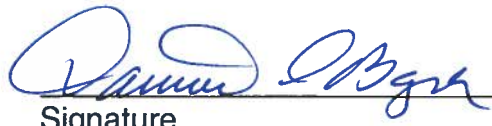
Signature: 



**CITY OF LAGUNA HILLS
CERTIFICATE OF NON-DISCRIMINATION**

I hereby certify on behalf of STV Incorporated (Consultant) that all persons employed by this company are, and shall be treated fairly without regard to race, creed, color, national origin, political affiliation, marital status, sex, age, or disability, and in compliance with all Federal and State laws prohibiting discrimination in employment, including, but not limited to, the Civil Rights Act of 1964, the Unruh Civil Rights Acts, and the Americans With Disabilities Act.

David L. Borger, P.E. Senior Vice President
Name Title


Signature

November 2, 2011
Date



November 15, 2011

Mr. Kenneth H. Rosenfield, PE
Director of Public Services
City of Laguna Hills
24035 El Toro Road
Laguna Hills, California 92653

Reference: Fee Proposal for Design and Environmental Clearance Services – Paseo De Valencia Widening from Kennington Drive to Laguna Hills Drive

Dear Mr. Rosenfield:

Enclosed is the Fee Proposal for the referenced project with the breakdown by task and hourly rate schedule for STV and each subconsultant.

The hourly rate schedule will not be changed during the life of the Project.

Should you have any questions or need additional information, please contact our Principal-in-Charge, Mr. David Borger at 213-400-3978, or by email at David.Borger@stvinc.com; or our proposed Project Manager, Tapas Dutta at 949-278-3232 Ext. 207 or email at Tapas.Dutta@stvinc.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "David L. Borger".

David L. Borger, P.E.
Senior Vice President, Western Region

City of Laguna Hills

Paseo De Valencia Widening

SUMMARY OF FEE - STV TEAM

	Firm	Total Labor	ODC	Total Fee	ODC %
	STV Incorporated	\$175,075	\$5,000	\$180,075	3%
	Anderson Penna	\$1,400	\$0	\$1,400	0%
	Coast Surveying, Inc.	\$32,943	\$1,100	\$34,043	3%
	Cornerstone Studios, Inc.	\$17,540	\$600	\$18,140	3%
	Chambers Group	\$50,482	\$5,296	\$55,778	9%
	Group Delta Consultants, Inc.	\$12,800	\$3,750	\$16,550	23%
	LIN Consulting	\$25,235	\$1,305	\$26,540	5%

Total Design Fee	\$316,475	\$17,061	\$332,526	5%
------------------	-----------	----------	-----------	----

	STV	Cornerstone
Noise Mitigation Design	\$46,140	\$1,600
	\$46,740	

CONTRACT PRICING PROPOSAL									
Name of Proposer		City of Laguna Hills Paseo De Valencia Widening							
STV Incorporated									
OTHER DIRECT COSTS (ODC)		ESTIMATED COST (\$)							
ITEM DESCRIPTION		STV	Anderson Penna	Coast	Cornerstone	Chambers	Group Delta	LIN	TOTAL
	Mileage	\$800			\$100	\$900		\$350	\$2,150
	Plotting/Printing	\$900			\$400	\$1,228		\$55	\$2,583
	GPS Equipment			\$800					\$800
	R/W Record Research			\$200					\$200
	Field Investigations (Geotech)						\$3,750		\$3,750
	Mail/Shipping	\$300		\$100	\$100	\$1,022		\$100	\$1,622
	Fish and Game Fee					\$2,146			\$2,146
	Traffic Counts							\$800	\$800
	Potholing (6)	\$3,000							\$3,000
	TOTAL OTHER DIRECT COSTS	\$5,000	\$0	\$1,100	\$600	\$5,296	\$3,750	\$1,305	\$17,051

City of Laguna Hills

Paseo de Valencia Widening

SUMMARY OF HOURS - STV INCORPORATED

PROJECT TASK	Project Manager	QA/QC Mgr	STV INCORPORATED						TOTAL STV HOURS	TOTAL STV LABOR COST
			Loaded Rate	Project Engineer	Staff Engineer	CADD	Lead Engineer	Design Engineer		
0 Project Management	180		\$200	\$120	\$80	\$85	\$210	\$105		
1 Design Survey	2			2					180	\$36,000
2 Geotechnical and Soils Engineering	2			4					8	\$880
3 Utility Studies	4			16	40	16			8	\$880
4 Workshop	16			24	24	8			76	\$7,280
5 Alignment Studies & Preliminary Engineering	12			40	40	24			72	\$8,880
6 Environmental Analysis (Incl. Traffic Studies)	4								120	\$13,340
7 Noise Mitigation Design									4	\$800
8 Street Design	12			48	48	40			0	\$0
9 Drainage Design	8			48	48				168	\$18,500
10 Landscape & Irrigation	2								108	\$11,650
11 Right of Way support	8								2	\$400
12 Traffic Signal Design	2			2					4	\$2,560
13 Signing & Striping	2			8	16	16			42	\$4,000
14 Water Quality	4			40	40	8			94	\$9,930
15 Detour & Traffic Control Plans	2			16	24	16			58	\$5,600
16 Cost and Quantity Estimates	2			4	16				24	\$2,610
17 Specifications and Bid Schedules	8			16			2	4	31	\$4,385
18 Meetings	64			40	40		8		120	\$20,640
19 PS&E submittals	16			48	40	40			148	\$16,480
20 Final Plans	8			24	24	24			84	\$9,340
21 Contract Documents Errors and Omissions	1								1	\$200
22 Construction Support (Not in contract)										
TOTAL HOURS BY CLASSIFICATION	359	23		388	360	196	10	4	16	8
PERCENTAGE OF TOTAL PROJECT HOURS	14%	1%		15%	14%	8%	0%	0%	1%	0%
TOTAL LABOR COST BY CLASSIFICATION	\$71,800	\$5,175		\$46,560	\$28,800	\$16,660	\$2,100	\$420	\$2,720	\$840
										\$175,075
Noise Mitigation Design	16	4		64	80	80	58	80		\$45,140

Paseo De Valencia Whitening

SUMMARY OF HOURS - SUB CONSULTANTS

PROJECT TASK		ANDERSON PENNA	COAST SURVEYING, INC.					CORNERSTONE STUDIOS, INC.				
	Loaded Rate	Senior Program Manager	Survey Manager	Project Surveyor	Analyst	Two-person Survey crew	Landscape Principal	Project Manager	Landscape Architect	CADD	Clerical	
0 Project Management		\$140	\$163	\$139	\$108	\$251	\$120	\$100	\$80	\$70	\$80	
1 Design Survey			1	8	30	61						
2 Geotechnical and Soils Engineering												
3 Utility Studies Workshop												
4 Alignment Studies & Preliminary Engineering												
5 Environmental Analysis (Incl. Traffic Studies)												
6 Noise Mitigation Design												
7 Street Design												
8 Drainage Design												
9 Landscape & Irrigation												
10 Right of Way support			3	52	50		3	8	22	21	2	
11 Traffic Signal Design												
12 Signing & Striping												
13 Water Quality												
14 Detour & Traffic Control Plans												
15 Cost and Quantity Estimates												
16 Specifications and Bid Schedules												
17 Meetings												
18 PS&T submissions												
19 Final Plans							4	31	18	111	4	
20 Funding assistance		10										
21 Contract Documents Errors and Omissions												
22 Construction Support (Not in contract)												
TOTAL HOURS BY CLASSIFICATION												
		10	4	60	80	61	7	39	40	132	6	
PERCENTAGE OF TOTAL PROJECT HOURS												
		0%	0%	2%	3%	2%	0%	2%	2%	5%	0%	
TOTAL LABOR COST BY CLASSIFICATION												
		\$1,400	\$652	\$8,340	\$8,640	\$15,311	\$640	\$3,900	\$3,200	\$9,240	\$360	
		\$1,400	\$32,943				\$17,540					
Noise Mitigation Design												
								18				

City of Laguna Hills

Paseo De Valencia Widening

PROJECT TASKS		PROJECT TOTALS	
PROJECT TASK	TOTAL PROJECT HOURS		TOTAL PROJECT LABOR COST
0 Project Management	180		\$38,000
1 Design Survey	108		\$20,806
2 Geotechnical and Soils Engineering	117		\$13,880
3 Utility Studies	76		\$7,280
4 Workshop	72		\$8,680
4 Alignment Studies & Preliminary Engineering	120		\$13,340
5 Environmental Analysis (Incl. Traffic Studies)	495		\$57,272
6 Noise Mitigation Design	0		\$0
7 Street Design	188		\$18,500
8 Drainage Design	106		\$11,650
9 Landscape & Irrigation	58		\$4,910
10 Right of Way support	121		\$15,677
11 Traffic Signal Design	164		\$19,885
12 Signing & Striping	42		\$4,000
13 Water Quality	94		\$9,930
14 Detour & Traffic Control Plans	58		\$5,600
15 Cost and Quantity Estimates	24		\$2,610
16 Specifications and Bid Schedules	31		\$4,585
17 Meetings	120		\$20,640
18 PS&E submissions	318		\$29,480
20 Final Plans	84		\$9,340
20 Funding assistance	11		\$1,600
21 Contract Documents Errors and Omissions			
22 Construction Support (Not in contract)			
TOTAL HOURS	2,565		

Total Project Labor **\$315,475**

Noise Mitigation Design	396	\$46,740
-------------------------	-----	----------



HOURLY FEE SCHEDULE

Labor Classification	Fully Burdened Rate
Project Manager	\$200.00
Project Controls	\$95.00
QA/QC Manager	\$225.00
Project Engineer (Civil)	\$120.00
Lead Structural Engineer	\$210.00
Lead Electrical Engineer	\$170.00
Design Engineer	\$105.00
Staff Engineer	\$80.00
CADD	\$85.00
Graphics	\$75.00
Administration	\$40.00

All rates are "fully loaded", includes overhead costs, general administrative costs and profit.



Fee Schedule

Item No.	Measure M Application Preparation	Dennis Jue, PE Senior Program Manager \$140.00	Total Fee
1	Project Familiarization	2	\$280.00
2	Team Meeting	2	\$280.00
3	Detailed Site Analysis	2	\$280.00
4	Funding Strategy Preparation	2	\$280.00
5	Application orientation	2	\$280.00
6	Cost Estimate	2	\$280.00
7	Prepare Application	8	\$1,120.00
8	Coordination with other agencies	2	\$280.00
9	Coordination with OCTA staff	2	\$280.00
2Total Fee		24	\$3,360.00



Chambers Group, Inc.

2011 HOURLY BILLING RATES

Chambers Group hourly rates for professional services and support categories are indicated below subject to periodic revisions:

TITLE	HOURLY RATE
Corporate Director	\$190.00
Program Director	\$170.00
Sr. Project Manager	\$140.00
Project Manager	\$119.00
Principal Biologist/Botanist	\$155.00
Senior Biologist/Botanist	\$125.00
Staff Biologist/Botanist	\$96.00
Assoc. Biologist/Botanist	\$86.00
Asst. Biologist/Botanist	\$76.00
Principal Cultural Resources Spec	\$130.00
Senior Cultural Resources Spec	\$109.00
Staff Cultural Resources Spec	\$87.00
Assoc. Cultural Resources Spec	\$72.00
Asst. Cultural Resources Spec	\$59.00
Principal Environmental Planner	\$155.00
Senior Environmental Planner	\$125
Staff Environmental Planner	\$96.00
Assoc. Environmental Planner	\$86.00
Asst. Environmental Planner	\$76.00
Principal Air/Noise Specialist	\$155.00
Senior Air/Noise Specialist	\$125.00
Staff Air/Noise Specialist	\$96.00
Assoc. Air/Noise Specialist	\$86.00
Asst. Air/Noise Specialist	\$76.00
Principal GIS Specialist	\$155.00
GIS Analyst 3	\$134.00
GIS Analyst 2	\$99.00
GIS Analyst 1	\$85.00
GIS Technician	\$72.00
Graphic Artist**	\$79.00
Project Controls Specialist**	\$79.00
Technical Editor/Project Asst**	\$75.00
Word Processor**	\$66.00
Clerical**	\$49.00

** For non-exempt employees in these categories, overtime hours are billed equal to one and one-half times their normal hourly rate.

* Includes Archaeologists, Architectural Historians, Paleontologists, and Historians.

SUBCONTRACTOR & OTHER DIRECT COSTS

Subcontracted services and other direct costs to projects will be invoiced at cost plus 15%.



COMMUNICATIONS & REPRODUCTION

Charges for communications such as telephone, fax, postage, overnight delivery, courier services, standard office equipment usage, and costs for in-house binding materials and reproduction of reports, figures and color photos will be billed all inclusive at 3% of labor fees.

EXPERT DEPOSITION & TESTIMONY

Labor fees for litigation support with respect to depositions, presentations, and expert testimony will be billed at 2.0 times the normal hourly rate.

EQUIPMENT/OTHER DIRECT COSTS/OVERTIME POLICY

OTHER DIRECT COSTS	UNIT	UNIT COST
Copies – Internal	per page	\$ 0.10
Color Copies 8"X11"	per page	\$ 1.00
Color Copies 8"X17"	per page	\$ 2.00
CNDDDB Database (1)	per search	\$ 35.00
CNPSEI Database (2)	per search	\$ 25.00
Computer Usage	per hour	\$ 15.00
GIS Machine Time (CADD)	per hour	\$ 30.00
GIS Materials	actual	
Rental Field Vehicle 4WD	per day	\$ at cost
Field Vehicle Use: Off Road 4WD	per day	\$ 85.00
Field Vehicle Use: On-Road 2WD	per day	\$ 65.00
Mileage	per mile	\$ 0.50
GPS – Hand held, Garmin	per day	\$ 10.00
GPS – Real time, Trimble	per day	\$100.00
Telonics Telemetry Receiver	per day	\$175.00
Laser Rangerfinder	per day	\$ 10.00
CD-ROM's	per CD	\$ 1.00
Mail/Delivery*	actual	
Telephone*	actual	
Cell Phone	per day	\$ 2.00
Film/Photo Processing*	actual	
Outside Printing*	actual	
All Outside Services*	actual	
* = plus 15% handling fee (1) California Natural Diversity Database (2) California Natural Plant Society Electronic Inventory Database - All outside services and rentals etc. carry a 15% markup Equipment Rate sheet available upon request.		

OVERTIME

All nonexempt employees who work more than 8 hours in one workday or more than 40 hours in one work week will receive overtime pay as follows:

1. Overtime compensated at the rate of 1.5 times the employee's regular hourly rate of pay will be provided for all hours worked on excess of 40 in one work week, for the first 4 hours in excess of 8 in any one workday, and for the first 8 hours on the seventh day in one workweek; and
2. Overtime compensated at the rate of two times the employee's regular hourly rate of pay will be provided for all hours worked in excess of 12 in one workday and for all hours worked in excess of 8 on the seventh day of work in one workweek.
3. All overtime will be computed on actual minutes worked, adjusted to the nearest increment of 15 minutes.



***COAST* SURVEYING, INC.**

15031 PARKWAY LOOP, SUITE B, TUSTIN, CA 92780-6527 (714) 918-6266 FAX (714) 918-6277

January 1, 2011 to December 31, 2011

SCHEDULE OF CURRENT HOURLY RATES FOR SERVICES PERFORMED BY OUR COMPANY

Project Management	\$163.00
Project Surveyor	139.00
Survey Technician	108.00
Clerical and Delivery Service	62.00
2 Person Survey Party w/Equipment	251.00
3 Person Survey Party w/Equipment	324.00

GPS Receivers (minimum of three) - \$100.00/day/receiver

Monuments, prints, photocopies, research materials, and other incidental or special supplies.	AT COST
--	---------

Escalation will be increased 3% yearly.

Cornerstone Studios, Inc.

