CITY OF LAGUNA HILLS
CITY COUNCIL/PLANNING AGENCY

REGULAR MEETING AGENDA
Tuesday, December 12, 2023 – 7:00 PM
(Closed Session at 6:00 PM when scheduled)

Janine Heft, Mayor

Dave Wheeler, Mayor Pro Tempore | **Don Caskey, Council Member**
Erica Pezold, Council Member | **Joshua Sweeney, Council Member**

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

In Person Public Comments: 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 and submit the form to the City Clerk. The Request to Speak form assists the Mayor in ensuring that all persons wishing to address the City Council are recognized and ensures accurate identification of meeting participants in the City Council/Planning Agency Minutes. Completion of the form is voluntary. It is City policy to limit public testimony to up to 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

Submission of Electronic Public Comments: Those wishing to make electronic public comments may submit their comments by email to the City Clerk at publiccomments@lagunahillsCA.gov, by 5:00 p.m. on Tuesday, December 12, 2023. In the subject line of the email, please state your name and the item number you are commenting on. Any public comment received that does not specify a particular agenda item number will be announced during the general public comment portion of the agenda. All comments received by 5:00 p.m. on the date of the meeting will be provided to the City Council and will be provided for public inspection at the meeting. During the applicable agenda item, the City Clerk will announce the name of the sender and subject matter of all electronic comments received by 5:00 p.m. on Tuesday, December 12, 2023. Email comments will NOT be read by the City Clerk during the meeting. Electronic public comments may only be submitted via email and comments via text and social media (Facebook, X (formerly Twitter), etc.) will not be accepted.

Please note: The City Council is making every effort to follow the spirit and intent of the Brown Act and other applicable laws regulating the conduct of public meetings in order to maximize transparency and public access. For questions or assistance, please contact the City Clerk's Office at (949) 707-2635 or via email at jlee@lagunahillsca.gov.

GENERAL BUSINESS - CONVENING AT 7:00 PM

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.

INVOCATION: Chaplain Jim Davis OCSD

PLEDGE OF ALLEGIANCE: Council Member Wheeler

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 AND RESOLUTION OF COMMENDATION, JANINE HEFT, MAYOR

Recognition of Outgoing Mayor and Resolution of Commendation, Janine Heft, Mayor

Recommendation: That the City Council adopt a resolution entitled: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, COMMENDING JANINE HEFT AS MAYOR" and that the City Council present the Resolution and a plaque to Janine Heft recognizing her service to the City.

REMARKS REGARDING MAYOR HEFT'S SERVICE TO THE CITY

REMARKS OF NEWLY ELECTED MAYOR

ELECTION OF MAYOR PRO TEMPORE

Recommendation: That they City Council nominate and elect a Mayor Pro Tempore.

RECESS AND RECONVENE

1. PRESENTATIONS AND PROCLAMATIONS

1.1 Laguna Hills High School Student Liaison Report

Recommendation: That the City Council receive a report from Laguna Hills High School 2023 Fall Student Liaison Forrest Frey.

2. SCHEDULE OF FUTURE EVENTS

2.1 Schedule of Future Events

Recommendation: That the City Clerk announce the upcoming meetings and events.

3. 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.

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 Waive Reading in Full of all Ordinances and Resolutions on the Agenda

Recommendation: That the City Council waive reading in full of all ordinances and resolutions on the agenda and declare that said titles which appear on the public agenda shall be determined to have been read by title and further reading waived.

4.2 Approval of Minutes for November 14, 2023, Special Meeting

Recommendation: That the City Council approve the City Council Minutes for the November 14, 2023, Special Meeting.

4.3 Approval of Minutes for November 14, 2023, Regular Meeting

Recommendation: That the City Council approve the City Council/Planning Agency Minutes for the November 14, 2023, Regular Meeting.

4.4 Ratification of December 12, 2023, Warrant Register

Recommendation: That the City Council ratify the accompanying Warrant Register for the period from November 3, 2023, to November 30, 2023, in the amount of $1,689,978.82.

4.5 Treasurer's Investment Report for October 2023

Recommendation: That the City Council receive and file the Treasurer's Investment Report for the month of October 2023.

4.6 Financial Statements for Fiscal Year Ending June 30, 2023

Recommendation: That the City Council receive and file the Annual Comprehensive Financial Report and other audit reports for fiscal year 2022/2023.

4.7 Affirmation of Appointments List for City Boards, Commissions, and Committees

Recommendation: That the City Council affirm the Local Appointments List and direct that it be posted on the City's web site, at City Hall and in the Laguna Hills Branch Technology Library in accordance with Government Code Section 54972, the Maddy Act.

4.8 2024 City Council Meeting Calendar

Recommendation: That the City Council adopt the proposed 2024 City Council Meeting Calendar.

4.9 Proposed Second Amendment to Civic Center Office Lease with Agatha Global Tech, LLC, a California Limited Liability Company, for 24031 El Toro Road, Suite 304, Laguna Hills, California

Recommendation: That the City Council: 1) Approve the second amendment to the lease agreement with Agatha Global Tech, LLC, a California limited liability company, for 24031 El Toro Road, Suite 304, Laguna Hills, California; 2) Approve the "Assignment and Assumption of Lease and Consent of Lessor;" 3) Authorize the City Manager to make minor modifications, as necessary, to the second amendment to the lease agreement and the "Assignment and Assumption of Lease and Consent of Lessor;" and 4) Authorize the City Manager to execute the second amendment to the lease agreement and the "Assignment and Assumption of Lease and Consent of Lessor."

4.10 Mandeville Neighborhood Permit Parking Program

Recommendation: That the City Council: 1) Find and determine that the proposed permit parking controls are not subject to the California Environmental Quality Act pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, Cal. Code of Regs, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly; and 2) Adopt a resolution entitled, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ESTABLISHING A RESIDENTIAL PERMIT PARKING AREA AND A NO PARKING ZONE DURING DAYS AND HOURS OF STREET SWEEPING ON CERTAIN STREETS IN THE MANDEVILLE RESIDENTIAL NEIGHBORHOOD."

4.11 Contract Change Order No. 5 for Community Center & Sports Complex Improvements, CIP No. 237

Recommendation: That the City Council: 1) Approve Contract Change Order No. 5 to Oppenheimer National for the Community Center & Sports Complex Improvements, CIP No. 237; and 2) Authorize the City Manager to execute additional Contract Change Orders, if required, up to a total of $10,872.50.