2011 Billing Rate Schedule

<u>CLASSIFICATION</u>	<u>RATE</u>
Principal	\$ 120
Project Manager	\$ 100
Landscape Architect	\$ 85
Senior Landscape Designer	\$ 75
Junior Landscape Designer	\$ 65
Administrative	\$ 60

REIMBURSABLE EXPENSES

- Mileage - prevailing Federal government rate (currently \$.51/mile)
- Overnight Express or Federal Express Delivery
- CAD plotting @ \$10/sheet for b/w vellum
- CAD plotting @ \$20/sheet for color vellum
- Printing
- Color copies @ \$0.50/sheet of 8-1/2" x 11"
- B/W copies @ \$0.07/sheet of 8-1/2" x 11"
- Postage
- All presentation materials





GROUP DELTA CONSULTANTS, INC. 2011 STANDARD FEE SCHEDULE

HOURLY CHARGES FOR PERSONNEL

*Geotechnical
Engineering*

Geology

Hydrogeology

*Earthquake
Engineering*

*Materials Testing &
Inspection*

Forensic Services

SENIOR PRINCIPAL ENGINEER/GEOLOGIST	\$ 250
PRINCIPAL ENGINEER/GEOLOGIST	190
ASSOCIATE ENGINEER/GEOLOGIST	160
SENIOR ENGINEER/GEOLOGIST	150
PROJECT ENGINEER/GEOLOGIST	130
STAFF ENGINEER/GEOLOGIST	115
SENIOR TECHNICAL ASSISTANT	100
SENIOR TECHNICIAN/PREVAILING WAGE	95
TECHNICIAN	75
DESIGNER/ILLUSTRATOR/AUTOCAD	85
TECHNICAL/ADMINISTRATIVE SUPPORT	65

CHARGES FOR EQUIPMENT

VEHICLE:

Vehicles	\$ 8.00/hour
Mileage	\$0.555/mile

NUCLEAR DENSITY GAUGE	\$ 8.00/hour
-----------------------	--------------

OTHER CHARGES

Outside services will be charged at cost plus 15 percent.

Technician and support personnel time for work over eight (8) hours per day will be charged at 1.25 times the regular rates. Holidays and weekends hours (all hours) will be charged 1.50 times the regular rates.

LITIGATION FEES

Fees for participation in deposition, arbitration, trial, etc., will be charged at an hourly rate of \$360.00 per hour.

Standard Fee Schedule for Year 2011

STAFF LEVEL	HOURLY RATE
Principal	\$ 165
Senior Project Manager	\$ 155
Project Manager	\$ 145
Senior Engineer	\$ 135
Assistant Project Manager	\$ 125
Project Engineer	\$ 100
Assistant Engineer	\$ 80
Technical Support	\$ 60
Administrative Support	\$ 50

EXHIBIT “B”

OCTOBER 14, 2011 CITY OF LAGUNA HILLS REQUEST FOR PROPOSALS

October 14, 2011

**Request for Proposal
Paseo de Valencia Widening**



Introduction:

The City of Laguna Hills was incorporated in 1991, is located in southern Orange County, is comprised of 6.6 square miles and has a population of approximately 31,000. The City maintains approximately 41 miles of arterial highways and 61 miles of local streets. Paseo de Valencia is one of the arterial highways which traverses the City from Avenida de la Carlota on the north to Cabot Road on the south. Within the limits of El Toro Road to Alicia Parkway, Paseo de Valencia is intended to have six travel lanes, three in each direction. However, for much of this length, there are only two lanes in the southerly bound direction and three in the northerly bound direction. The City is seeking a Civil Engineering Consultant to prepare ready for construction plans and environmental clearance of a phased project to widen Paseo de Valencia as a first phase from Kennington Drive to Laguna Hills Drive. It is anticipated that the approach to this project will include shifting the roadway easterly to avoid right of way acquisition on the westerly side of the roadway (in the City of Laguna Woods) and full reconstruction of the structural sections of the roadway. Alignments that conflict with the existing SCE Transmission Poles shall be avoided. Civil Engineering Consultants interested in this project may submit a Proposal in consideration of the following information.

Schedule:

Issue RFP:	October 14, 2011
Submit Proposals:	November 15, 2011, before 4:00 pm*
Interviews:	Tentatively during the week of November 28, 2011
Award of Agreement:	December 13, 2011
Complete Services	December 31, 2012

*Late proposals shall not be accepted.

Proposal Requirements:

1. The Proposal is to include a cover letter, project understanding, qualifications of the design team, scope of work descriptions, biographies of key personnel, spread sheet of time per task anticipated including personnel commitment to the project, overall schedule, City forms placed upon Consultant letterhead (Certificate of Non-discrimination and Disclosure of Employee Relationships and Financial Interests – both attached hereto), and a statement of acceptance of the

**Request for Proposal
Paseo de Valencia Widening**



City's Professional Services Agreement. Limit the proposal to 25 pages. Provide five bound copies and one unbound copy of the proposal, all with original signatures of a Corporate Officer or Company Owner. The submission of generic marketing materials is discouraged.

2. The City's Professional Services Agreement is attached. The City will not entertain substantive amendments to the City's standard form agreement. Consultant shall state in their proposal that they are ready to execute the City's Professional Services Agreement and provide all required insurances, if awarded the project.
3. Submit, in a separate sealed envelope, one copy of the Consultants total fee on a time and materials Not To Exceed basis with a break down per task and hourly rate schedule. The Consultant shall state that their hourly rate schedule shall not be changed during the life of the project defined in this Request for Proposal and the fee submittal shall be signed by a Corporate Officer or Company Owner.
4. The cost of Proposal preparation shall be fully borne by the proposer and not included in the fee schedule and not reimbursed by the City.
5. Consultant shall demonstrate that the majority of their current and annual work is provided to public agency clients and shall divulge any current private contract work in the City of Laguna Hills.
6. The Request for Proposal and Proposal shall both be incorporated into the Professional Services Agreement as a contractual obligation.
7. Proposals shall remain valid for 90 days.
8. The City reserves the right to reject any or all Proposals. The City further reserves the right to negotiate the specific requirements, scope of work, and compensation of the Proposal and to enter into an agreement with the Consultant best qualified for the project as is solely determined by City.

Scope of Work:

The Consultant's Proposal shall include the following minimum work tasks plus any other work reasonably anticipated necessary to produce a ready for construction set of plans, specifications and estimates with environmental clearance as is solely determined to be satisfactory by City.

1. Design survey to include field verification of existing public right of way, topographic survey, cross section surveys at 25', monumentation and horizontal control, and other survey work as needed to support the design process.

**Request for Proposal
Paseo de Valencia Widening**



2. **Geotechnical and Soils Engineering to classify the soil conditions, determine water table, evaluate the design, material testing for soil classification, r-value determination and structural pavement design with alternatives provided.**
3. **Utility studies to determine likely conflicts and notation of all known utilities with written verification from utility companies.**
4. **Alignment studies and preliminary engineering to confirm the feasibility of the project.**
5. **Complete Planning services for the environmental clearance to include an Initial Study and an expected preparation of a Mitigated Negative Declaration with all of the supporting studies and regulatory fees included. Note that noise issues are likely to be of significant community concern.**
6. **Sound wall design and other noise mitigation design if so determined needed through the environmental clearance work effort.**
7. **Street design to City and County standards to include not less than six foot sidewalks and six foot bike lanes on both sides of the street, three 12' wide travel lanes in both directions plus left and right turn lanes, and a 14' wide raised and landscaped median island. It is anticipated that cross fall of the existing roadway is out of specification and the plans shall include full reconstruction of the structural pavement sections to standard cross fall with design cross sections provided.**
8. **Evaluate drainage conditions and design recommended improvements.**
9. **Landscape Architecture services for the design of new irrigation, planting and hardscape plans to City specification and Moulton Niguel Water District requirements for the median islands and parkways, if any.**
10. **Right of way support services to evaluate the impact of moving the roadway easterly upon the existing trail easements owned by the County of Orange. Coordination with the County of Orange, as needed, to amend the easements.**
11. **Traffic signal design to address the relocation and upgrade of all affected traffic signals to current Caltrans standards and City equipment standards.**
12. **Signing and Striping design meeting City and CA-MUTCD specifications.**
13. **Water Quality Management Plans and SWPPP.**
14. **Detour and Traffic Control Plans.**
15. **Cost and Quantity Estimates.**
16. **Specifications and Bid Schedule in City and "Greenbook" format.**
17. **Attendance at any and all staff meetings, City Council meetings, and public input meetings as necessary to complete the project in a timely manner and to present the environmental documents for review and approval.**

**Request for Proposal
Paseo de Valencia Widening**



18. Plans shall be submitted for City Review at two interim completion stages and at final completion of plans and specifications. Consultant shall respond to all plan check comments in a timely manner. Design exceptions shall be identified.
19. Final plans shall be provided electronically in a format selected by City and shall also be produced on 24" x 36" Mylar with original signatures of the design professionals.
20. Assist City in seeking construction funding through the Measure M / OCTA call for projects process and other funding sources as identified.
21. Consultant shall commit to correcting any errors or omissions in the plans and specifications, identified during future construction, in a timely manner and without additional compensation.
22. Construction Support services are not requested at this time but will likely be requested at the time construction funding is secured. Consultant is invited to briefly describe these services.
23. The Professional Services Agreement includes additional requirements with the Consultant shall take into consideration when preparing their Proposal.

Fee:

In a separate sealed envelope, Consultant shall submit the project fee. A total time and materials Not To Exceed Fee shall be proposed to include all Direct and Indirect Services and a cap set for all reimbursable expenses. The fees shall be accrued on a time and materials basis by task related to the Scope of Work and shall be limited to the total Not To Exceed Fee. An hourly rate schedule for all services and a reimbursable rate schedule shall be provided. These schedules shall not change for the duration of the project.

Consultant Selection:

The Consultant selection process will consist of a review by staff committee of each proposal and an invitation for up to three Consultants to an interview. Proposals will be evaluated for complete project understanding, detailed scope of work, experience, team members and schedule. Upon staff selection of a Consultant, the fee will be evaluated and negotiated, if needed. The City Council of the City of Laguna Hills will confirm the Consultant selection and authorize a Professional Services Agreement that is in the best interests of the City.

CITY OF LAGUNA HILLS
DISCLOSURE
EMPLOYMENT RELATIONSHIPS
AND FINANCIAL INTERESTS

NAME OF CONSULTANT: _____

DISCLOSURE/EMPLOYMENT RELATIONSHIPS WITH CITY OFFICIALS OR
CITY EMPLOYEES:

DISCLOSURE/FINANCIAL INTERESTS OF CITY OFFICIALS OR CITY
EMPLOYEES IN THE ENTITY:

I declare under penalty of perjury, under the laws of the State of California, that
the foregoing is true and correct.

Signed this _____ day of _____, at
_____, California.

Name: _____

Title: _____

Signature: _____

**CITY OF LAGUNA HILLS
CERTIFICATE OF NON-DISCRIMINATION**

I hereby certify on behalf of _____(Consultant)
that all persons employed by this company are, and shall be treated fairly without
regard to race, creed, color, national origin, political affiliation, marital status, sex,
age, or disability, and in compliance with all Federal and State laws prohibiting
discrimination in employment, including, but not limited to, the Civil Rights Act of
1964, the Unruh Civil Rights Acts, and the Americans With Disabilities Act.

Name

Title

Signature

Date

CITY OF LAGUNA HILLS

AGENDA REPORT ADMINISTRATIVE SERVICES DEPARTMENT

**ISSUE: MEASURE M2 EXPENDITURE REPORT FOR THE FISCAL YEAR
 ENDED JUNE 30, 2011**

SUMMARY:

With the passage of Renewed Measure M (M2), local agencies must demonstrate eligibility and follow safeguard requirements, in order for local jurisdictions to receive M2 fair share and competitive program funds. The Orange County Transportation Authority's (OCTA) Ordinance No. 3 (M2 Ordinance) identifies the eligibility and safeguard requirements that must be met. One new requirement under the M2 Ordinance is that each local agency must adopt and provide an expenditure report (in the form provided by OCTA) to OCTA each year within six months of the end of the local jurisdiction's fiscal year to account for M2 funds. The City Council is requested to review and approve the attached Measure M2 Expenditure Report for the fiscal year ended June 30, 2011, and adopt the attached Resolution for submittal to OCTA, as required by Measure M2 Local Transportation Authority Ordinance No. 3.

BACKGROUND:

On November 7, 2006, the Orange County voters approved the renewal of the Measure M one-half cent sales tax for transportation improvements. This renewal plan is designated as Measure M2 and provides funding for 30 years to relieve traffic congestion. As part of Measure M2, taxpayer safeguards and audits are provided to ensure appropriate use of funds. One new safeguard requirement under the M2 Ordinance is for each local agency to adopt and provide an annual expenditure report to OCTA in the template form provided by OCTA. This expenditure report is a detailed

RECOMMENDATION: THAT THE CITY COUNCIL: (1) APPROVE THE MEASURE M2 EXPENDITURE REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2011, FOR SUBMITTAL TO OCTA; AND (2) ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, CONCERNING THE MEASURE M2 EXPENDITURE REPORT FOR THE CITY OF LAGUNA HILLS"

report used to track financial activity to account for M2 funds, developer/traffic impact fees, and funds expended by the jurisdiction that satisfies the Maintenance of Effort (MOE) requirements. The report includes all M2 net revenue, fund balances and interest earned, and will identify expenditures by activity type and funding source. The report is required six months after each jurisdiction's fiscal year end and must be adopted by Resolution before submittal to OCTA.

FISCAL IMPACT:

Historically, Measure M provides approximately \$500,000 of annual revenues to the City for street maintenance purposes. This report includes the required information for the \$32,248 expended during FY 2011-10 on street maintenance. Failure to submit the M2 Annual Expenditure Report could suspend or delay M2 funding.

RECOMMENDATION: THAT THE CITY COUNCIL: (1) APPROVE THE MEASURE M2 EXPENDITURE REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2011, FOR SUBMITTAL TO OCTA; AND (2) ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, CONCERNING THE MEASURE M2 EXPENDITURE REPORT FOR THE CITY OF LAGUNA HILLS."

ATTACHMENTS:

- Resolution Concerning the Measure M2 Expenditure Report
- M2 Expenditure Report for the Fiscal Year Ended June 30, 2011

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
LAGUNA HILLS, CALIFORNIA, CONCERNING THE
MEASURE M2 EXPENDITURE REPORT FOR THE CITY
OF LAGUNA HILLS

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

WHEREAS, Local Transportation Authority Ordinance No. 3 requires local jurisdictions to adopt an annual Expenditure Report to account for Net Revenues, developer/traffic impact fees, and funds expended by local jurisdiction which satisfy the Maintenance of Effort requirements; and

WHEREAS, the Expenditure Report shall include all Net Revenue fund balances, interest earned and expenditures identified by type and program or project; and

WHEREAS, the Expenditure Report must be adopted and submitted to the Orange County Transportation Authority (OCTA) each year within six months of the end of the local jurisdiction's fiscal year to be eligible to receive Net Revenues as part of Measure M2.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DOES HEREBY INFORM OCTA THAT:

SECTION 1. The M2 Expenditure Report, a copy of which is attached hereto as Exhibit A and is incorporated herein by reference, is in conformance with the M2 Expenditure Report Template provided in the Renewed Measure M Eligibility Guidelines and accounts for Net Revenues including interest earned, expenditures during the fiscal year and balances at the end of fiscal year.

SECTION 2. The M2 Expenditure Report is hereby adopted for the City of Laguna Hills.

PASSED, APPROVED, AND ADOPTED this 13th day of December 2011.

, 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 13th day of December 2011, by the following
vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

PEGGY J. JOHNS, CITY CLERK

M2 Expenditure Report
Fiscal Year Ended June 30, 2011
Beginning and Ending Balances

Description	Line No.	Amount
Balances at Beginning of Fiscal Year		
M2 Fairshare	1	
M2 Fairshare Interest	2	
M2 CTFP	3	
M2 CTFP Interest	4	
Other M2 Funding	5	
Other M2 Interest	6	
Other*	7	
Balances at Beginning of Fiscal Year (Sum Lines 1 to 7)	8	\$ -
Monies Made Available During Fiscal Year	9	\$ 32,248
Total Monies Available (Sum Lines 8 & 9)	10	\$ 32,248
Expenditures During Fiscal Year	11	\$ 32,248
Balances at End of Fiscal Year		
M2 Fairshare	12	
M2 Fairshare Interest	13	
M2 CTFP	14	
M2 CTFP Interest	15	
Other M2 Funding	16	
Other M2 Interest	17	
Other*	18	

* Please provide a specific description

CTFP - Combined Transportation Funding Program

M2 Expenditure Report
Fiscal Year Ended June 30, 2011
Sources and Uses

Description	Line No.	Amount
Revenues:		
M2 Fairshare	1	\$ 32,216
M2 Fairshare Interest	2	\$ 32
M2 CTFP	3	
M2 CTFP Interest	4	
Other M2 Funding	5	
Other M2 Interest	6	\$ -
Other*	7	
TOTAL REVENUES (Sum lines 1 to 7)	8	\$ 32,248
Expenditures:		
M2 Fairshare	9	\$ 32,216
M2 Fairshare Interest	10	\$ 32
M2 CTFP	11	\$ -
M2 CTFP Interest	12	\$ -
Other M2 Funding	13	
Other M2 Interest	14	
Other*	15	
TOTAL EXPENDITURES (Sum lines 9 to 15)	16	\$ 32,248
TOTAL BALANCE (Subtract line 16 from 8)	17	\$ -

* Please provide a specific description

M2 Expenditure Report
Fiscal Year Ended June 30, 20____
Streets and Roads Detailed Use of Funds

Type of Expenditure	Line No.	*MOE	+ Developer / Impact Fees	M2 Fairshare	M2 Fairshare Interest	M2 CTFP	M2 CTFP Interest	Other M2	Other M2 Interest	Other	TOTAL
Agency Staff & Administration	1	\$ 835,345									\$ 835,345
Construction & Right-of-Way	2										
New Street Construction	3										
Street Reconstruction	4										
Signals, Safety Devices, & Street Lights	5										
Pedestrian Ways & Bikepaths	6										
Storm Drains	7										
Storm Damage	8										
Total Construction	9										
Right of Way Acquisition	10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Construction & Right-of-Way	11	\$ 206,557		\$ 32,248							\$ 238,805
Maintenance	12										
Patching	13	\$ 537,066									\$ 537,066
Overlay & Sealing	14										
Street Lights & Traffic Signals	15	\$ 149,132									\$ 149,132
Storm Damage	16	\$ 892,755	\$ -	\$ 32,248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 925,003
Other Street Purpose Maintenance	17	\$ 95,864									\$ 95,864
Total Maintenance	18	\$ 1,823,963	\$ -	\$ 32,248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,856,211
Other											
GRAND TOTALS (Sum Lines 1, 10, 16, 17)											

* Local funds used to satisfy maintenance of effort (MOE) requirements
+ Transportation related only

M2 Expenditure Report
Fiscal Year Ended June 30, 2011
Fairshare Project List

[illegible]

City of Laguna Hills

I certify that all the information attached herein is true and accurate to the best of my knowledge:



Director of Finance

CITY OF LAGUNA HILLS

AGENDA REPORT ADMINISTRATIVE SERVICES DEPARTMENT

ISSUE: WORKERS' COMPENSATION INSURANCE PROGRAM

SUMMARY:

On November 22, 2005, the City Council approved the establishment of a Workers' Compensation Self Insurance Fund, with a self insured retention (SIR) level of \$125,000 and authorized the purchase of excess insurance for catastrophic claims in excess of the self-insured limit. As of June 30, 2011, the total amount designated for the Workers' Compensation Self Insurance Fund was \$212,500. Based on the City's loss history, the average total annual cost for the City's current self insured program is estimated at \$44,433. Recently, staff began exploring a first dollar workers' compensation coverage option that would be even less expensive than its current self insured program and free up the \$212,500 designated funding level in the City's Workers' Compensation Self Insurance Fund. First dollar coverage provides complete coverage for all losses up to the policy limits without the use of deductibles. Special District Risk Management Authority (SDRMA) is set up with a \$0 SIR and provides members with a first dollar coverage option for a cost that is less expensive than self-insuring the risk on their own. SDRMA provided a quote for its \$0 SIR first dollar workers' compensation program with an annual cost of \$35,703. Given the anticipated annual savings of \$8,730, staff is recommending that effective January, 1, 2012, the City move its coverage to SDRMA's \$0 SIR first dollar program.

RECOMMENDATION: THAT THE CITY COUNCIL TAKE THE FOLLOWING ACTIONS: (1) ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A SIXTH AMENDED AND RESTATED JOINT POWERS AGREEMENT AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY WORKERS' COMPENSATION PROGRAM;" (2) APPROVE AND AUTHORIZE THE MAYOR TO EXECUTE THE SIXTH AMENDED AND RESTATED JOINT POWERS AGREEMENT RELATING TO THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY; AND (3) ADOPT A RESOLUTION ENTITLED: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AUTHORIZING APPLICATION TO THE DIRECTOR OF INDUSTRIAL RELATIONS, STATE OF CALIFORNIA, FOR A CERTIFICATE OF CONSENT TO SELF INSURE WORKERS' COMPENSATION LIABILITIES.

BACKGROUND:

Prior to the City's self insurance program, the City purchased commercial workers' compensation insurance, which transferred all its risk from these liabilities to insurance carriers. However, with the rising costs of workers' compensation insurance, the City's premium was estimated to reach \$224,880 for its 2006 annual policy. For that reason, on November 22, 2005, the City Council approved the establishment of a Workers' Compensation Self Insurance Fund to allow the City more control over its workers' compensation program at a lower cost. This program has worked successfully for the City; however, a softening in the workers' compensation insurance market has provided the City an opportunity to return to a first dollar program, save money, and eliminate the prospect of catastrophic losses.

Estimated Total Annual Costs – Historical Average

The City currently carries excess workers' compensation & employers' liability insurance coverage with the CSAC Excess Insurance Authority (CSAC EIA). The excess insurance coverage provides for a pooled retention level layer above the City's \$125,000 SIR. The annual premium costs for the excess coverage from July 1, 2011, through June 30, 2012, was \$34,599. The City currently contracts with CorVel Corporation for third-party claims administration (TPA) services for its workers' compensation claims. The total minimum annual TPA cost is currently \$3,600. Based on the City's loss history, the estimated annual average claim expense is approximately \$6,234. Therefore, the total estimated annual cost is \$44,433.

CSAC Excess Coverage Annual Premium	\$ 34,599
Corvel Third Party Claims Administration Annual Minimum Fee	3,600
Estimated Annual Average Claim Expense	6,234
Estimated Total Annual Costs	<u>\$ 44,433</u>

SDRMA \$0 SIR Workers' Compensation Program – First Dollar Coverage

Recently, staff began exploring a first dollar workers' compensation coverage option that would be even less expensive than its current self insured program. First dollar coverage provides complete coverage for all losses up to the policy limits without the use of deductibles. The SDRMA Workers' Compensation Self Insured Program is set up with a \$0 SIR and provides members with a first dollar coverage option. The quote provided by SDRMA to the City for its \$0 SIR first dollar workers' compensation program was \$35,703, a cost that is less expensive than the City self-insuring the \$125,000 risk on its own. The anticipated annual savings would be almost \$9,000 and would also free up the current \$212,500 designated funding level in the City's Workers' Compensation Self Insurance Fund.

Staff recommends converting its coverage to a \$0 SIR first dollar program with SDRMA, and taking the following actions required to secure membership in the SDRMA Workers' Compensation Program effective January 1, 2012:

- Adoption of a Resolution entitled: "A Resolution of the City Council of the City of Laguna Hills, California, Approving the Form of and Authorizing the Execution of a Sixth Amended and Restated Joint Powers Agreement and Authorizing Participation in the Special District Risk Management Authority Workers' Compensation Program."
- Execution of the Sixth Amended and Restated Joint Powers Agreement Relating to the Special District Risk Management Authority.
- Adoption of a Resolution entitled: "A Resolution of the City Council of the City of Laguna Hills, California, Authorizing Application to the Director of Industrial Relations, State of California, for a Certificate of Consent to Self Insure Workers' Compensation Liabilities, given that the City will be moving its self insured coverage from CSAC EIA to SDRMA. This action is required by the State upon change in workers' compensation Joint Powers Authority membership.

FISCAL IMPACT:

The \$0 dollar SIR first dollar program with SDRMA would save the City an estimated \$9,000 annually in workers' compensation program costs. In addition, this first dollar program would mitigate all workers' compensation liabilities for claims submitted after the effective date of membership on January 1, 2012. As an additional benefit, the City will be able to close out the unreserved monies in the City's Workers' Compensation Self Insurance Fund.

Furthermore, SDRMA (in conjunction with CSAC-EIA Health) provides a Health Benefits Program to the City and since public agencies that participate in either the Property/Liability or Workers' Compensation Programs with SDRMA receive a discounted premium in the Health Benefit Programs, the City would save an estimated \$8,000 annually in health insurance premiums.

RECOMMENDATION: THAT THE CITY COUNCIL TAKE THE FOLLOWING ACTIONS: (1) ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A SIXTH AMENDED AND RESTATED JOINT POWERS AGREEMENT AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY WORKERS' COMPENSATION PROGRAM;" (2) APPROVE AND AUTHORIZE THE MAYOR TO EXECUTE THE SIXTH AMENDED AND RESTATED JOINT POWERS AGREEMENT RELATING TO THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY; AND (3) ADOPT A RESOLUTION ENTITLED: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AUTHORIZING APPLICATION TO THE DIRECTOR OF INDUSTRIAL RELATIONS, STATE OF CALIFORNIA, FOR A CERTIFICATE OF CONSENT TO SELF INSURE WORKERS' COMPENSATION LIABILITIES.

ATTACHMENTS:

- Resolution Approving the Form of and Authorizing the Execution of a Sixth Amended and Restated Joint Powers Agreement and Authorizing Participation in the Special District Risk Management Authority Workers' Compensation Program."
- Sixth Amended and Restated Joint Powers Agreement Relating to the Special District Risk Management Authority.
- State of California Application for a Public Entity Certificate of Consent to Self Insure and Resolution Authorizing Application

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A SIXTH AMENDED AND RESTATED JOINT POWERS AGREEMENT AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY WORKERS' COMPENSATION PROGRAM

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

WHEREAS, The City Council has determined that it is in the best interest and to the advantage of the City to participate for at least three full program years in the workers' compensation program offered by the Special District Management Authority (the "Authority"); and

WHEREAS, California Government Code Section 6500 *et seq.*, provides that two or more public agencies may by agreement jointly exercise any power common to the contracting parties'; and

WHEREAS, Special District Risk Management Authority was formed in 1986 in accordance with the provisions of California Government Code 6500 *et seq.*, for the purpose of providing its members with risk financing and risk management programs; and

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

WHEREAS, participation in Special District Risk Management Authority programs requires the City to execute and enter into a Sixth Amended and Restated Joint Powers Agreement (the "Amended and Restated JPA Agreement"); which states the purpose and power of the Authority; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized to consummate such transactions for the purpose, in the manner and upon the terms herein provided.

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

SECTION 1. FINDINGS. The City Council hereby specifically finds and determines that the actions authorized hereby relate to the public affairs of the City.

SECTION 2. SIXTH AMENDED AND RESTATED JPA AGREEMENT. The Amended and Restated JPA Agreement proposed to be executed and entered into by and between the City and members of the Special District Risk Management Authority, in form presented at this meeting and on file with the City Clerk, is hereby approved. The City Council is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Authority the Amended and Restated JPA Agreement in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 3. PROGRAM PARTICIPATION. The City Council approves participating for three full program years in Special District Risk Management Authority Workers' Compensation Program.

SECTION 4. OTHER ACTIONS. The Assistant City Manager is hereby authorized and directed to execute and deliver any and all documents which is necessary in order to consummate the transactions authorized hereby and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

SECTION 5. EFFECTIVE DATE. This resolution shall take effect immediately upon its passage.

PASSED, APPROVED, AND ADOPTED this 13th day of December 2011.

, 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 13th day of December 2011, by the following
vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

PEGGY J. JOHNS, CITY CLERK

**SIXTH AMENDED
JOINT POWERS AGREEMENT**

RELATING TO THE

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

Adopted August 1, 1986
1st Amended February 5, 1988
2nd Amended March 31, 1990
3rd Amended July 1, 1993
4th Amended February 9, 1998
5th Amended and Restated
- Approved March 24, 2003
- Effective July 1, 2003
6th Amended October 2, 2007

JOINT POWERS AGREEMENT - TABLE OF CONTENTS

Article 1. Definitions	2
Article 2. Purposes	3
Article 3. Parties to Agreement.....	4
Article 4. Term of Agreement.....	4
Article 5. Creation of Authority.....	4
Article 6. Powers of Authority.....	4
Article 7. Board of Directors	6
Article 8. Compliance with the Brown Act	6
Article 9. Powers of the Board of Directors	6
Article 10. Officers of the Authority.....	8
Article 11. Provision for Bylaws	8
Article 12. [Reserved].....	8
Article 13. Coverage Programs.....	9
Article 14. Implementation of the Programs.....	9
Article 15. Accounts And Records	9
Article 16. Services Provided by the Authority	10
Article 17. Responsibilities of Members	10
Article 18. New Members.....	11
Article 19. Withdrawal.....	11
Article 20. Involuntary Termination.....	12
Article 21. Effect of Withdrawal or Involuntary Termination.....	13
Article 22. Termination and Distribution; Assignment	13
Article 23. Enforcement.....	14
Article 24. Nonliability of Directors, Officers and Employees	14
Article 25. Provisions Relating to CSDA	14
Article 26. Notices	15
Article 27. Amendment.....	15
Article 28. Prohibition Against Assignment.....	15
Article 29. Agreement Complete	15
Article 30. Counterparts.....	15
Article 31. California Law	15
Article 32. Severability	15
Article 33. Effective Date	15

**SIXTH AMENDED JOINT POWERS AGREEMENT
RELATING TO THE
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY**

THIS SIXTH AMENDED JOINT POWERS AGREEMENT (the “Agreement”) is made and entered into by and among the public agencies (the “Members”) organized and existing under the laws of the State of California, which are signatories to this Agreement.

RECITALS

WHEREAS, California Government Code Section 6500 *et seq.* (the “Act”) provides that two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, California Labor Code Section 3700(c) permits pooling by public agencies of self insurance for Workers’ Compensation liability; and

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

WHEREAS, California Government Code Section 990.8 provides that two or more local entities may, by a joint powers agreement, provide insurance for any purpose by any one or more of the methods specified in Government Code Section 990.4; and

WHEREAS, the parties to this Agreement desire to join together for the purposes set forth in Article 2 hereof, including establishing pools for self-insured losses and purchasing Excess or Re-Insurance and administrative services in connection with joint protection programs (the “Programs”) for members of the California Special Districts Association (“CSDA”); and

WHEREAS, it appears economically feasible and practical for the parties to this Agreement to do so; and

WHEREAS, the Members have previously executed that certain Fifth Amended and Restated Joint Powers Agreement (the “Original JPA”), which Original JPA the Members desire to amend and restate by this Agreement; provided that such amendment and restatement shall not affect the existence of the Authority; and

WHEREAS, CSDA exists to assist and promote special districts, and has been responsible for the original creation of the Special District Risk Management Authority (“Authority”) and Special District Workers Compensation Authority (“SDWCA”), and determined the consolidation of SDWCA and the Authority on July 1, 2003 was in the best interests of special districts and other public agencies throughout the State.

NOW THEREFORE, for and in consideration of all of the mutual benefits, covenants and agreements contained herein, the parties hereto agree as follows:

Article 1. Definitions. The following definitions shall apply to the provisions of this agreement:

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code, as amended or supplemented.

“Alliance Executive Council” means the council organized pursuant to the MOU.

“Assessment” means an additional amount, in addition to the Member’s or Former Member’s original contribution, which the Board of Directors determines in accordance herewith and/or with the Bylaws that a Member or Former Member owes on account of its participation in a Program for a given Program year.

“Authority” shall mean the Special District Risk Management Authority created by the original version of this Agreement.

“Board of Directors” or “Board” shall mean the governing body of the Authority.

“Bylaws” means the Bylaws of the Authority adopted by the Board of Directors, as they may be amended from time to time.

“Chief Executive Officer” shall mean that employee of the Authority who is so appointed by the Board of Directors.

“Claim” shall mean a demand made by or against a Member or Former Member which is or may be covered by one of the Programs approved by the Board of Directors.