4.12 Approval of a Consulting Services Agreement with Abtech Technologies, Inc. for Information Technology Support Services.

Recommendation: That the City Council: 1) Waive competitive formal bidding requirements and procedures set forth in the City of Laguna Hills Municipal Code (LHMC) Section 3-08.090 with regard to approval of the proposed Consulting Services Agreement with Abtech Technologies, Inc., as it is hereby found and determined, pursuant to LHMC Section 3-08.110(K), that the recommended contract is for Information Technology services; 2) Approve the proposed Consulting Services Agreement with Abtech Technologies, Inc. for Information Technology support services for a three-year term in the total not to exceed contract amount of $415,125.00; and, 3) Authorize the City Manager to execute the proposed Consulting Services Agreement with Abtech Technologies, Inc.

ITEMS REMOVED FROM THE CONSENT CALENDAR

5. PLANNING AGENCY

6. CITY COUNCIL PUBLIC HEARINGS

7. ADMINISTRATIVE REPORTS

7.1. City Manager

7.2. City Attorney

7.2.1 Resolution Ratifying and Implementing Certain Changes to the Compensation of the City Manager

Recommendation: That the City Council:

1) Receive an oral report; and

2) Pursuant to the minute action taken by the City Council during open session at the November 14, 2023 City Council Regular Meeting, adopt a ratifying resolution entitled: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, RATIFYING AND IMPLEMENTING CERTAIN CHANGES TO THE COMPENSATION OF THE CITY MANAGER, AN UNREPRESENTED EMPLOYEE."

7.3. Deputy City Manager/Community Services Director

7.3.1 Authorization to Solicit Proposals for the Collection, Transportation, Processing and Diversion of Recyclable Materials and Other Materials and for the Collection, Transportation, and Disposal of Municipal Solid Waste.

Recommendation: That the City Council approve the Request for Proposals for Residential and Commercial solid waste and recycling services substantially in the form attached, and authorize staff to solicit proposals.

8. MATTERS AGENDIZED AND PRESENTED BY CITY COUNCIL MEMBERS

9. CITY COUNCIL MEMBER COMMITTEE REPORTS

9.1 Committee Assignment Reports

Recommendation: That the City Council receive reports from City Council Members on the City Council Committee Assignments listed in the staff report.

10. CITY COUNCIL MEMBER COMMENTS

ADJOURNMENT

The next Regular Meeting of the City Council/Planning Agency will be January 9, 2024, at 7:00 p.m., in the City Council Chamber, located at 24035 El Toro Road, Laguna Hills, California.

CERTIFICATION

I, JENNIFER LEE, 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 the Courtyard at La Paz Center by December 8, 2023, at 5:00 p.m.

___________________________	**December 8, 2023**
Jennifer Lee, City Clerk	***Date***

It is the intention of the City of Laguna Hills to comply with the Americans with Disabilities Act in all respects. If as an attendee or a participant at this meeting you will need special assistance beyond what is normally provided, the City of Laguna Hills will attempt to accommodate you in every reasonable manner. Please 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. In addition, such writings or documents will be made available for public review on the City's website at: https://www.lagunahillsca.gov/supplementalagenda and at the respective public meeting.

City Council Members receive no additional compensation or stipend as a result of simultaneously convening meetings of the Laguna Hills Planning Agency.

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: **December 12, 2023**

TO: **Mayor and Council Members**

FROM: **Jennifer Lee**
City Clerk

ISSUE: **Recognition of Outgoing Mayor and Resolution of Commendation, Janine Heft, Mayor**

RECOMMENDATION: That the City Council adopt a resolution entitled: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, COMMENDING JANINE HEFT AS MAYOR" and that the City Council present the Resolution and a plaque to Janine Heft recognizing her service to the City.

SUMMARY:

Mayor Janine Heft served her term as Mayor of the City of Laguna Hills from December 13, 2022, through December 12, 2023. It is now in order to recognize Mayor Heft for her service to the City as Mayor.

ATTACHMENTS:

- Proposed Resolution of Commendation

RESOLUTION NO. 2023-12-12-X

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, COMMENDING JANINE HEFT AS MAYOR

WHEREAS, Janine Heft, was elected to the City Council on November 8, 2016; took her Oath of Office on December 13, 2016; and served her second term as Mayor of the City of Laguna Hills from December 13, 2022, through December 12, 2023; and

WHEREAS, in addition to accepting the responsibilities of Mayor, serving on the City's Events, Communication, and Beautification Committee and 3/5 Memorial Ad Hoc Committee, and faithfully fulfilling her duties and responsibilities, Janine Heft has ably represented the City on various regional boards including serving as Vice Chair of the San Joaquin Hills Transportation Corridor Agency, 2023-2024 President of the Association of California Cities – Orange County's, and delegate to the League of California Cities General Assembly; and

WHEREAS, during the year that Janine Heft has presided as Mayor, the City Council adopted the City's Biennial Budget for the 2023/2024 & 2024/2025 fiscal years, allocating funding for two additional Orange County Sheriff's Department deputies and one additional Community Services Officer; launched "The Round-Up" electronic newsletter; adopted five Ordinances enacting regulations regarding parking, short term rentals, the sign code and informal bidding procedures; approved multiple master sign programs, welcoming new businesses to the City; and approved the redevelopment of Laguna Hills Plaza on Alicia Parkway; and

WHEREAS, the performance of her duties and responsibilities as Mayor have been characterized by excellent and constructive contributions to the lasting development of our City, and with detailed attention to financials and enhanced transparency, earning the respect and admiration of her colleagues.

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 Mayor Heft, for her service to the community as Laguna Hills Mayor for 2023.

PASSED, APPROVED, AND ADOPTED this 12th day of December 2023.

________________________________, MAYOR

ATTEST:

____

JENNIFER LEE, CITY CLERK

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

I, Jennifer Lee, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. 2023-12-12-X adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 12th day of December 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

JENNIFER LEE, CITY CLERK

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: December 12, 2023

TO: Mayor and Council Members

FROM: Jennifer Lee
City Clerk

ISSUE: Schedule of Future Events

RECOMMENDATION: That the City Clerk announce the upcoming meetings and events.

SUMMARY:

Parent's Night Out
Friday, December 15, 6:00-8:30pm, Laguna Hills Community Center and Sports Complex

Holiday Event Series-Holiday Dance Extravaganza
Saturday, December 16, 7:00-9:00pm, Laguna Hills Community Center and Sports Complex

Events, Communication, and Beautification Committee Regular Meeting
Monday, December 18, 11:00am, Civic Center Admin Conference Room

City Closure for the Christmas Holiday
Both City Hall and the Community Center will be closed Monday, December 25th and Monday, January 1st. In addition to the two Holiday closures, both facilities will observe Holiday closure and be closed from Tuesday, December 26th through Sunday, December 31st.

City Council/Planning Agency Regular Meetings
Tuesday, January 9, 7:00pm, Laguna Hills Civic Center Council Chamber
Tuesday, January 23, 7:00pm, Laguna Hills Civic Center Council Chamber

Traffic Commission Regular Meeting
Wednesday, January 17, 7:00pm, Laguna Hills Civic Center Council Chamber

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: December 12, 2023

TO: Mayor and Council Members

FROM: Jennifer Lee
City Clerk

ISSUE: Approval of Minutes for November 14, 2023, Special Meeting

RECOMMENDATION: That the City Council approve the City Council Minutes for the November 14, 2023, Special Meeting.

ATTACHMENTS:

- City Council Minutes for the November 14, 2023, Special Meeting

CITY OF LAGUNA HILLS
CITY COUNCIL

SPECIAL MEETING
MINUTES
Tuesday, November 14, 2023

CALL TO ORDER

The meeting was called to order at 5:03 p.m. by Mayor Heft.

ROLL CALL OF CITY COUNCIL MEMBERS

Attendee Name	Title	Status	Arrived
Janine Heft	Mayor	Present	
Dave Wheeler	Mayor Pro Tempore	Present	
Don Caskey	Council Member	Present	5:05 pm
Erica Pezold	Council Member	Present	
Joshua Sweeney	Council Member	Present	

ANNOUNCEMENT OF CLOSED SESSION ITEM(S)

A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Pursuant to Government Code Section 54957(b)(1)
Public Employee Title: City Manager - Annual Performance Review

B. CONFERENCE WITH LABOR NEGOTIATOR
Pursuant to Government Code Section 54957.6
Agency Negotiator: Janine Heft, Mayor
Unrepresented Employee: Jarad Hildenbrand, City Manager

PUBLIC COMMENT ON CLOSED SESSION ITEM(S)

There were no public comments on the closed session items.

ADJOURN TO CITY COUNCIL CONFERENCE ROOM OR COUNCIL CHAMBER

CONVENE INTO CLOSED SESSION

The City Council convened into closed session to consider the matter(s) listed above.

RECONVENE TO CITY COUNCIL CHAMBER

The City Council reconvened the City Council Meeting at 6:59 p.m. All Council Members were present in Chamber.

CLOSED SESSION REPORT

A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Pursuant to Government Code Section 54957(b)(1)
Public Employee Title: City Manager - Annual Performance Review

B. CONFERENCE WITH LABOR NEGOTIATOR
Pursuant to Government Code Section 54957.6
Agency Negotiator: Janine Heft, Mayor
Unrepresented Employee: Jarad Hildenbrand, City Manager

City Attorney Simonian stated that the City Council convened into closed session pursuant to the authorities listed on the Agenda with no reportable action taken.

ADJOURNMENT

There being no further business before the City Council at this session, Mayor Heft declared the meeting adjourned at 7:00 p.m.

____
Jennifer Lee, City Clerk

ATTEST:

____
, Mayor

Approved at meeting of December 12, 2023

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: December 12, 2023

TO: Mayor and Council Members

FROM: Jennifer Lee
City Clerk

ISSUE: Approval of Minutes for November 14, 2023, Regular Meeting

RECOMMENDATION: That the City Council approve the City Council/Planning Agency Minutes for the November 14, 2023, Regular Meeting.

ATTACHMENTS:

- City Council/Planning Agency Minutes for the November 14, 2023, Regular Meeting

CITY OF LAGUNA HILLS
CITY COUNCIL/PLANNING AGENCY

REGULAR MEETING
MINUTES
Tuesday, November 14, 2023

GENERAL BUSINESS - CONVENING AT 7:00 PM

CALL TO ORDER

The meeting was called to order at 7:00 p.m. by Mayor Heft.

INVOCATION: Chaplain Jim Davis of the Orange County Sheriff's Department

PLEDGE OF ALLEGIANCE: Council Member Sweeney

ROLL CALL OF CITY COUNCIL MEMBERS

Attendee Name	Title	Status	Arrived
Janine Heft	Mayor	Present	
Dave Wheeler	Mayor Pro Tempore	Present	
Don Caskey	Council Member	Present	
Erica Pezold	Council Member	Present	
Joshua Sweeney	Council Member	Present	

1. PRESENTATIONS AND PROCLAMATIONS

1.1 Valencia Elementary School Student Liaison Report

The City Council presented Certificates of Appointment and received a report from Valencia Elementary School Student Liaisons Arjun Nanda and Christopher Karsaz.

1.2 Laguna Hills High School Student Liaison Report

The City Council received an oral report from Laguna Hills High School 2023 Fall Student Liaison Evan Figueroa.

2. SCHEDULE OF FUTURE EVENTS

2.1 Schedule of Future Events

City Clerk Lee announce the upcoming meetings and events.

3. PUBLIC COMMENTS

There were no public comments on non-agendized items.

4. CONSENT CALENDAR

Motion to approve the Consent Calendar.

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Erica Pezold, Council Member
SECONDER:	Don Caskey, Council Member
AYES:	Janine Heft, Mayor; Dave Wheeler, Mayor Pro Tempore; Don Caskey, Council Member; Erica Pezold, Council Member; Joshua Sweeney, Council Member

4.1 Waive Reading in Full of all Ordinances and Resolutions on the Agenda

Recommendation: That the City Council waive reading in full of all ordinances and resolutions on the agenda and declare that said titles which appear on the public agenda shall be determined to have been read by title and further reading waived.

4.2 Approval of Minutes for October 24, 2023, Regular Meeting

Recommendation: That the City Council approve the City Council/Planning Agency Minutes for the October 24, 2023, Regular Meeting.

4.3 Ratification of November 14, 2023, Warrant Register

Recommendation: That the City Council ratify the accompanying Warrant Register for the period from October 13, 2023, to November 2, 2023, in the amount of $466,752.91.