“Contribution” means the amount determined by the Board of Directors to be the appropriate sum which a Member should pay at the commencement of or during the Program Year in exchange for the benefits provided by the Program.

“Coverage Documents” shall mean the Declarations, Memorandum of Coverages, Coverage Agreements, Endorsements, Policies of Insurance or any other documents that provide the terms, conditions, limits and exclusions of coverage afforded by a Program.

“CSDA” means the California Special Districts Association.

“District” shall mean a special district, public agency or public entity within the State of California which is both a Member of the CSDA and a signatory to this Agreement.

“Duly Constituted Board Meeting” shall mean any Board of Directors meeting noticed and held in the required manner and at which a Quorum was determined to be present at the beginning of the meeting.

“Estimated Contribution” means the amount which the Board of Directors estimates will be the appropriate contribution for a Member’s participation in a Program for a Program Year.

“Excess or Re-Insurance” shall mean that insurance which may be purchased on behalf of the Authority and/or the Members to protect the funds of the Members or Former Members against catastrophic losses or an unusual frequency of losses during a single year in excess of the self-insurance retention maintained by the Authority.

“Fiscal Year” shall mean that period of twelve months which is established as the fiscal year of the Authority.

“Former Member” shall mean a District which was a signatory to the Agreement but which has withdrawn from, or been involuntarily terminated from participating in, the Authority.

“Joint Protection Program” means a Program offered by the Authority, separate and distinct from other Programs, wherein Members will jointly pool their losses and claims, jointly purchase Excess or Re-Insurance and administrative and other services, including claims adjusting, data processing, risk management consulting, loss prevention, legal and related services.

“Member” shall mean a signatory to this Agreement, which is qualified as a Member under the provisions of this Agreement and the Bylaws.

“MOU” means the Memorandum of Understanding - Alliance Executive Council, dated as of September 20, 2001, among the Authority, CSDA, the CSDA Finance Corporation and SDWCA.

“Program” or “Programs” means the specific type of protection plan as set forth in the terms, conditions and exclusions of the Coverage Documents for self-insured losses, and the purchasing of Excess or Re-Insurance and administrative services.

“Program Year” shall mean a period of time, usually 12 months, determined by the Board of Directors, in which a Program is in effect.

“Retained Earnings,” as used herein, shall mean an equity account reflecting the accumulated earnings of a Joint Protection Program.

“SDWCA” means the Special Districts Workers Compensation Authority, and its successors or assigns.

Article 2. Purposes. This Agreement is entered into by the Members pursuant to the provisions of California Government Code section 990, 990.4, 990.8 and 6500 *et seq.* in order to provide, subject to the provisions of the Coverage Documents, economical public liability and workers’ compensation coverage, or coverage for other risks which the Board of Directors may determine.

Additional purposes are to reduce the amount and frequency of losses, and to decrease the cost incurred by Members in the handling and litigation of claims. These purposes shall be

accomplished through the exercise of the powers of such Members jointly in the creation of a separate entity, the Special District Risk Management Authority (the "Authority"), to establish and administer Programs as set forth herein and in the Bylaws.

It is also the purpose of this Agreement to provide, to the extent permitted by law, for the inclusion, at a subsequent date, and subject to approval by the Board of Directors, of such additional Members organized and existing under the laws of the State of California as may desire to become parties to the Agreement and Members of the Authority.

Article 3. Parties to Agreement. Each party to this Agreement certifies that it intends to and does contract with all other parties who are signatories to this Agreement and, in addition, with such other parties as may later be added as parties to and signatories of this Agreement pursuant to Article 18. Each party to this Agreement also certifies that the withdrawal from or cancellation of membership by any Member, pursuant to Articles 19 and 20 or otherwise, shall not affect this Agreement nor such party's intent, as described above, to contract with the other remaining parties to the Agreement.

Article 4. Term of Agreement. This Agreement shall become effective as to existing Members of the Authority as set forth in Article 33 hereof. This Agreement shall continue thereafter until terminated as hereinafter provided. This Agreement shall become effective as to each new Member upon: (i) approval of its membership by the Board of Directors, (ii) the execution of this Agreement by the Member, and (iii) upon payment by the Member of its initial Contribution for a Program. Any subsequent amendments to the Agreement shall be in accordance with Article 27 of this Agreement.

Article 5. Creation of Authority. Pursuant to the Act, there is hereby created a public entity separate and apart from the parties hereto, to be known as the Special District Risk Management Authority. Pursuant to Section 6508.1 of the Act, the debts, liabilities and obligations of the Authority, including but not limited to, debts, liabilities and obligations of any of the Programs shall not constitute debts, liabilities or obligations of any party to this Agreement or to any Member or Former Member.

The Authority is not an insurer, and the coverage programs offered by the Authority do not provide insurance, but instead provide for pooled joint protection programs among the members of the Authority. The Joint Protection Programs offered by the Authority constitute negotiated agreements among the Members which are to be interpreted according to the principles of contract law, giving full effect to the intent of the Members, acting through the Board of Directors in establishing the Programs.

Article 6. Powers of Authority. (a) The Authority shall have all of the powers common to Members and is hereby authorized to do all acts necessary for the exercise of said common powers, including, but not limited to, any or all of the following:

- (1) to make and enter into contracts, including the power to accept the assignment of contracts or other obligations which relate to the purposes of the Authority, or which were entered into by a Member or Former

Member prior to joining the Authority, and to make claims, acquire assets and incur liabilities;

- (2) to accept an assignment from SDWCA of all its assets, obligations and liabilities prior to the dissolution of SDWCA (including claims and contracts in existence prior to such dissolution) in order to benefit the Members or Former Members participating in the SDWCA workers compensation program; provided, that except for the fair and equitable allocation of administrative and overhead expenses, funds from such assignment shall not be co-mingled and shall be separately accounted for as provided for in this Agreement and the Bylaws.
- (3) to incur debts, liabilities, or other obligations, including those which are not debts, liabilities or obligations of the Members or Former Members, or any of them;
- (4) to charge and collect Contributions and Assessments from Members or Former Members for participation in Programs;
- (5) to receive grants and donations of property, funds, services and other forms of assistance from persons, firms, corporations and governmental entities;
- (6) to acquire, hold, lease or dispose of property, contributions and donations of property and other forms of assistance from persons, firms, corporations and governmental entities
- (7) to acquire, hold or dispose of funds, services, donations and other forms of assistance from persons, firms, corporations and governmental entities;
- (8) to employ agents and employees, and/or to contract for such services;
- (9) to incur debts, liabilities or other obligations to finance the Programs and any other powers available to the Authority under Article 2 or Article 4 of the Act;
- (10) to enter into agreements for the creation of separate public entities and agencies pursuant to the Act;
- (11) to sue and be sued in its own name;
- (12) to exercise all powers necessary and proper to carry out the terms and provisions of this Agreement (including the provision of all other appropriate ancillary coverages for the benefit of the Members or Former Members), or otherwise authorized by law or the Act; and
- (13) to exercise all powers and perform all acts as otherwise provided for in the Bylaws.

(b) Said powers shall be exercised pursuant to the terms hereof, in the manner provided by law and in accordance with Section 6509 of the Act. The foregoing powers shall be subject to the restrictions upon the manner of exercising such powers pertaining to the Member or Former Member designated in the Bylaws.

Article 7. Board of Directors. Subject to the limitations of this Agreement and the laws of the State of California, the powers of this Authority shall be vested in and exercised by, and its property controlled and its affairs conducted by, the Board of the Authority, which is hereby established and designated as the agency to administer this Agreement pursuant to Section 6506 of the Act. The powers of the Authority shall be exercised through the Board of Directors, who may, from time to time, adopt and modify Bylaws and other rules and regulations for that purpose and for the conduct of its meetings as it may deem proper. The officers of the Board shall be as set forth in the Bylaws.

So long as the MOU has not been terminated or the Authority has not withdrawn from the MOU, the Board of Directors shall be composed of seven (7) directors elected by the Member entities who have executed the current operative Agreement and are participating in a Joint Protection Program. The terms of directors, procedures for election of directors, procedures for meetings and provisions for reimbursement of Director expenses shall be as set forth in the Bylaws. Each Member of the Board of Directors shall have one vote. Each Member of the Board shall serve as set forth in the Bylaws.

So long as the Authority is a participant in the MOU, the Board of Directors of the Authority shall appoint three (3) members of its board to serve as members of the Alliance Executive Council. No member of the Board of Directors of the Authority shall serve as a director on any other board of directors of an entity or organization that is a signatory to the MOU during the term of the MOU. In the event a director is elected to such a board, that director shall immediately resign from the Board of Directors of the Authority.

In the event SDRMA withdraws from the MOU, the Board of Directors of the Authority shall consist of those seven (7) Directors who hold seats on the Authority's Board of Directors at the time of the withdrawal and who were duly appointed by the Board, or elected or re-elected by the Member entities of SDRMA plus the additional directors appointed by CSDA as provided in Article 25.

Article 8. Compliance with the Brown Act. All meetings of the Board, including, without limitation, regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act, California Government Code Section 54950 *et seq.*

Article 9. Powers of the Board of Directors. The Board of Directors shall have such powers and functions as provided for pursuant to this Agreement and the Bylaws and such additional powers as necessary or appropriate to fulfill the purposes of this Agreement and the Bylaws, including, but not limited to, the following:

- (a) to determine details of and select the Program or Programs to be offered, from time to time, by the Authority;

- (b) to determine and select all insurance, including Excess or Re-insurance, necessary to carry out the programs of the Authority;
- (c) to contract for, develop or provide through its own employees various services for the Authority;
- (d) to prepare or cause to be prepared the operating budget of the Authority for each fiscal year;
- (e) to receive and act upon reports of committees and from the Chief Executive Officer;
- (f) to appoint staff, including a Chief Executive Officer, and employ such persons as the Board of Directors deems necessary for the administration of this Authority;
- (g) to direct, subject to the terms and conditions of the Coverage Documents, the payment, adjustment, and defense of all claims involving a Member during their period of membership in and coverage under a Program;
- (h) to fix and collect Contributions and Assessments for participation in the Programs;
- (i) to expend funds of the Authority for the purpose of carrying out the provisions of the Agreement and the Bylaws as they now exist or may be hereafter amended;
- (j) to purchase excess insurance, liability insurance, stop loss insurance, officers and directors liability insurance, and such other insurance as the Authority may deem necessary or proper to protect the Program, employees of the Authority and employees of the Members;
- (k) to defend, pay, compromise, adjust and settle all claims as provided for in the Coverage Documents;
- (l) to obtain a fidelity bond in such amount as the Board of Directors may determine for any person or persons who have charge of or the authority to expend funds for the Authority;
- (m) to establish policies and procedures for the operation of the Authority and the Programs;
- (n) to engage, retain, and discharge agents, representatives, firms, or other organizations as the Board of Directors deems necessary for the administration of the Authority;
- (o) to enter into any and all contracts or agreements necessary or appropriate to carry out the purposes and functions of the Authority;

- (p) to acquire, hold, lease, manage and dispose of, as provided by law, any and all property necessary or appropriate to carry out the purposes and functions of the Authority;
- (q) to transact any other business which is within the powers of the Board of Directors;
- (r) to invest funds on hand in a manner authorized by law, the Agreement and the Bylaws;
- (s) to provide financial administration, claims management services, legal representations, safety engineering, actuarial services, and other services necessary or proper to carry out the purposes of the Authority either through its own employees or contracts with one or more third parties;
- (t) to exercise general supervisory and policy control over the Chief Executive Officer;
- (u) to establish committees and sub-committees as it deems necessary to best serve the interests of the Authority; and
- (v) to have such other powers and functions as are provided for pursuant to the Act, this Agreement or necessary or appropriate to fulfill the purpose of this Agreement and the Bylaws.

Article 10. Officers of the Authority. The officers of the Authority shall be as set forth in the Bylaws. The Board may elect or authorize the appointment of such other officers than those described in the Bylaws as the business of the Authority may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in this Agreement, or as the Board, from time to time, may authorize or determine.

Any officer may be removed, either with or without cause, by a majority of the directors of the Board at any regular or special meeting of the Board. Should a vacancy occur in any office as a result of death, resignation, removal, disqualification or any other cause, the Board may delegate the powers and duties of such office to any officers or to any Members of the Board until such time as a successor for said office has been appointed.

Article 11. Provision for Bylaws. The Board shall promulgate Bylaws to govern the day-to-day operations of the Authority. The Board may amend the Bylaws from time to time as it deems necessary, and as provided in the Bylaws. Each Member shall receive a copy of any Bylaws and agrees to be bound by and to comply with all of the terms and conditions of the Bylaws as they exist or as they may be modified. The Bylaws shall be consistent with the terms of this Agreement. In the event any provision of the bylaws conflicts with a provision of this Agreement, the provision contained in this Agreement shall control.

Article 12. [Reserved].

Article 13. Coverage Programs.

(a) The Authority shall maintain such types and levels of coverage for Programs as determined by the Board of Directors. Such coverage may provide for binding arbitration before an independent arbitration panel of any disputes concerning coverage between the Authority and a Member.

(b) The coverage afforded under one or more Programs may include protection for general liability, auto liability, property, boiler and machinery, public officials errors and omissions, employment practices, employee benefits liability coverage, employee dishonesty coverage, public officials personal liability coverage and workers' compensation, as well as coverage for other risks which the Board of Directors may determine to be advisable. More than one type of coverage may be afforded under a single Program.

(c) The Board of Directors may arrange for group policies to be issued for Members, their board members and employees interested in obtaining additional coverage, at an appropriate additional cost to those participating Members.

(d) The Board of Directors may arrange for the purchase of Excess or Re-Insurance. The Authority shall not be liable to any Member or to any other person or organization if such excess or reinsurance policies are terminated, canceled or non-renewed without prior notice to one or more Members, or if there is a reduction in the type of coverage afforded under a program by reason of any change in coverage in a succeeding excess or reinsurance policy, even if such reduction occurs without prior notice to one or more Members.

Article 14. Implementation of the Programs. The Board of Directors shall establish the coverage afforded by each Program, the amount of Contributions and Assessments, the precise cost allocation plans and formulas, provide for the handling of claims, and specify the amounts and types of Excess or Re-Insurance to be procured. The Contributions and Assessments for each Program shall be determined by the Board of Directors as set forth herein, in the Bylaws or in the operating policies established for a Program.

Article 15. Accounts And Records.

(a) **Annual Budget.** The Authority shall, pursuant to the Bylaws, annually adopt an operating budget, including budgets for each Joint Protection Program.

(b) **Funds and Accounts.** The Authority shall establish and maintain such funds and accounts as required by the Board of Directors and as required by generally accepted accounting principles, including separate funds and accounts for each Program, including Joint Protection Programs. Books and records of the Authority shall be open to any inspection at all reasonable times by authorized representatives of Members, or as otherwise required by law.

(c) **Investments.** Subject to the applicable provisions of any indenture or resolution providing for the investment of moneys held thereunder, the Authority shall have the power to invest any money in the treasury that is not required for the immediate necessities of the Authority, as the Board determines is advisable, in the same manner as local agencies pursuant to

California Government Code Sections 53601 *et seq.* (as such provisions may be amended or supplemented).

(d) **No Commingling.** The funds, reserves and accounts of each Program shall not be commingled and shall be accounted for separately; provided, however, that administration and overhead expenses of the Authority not related to a specific Program or Programs may be fairly and equitably allocated among Programs as determined by the Board of Directors. Investments and cash accounts may be combined for administrative convenience, but a separate accounting shall be made for balances of individual funds and Program revenues and expenses.

(e) **Annual Audit.** The Board shall provide for a certified, annual audit of the accounts and records of the Authority, in the manner set forth in the Bylaws.

Article 16. Services Provided by the Authority. The Authority may provide, at the sole discretion of the Board of Directors, the following services in connection with this Agreement:

(a) to provide or procure coverage, including but not limited to self-insurance funds and commercial insurance, as well as excess coverage, re-insurance and umbrella insurance, by negotiation or bid, and purchase;

(b) to assist Members in obtaining insurance coverage for risks not included within the coverage of the Authority;

(c) to assist risk managers with the implementation of risk management functions as it relates to risks covered by the Programs in which the Member participates;

(d) to provide loss prevention and safety consulting services to Members;

(e) to provide claims adjusting and subrogation services for Claims covered by the Programs;

(f) to provide loss analysis and control by the use of statistical analysis, data processing, and record and file keeping services, in order to identify high exposure operations and to evaluate proper levels of self-retention and deductibles;

(g) to review Member contracts to determine sufficiency of indemnity and insurance provisions when requested;

(h) to conduct risk management audits relating to the participation of Members in the Programs; and

(i) to provide such other services as deemed appropriate by the Board of Directors.