4.4 Annual Review of Investment & Portfolio Policies and Delegation of Investment Authority to the City Treasurer

Recommendation: That the City Council adopt Resolution No. 23023-11-14-1: "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. 2022-12-13-7."

4.5 Measure M2 Expenditure Report to the Orange County Transportation Authority for the Fiscal Year Ended June 30, 2023

Recommendation: That the City Council: 1) Approve the M2 Expenditure Report for the fiscal year ended June 30, 2023, for submittal to the Orange County Transportation Authority; and 2) Adopt Resolution No. 2023-11-14-2: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, CONCERNING THE MEASURE M2 (M2) EXPENDITURE REPORT FOR THE CITY OF LAGUNA HILLS FOR THE FISCAL YEAR ENDED JUNE 30, 2023."

4.6 OCTA Regional Traffic Signal Synchronization Project: Paseo De Valencia - Moulton Parkway Confluence Bypass Corridor

Recommendation: That the City Council adopt Resolution No. 2023-11-14-3: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, APPROVING THE SUBMITTAL OF A GRANT APPLICATION TO THE ORANGE COUNTY TRANSPORTATION AUTHORITY FOR FUNDING UNDER THE COMPREHENSIVE TRANSPORTATION FUNDING PROGRAMS."

ITEMS REMOVED FROM THE CONSENT CALENDAR

There were no items removed from the Consent Calendar.

5. PLANNING AGENCY

There were no separate Planning Agency Business Items for this meeting.

6. CITY COUNCIL PUBLIC HEARINGS

There were no City Council Public Hearings.

7. ADMINISTRATIVE REPORTS

7.1. City Manager

The City Manager provide no administrative reports.

7.2. City Attorney

7.2.1 Consideration of Compensation for City Manager

City Attorney Simonian provided information on the item.

Recommendation: That the City Council take such action as it so determines, following the completion of the annual performance evaluation of the City Manager.

In recognition of exceptional job performance during the calendar year under review, a motion that: 1) Effective December 4, 2023, the City Manager's annual Base Salary shall be increased by 5.5%; 2) Effective December 12, 2023, the City Manager is awarded a 5.5 % performance bonus for calendar year 2023, as authorized per section 4 of the City Manager's Employment Contract; and 3) The City Attorney is hereby directed to prepare a resolution ratifying these minute actions for City Council approval at the regular meeting of the City Council on December 12, 2023 was moved by Mayor Heft, seconded by Mayor Pro Tempore Wheeler.

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Janine Heft, Mayor
SECONDER:	Dave Wheeler, Mayor Pro Tempore
AYES:	Janine Heft, Mayor; Dave Wheeler, Mayor Pro Tempore; Don Caskey, Council Member; Erica Pezold, Council Member; Joshua Sweeney, Council Member

7.3. Public Works Director/City Engineer

7.3.1 <u>Addition of Quimby Funds to CIP 241, General Park Improvements</u>

Public Works Director/City Engineer Ames reviewed the information provided in the staff report and responded to Council Member requests for additional information.

Council Member Caskey left the dais at 7:42 p.m.

City Manager Hildenbrand responded to Council Member requests for additional information.

Recommendation: That the City Council: 1) Authorize the Finance Director to amend the fiscal year 2023/2024 budget by appropriating $2,053,640.48 in Quimby Act Park In-Lieu funds toward Capital Improvement Project No. 241 (General Park Renovations); and 2) Approve the park prioritization list for improvements.

RESULT:	**APPROVED [4 TO 0]**
MOVER:	Erica Pezold, Council Member
SECONDER:	Dave Wheeler, Mayor Pro Tempore
AYES:	Janine Heft, Mayor; Dave Wheeler, Mayor Pro Tempore; Erica Pezold, Council Member; Joshua Sweeney, Council Member
AWAY:	Don Caskey, Council Member

Council Member Caskey returned to the dais at 7:45 p.m.

8. MATTERS AGENDIZED AND PRESENTED BY CITY COUNCIL MEMBERS

8.1 Proposed Monument Memorializing Lewis and Nellie Gail Moulton

Mayor Heft provided information on the item.

City Manager Hildenbrand responded to Council Member requests for additional information.

Recommendation: Mayor Heft recommends that the City Council discuss a permanent monument memorializing Lewis and Nellie Gail Moulton.

RESULT:	**TABLED [UNANIMOUS]**
MOVER:	Don Caskey, Council Member
SECONDER:	Erica Pezold, Council Member
AYES:	Janine Heft, Mayor; Dave Wheeler, Mayor Pro Tempore; Don Caskey, Council Member; Erica Pezold, Council Member; Joshua Sweeney, Council Member

9. CITY COUNCIL MEMBER COMMITTEE REPORTS

9.1 Committee Assignment Reports

The City Council received reports from City Council Members on the City Council Committee Assignments listed in the staff report.

10. CITY COUNCIL MEMBER COMMENTS

Mayor Pro Tempore Wheeler

Mayor Pro Tempore Wheeler expressed concerns of increased flight noise over the City and requested staff to research the current flight plans and regulations.

Council Member Caskey

Council Member Caskey complimented Mayor Heft on recent the State of the City event.

Council Member Caskey provided comments on the dynamic of the City Council and his dream of the Council getting back on course to be less about control, more about collaboration and real teamwork.

Council Member Pezold

Council Member Pezold expressed that it was nice to see the City having a State of the City event again.

Council Member Pezold provided research information on the negative habits of unexperienced leaders and the importance of strong leadership, focus on the constituents, and team collaboration.

Council Member Sweeney

Council Member Sweeney praised the recent State of the City event and the keynote speech made by Mayor Heft.

Mayor Pro Tempore Wheeler

Mayor Pro Tempore Wheeler commended Mayor Heft on the State of the City event and her keynote speech.

Mayor Heft

Mayor Heft gave kudos to the Chamber of Commerce and Communications Lab for their efforts to make the State of the City event a success and expressed her pride in representing the City and being able to talk about all the things the Council has accomplished.

ADJOURNMENT

There being no further business before the City Council at this session, Mayor Heft declared the meeting adjourned at 8:47 p.m.

Jennifer Lee, City Clerk

ATTEST:

, Mayor

Approved at meeting of December 12, 2023

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: December 12, 2023

TO: Mayor and Council Members

FROM: Eric Hendrickson
Finance Director

ISSUE: Ratification of December 12, 2023, Warrant Register

RECOMMENDATION: That the City Council ratify the accompanying Warrant Register for the period from November 3, 2023, to November 30, 2023, in the amount of $1,689,978.82.