Article 17. Responsibilities of Members. Members or Former Members shall have the following responsibilities, which shall survive the withdrawal from, or involuntary termination of participation in, this Agreement:

(a) Each Member shall designate a person to be responsible for the risk management function within that Member and to serve as a liaison between the Member and the Authority as to risk management.

(b) Each Member shall maintain an active safety officer and/or committee, and shall consider all recommendations of the Authority concerning unsafe practices and/or hazard mitigation.

(c) Each Member shall maintain its own set of records, including a loss log, in all categories of risk covered by each Program in which it participates to insure accuracy of the Authority's loss reporting system, unless it is no longer deemed necessary by the Board of Directors.

(d) Each Member shall pay its Contribution, and any adjustments thereto, and any Assessments within the specified period set forth in the invoice, or as otherwise may be set forth herein or in the Bylaws. After withdrawal or termination, each Former Member or its successor shall pay promptly to the Authority its share of any additional Contribution, adjustments or Assessments, if any, as required of it by the Board of Directors under Article 21 or 22 of this Agreement or the Bylaws.

(e) Each Member or Former Member shall provide the Authority with such other information or assistance as may be necessary for the Authority to carry out the Programs under this Agreement in which the Member or Former Member participates or has participated.

(f) Each Member or Former Member shall in any and all ways cooperate with and assist the Authority and any insurer of the Authority, in all matters relating to this Agreement and covered claims.

(g) Each Member or Former Member will comply with all Bylaws, rules and regulations adopted by the Board of Directors.

(h) Each Member shall remain a member in good standing of CSDA.

Article 18. New Members. The Authority shall allow entry into its Programs of new Members only upon approval of the Board, with any conditions or limitations as the Board deems appropriate. In order to become a Member and remain a Member, any District must be a member in good standing of CSDA, shall participate in at least one (1) Joint Protection Program and shall be authorized to exercise the common powers set forth in this Agreement.

Article 19. Withdrawal.

(A) Any Member may voluntarily withdraw from this Agreement only at the end of any applicable Program Year and only if:

- (i) The Member has been a signatory to this Agreement for not less than three (3) full Program Years as of the date of the proposed withdrawal;

- (ii) The Member submits a written withdrawal notification in accordance with the Bylaws;
 - (iii) In order to withdraw from the agreement the member must have completed the three (3) full program year participation requirement for each Joint Protection Program the member participated in at the time of withdrawal.
- (B) Any Member may voluntarily withdraw from any particular Joint Protection Program; and
 - (i) It has participated in such Joint Protection Program for at least three (3) full Program Years;
 - (ii) it is a participant in another Joint Protection Program; and
 - (iii) the Member submits a written withdrawal notification in accordance with the Bylaws.
- (C) In the event that the three year participation requirement as required by (A)(i) or (B)(i) as to any such Joint Protection Program above has not been met, for each Program the withdrawing Member participated in at the time of its withdrawal, for less than three years such withdrawing member shall be obligated to pay all Contributions and Assessments as if that Member had remained in each such Program for the full three years from the inception of its membership in the Authority.
- (D) In the event that the notice is not provided as required by (A)(ii) or (B)(iii) above, any such withdrawing Member shall, with respect to each Program the Member participated in, be obligated to pay any and all Contributions and Assessments for the next full Program Year.
- (E) A Member may withdraw from any Program (other than a Joint Protection Program) as provided by the Coverage Documents relating to such Program.
- (F) Withdrawal of one or more Members shall not serve to terminate this Agreement.
- (G) A Member may not withdraw as a party to this Agreement until it has withdrawn, as provided in the Bylaws from all of the Programs of the Authority.

Article 20. Involuntary Termination.

- (a) Notwithstanding the provisions of Article 19, the Authority shall have the right to involuntarily terminate any Member's participation in any Program, or terminate membership in the Authority, as provided in the Bylaws.
- (b) Notwithstanding any other provisions of this Agreement, the participation of any Member of the Authority, including participation in any of the Authority's Programs, may be involuntarily terminated at the discretion of the Board of Directors whenever such Member is dissolved, consolidated, merged or annexed. A reasonable time shall be afforded, in the

discretion of the Board of Directors, to place coverage elsewhere. Any such involuntary termination shall not relieve the Member or Former Member of its responsibilities as provided for in Articles 17 or 21.

Article 21. Effect of Withdrawal or Involuntary Termination. The withdrawal from or involuntary termination of any Member from this Agreement shall not terminate this Agreement, and such Member, by withdrawing or being involuntarily terminated, shall not be entitled to payment, return or refund of any Contribution, Assessment, consideration, or other property paid, or donated by the Member to the Authority, or to any return of any loss reserve contribution, or to any distribution of assets (except payment of any Retained Earnings, as set forth in the following paragraph).

The withdrawal from or involuntary termination of any Member after the effective date of any Program shall not terminate its responsibility to pay its unpaid Contribution adjustments, or Assessments to such Program. The Board of Directors shall determine the final amount due from the Member or Former Member by way of contribution or assessments, if any, or any credit due on account thereof, to the Member or Former Member for the period of its participation. Such determination shall not be made by the Board of Directors until all Claims, or other unpaid liabilities, have been finally resolved. In connection with this determination, the Board of Directors may exercise similar powers to those provided for in Article 22(b) of this Agreement, or as otherwise set forth in the Bylaws. Upon such withdrawal from or cancellation of participation in any Program by any Member, said Member shall be entitled to receive its pro rata share of any Retained Earnings declared by the Board of Directors after the date of said Member withdraws or is involuntarily terminated.

Article 22. Termination and Distribution; Assignment.

(a) This Agreement may be terminated any time with the written consent of two-thirds of the voting Members; provided, however, that this Agreement and the Authority shall continue to exist for the purpose of disposing of all claims, distribution of net assets and all other functions necessary to wind up the affairs of the Authority.

(b) The Board of Directors is vested with all powers of the Authority for the purpose of winding up and dissolving the business affairs of the Authority. These powers shall include the power to require Members or Former Members, including those which were signatory hereto at the time the subject Claims arose or was/were incurred, to pay any Assessment in accordance with loss allocation formulas for final disposition of all Claims and losses covered by this Agreement or the Bylaws. A Member or Former Member's Assessment shall be determined as set forth in the Bylaws or the applicable Coverage Documents.

(c) Upon termination of a Program, all net assets of such Program other than Retained Earnings shall be distributed only among the Members that are participating in such Program at the time of termination, in accordance with and proportionate to their cash payments (including Contributions, adjustments, Assessments and other property at market value when received) made during the term of this Agreement for such Program. The Board of Directors shall determine such distribution within six (6) months after disposal of the last pending Claim or loss covered by such Program, or as otherwise set forth in the Bylaws.

(d) Upon termination of this Agreement all net assets of the Authority, other than of any Program distributed pursuant to (c) above, shall be distributed only among the Members in good standing at the time of such termination in accordance with and proportionate to their cash contributions and property at market value when received. The Board of Directors shall determine such distribution within six (6) months after disposal of the last pending Claim or loss covered by this Agreement, or as otherwise set forth in the Bylaws.

(e) In the event the Board of Directors is no longer able to assemble a quorum, the Chief Executive Officer shall exercise all powers and authority under this Article. The decision of the Board of Directors or Chief Executive Officer under this Article shall be final.

(f) In lieu of terminating this Agreement, the Board, with the written consent of two-thirds of the voting Members, may elect to assign and transfer all of the Authority's rights, assets, liabilities and obligations to a successor joint powers authority created under the Act.

Article 23. Enforcement. The Authority is hereby granted authority to enforce this Agreement. In the event action is instituted to enforce the terms of this Agreement, the Bylaws and/or any policies and/or procedures of the Board of Directors and the nondefaulting party(s) should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party(s) herein contained, the defaulting party agrees that it will on demand therefore pay to the nondefaulting party(s) the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party(s).

Article 24. Nonliability of Directors, Officers and Employees. The Board of Directors, and the officers and employees of the Authority, including former directors, officers and employees, shall not be liable to the Authority, to any Member or Former Member, or to any other person, for actual or alleged breach of duty, mistake of judgment, neglect, error, misstatement, misleading statement, or any other act or omission in the performance of their duties hereunder; for any action taken or omitted by any employee or independent contractor; for loss incurred through the investment or failure to invest funds; or for loss attributable to any failure or omission to procure or maintain insurance; except in the event of fraud, gross negligence, or intentional misconduct of such director, officer or employee. No director, officer or employee, including former directors, officers and employees, shall be liable for any action taken or omitted by any other director, officer or employee. The Authority shall defend and shall indemnify and hold harmless its directors, officers and employees, including former directors, officers and employees, from any and all claims, demands, causes of action, and damages arising out of their performance of their duties as such directors, officers or employees of the Authority except in the event of fraud, gross negligence, corruption, malice or intentional misconduct, and the funds of the Authority shall be used for such purpose. The Authority may purchase conventional insurance to protect the Authority, and its participating Members or Former Members, against any such acts or omissions by its directors, officers and employees, including former directors, officers and employees.

Article 25. Provisions Relating to CSDA. It is agreed and understood the mandatory membership in CSDA provision in Article 18 is in consideration of CSDA's exclusive endorsement of SDRMA's programs as they exist or may be modified. CSDA and the Authority

may from time to time exchange services or enter into separate service agreements pursuant to Section 6505 of the Act, including, but not limited to, services relating to educational programs, marketing, web-site graphics and conferences.

So long as the Authority is a participant in the MOU, the Board of the Authority shall appoint three members of the Board to serve as members of the Alliance Executive Council. In the event the MOU has been terminated or the Authority has withdrawn from the MOU, the composition of the Authority Board of Directors shall be increased by two (2) additional directors to be appointed by CSDA. CSDA appointees shall be a director serving on the CSDA Board of Directors and said director(s) shall be a member of an agency who is a signatory to the current SDRMA Joint Powers Agreement.

CSDA shall be a third party beneficiary to Sections 18, 25, 27 of this Agreement.

Article 26. Notices. Notices to Members or Former Members hereunder shall be sufficient if delivered to the principal office of the respective Member or Former Member.

Article 27. Amendment. This Agreement may be amended at any time by a two-thirds vote of the Members; provided, that any amendment to Article 18, Article 25, or Article 27 shall require the prior written consent of CSDA. The Bylaws may be amended as provided therein. Upon the effective date of any validly approved amendment to this Agreement, such amendment shall be binding on all Members.

Article 28. Prohibition Against Assignment. No person or organization shall be entitled to assert the rights, either direct or derivative, of any Member or Former Member under any coverage agreement or memorandum. No Member or Former Member may assign any right, claim or interest it may have under this Agreement, and no creditor, assignee or third party beneficiary of any Member or Former Member shall have any right, claim or title or any part, share, interest, fund, contribution or asset of the Authority.

Article 29. Agreement Complete. The foregoing constitutes the full and complete Agreement of the parties. There are no oral understandings or agreements not set forth in writing herein. This Agreement supersedes and replaces the Fifth Amended Joint Powers Amendment.

Article 30. Counterparts. This Agreement may be executed in one or more counterparts and shall be as fully effective as though executed in one document.

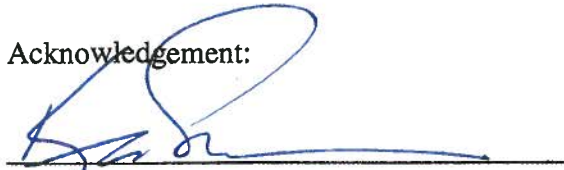
Article 31. California Law. This Agreement shall be governed by the laws of the State of California.

Article 32. Severability. Should any part, term or provisions of this Agreement be determined by any court of component jurisdiction to be illegal or in conflict with any law of the State of California or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.

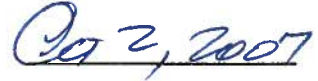
Article 33. Effective Date. This Agreement shall become effective as to existing Members of the Authority on the date on which the last of two-thirds of such Members have executed this Agreement.

IN WITNESS WHEREOF, the parties hereto have first executed this Agreement by authorized officials thereof on the date indicated below:

Acknowledgement:



Ken Sonksen, President
Board of Directors
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY



Date

I hereby certify this Amended Joint Powers Agreement has also received the required approval of not less than two-thirds of the Member entities then parties to the Fifth Amended Joint Powers Agreement.



James W. Towns, Chief Executive Officer
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY



Date

EXECUTION BY MEMBER

The Amended and Restated Joint Powers Agreement of the Special District Risk Management Authority, has been approved by the Board of Directors of the Member listed below, on the date shown, and said Member agrees to be subject to all of the terms and conditions set forth in said Agreement.

Entity Name: _____

By: _____ President

By: _____ Clerk

Date: _____

EXECUTION BY AUTHORITY

The Special District Risk Management Authority (the "Authority"), operating and functioning pursuant to this Sixth Amended Joint Powers Agreement, hereby accepts the entity named above as a participating member in the Authority, subject to all of the terms and conditions set forth in this Sixth Amended Joint Powers Agreement and in the Bylaws, effective as of

_____.

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

By: _____
David Aranda, President
Board of Directors

Date: _____



Our File: _____

APPLICATION FOR A PUBLIC ENTITY CERTIFICATE OF CONSENT TO SELF INSURE

NOTE: All questions must be answered. If not applicable, enter "N/A".
Workers' compensation insurance must be maintained until certificate is effective.

APPLICANT INFORMATION

Legal Name of Applicant (show exactly as on Charter or other official documents):

City of Laguna Hills

Street Address of Main Headquarters:

24035 El Toro Road

Mailing Address (if different from above):

Federal Tax ID No.:

33-0490460

City:

Laguna Hills

State:

CA

Zip + 4:

92653

TO WHOM DO YOU WANT CORRESPONDENCE REGARDING THIS APPLICATION ADDRESSED?

Name: Donald J. White

Title: Assistant City Manager

Company Name: City of Laguna Hills

Mailing Address: 24035 El Toro Road

City: Laguna Hills

State: CA

Zip + 4: 92653

Type of Public Entity (check one):

☒ City and/or County ☐ School District ☐ Police and/or Fire District ☐ Hospital District ☐ Joint Powers Authority

☐ Other (describe): _____

Type of Application (check one):

☐ New Application ☐ Reapplication due to Merger or Unification ☐ Reapplication due to Name Change Only

☒ Other (specify): Change in JPA (from CSAC EIA to SDRMA)

Date Self Insurance Program will begin: January 1, 2012

CURRENT PROGRAM FOR WORKERS' COMPENSATION LIABILITIES

☐ Currently Insured with State Compensation Insurance Fund, Policy Number: _____

Policy Expiration Date: _____ Yearly Premium: \$ _____

Current Yearly Incurred (paid & unpaid) Losses: \$ _____ (FY or CY)

☒ Currently Self Insured, Certificate Number: 7305

Name of Current Certificate Holder: City of Laguna Hills

☐ Other (describe): _____

JOINT POWERS AUTHORITY

Will the applicant be a member of a workers' compensation Joint Powers Authority for the purpose of pooling workers' compensation liabilities?

☒ Yes ☐ No If yes, then complete the following:

Effective date of JPA Membership: _____ JPA Certificate No.: 5806

Name and Title of JPA Executive Officer:

Gregory S. Hall, CEO

Name of Joint Powers Authority Agency:

Special District Risk Management Authority

Mailing Address of JPA:

1112 "I" Street, Suite 300

City:	State:	Zip + 4:
<u>Sacramento</u>	<u>CA</u>	<u>95814-2865</u>

Telephone Number: (800) 537-7790

PROPOSED CLAIMS ADMINISTRATOR

Who will be administering your agency's workers' compensation claims? (check one)

☐ JPA will administer, JPA Certificate No.: _____

☒ Third party agency will administer, TPA Certificate No.: 132

☐ Public entity will self administer ☐ Insurance carrier will administer

Name of Individual Claims Administrator:

York Insurance Services Group, Inc. Tom McCampbell

Name of Administrative Agency:

York Insurance Services Group, Inc.

Mailing Address:

Post Office Box 619058

City:	State:	Zip + 4:
<u>Roseville</u>	<u>CA</u>	<u>95661</u>

Telephone Number: (916) 960-0900 FAX Number: (916) 783-0338

Number of claims reporting locations to be used to handle the agency's claims: 1

Will all agency claims be handled by the administrator listed on previous page? ☒ Yes ☐ No

AGENCY EMPLOYMENT

Current Number of Agency Employees: 62

Number of Public Safety Officers (law enforcement, police or fire): 0

If a school district, number of certificated employees: _____

Will all agency employees be included in this self insurance program? ☒ Yes ☐ No

If no, explain who is not included and how workers' compensation coverage is to be provided to the excluded agency employees:

INJURY AND ILLNESS PREVENTION PROGRAM

Does the agency have a written Injury and Illness Prevention Program? ☒ Yes ☐ No

Individual responsible for agency Injury and Illness Prevention Program:

Name and Title:

Donald J. White, Assistant City Manager

Company or Agency Name:

City of Laguna Hills

Mailing Address:

24035 El Toro Road

City:

Laguna Hills

State:

CA

Zip + 4:

92653

Telephone Number: (949) 707-2620

SUPPLEMENTAL COVERAGE

Will your self insurance program be supplemented by any insurance or pooled coverage under a standard workers' compensation insurance policy? ☐ Yes ☒ No

If yes, then complete the following:

Name of Carrier or Excess Pool: _____

Policy Number: _____

Effective Date of Coverage: _____

Will your self insurance program be supplemented by any insurance or pooled coverage under a specific excess workers' compensation insurance policy? ☒ Yes ☐ No

If yes, then complete the following:

Name of Carrier or Excess Pool: California States Association of Counties - Excess Insurance Authority

Policy Number: EIA-PE 08 EWC-104

Effective Date of Coverage: July 1, 2011 through June 30, 2012

Retention Limits: \$ 4,650,000

Will your self insurance program be supplemented by any insurance or pooled coverage under an aggregate excess (stop loss) workers' compensation insurance policy? ☐ Yes ☒ No

If yes, then complete the following:

Name of Carrier or Excess Pool: _____

Policy Number: _____

Effective Date of Coverage: _____

Retention Limits: _____

RESOLUTION OF GOVERNING BOARD

See Attached Resolution—Page 5

CERTIFICATION

The undersigned on behalf of the applicant hereby applies for a Certificate of Consent to Self Insure the payment of workers' compensation liabilities pursuant to Labor Code Section 3700. The above information is submitted for the purpose of procuring said Certificate from the Director of Industrial Relations, State of California. If the Certificate is issued, the applicant agrees to comply with applicable California statutes and regulations pertaining to the payment of compensation that may become due to the applicant's employees covered by the Certificate.

Signature of Authorized Official:

Typed Name:

Title:

Mayor

Agency Name:

City of Laguna Hills

Date:

December 13, 2011

Seal

(Emboss seal above or Notarize signature)

5. PLANNING AGENCY

Mayor Songstad 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 7:38 PM.

5.1 ROLL CALL OF PLANNING AGENCY MEMBERS

Present: Chair Songstad, Vice Chair Carruth, Agency Members Bressette, and Kogerman

Absent: Agency Member Lautenschleger

5.2 PUBLIC COMMENTS

There were no Public Comments.

5.3 MINUTES

5.3.1 REGULAR MEETING, NOVEMBER 8, 2011

MOTION TO APPROVE THE MINUTES OF THE NOVEMBER 8, 2011, REGULAR MEETING AS REFERENCED IN ITEM 3.1, BEGINNING ON PAGE 4, BY M/AGENCY MEMBER BRESSETTE, S/AGENCY MEMBER KOGERMAN. APPROVED BY A VOTE OF 4-0-1, (AGENCY MEMBER LAUTENSCHLEGER ABSENT).

5.4 PLANNING AGENCY PUBLIC HEARINGS

There were no Public Hearings.

PLANNING AGENCY ADJOURNMENT

Mayor Songstad reconvened the City Council meeting at 7:39 PM. All Council Members were present, with the exception of Council Member Lautenschleger.

6. CITY COUNCIL PUBLIC HEARINGS

There were no Public Hearings.

7. ADMINISTRATIVE REPORTS

7.1 City Manager

The City Manager made no reports.

CITY OF LAGUNA HILLS

AGENDA REPORT CITY MANAGER'S OFFICE

ISSUE: 2011 CITY MANAGER'S YEAR END REPORT

SUMMARY:

The City Manager submits a Year End Report every year at the December City Council meeting. The report summarizes noteworthy accomplishments of the past year and identifies selected projects and work activity awaiting the City in the coming year.

Included with this report, under separate cover, is the 2011 City Manager's Year End Report. The report highlights a number of accomplishments, including the 2011-2013 Biennial Budget process, the completion of several park improvements, and numerous Community Development Projects.

During 2012, the City will embark on a number of projects including the completion of the La Paz widening at Interstate 5 and facilitating the redevelopment of several shopping centers throughout the City.

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THE 2011 CITY MANAGER'S YEAR END REPORT.

ATTACHMENTS

- 2011 City Manager's Year End Report (under separate cover)



CITY OF LAGUNA HILLS

California

CITY MANAGER'S 2011 YEAR END REPORT

Bruce E. Channing, City Manager



City Manager's 2011 Year End Report

December 13, 2011

Honorable Mayor and Council Members,

At the end of every year, it is my pleasure to submit to you the City Manager's Annual Report. As the City celebrates its 20-Year Anniversary since incorporation, I am once again honored to have the opportunity to highlight the major accomplishments of 2011 and to provide a glimpse into what we have to look forward to in the year ahead.

This past year, the effects of the Great Recession that substantially altered the economic landscape of the State and region have continued to linger. We now know that the Great Recession has led to a structural correction in the economy and as it settles into what many are calling a "new normal," local and State government revenues in particular have been greatly impacted. While analysts have declared the recession officially over and a slow recovery appears to be working its way through the economy, much of the State and region is still plagued by high unemployment and rampant foreclosures in the housing market that continue to limit the economic recovery. Consequently, while no governmental agencies escaped the recession's negative impact on revenues these past few years, some cities continue to fare better than others. Fortunately, Laguna Hills is one of those cities. In Fiscal Year 2010/2011, General Fund revenues in Laguna Hills increased by 2.4%. The increase in revenues combined with our concerted effort to judiciously curtail operating expenditures has resulted in an operating surplus. This was accomplished by reducing operating expenditures by approximately \$900,000, or 5%, of the budgeted amount for Fiscal Year 2010/2011.

As has continued to be the case in the City's twenty years since incorporation, our strong financial position remains a byproduct of hard work, sound decision-making, and an unwavering commitment to our conservative financial policies. When faced with a sustained period of economic uncertainty and revenue contraction, prudent management dictates that we proceed cautiously with respect to initiating any new programs or service commitments.

The accomplishments recited on the following pages demonstrate our determination to respond successfully to the new economic climate, maintain high service levels, and position ourselves to move forward when it is clear that it is safe to do so. For the sake of organization, we have assembled the list of achievements under seven major headings that generally align with our departmental structure. I hope you share with me the same sense of pride I have for all of our 2011 accomplishments.

Administration, Finance and City Clerk



● FINANCIAL HIGHLIGHTS

While the Great Recession officially ended the 2nd quarter of 2009 and a slow recovery is now working its way through the economy, the effects have continued to reverberate throughout State and local governments. A structural correction has taken place in the economy resulting in what many are now calling a “new normal.” This has greatly impacted the revenues of all government agencies from the State to local level. Even so, some cities have certainly fared better than others. In Fiscal Year 2010/2011, General Fund revenues in Laguna Hills increased by 2.4%. This increase in revenues combined with a concerted effort to curtail operating expenditures by approximately \$900,000, or 5% of the budgeted amount for the fiscal year, has resulted in an operating surplus. Fortunately, we continue to see signs of a recovery in the local tax base during the first quarter of Fiscal Year 2011/2012 with a slight increase in sales tax.

● BIENNIAL BUDGET

The budget process lasted from January through June this year and, given the tenuous condition of the economic climate, it dominated staff's time and resources. The lengthy budget process included two public study sessions, including a strategic planning budget study session. The City Council was ultimately presented with and adopted a budget that accomplished the following:

- Reduced operating expenditures for FY 2011/2012 to \$16,923,152, representing a 1.4% decrease, or \$243,793, from the FY 2010/2011 amended budget.
- Approved 12 capital projects totaling \$3,654,000. Of this amount, \$2,989,000, or 82% of the funding, will come from Special Revenue funds. The balance of \$665,000 will be supported by the General Fund.

● FINANCIAL AWARDS

For the nineteenth consecutive year, the City was awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for the year ending June 30, 2010.

● HEALTH INSURANCE

In conjunction with the development of the City's Biennial Budget, the City was able to secure access to health and other insurance plans through the California State Association of Counties-Excess Insurance Authority (CSAC-EIA) Health Program. This enabled the City to achieve a savings of approximately \$374,000 over the next two fiscal years, resulting in a decrease to the City's total personnel costs in the current biennial budget cycle.

● COMPREHENSIVE COMPENSATION STUDY

In order to ensure the City is providing reasonable, fair, and competitive compensation, the City Council authorized the issuance of a Request for Proposals to conduct a comprehensive compensation study for all full-time employees. The selected firm, Ralph Andersen & Associates, presented its final report to the City Council, wherein the comprehensive report showed that the City's base salary levels are on average 1.5% above the market mean. When future retirement costs are taken into account and translated into net present values, the City's salary levels are 11.8% below the market average.

● CIVIC CENTER LEASING & MANAGEMENT

In spite of the difficulties prevalent in the commercial office market, staff successfully negotiated the renewal of the Orange County-Clerk Recorder lease in the Civic Center. In addition, a new lease was signed with War Era Veterans. As of October 31, the Civic Center is 76% occupied. More importantly, the City not only covered all of its costs, but also posted net income of \$105,245 in FY 2010/2011.

● STRONG CITIES / STRONG STATE CAMPAIGN

This past year, the City participated in the "Strong Cities / Strong State" campaign spearheaded by the League of California Cities and the California City Management Foundation. This innovative campaign is designed to communicate the importance of local government in California residents' everyday lives. The "Strong Cities / Strong State" campaign is the first of its kind platform for showcasing the City's success stories and highlighting its accomplishments. The City's profile can be viewed at <http://strongcitiesstrongstate.com/city/laguna-hills>.

● SENIOR CENTER FACILITY GRANT

For the third year in a row, the City successfully competed for an award of Community Development Block Grant (CDBG) funding for Public Facilities and Improvement monies to be used at the Florence Sylvester Senior Center. Grant monies totaling \$62,453 were requested to complete energy efficiency upgrades that include the installation of a solar panel system. This past year, the City utilized \$50,029 in grant monies to fund the following improvements at the Florence Sylvester Senior Center: framing and installing portable walls to establish storage area, removing and replacing the carpet throughout the Center, and painting the interior of the Center. The construction was completed in May 2011.

● WEB STREAMING

One of the approved major plans from the 2011-2013 Biennial Budget involved providing increased public access to City Council meetings through web casting or televising the City Council meetings. This past spring, the City implemented new software that allowed for the audio/video web streaming of City Council meetings. In addition, residents are also now able to access all agendas for public meetings, staff reports, and associated documentation on the City's website.

● ANIMAL SERVICES

This past June 30th marked the completion of the 13-week dog license canvassing campaign. The dog licensing canvassing campaign was held following an 18-month public education effort and a 45-day license amnesty period. In terms of the number of licenses sold, the campaign was successful, resulting in an increase of 22% in the total dog licenses in the City over a two-year period. This surpassed the City's goal of increasing the number of licensed dogs in the City by 15%. After the two-year campaign, the City's compliance rate has increased by 10% to 58%. Consequently, this is now the second highest compliance rate amongst cities that contract with OC Animal Care. Staff is looking to continue its public education efforts and conduct another 13-week dog license canvassing campaign in the near future.

● COYOTE RESPONSE EFFORTS

In response to an increased number of coyote sightings and aggressive behavior in the region, staff conducted two successful trapping operations this past year. Additionally, staff has developed an outreach campaign focusing on public education and coordination with the various homeowner's associations throughout the City. The City enacted a featured link on its home page entitled "Living with Coyotes" that details the City's reporting procedures, public information and links those interested to other organizations. The City also sent out letters to all the homeowner's associations informing them of the City's efforts and willingness to partner in future trapping operations.

● 3/5 BATTALION SUPPORT COMMITTEE

In November 2010, the City Council revived the Laguna Hills Support Committee for the 3rd Battalion, 5th Marines, 1st Marine Division, otherwise known as the 3/5 Battalion, based out of Camp Pendleton. At that time, the City Clerk was designated as the staff liaison to the committee and the Council authorized allocating up to \$10,000 to assist the 3/5 Battalion Support Committee with its start-up efforts. Since then, the City has maintained its partnership with the 3/5 Battalion Support Committee, which has included the following: approving reimbursements to the committee totaling \$7,758, providing interim banking functions, providing multiple publicity opportunities for the Committee through City Views, and modifying the Memorial Day Half-Marathon registration to allow runners to donate funds to the Committee.

Economic Development



● URBAN VILLAGE PLAN

Circuit City closed its doors in April of 2009. At the time, the owner of the property had made it clear that there was strong retail interest in the site, including Best Buy and Ashley Furniture. Ultimately, Ashley Furniture purchased the site in January 2010 for \$11.4 million. Staff worked very closely with the new owners to ensure a desirable remodel of the existing building. Additionally, staff encouraged the new owners to build out the site with additional retail/restaurant uses. Consequently, the site is currently under development to add an additional 5,949 square feet of retail space that will serve as the new home to an Ashley Furniture, Total Wine and More and Chick-Fil-A. Construction on the site is anticipated to be completed in the Spring of 2012.

Staff continues to proactively encourage the Simon Group to move forward with a major capital investment in the renovation of the Mall that will serve as a catalyst for the entire Urban Village area. Simon Properties has developed a conceptual mixed-use development plan and will continue to systematically de-lease existing tenant space in anticipation of their upcoming renovations. It is anticipated that Simon Properties will submit a development application in 2012.

The owner of Oakbrook Village (Fritz Duda Company) continues to work with staff on a redevelopment plan that will create a mixed-use development concept

with new retail and residential units. The City partnered with the owner to market the development at the International Council of Shopping Centers (ICSC) Western Division Deal Making Convention and the RECon 2011 Convention, and anticipates doing so once again this upcoming year. Retail interest in this site remains strong. It is anticipated that Fritz Duda Company will submit a formal development application in the early part of 2012.

In order to accommodate the redevelopment of the former Circuit City site and in anticipation of the future mixed-use development plans for Oakbrook Village and the Laguna Hills Mall, construction began to widen Avenida de la Carlota to allow for better traffic flow.

● TAJ MAHAL RENOVATIONS

The Taj Mahal Office Complex was initially constructed in 1967 and, at the time, was considered new and cutting edge. Earlier this year, the Muller Company obtained approval to perform a number of major improvements at the Taj Mahal Office Complex. The Taj Mahal renovations will include expanding the complex by 6,000 square feet, completing interior improvements that include a second elevator, constructing a 6,300 square foot plaza at the facility's east entrance, redesigning the parking lot to improve circulation, adding 100 new parking stalls, and re-landscaping the entire site and the median island located in Calle de la Plata. In conjunction with the renovations, the Taj Mahal is effectively converting its office space to medical office use and is changing its name to the Taj Mahal Medical Center. Construction is anticipated to be completed by Fall 2012.