SUMMARY:

The City issues accounts payable disbursements on a regular basis and presents it to City Council for ratification at its next regularly scheduled City Council Meeting. The attached Warrant Register containing checks and electronic funds transfers for the period from November 3, 2023, to November 30, 2023, is being presented for ratification by the City Council. Payments have been reviewed and approved by the appropriate departmental staff. The Finance Director certifies to the accuracy of the attached register and to the availability of monies for payment thereof.

ATTACHMENTS:

- Warrant Register - December 12, 2023
- Payables Detail Report - December 12, 2023

Warrant Register - December 12, 2023

City of Laguna Hills, CA

By Check Number

Date Range: 11/03/2023 - 11/30/2023

Check Number	Vendor Number	Vendor Name	Payment Date	Payment Amount
Payment Type: Regular				
2852	A-0138	ALL CITY MANAGEMENT, INC.	11/09/2023	7,274.40
2853	A-0371	AVENU MUNISERVICES, LLC	11/09/2023	2,940.00
2854	B-0304	BEE MAN, THE	11/09/2023	360.00
2855	B-0437	BRINKS, INCORPORATED	11/09/2023	195.33
2856	C-1144	CHARLES ABBOTT ASSOCIATES, INC	11/09/2023	33,926.28
2857	C-0324	CITY OF MISSION VIEJO	11/09/2023	71,176.00
2858	C-1191	COUNTY OF ORANGE	11/09/2023	5,345.75
2859	C-1190	COUNTY OF ORANGE	11/09/2023	1,116.00
2860	C-0023	COX COMMUNICATION	11/09/2023	437.63
2861	C-1122	CROSSTOWN ELECTRICAL AND DATA, INC.	11/09/2023	19,421.28
2862	D-0461	DATA TICKET, INC.	11/09/2023	556.08
2863	D-0578	DE NOVO PLANNING GROUP	11/09/2023	18,159.25
2864	D-0541	DIAMOND ENVIRONMENTAL SERVICES	11/09/2023	6,095.65
2865	Z-PS-0042	DRAGIC, STEFAN	11/09/2023	42.00
2866	E-0504	EL TORO WATER DISTRICT	11/09/2023	16,046.38
2867	G-0868	GLASER WEIL	11/09/2023	4,987.50
2868	G-0861	GOVERNMENT TAX SEMINARS, LLC	11/09/2023	550.00
2869	H-0805	HARRINGTON GEOTECHNICAL ENGINEERING, INC.	11/09/2023	518.00
2870	H-0894	HATTOX DESIGN GROUP, LLC	11/09/2023	650.00
2871	H-0960	HR GREEN PACIFIC, INC.	11/09/2023	10,500.00
2872	J-1057	JAMEY CLARK, INC.	11/09/2023	2,474.93
2873	L-1382	LOYA, RICKY	11/09/2023	180.00
2874	M-1388	MOBILE MINI, INC.	11/09/2023	526.48
2875	M-1302	MOULTON NIGUEL WATER DISTRICT	11/09/2023	19,944.19
2876	M-1606	MTM YEE CORP	11/09/2023	400.00
2877	N-1499	NEXTREQUEST	11/09/2023	8,388.00
2878	N-1474	NIEVES LANDSCAPE, INC.	11/09/2023	88,334.69
2879	N-1498	NOBEL SYSTEMS, INC.	11/09/2023	38,400.00
2880	N-1487	NUVIS LANDSCAPE ARCHITECTURE	11/09/2023	4,047.50
2881	C-1003	ORANGE COUNTY TREASURER-TAX COLLECTOR	11/09/2023	2,002.50
2882	P-1832	PRINTEX PRINTING AND GRAPHICS INC.	11/09/2023	200.42
2883	Q-1716	QUADIENT LEASING USA, INC.	11/09/2023	530.22
2884	R-1978	RESTORATION ARTECHS, INC.	11/09/2023	14,690.00
2885	R-1977	RJ ELECTRIC	11/09/2023	2,568.14
2886	S-1902	SAN DIEGO GAS AND ELECTRIC	11/09/2023	12,796.10
2887	S-1949	SMART AND FINAL	11/09/2023	146.97
2888	S-1904	SOUTHERN CALIFORNIA EDISON	11/09/2023	12,506.49
2889	S-1904	SOUTHERN CALIFORNIA EDISON	11/09/2023	5,658.86
2890	O-1575	SOUTHERN CALIFORNIA NEWS GROUP	11/09/2023	340.81
2891	S-2295	SOUTHERN COMPUTER WAREHOUSE	11/09/2023	12,627.28
2892	S-2250	SPARKLETTS	11/09/2023	333.24
2893	T-2713	TOLAR MANUFACTURING CO., INC.	11/09/2023	6,091.38
2894	T-2712	TOTAL SOURCE OFFICEWORKS	11/09/2023	105.20
2895	T-2698	TPX COMMUNICATIONS	11/09/2023	701.27
2896	U-2165	UNDERGROUND SERVICE ALERT OF SO CALIFORNIA	11/09/2023	134.12
2897	Z-CS-0399	VENERACION, SONIA	11/09/2023	500.00
2898	V-2224	VERIZON WIRELESS	11/09/2023	3,451.31
2899	W-2451	W.G. ZIMMERMAN ENGINEERING, INC.	11/09/2023	9,965.00
2900	W-2450	WEX BANK	11/09/2023	1,803.80
2901	W-2377	WILLDAN ENGINEERING	11/09/2023	392.00
2902	A-0349	A SOURCE OF PRIDE	11/16/2023	25.21
2903	A-0365	AT AND T - CALNET 3	11/16/2023	321.71
2904	B-0304	BEE MAN, THE	11/16/2023	481.50