● MOULTON-LA PAZ CENTER

This 11.3 acre area located on the north side of La Paz Road between Moulton Parkway to the west and Alameda to the east was identified as an Opportunity Area in the City's General Plan. Following the rezoning of this parcel from open space to commercial retail, staff processed a tentative parcel map essentially creating a 3.055 acre lot with a 50-foot-wide open space/trail easement along La Paz Road. Staff continues its negotiations with the owner of the Moulton-La Paz Center. This past year, the City Council authorized staff to file a quiet title action in court. This will ultimately give the City clear title on a property asset worth just under \$4 million. The property will be ready for sale to the owner of the Moulton-La Paz property for 26,000 square feet of new commercial space in early 2012. In the event an agreement cannot be reached, the property may be sold to another party for development as a separate commercial parcel. Staff has prepared alternative development plans, and the property will support up to 23,000 square feet of commercial building space as a stand-alone project. In addition to the quiet title action filed this past year, staff had the property reappraised, conducted soils testing on the site, and continued to actively market the property at various conventions.

Community Development



● IMPLEMENTATION OF THE GENERAL PLAN

Following the recent approval of the City's first major General Plan Update since 1994, staff has been working diligently to address many of the implementation plans identified in the General Plan. Specifically, the Urban Village Specific Plan was amended this past year to recognize new development authorized by the updated General Plan. In addition, the City's Development Code will be updated to comply with the new General Plan as well as any new pertinent State laws.

● AFFORDABLE HOUSING INITIATIVES

In 2011, the City of Laguna Hills was awarded \$166,540 in Community Development Block Grant (CDBG) funds, which are being used to renovate homes in the 248-unit Aliso Meadows Condominium Association. Over the past seven (7) years, the City has been awarded CDBG Funds totaling over \$2,000,000, which has resulted in the rehabilitation of more than 140 affordable housing units for very low, low, and moderate income households in the City. Staff anticipates once again applying for available CDBG funds in the upcoming year to continue its rehabilitation work in the neighborhood.

● BUILDING DEPARTMENT ACTIVITY

The Building Department activity in the City of Laguna Hills has increased considerably for the first three quarters of the year when compared to the same time period during the previous year. Utilizing typical building activity indicators, the City has issued 1,107 building permits through September 30th, compared to 798 issued during the same period of 2010, representing a 39% increase. Similarly, building permit fees collected have increased by over 42% and plan check fees received by the City have experienced a 16% increase. Coinciding with the increase in permits issued, staff has conducted 1,000 more building inspections this year when compared to the same time period last year (3,700 in 2011 vs. 2,700 in 2010).

Public Services



● CAPITAL PROJECTS COMPLETED

The City continues to be committed to job-creating infrastructure projects for two reasons: 1) local public investment functions as local economic stimulus; and 2) construction costs have gone down significantly. Over the past year, the City completed the following projects:

- The Costeau Park Playground Renovation, which included installing new subsurface drainage, park benches, rubberized playground surfacing and new playground equipment.
- The Community Center Playground Renovation, which included refurbishing and restoring the existing security lights, removing the old surfacing of the play area and adding a new base layer, and adding new rubberized playground surfacing.

● LA PAZ WIDENING AT INTERSTATE 5

The La Paz Widening at Interstate 5 project received final approval from the City Council in September 2010. This \$7.6 million project includes a number of safety and traffic flow improvements, such as the widening and addition of off- and on-ramp lanes, modifying traffic signals, and landscape improvements. The City has successfully acquired \$4.7 million in Federal funding for the project, in addition to \$1.15 million of Measure M funds. The remaining \$1.75 million in funding was acquired from various special revenue fund sources, resulting in no General Fund impact for this project. Construction on the project began in April 2011 and is scheduled for completion in June 2012.

Community Services



● SENIOR TRANSPORTATION

Utilizing funds provided by OCTA's Senior Mobility Program, the City continues to provide transportation for seniors through the Dial-A-Taxi program. This program represents a joint venture with the City of Mission Viejo and includes a service area of both Mission Viejo and Laguna Hills with several satellite locations including the Laguna Niguel and Irvine Metrolink stations.

● SPECIAL EVENTS

The City successfully hosted two signature events. The 2011 Memorial Day Half Marathon and 5K Event was held on May 30, 2011, with 2,924 runners participating. The total revenues collected exceeded the City's direct expenses for conducting the race by \$8,651, resulting in no impact to the City's General Fund. A new feature was added to the race registration which provided runners with the opportunity to donate \$5 to the 3/5 Marine Battalion Support Committee. The result was a total donation of \$1,405 to the Committee.

It is estimated that 11,000 people attended the City of Laguna Hills 2011 Fourth of July event. Total expenditures for this event were \$48,672 which was under the budgeted expense of \$52,500. Taking into account ticket sales totaling \$3,381, the net cost for the event was \$44,965. A highlight of both events was the presence of Marines from the adopted 3/5 Marine Battalion.

Environment and Conservation



● FOOD WASTE

In 2010, the City participated in a regional pilot food waste program, funded by an Orange County Waste and Recycling grant. The grant expired in November 2011. Consequently, on November 22, 2011, the City Council accepted and approved CR&R's proposal to continue the commercial food waste program by charging businesses that elect to use the service at a rate already established in the franchise agreement. Since the inception of the regional program in March 2010, 1,881 tons of food waste has been collectively diverted from local landfills from the cities that participate in the program. Within the City of Laguna Hills, it is estimated that 220 tons of food waste have been collected through participation in the program.

● LANDFILL DIVERSION

The 2010 Annual Disposal Report using the per capita disposal figures was submitted to the State Department of Resource Recycling and Recovery (CalRecycle) on July 31, 2011. The City achieved a per capita disposal rate (pounds/person/day) of 3.5 which is well below the per capita disposal target of 5.8 pounds per day. A site visit by the CalRecycle representative occurred in October 2011 and the representative expressed great interest in the City's food waste program. Consequently, staff coordinated a tour of the Saddleback Memorial Medical Center to view its internal recycling programs including the newly added food waste recycling program.

● ENERGY EFFICIENCY IMPROVEMENTS

The City successfully acquired a grant of \$174,000 from the State to implement energy efficiency improvements at the Civic Center. These improvements primarily involved the replacement of two large, old and inefficient air conditioning units at the Civic Center, installation of occupancy sensors, and the installation of energy saving pump controls. In addition, the improvements also consisted of the change out of all light bulbs and pedestrian indications at traffic signals to low energy use LED based lights. This project was completed in November 2011.

● WATER QUALITY

- City staff began implementation of the newly adopted Fourth Term NPDES permits issued by both the Santa Ana Regional Water Quality Control Board and the San Diego Regional Water Quality Control Board.
- The City participated in the 15th Annual Inner Coastal Watershed Cleanup Day on September 17, 2011. This was the eighth time the City has participated in this event where volunteers worked together and cleaned parts of the Aliso Hills Channel. The event was a great success as 46 volunteers collected 410 pounds of trash and 230 pounds of recyclable material.
- The City received a grant from the Orange County Transportation Authority to install “debris gates”, or trash screens, on 69 catch basins throughout the City. Implementation has begun on this project and is expected to be completed in the next year.

● VOLUNTEER CONNECTION DAY

The City held the annual Volunteer Connection Day and Arbor Day celebration on April 16, 2011. Some 49 volunteers performed trail and open space clean ups collecting over 1,410 pounds of debris and recyclables. The day included the planting of 15 trees along Alicia Parkway. As a part of this event, the City re-qualified for its designation as a Tree City USA by the national Arbor Day Foundation.

Police Services



● PUBLIC SAFETY

The Part I crime rate experienced a slight increase in the second and third quarters of this year when compared to last year. These increases occurred in the Larceny and Burglary categories and can largely be attributed to a significant increase in reported thefts at the Laguna Hills Mall due to an aggressive loss prevention campaign conducted by the major vendors located within the Mall. The City also experienced an increase in residential burglaries during the second quarter of the year. With respect to the increase in residential burglaries throughout the City, most were concentrated in the Nellie Gail Ranch neighborhoods. Our aggressive investigation efforts have resulted in the identification and arrest of the suspects.

Part II crimes are generally considered proactive, deputy initiated activities carried out while a deputy is on patrol and not responding to a call. Part II crimes, which include driving under the influence (DUI), narcotics, and vandalism incidents, have decreased approximately 7% on a year over year basis, with the biggest decreases in the narcotics violations

● **RESPONSE TIMES IMPROVE**

Response times continue to remain within the expected parameters for all four levels of priority calls. The average response time for the first three quarters of 2011 are 4:50 for Priority 1 calls, 7:29 for Priority 2 calls, 11:29 for Priority 3 calls, and 18:41 for Priority 4 calls. It remains the goal of Laguna Hills Police Services to respond to all Priority 1 calls within five minutes from the time of dispatch to arrival, twelve minutes for Priority 2 calls, and twenty minutes for Priority 3 calls.

● **SCHOOL RESOURCE OFFICER**

For the fourth year, Police Services allocated personnel to provide for a full-time School Resource Officer (SRO) to the schools of Laguna Hills. The objective of the School Resource Officer (SRO) program is to create a greater respect for law and order and an understanding of law enforcement by bringing together Police Services personnel, school personnel, and students in a favorable atmosphere. Additionally, the program strives for a reduction in juvenile crime and the promotion of responsible behavior. The presence of a deputy sheriff on campus reduces the opportunity to commit crimes on or near school property. The SRO continues to work towards developing new community education programs for students and parents alike.

● **NEIGHBORHOOD WATCH GROWS**

Our Neighborhood Watch Program continues to flourish this year with the addition of four new groups and over 100 new members. In addition, Police Services has participated in community events such as the Laguna Hills Little League Closing Day ceremonies, National Night Out, and National Take Back Day.

● **COMMUNITY EMERGENCY PREPAREDNESS ACADEMY**

Police Services once again conducted the Community Emergency Preparedness Academy (CEPA) where 35 residents completed eight weeks of disaster preparedness training. The training included information on fire safety, search and rescue, utility and water safety procedures, disaster/terrorism overview, and CPR, first aid and AED certification. The final class consisted of a mock disaster drill spanning five different scenarios allowing the participants to practice the disaster training skills learned over the course of the Academy.

2012

Outlook



As we head into 2012, we will continue to focus on objectives that manage costs; invest in job-creating infrastructure; make economic development a priority; and improve the quality of life in Laguna Hills.

● LA PAZ WIDENING AT INTERSTATE 5

This project will make substantial changes to both the eastbound and westbound lanes of La Paz Road and will add additional on-and-off-ramp lanes for the I-5 and a second westbound left turn lane from La Paz Road to southbound Cabot Road. The project will also involve a realignment of westbound La Paz Road to southbound I-5. Construction on this project began in April 2011 and is scheduled for completion in June 2012. As of November 2011, approximately 35% to 40% of the construction work on this project is complete. While this project will affect traffic, most of the work is being performed at night. The project will cost \$7.6 million and is being funded primarily through Federal, State, and Measure M funds.

● MOULTON-LA PAZ CENTER

While much of the work has been completed to prepare this parcel for sale, including filing a quiet title action, having the property reappraised, and conducting soil testing on the site, this next year we will focus on marketing the site and entering into negotiations for the sale of the property for redevelopment. This site will allow for 23,000-26,000 square feet of new retail development. The project will also involve renovation of the remaining open space areas along La Paz Road and west of Alameda.

● URBAN VILLAGE

Even though the recession has presented itself as an obstacle to redevelopment in the Urban Village area these past few years, it is expected that this will improve significantly over the next year as the economy continues its recovery. The Urban Village area remains a prime commercial location in South Orange County. We anticipate that the Simon Property Group (Laguna Hills Mall) will submit a development proposal. In addition, it is expected Fritz Duda Company (Oakbrook Village) will submit a development entitlement application in 2012 to begin the redevelopment of Oakbrook Village into a mixed-use center. We believe that major capital investments in the redevelopment of these two centers will serve as catalyst projects for the entire Urban Village area.

● REDEVELOPMENT OF CIRCUIT CITY SITE

The closure of the Circuit City in 2009 resulted in a great deal of interest in the site. Ultimately, in January 2010, Ashley Furniture purchased the property for \$11.4 million. The site is currently under development to add an additional 5,949 square feet of retail space that will serve as the new home to an Ashley Furniture, Total Wine and More and Chick-Fil-A. Construction on the main building that will house Ashley Furniture and Total Wine and More is anticipated to be completed in the Spring of 2012. The new Chick-Fil-A restaurant pad will likely be completed by Summer of 2012.

● AVENIDA DE LA CARLOTA

In order to accommodate the redevelopment of the former Circuit City site and in anticipation of the future mixed-use development plans for Oakbrook Village and the Laguna Hills Mall, construction began to widen Avenida de la Carlota from Paseo de Valencia to El Toro Road to allow for better traffic flow. The majority of the construction work for the Avenida de la Carlota Widening project will occur at night to minimize the impacts on traffic. Related to this project, the Chevron gas station on the corner of Avenida de la Carlota and El Toro Road has been demolished and a new service station and convenience store will be constructed. Construction on these projects will be completed in 2012.

● STOCKPORT PARK RENOVATIONS

The Stockport Park Playground Renovation, planned for 2012, will include the replacement of the existing playground equipment and the installation of rubberized playground surfacing, slope renovations, and other minor site amenities. Construction of the park is anticipated to commence in the Spring of 2012.

Conclusion



The pages of this report are filled with each Department's major achievements in 2011, and, as always, I am very pleased by everything that has been accomplished. Sadly, two of the key players on our management team are departing from us this month. Vern Jones, our Community Development Director for the past 10 years has retired and Steve Doan, our Chief of Police Services for the past 7 years has been promoted to Captain and will be moving to a new assignment in the Sheriff's Department. Both of their replacements should be on board by the end of the month. They will truly be missed.

As I stated in my introductory comments to this report, we continue to be challenged by the slow recovery from the Great Recession. Adding to this challenge is the continued efforts by the State of California to balance its budget shortfall on the backs of local government and taxpayers. Reductions in Motor Vehicle License Fee subventions and the addition of new limitations for the use of those funds only makes our ability to manage our own affairs more challenging. As many cities in California anxiously await the Supreme Court's ruling on the future of their Redevelopment Agencies, we are fortunate to not be in a position of dependence on tax increment financing to underwrite the new economic development activities that we are anticipating next year. Moreover, because past City Councils wisely chose not to follow the crowd with regard to the enhancement of employee pensions or the provision of unsustainable retiree medical benefits, we are not burdened by excessive unfunded future liabilities as are so many other public agencies. Nevertheless, the forthcoming November ballot is expected to be full of initiative measures that will potentially alter the way local government is funded and may further dictate how we must conduct our business.

Whatever changes the future may hold, I am confident that we will be able to successfully deal with the challenges ahead and maintain our strong financial condition, provided we remain committed to the prudent management practices and policies that have enabled us to be so successful over these past 20 years.

To that end, I believe that the on-going success of our organization is premised upon staying true to our mission, maintaining shared values and vision as well as being dedicated to principle-centered leadership. As I reflect on our many accomplishments in 2011, as well as our accomplishments over the last twenty years, I am mindful that this was all possible because of the City Council's effective leadership and support. I look forward to working with you on the challenges ahead.

Sincerely,

original signed

BRUCE E. CHANNING
City Manager

CITY OF LAGUNA HILLS

AGENDA REPORT CITY CLERK'S DEPARTMENT

ISSUE: CITY COUNCIL APPOINTED REPRESENTATIVES

SUMMARY:

As a regular practice during the December City Council meeting, the City Council reviews the list of Commissions, Boards, Committees, etc., to which it appoints individuals to represent the City during the forthcoming year.

This year staff is recommending a new process involving a series of separate actions related to voting be taken for appointment of the Director and Alternate Director to the (1) Transportation Corridor Agency; appointment of Board of Trustee Member to the (2) Orange County Vector Control District, and appointment of the Director and Alternate Director to the (3) Orange County Fire Authority. It is further recommended by staff that the City Council not entertain more than two nominations per Director and Alternate for each of the aforementioned appointments and that following nominations, each of the nominees not participate in the decision and recuse themselves from the dais prior to the vote.

Staff is also recommending a separate action for changes to other appointments on the list as may be necessary, and a final separate action to confirm the remaining list of appointments.

FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCIES

The City Clerk will call for separate nominations and votes for Director and then Alternate Director.