Warrant Register - December 12, 2023 **Date Range: 11/03/2023 - 11/30/2023**

Check Number	Vendor Number	Vendor Name	Payment Date	Payment Amount
2905	Z-CD-0330	BRIAN'S POOL PLASTERING	11/16/2023	500.00
2906	B-0440	BUCKNAM INFRASTRUCTURE GROUP, INC.	11/16/2023	1,248.00
2907	C-1133	CALIFORNIA YELLOW CAB	11/16/2023	1,165.00
2908	C-1144	CHARLES ABBOTT ASSOCIATES, INC	11/16/2023	23,403.42
2909	C-1169	COMMUNICATIONS LAB	11/16/2023	9,750.00
2910	C-1122	CROSSTOWN ELECTRICAL AND DATA, INC.	11/16/2023	18,731.83
2911	Z-CD-0250	DREAMSCAPES BY M G R INC	11/16/2023	500.00
2912	E-0554	ECONOMICS, INC.	11/16/2023	11,861.64
2913	Z-PS-0043	GONZALES, EZEKIEL	11/16/2023	40.00
2914	H-0805	HARRINGTON GEOTECHNICAL ENGINEERING, INC.	11/16/2023	333.00
2915	I-0942	IRVINE RANCH WATER DISTRICT	11/16/2023	198.04
2916	J-1057	JAMEY CLARK, INC.	11/16/2023	1,376.00
2917	N-1474	NIEVES LANDSCAPE, INC.	11/16/2023	3,199.79
2918	O-1612	OPPENHEIMER NATIONAL	11/16/2023	108,115.70
2919	Z-CD-0434	RAFAEL, JOSE	11/16/2023	900.00
2920	Z-CD-0173	ROOFING STANDARDS, INC.	11/16/2023	57,600.00
2921		**Void**	11/16/2023	-
2922		**Void**	11/16/2023	-
2923		**Void**	11/16/2023	-
2924	S-1902	SAN DIEGO GAS AND ELECTRIC	11/16/2023	39,389.22
2925	Z-CD-0175	SIMCIK, JASON	11/16/2023	100.00
2926	S-1980	STATE DEPARTMENT OF JUSTICE ACCOUNTING OFFICE	11/16/2023	32.00
2927	Z-CD-0107	SUN COUNTRY POOLS	11/16/2023	500.00
2928	Z-CD-0077	SWAN POOLS OF SOUTHERN CALIFORNIA	11/16/2023	1,500.00
2929	T-2712	TOTAL SOURCE OFFICEWORKS	11/16/2023	964.72
2930	W-2337	WEST COAST ARBORISTS, INC.	11/16/2023	11,945.70
2931	A-0349	A SOURCE OF PRIDE	11/22/2023	36.61
2932	A-0365	AT AND T - CALNET 3	11/22/2023	28.95
2933	Z-CS-0446	BALLADARES, JENNIFER	11/22/2023	250.00
2934	C-0023	COX COMMUNICATION	11/22/2023	946.08
2935	C-0349	CPRS - SOUTH REGION	11/22/2023	165.00
2936	Z-CS-0447	JAS, SANDRA CALLE	11/22/2023	500.00
2937	M-1600	MERCY HOUSE LIVING CENTERS, INC.	11/22/2023	6,834.28
2938	M-1388	MOBILE MINI, INC.	11/22/2023	341.83
2939	N-1493	NEXUSTEK	11/22/2023	5,995.90
2940	S-1944	SOUTHERN CALIF MUN ATHLETIC FEDERATION	11/22/2023	172.50
2941	S-2250	SPARKLETTS	11/22/2023	234.31
			Total Regular:	**760,226.37**

Warrant Register - December 12, 2023 **Date Range: 11/03/2023 - 11/30/2023**

Check Number	Vendor Number	Vendor Name	Payment Date	Payment Amount
Payment Type: Bank Draft				
DFT0002620	B-0276	BANK OF AMERICA VISA CARD	11/09/2023	32,656.01
DFT0002621	H-0966	HIGH LEVEL SECURITY SOLUTIONS, INC.	11/07/2023	14,093.75
DFT0002622	C-1007	OCSD LAW ENFORCEMENT CONTRACT, OC TREASURER-TAX	11/09/2023	883,002.69
			Total Bank Draft:	**929,752.45**

Bank Code AP Bank Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	169	87	0.00	760,226.37
Manual Checks	0	0	0.00	0.00
Voided Checks	0	3	0.00	0.00
Bank Drafts	15	3	0.00	929,752.45
EFT's	0	0	0.00	0.00
	184	**93**	**0.00**	**1,689,978.82**

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	169	87	0.00	760,226.37
Manual Checks	0	0	0.00	0.00
Voided Checks	0	3	0.00	0.00
Bank Drafts	15	3	0.00	929,752.45
EFT's	0	0	0.00	0.00
	184	**93**	**0.00**	**1,689,978.82**

Fund Summary

Fund	Name	Period	Amount
998	POOL	11/2023	1,689,978.82
			1,689,978.82

Payables Detail Report

City of Laguna Hills, CA

By Fund

Payment Dates 11/03/2023 - 11/30/2023

Payment Date	Vendor Name	Payable Number	Description (Item)	Account Number	Amount
Fund: 100 - GENERAL FUND					
11/07/2023	HIGH LEVEL SECURITY SOLUTIONS, INC.	5668	Private Security Patrol, 10/9/23 - 11/5/23	100-420-720850	14,093.75
11/09/2023	SOUTHERN CALIFORNIA NEWS	0000575978	Legal Advertising, Oct '23	100-155-624001	340.81
11/09/2023	DIAMOND ENVIRONMENTAL	0004851867	Heritage Day, Sep '23	100-310-695531	1,904.25
11/09/2023	DIAMOND ENVIRONMENTAL	0004860467	Heritage Day, Sep '23	100-310-695531	3,735.00
11/09/2023	DIAMOND ENVIRONMENTAL	0004919398	Heritage Day, Sep '23	100-310-695531	456.40
11/09/2023	GOVERNMENT TAX SEMINARS, LLC	0023229	Employee Training, Gen Gov, Nov '23	100-155-611000	550.00
11/09/2023	WILLDAN ENGINEERING	00626615	Professional Services, VALH, Oct '23	100-000-229100	392.00
11/09/2023	COX COMMUNICATION	101923	Cable, City Hall, Oct '23	100-195-630000	(12.13)
11/09/2023	COX COMMUNICATION	101923	Cable, City Hall, Nov '23	100-195-630000	21.60
11/09/2023	COX COMMUNICATION	102023	WiFi, City Hall, Oct '23	100-195-630000	182.62
11/09/2023	MOULTON NIGUEL WATER DISTRICT	102623	Water Usage, Public Works, Oct '23	100-355-635000	19,858.60
11/09/2023	MOULTON NIGUEL WATER DISTRICT	102623a	Water Usage, Public Works, Oct '23	100-355-635000	85.59
11/09/2023	COX COMMUNICATION	102823	WiFi, Community Center, Nov '23	100-195-630000	245.54
11/09/2023	SOUTHERN CALIFORNIA EDISON	110123 - Acct #70016247	Street Lights, Traffic Control, Oct '23	100-355-631000	12.47
11/09/2023	SOUTHERN CALIFORNIA EDISON	110123 - Acct #70016247	Street Lights, Traffic Control, Sep '23	100-355-631000	0.29
11/09/2023	SOUTHERN CALIFORNIA EDISON	110123 - Acct #70016247	Street Lights, Traffic Control, Sep '23	100-356-631400	61.89
11/09/2023	SOUTHERN CALIFORNIA EDISON	110123 - Acct #70016247	Street Lights, Traffic Control, Oct '23	100-356-631400	1,256.38
11/09/2023	SOUTHERN CALIFORNIA EDISON	110123 - Acct #70016247	Street Lights, Traffic Control, Sep '23	100-356-631900	4,327.83
11/09/2023	SOUTHERN CALIFORNIA EDISON	110123 - Acct #70023450	Street Lights, Traffic Control, Oct '23	100-355-631000	(474.99)
11/09/2023	SOUTHERN CALIFORNIA EDISON	110123 - Acct #70023450	Street Lights, Traffic Control, Sep '23	100-355-631000	(307.07)
11/09/2023	SOUTHERN CALIFORNIA EDISON	110123 - Acct #70023450	Street Lights, Traffic Control, Sep '23	100-356-631400	963.76
11/09/2023	SOUTHERN CALIFORNIA EDISON	110123 - Acct #70023450	Street Lights, Traffic Control, Oct '23	100-356-631400	12,324.79
11/09/2023	SAN DIEGO GAS AND ELECTRIC	110223	Street Lights, Traffic Control, Oct '23	100-356-631400	12,796.10
11/09/2023	LOYA, RICKY	110823	Umpire Fees, Community Services, Jun '23	100-310-622502	90.00
11/09/2023	LOYA, RICKY	110823	Umpire Fees, Community Services, Feb '23	100-310-622502	90.00
11/09/2023	EL TORO WATER DISTRICT	110823	Water Usage, Public Works, Sep '23	100-355-635000	16,046.38
11/09/2023	BRINKS, INCORPORATED	12444980	Courier Fee, Armored Transport, Nov '23	100-155-625000	195.33
11/09/2023	BEE MAN, THE	126063	Bee Removal, Public Works, Oct '23	100-355-720701	180.00
11/09/2023	BEE MAN, THE	126064	Bee Removal, Public Works, Oct '23	100-355-720701	180.00
11/09/2023	TOLAR MANUFACTURING CO., INC.	14887	Other Public Works Maintenance, Oct '23	100-355-720401	6,091.38
11/09/2023	NOBEL SYSTEMS, INC.	15796	Computer Consulting Services, Oct	100-195-700090	38,400.00
11/09/2023	DATA TICKET, INC.	158003	Process Fee, Parking Citations, Oct	100-420-720823	556.08
11/09/2023	HR GREEN PACIFIC, INC.	168620	Public Works Permit Inspections, Oct '23	100-355-700255	10,500.00
11/09/2023	TPX COMMUNICATIONS	175319598-0	Communications Expense, Nov '23	100-195-630000	701.27
11/09/2023	MTM YEE CORP	1869	Advertising-Program Services, Nov	100-310-624500	400.00
11/09/2023	CITY OF MISSION VIEJO	21148	Animal Care Services, Oct-Dec '23	100-420-720401	71,176.00
11/09/2023	HARRINGTON GEOTECHNICAL ENGINEERING, INC.	22505	Professional Services, USE-0147-2023, Jun '23	100-000-223000	518.00
11/09/2023	HATTOX DESIGN GROUP, LLC	2310101	Civic Center Improvements, CIP #505	100-600-790600	650.00
11/09/2023	W.G. ZIMMERMAN ENGINEERING,	23-10-353	On-Call Engineer Services, Oct '23	100-355-700250	9,965.00
11/09/2023	PRINTEX PRINTING AND GRAPHICS INC.	25060	Holiday Events Banners, Oct '23	100-310-624500	200.42
11/09/2023	NUVIS LANDSCAPE ARCHITECTURE	26732	Professional Services, LEG-0011-2023, Aug '23	100-000-223000	1,155.00
11/09/2023	NUVIS LANDSCAPE ARCHITECTURE	26841	Professional Services, LEG-0010-2023, Sep '23	100-000-223000	135.00
11/09/2023	NUVIS LANDSCAPE ARCHITECTURE	26844	Landscape Design Standards Update, Sep '23	100-225-700227	2,757.50
11/09/2023	NEXTREQUEST	278875	FOIA Workflow Platform, FY 23/24	100-155-700030	8,388.00