RECOMMENDATION: THAT THE CITY COUNCIL TAKE THE FOLLOWING ACTIONS: (1) APPOINT A DIRECTOR AND ALTERNATE DIRECTOR TO SERVE ON THE FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCIES; (2) APPOINT A BOARD OF TRUSTEE MEMBER TO SERVE A FOUR-YEAR TERM ON THE ORANGE COUNTY VECTOR CONTROL DISTRICT; (3) ADOPT A RESOLUTION ENTITLED: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DESIGNATING AND APPOINTING ITS REPRESENTATIVE AND ALTERNATE TO THE ORANGE COUNTY FIRE AUTHORITY'S BOARD OF DIRECTORS; (4) PROVIDE DIRECTION TO STAFF AS TO WHETHER ADDITIONAL CHANGES ARE NECESSARY FOR OTHER APPOINTMENTS ON THE LIST; AND (5) CONFIRM THE REMAINING LIST OF APPOINTMENTS.

ORANGE COUNTY VECTOR CONTROL DISTRICT

Mayor Pro Tempore Carruth has served as Board of Trustee Member for the past four-year term, which expires on December 31, 2011. It will be necessary to either re-appoint Mayor Pro Tempore Carruth or elect a successor for the next four-year term, expiring December 31, 2015. The City Clerk will call for nominations for the Board of Trustee Member and a vote will be conducted.

ORANGE COUNTY FIRE AUTHORITY

The City Clerk will call for a separate nomination and vote for Director and Alternate Director. Per the Orange County Fire Authority's Joint Powers Agreement, appointment of the Director and Alternate Director to the Fire Authority's Board of Directors are to be formalized by a Resolution, which approval will require a recorded majority vote of the total membership of the City Council. Attached for your consideration is the Resolution which will formalize the City Council's appointment to the Orange County Fire Authority's Board of Directors.

RECOMMENDATION: THAT THE CITY COUNCIL TAKE THE FOLLOWING ACTIONS: (1) APPOINT A DIRECTOR AND ALTERNATE DIRECTOR TO SERVE ON THE FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCIES; (2) APPOINT A BOARD OF TRUSTEE MEMBER TO SERVE A FOUR-YEAR TERM ON THE ORANGE COUNTY VECTOR CONTROL DISTRICT; (3) ADOPT A RESOLUTION ENTITLED: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DESIGNATING AND APPOINTING ITS REPRESENTATIVE AND ALTERNATE TO THE ORANGE COUNTY FIRE AUTHORITY'S BOARD OF DIRECTORS; (4) PROVIDE DIRECTION TO STAFF AS TO WHETHER ADDITIONAL CHANGES ARE NECESSARY FOR OTHER APPOINTMENTS ON THE LIST; AND (5) CONFIRM THE REMAINING LIST OF APPOINTMENTS.

ATTACHMENTS:

- List of City Representatives
- Letter dated October 31, 2011, from OC Vector Control District
- Resolution Designating and Appointing the City's Representative and Alternate to the Orange County Fire Authority's Board of Directors

CITY OF LAGUNA HILLS CITY REPRESENTATIVES

<u>NAME OF AGENCY/COMMITTEE</u>	<u>REPRESENTATIVES</u>	<u>DATE APPOINTED</u>
Association of California Cities - OC	Delegate: Mayor Alternate: Mayor Pro Tempore	01/14/1992 12/12/1995
Audit Committee	Channing Bressette Kogerman	03/14/1995 03/14/1995 12/14/2010
California State Association of Counties Excess Insurance Authority	Representative: White	06/27/2006
Civic Center Management Committee	Kogerman Songstad Channing White	12/14/2010 12/13/2005 12/13/2005 12/13/2005
Coastal Greenbelt Authority	Representative: Carruth	12/10/2002
Exclusive Risk Management Authority of California	Representative: White	12/09/2003
Growth Management Area 10	Delegate: Bressette Alternate: Songstad Staff: Channing	02/11/1992 12/10/1996
Housing Task Force	Staff: Channing	01/28/1992
Laguna Canyon Foundation	Representative: Carruth	12/10/2002
League of California Cities Voting Delegate to Annual Conference	Delegate: Current Mayor Alternate: Current Mayor Pro Tempore	12/10/2002 12/10/2002
Operational Area Council (Emergency)	Representative: Current Mayor Alternate: Current Mayor Pro Tempore	12/10/1996 12/14/1999

List of City Representatives

NAME OF AGENCY/COMMITTEE

REPRESENTATIVES

DATE APPOINTED

Orange County Council of Governments (OCCOG)

Delegate: Lautenschleger
Alternate: Kogerman

12/14/2010
12/14/2010

Orange County Emergency Management Organization (OCEMO)

Representative: Chief of Police Services
Alternate: Sergeant

12/08/1998
12/08/1998

Orange County Fire Authority

Director : Bressette
Alternate Director: Kogerman

12/14/2010
12/14/2010

OC Public Libraries
Library Advisory Board

Representative: Kogerman
Alternate: Lautenschleger

12/14/2010
02/11/1997

Orange County Vector Control District

Board of Trustee Member: Carruth

01/08/2008

South Orange County Watershed Management Area
Executive Committee

Member: Carruth
Alternate: Mayor

02/22/2011

Southern California Association of
Governments (SCAG)

Delegate: Lautenschleger
Alternate: Kogerman

12/14/2010
12/14/2010

Transportation Corridor Agency

Director: Lautenschleger
Alternate Director: Carruth

01/14/1992
12/14/2010

December 7, 2011

0410-30\CtyClerk\Agendas\Lst City Representatives.doc



Lowman
Peggy

13001 GARDEN GROVE BOULEVARD
GARDEN GROVE, CA 92843-2102
PHONE: (714) 971-2421 • (949) 654-2421

FAX: (714) 971-3940
E-MAIL: ocvcd@ocvcd.org
WEB SITE: www.ocvcd.org

October 31, 2011

BOARD OF TRUSTEES - 2011

PRESIDENT:

CHERYL BROTHERS

VICE-PRESIDENT:

JAMES GOMEZ

SECRETARY:

DOUG BAILEY

ALISO VIEJO

PHILLIP B. TSUNODA

ANAHEIM

LUCILLE KRING

BREA

ROY MOORE

BUENA PARK

JIM DOW

COSTA MESA

WENDY LEECE

CYPRESS

DOUG BAILEY

DANA POINT

STEVEN H. WEINBERG

FOUNTAIN VALLEY

CHERYL BROTHERS

FULLERTON

R. PAUL WEBB

GARDEN GROVE

MARK ROSEN

HUNTINGTON BEACH

JOE CARCHIO

IRVINE

DR. STEVEN CHOI

LA HABRA

JAMES GOMEZ

LAPALMA

LARRY A. HERMAN

LAGUNA BEACH

TONI ISEMAN

LAGUNA HILLS

MELODY CARRUTH

LAGUNA NIGUEL

ROBERT MING

LAGUNA WOODS

MILTON W. ROBBINS

LAKE FOREST

MARCIA RUDOLPH

LOS ALAMITOS

KEN C. PARKER

MISSION VIEJO

JOHN PAUL LEDESMA

NEWPORT BEACH

LESLIE DAIGLE

ORANGE

DENIS BILODEAU

PLACENTIA

CHAD P. WANKE

RANCHO SANTA MARGARITA

GEORGE P. GUTMAN

SAN CLEMENTE

JOE ANDERSON

SAN JUAN CAPISTRANO

LAURA FREESE

SANTA ANA

CECILIA AGUINAGA

SEAL BEACH

MICHAEL LEVITT

STANTON

AL ETHANS

TUSTIN

AL MURRAY

VILLA PARK

JAMES RHEINS

WESTMINSTER

FRANK FRY, JR.

YORBA LINDA

JIM WINDER

COUNTY OF ORANGE

JOHN M. W. MOORLACH, C.P.A.

DISTRICT MANAGER

MICHAEL G. HEARST

Laguna Hills City Council
City of Laguna Hills
24035 El Toro Road
Laguna Hills, CA 92653

RECEIVED

NOV 1 2011

CITY OF LAGUNA HILLS

Dear Mayor and Council Members:

The term of office of your representative, Ms. Melody Carruth, will expire on December 31, 2011. As you know, Ms. Carruth was first appointed in January 2008, and since her appointment she has attended 41 of the 46 meetings held for an 89 percent record of attendance.

The qualifications for your representative on the Board of Trustees are stated in Section 2022 of the California Health and Safety Code as follows:

"Section 2022. (b) Each person appointed by a city council to be a member of a board of trustees shall be a voter in that city and a resident of that portion of the city that is within the district."

Your representative is appointed to a two or four year term of office (Section 2024 of the Health and Safety Code) and cannot be replaced except for cause.

"Section 2024. (a) Except as provided in Section 2023, the term of office for a member of the board of trustees shall be for a term of two or four years, at the discretion of the appointing authority. Terms of office commence at noon on the first Monday in January."

It is the Board's request that you reappoint Ms. Carruth, or a successor to her, for the next term of office, either two or four years.

Sincerely,

Viki Blaylock

Executive Assistant/Clerk of the Board

vb

cc: Ms. Melody Carruth

"An Independent Special District Serving Orange County Since 1947"

The mission of the Orange County Vector Control District is to provide the citizens of Orange County with the highest level of protection from vectors and vector-borne diseases.

12/13/2011 ITEM NO. 7.2.1

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
LAGUNA HILLS, CALIFORNIA, DESIGNATING AND
APPOINTING ITS REPRESENTATIVE AND ALTERNATE TO
THE ORANGE COUNTY FIRE AUTHORITY'S BOARD OF
DIRECTORS

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

WHEREAS, City, as a "member" of the Orange County Fire Authority Joint Powers Authority (JPA) is entitled to appoint a representative director ("Director") and alternate to the Orange County Fire Authority's Board of Directors; and

WHEREAS, each member agency, by Resolution of its governing body, shall designate and appoint one representative to act as its Director on the Authority Board of Directors, except the County whose Board of Supervisors shall appoint two representatives to act as its Directors; and

WHEREAS, each Director shall be a current elected member of the governing body; and

WHEREAS, each Director shall hold office until the selection of a successor by the appointing body; and

WHEREAS, each member agency shall also appoint an alternate representative to act in each Director's absence; and

WHEREAS, each alternate shall be a current elected member of the member agency's governing body; and

WHEREAS, each Director and alternate is to serve at the pleasure of his or her appointing body and may be removed at any time, with or without cause, at the sole discretion of that appointing body; and

WHEREAS, any vacancy shall be filled in the same manner as the original appointment of a Director and/or alternate.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Designate and appoint Council Member _____ as Director to the Orange County Fire Authority.

SECTION 2. Designate and appoint Council Member _____ as alternate to the Orange County Fire Authority Board of Directors.

SECTION 3. That the City Clerk shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 13TH day of December 2011.

_____, 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. 2011- adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 13th day of December 2011, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

PEGGY J. JOHNS, CITY CLERK

CITY OF LAGUNA HILLS

AGENDA REPORT COUNCIL MEMBER KOGERMAN

**ISSUE: PROPOSED REVISION OF THE CONSTITUTION AND TIMING OF
MEETINGS OF PLANNING AGENCY/COMMISSION**

SUMMARY:

- ✓ **The Planning Agency was intended to be temporary, not permanent.**

When the City was incorporated on December 20, 1991, the following item was approved: Consent Calendar, Item 18: "Urgency Ordinance No. 9, establishing an Interim Planning Agency and appointing the City Council Members as the members thereof." "Interim" means "temporary, provisional, acting, short-term, pro tem, or intervening." Its antonym is "permanent." Yet this "interim" Planning Agency has been in place for the past 20 years.

- ✓ **An Independent Planning Commission is by far the most common planning decision-making body among Orange County cities.**

Of Orange County's 34 cities, only **Aliso Viejo, Cypress, Laguna Hills, Laguna Woods, La Palma and Villa Park** do not currently have a Planning Commission. Aliso Viejo suspended its Planning Commission in 2009 because of minimal planning needs in the foreseeable future and currently follows the Laguna Hills model of planning issues

RECOMMENDATION: THAT THE CITY COUNCIL DIRECT STAFF TO RETURN WITH PROPOSALS FOR: (1) ABOLISHING THE CURRENT "PLANNING AGENCY" WHOSE MEMBERS COMPRISE THE SITTING MEMBERS OF THE CITY COUNCIL; INSTEAD (2) ESTABLISHING IN ITS PLACE A "PLANNING COMMISSION" COMPRISING QUALIFIED RESIDENTS APPOINTED BY THE CITY COUNCIL AND OUTLINING VARIOUS OPTIONS FOR SELECTION OF PLANNING COMMISSIONERS, THEIR NUMBER, DUTIES, RESPONSIBILITIES, TERMS OF OFFICE AND SCOPE OF POWERS; (3) ESTABLISHING A MEETING TIME OF THE PROPOSED PLANNING COMMISSION SEPARATE FROM THE TIME OF CITY COUNCIL MEETINGS; AND (4) ESTIMATING THE ASSOCIATED COSTS IF ANY, OF ESTABLISHING AND MAINTAINING A PLANNING COMMISSION TO REPLACE THE EXISTING PLANNING AGENCY.

coming before the City Council acting as Planning Agency. The City of Laguna Woods has no commissions but does have a **Land Use and Design Review Committee**. Its duties appear to be similar to those of a typical Planning Commission; it makes recommendations to the City Council Planning Commission comprising City Council Members. The City of La Palma has a **Planning Committee** similar to that in Laguna Woods. It makes recommendations to the City Council, which acts as a Planning Commission.

The remaining 28 Orange County Cities, regardless of size, have independent Planning Commissions. **City Council members** in these cities, while retaining ultimate authority over planning issues when Commission decisions go through an appeals process, **are willing to share their authority** with qualified Planning Commissioners appointed by the City Council.

- ✓ **Foreseeable planning needs will require increased focus on planning issues beyond those the City has dealt with in the past.**

Laguna Hills is faced with aging commercial centers with increasing needs for refurbishing. Local “strip centers” have completed or begun efforts at modernization. Plans are already forming for major revisions to the Laguna Hills Mall, Oakbrook Village, and the Urban Village area. Centers at Cabot Road and at La Paz/Moulton have considerable needs for upgrading and modernization, among others.

It is no longer true that there is no need for an independent Planning Commission based on lack of future projects.

- ✓ **Now that Term Limits have been established in the City, a “succession plan” is needed to provide a proving ground and training process for future City Council members. In other cities, a Planning Commission often fulfills this role.**

Planning Commissioners typically become familiar with major issues affecting a city’s economic and aesthetic development. While the Parks and Recreation Commission and Traffic Commission also grapple with important matters, they are low-profile, strictly advisory, and deal with issues that are generally amenable to short-range solutions. Planning Commissions help create the future city and thereby become more prepared to serve in an elected capacity and provide continuity to city governance.

✓ **Holding Planning Commission meetings separate from City Council meetings is citizen-friendly.**

Residents who attend City Council Meetings usually attend to address specific issues that are non-planning related. City Council meetings are frequently bogged down in lengthy planning discussions of little interest to citizens who have attended to provide feedback on matters of greater interest to them. In the current Agenda structure, those matters are not addressed until after the Planning Agency meeting is adjourned. A separate time for Planning Commission meetings could increase attendance at City Council meetings and thereby increase both valuable citizen input to assist City Council members in their deliberations and improved citizen understanding of how and why City Council decisions are reached.

RECOMMENDATION: THAT THE CITY COUNCIL DIRECT STAFF TO RETURN WITH PROPOSALS FOR: (1) ABOLISHING THE CURRENT “PLANNING AGENCY” WHOSE MEMBERS COMPRISE THE SITTING MEMBERS OF THE CITY COUNCIL; INSTEAD (2) ESTABLISHING IN ITS PLACE A “PLANNING COMMISSION” COMPRISING QUALIFIED RESIDENTS APPOINTED BY THE CITY COUNCIL AND OUTLINING VARIOUS OPTIONS FOR SELECTION OF PLANNING COMMISSIONERS, THEIR NUMBER, DUTIES, RESPONSIBILITIES, TERMS OF OFFICE AND SCOPE OF POWERS; (3) ESTABLISHING A MEETING TIME OF THE PROPOSED PLANNING COMMISSION SEPARATE FROM THE TIME OF CITY COUNCIL MEETINGS; AND (4) ESTIMATING THE ASSOCIATED COSTS IF ANY, OF ESTABLISHING AND MAINTAINING A PLANNING COMMISSION TO REPLACE THE EXISTING PLANNING AGENCY.