Payables Detail Report **Payment Dates: 11/03/2023 - 11/30/2023**

Payment Date	Vendor Name	Payable Number	Description (Item)	Account Number	Amount
11/09/2023	GLASER WEIL	280636	Professional Services Legal, Oct '23	100-155-700011	4,987.50
11/09/2023	TOTAL SOURCE OFFICEWORKS	33758	Office Supplies, Oct '23	100-195-620000	67.93
11/09/2023	TOTAL SOURCE OFFICEWORKS	33772	Office Supplies, Nov '23	100-195-620000	37.27
11/09/2023	SMART AND FINAL	3831400010302	Staff Development & Team Building, Oct '23	100-155-611001	146.97
11/09/2023	DE NOVO PLANNING GROUP	4035	LH Housing, Rezone and ODS Program, Oct '23	100-225-700225	18,159.25
11/09/2023	SPARKLETTS	4228482 110323	Operating Supplies, Nov '23	100-195-622000	333.24
11/09/2023	CROSSTOWN ELECTRICAL AND DATA, INC.	4296-23-010	Traffic Signal Maintenance, Oct '23	100-356-720420	3,644.70
11/09/2023	CROSSTOWN ELECTRICAL AND DATA, INC.	4785 - 4819	Other Public Works Maintenance, Banners, Sep '23	100-355-720401	1,740.00
11/09/2023	CROSSTOWN ELECTRICAL AND DATA, INC.	4785 - 4819	Traffic Signal Maintenance, Sep '23	100-356-720420	14,036.58
11/09/2023	RJ ELECTRIC	62366	Parks Contract Repair, Oct '23	100-355-720701	1,925.00
11/09/2023	RJ ELECTRIC	62405	Parks Contract Repair, Nov '23	100-355-720701	643.14
11/09/2023	CHARLES ABBOTT ASSOCIATES, INC	66548	Professional Services, Oct '23	100-225-700000	33,926.28
11/09/2023	JAMEY CLARK, INC.	74491	Graffiti Removal, Public Works, Oct	100-355-720500	543.00
11/09/2023	JAMEY CLARK, INC.	74497	Graffiti Removal, Public Works, Oct	100-355-720500	270.00
11/09/2023	JAMEY CLARK, INC.	74503	Graffiti Removal, Public Works, Oct	100-355-720500	588.25
11/09/2023	JAMEY CLARK, INC.	74508	Park Repairs, Public Works, Nov '23	100-355-720701	488.68
11/09/2023	JAMEY CLARK, INC.	74513	Graffiti Removal, Public Works, Oct	100-355-720500	585.00
11/09/2023	NIEVES LANDSCAPE, INC.	75640	Monthly and Misc Landscape, Oct '23	100-355-720700	88,334.69
11/09/2023	ALL CITY MANAGEMENT, INC.	88779	Crossing Guard Services, 10/15/23 - 10/28/23	100-420-720822	7,274.40
11/09/2023	MOBILE MINI, INC.	9019229564	Storage Rental, Community Center, 10/25 - 11/21/23	100-310-641000	225.71
11/09/2023	MOBILE MINI, INC.	9019285142	Storage Rental, Community Center, 10/31 - 11/27/23	100-310-641000	82.97
11/09/2023	MOBILE MINI, INC.	9019298223	Storage Rental, Community Center, 11/1 - 11/28/23	100-310-641000	217.80
11/09/2023	WEX BANK	92712374 POLSVCS	Vehicle Fuel, Oct '23	100-420-613100	512.86
11/09/2023	WEX BANK	92712437 COMSVCS	Vehicle Fuel, Oct '23	100-310-613100	214.59
11/09/2023	WEX BANK	92712647 COMDEV	Vehicle Fuel, Oct '23	100-225-613100	514.71
11/09/2023	WEX BANK	92713000 PUBWKS	Vehicle Fuel, Oct '23	100-355-613100	553.64
11/09/2023	WEX BANK	92713000 PUBWKS	Vehicle Maintenance, Oct '23	100-355-646100	8.00
11/09/2023	VERIZON WIRELESS	9947759606	Communication Expense, Oct '23	100-195-630000	3,451.31
11/09/2023	BANK OF AMERICA VISA CARD	CITY CLERK 10.20.23	Stanley	100-155-611001	1,019.80
11/09/2023	BANK OF AMERICA VISA CARD	CITY CLERK 10.20.23	octax.org	100-155-612000	200.00
11/09/2023	BANK OF AMERICA VISA CARD	CITY CLERK 10.20.23	Kimpton Sawyer Hotel	100-155-612001	1,357.16
11/09/2023	BANK OF AMERICA VISA CARD	CITY CLERK 10.20.23	Villa Roma	100-195-622000	158.01
11/09/2023	BANK OF AMERICA VISA CARD	CITY MANAGER 10.20.23	Stanley	100-155-611001	1,019.80
11/09/2023	BANK OF AMERICA VISA CARD	CITY MANAGER 10.20.23	League of California Cities	100-155-612001	750.00
11/09/2023	BANK OF AMERICA VISA CARD	CITY MANAGER 10.20.23	Pizza 900	100-155-622000	46.35
11/09/2023	BANK OF AMERICA VISA CARD	CITY MANAGER 10.20.23	King's Fish House	100-155-622000	120.67
11/09/2023	BANK OF AMERICA VISA CARD	CITY MANAGER 10.20.23	BJ's Restaurant	100-155-622000	27.71
11/09/2023	BANK OF AMERICA VISA CARD	CITY MANAGER 10.20.23	Tuttle Click Ford Lincoln	100-155-646100	89.99
11/09/2023	BANK OF AMERICA VISA CARD	CITY MANAGER 10.20.23	NeoGov / GovernmentJobs	100-195-617000	199.00
11/09/2023	BANK OF AMERICA VISA CARD	CITY MANAGER 10.20.23	Southwest Airlines	100-155-612001	(25.00)
11/09/2023	BANK OF AMERICA VISA CARD	COMDEV 10.20.23	APA California	100-225-611000	20.00
11/09/2023	BANK OF AMERICA VISA CARD	COMDEV 10.20.23	Intelius	100-225-626000	4.99
11/09/2023	BANK OF AMERICA VISA CARD	COMDEV 10.20.23	Intelius	100-225-626000	24.86
11/09/2023	BANK OF AMERICA VISA CARD	COMDEV 10.20.23 - Cred	Prime Video	100-225-626000	(10.99)
11/09/2023	BANK OF AMERICA VISA CARD	COMDEV 10.20.23 - Cred	Audible.com	100-225-626000	(14.95)
11/09/2023	BANK OF AMERICA VISA CARD	COMDEV 10.20.23 - Cred	Audible.com	100-225-626000	(14.95)
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 0066 10.21.23	Vizual Symphony	100-195-700090	980.00
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 0066 10.21.23	Contest-App.co	100-195-940000	96.00
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 0066 10.21.23	Best Buy	100-195-940000	1,267.68
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 0066 10.21.23	AAA CA Membership Web	100-310-610000	56.00
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 0066 10.21.23	CA Park Rec Society	100-310-610000	145.00
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 0066 10.21.23	Exxon Circle K	100-310-613100	13.30

Attachment: Payables Detail Report - December 12, 2023 (3378 : Warrant Register, December 12, 2023)

Payables Detail Report **Payment Dates: 11/03/2023 - 11/30/2023**

Payment Date	Vendor Name	Payable Number	Description (Item)	Account Number	Amount
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 0066 10.21.23	Facebook	100-310-624500	32.00
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 0066 10.21.23	OC Register Subscription	100-310-626000	39.54
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 0066 10.21.23	Apple.com	100-310-695502	10.99
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 0066 10.21.23	2023BigBearOktoberfest	100-310-695505	97.62
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 0066 10.21.23	OC Parks-Parking	100-310-695505	3.00
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 0066 10.21.23	Diamond Environmental Services invoice #0004615617	100-310-695508	1,598.90
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 0066 10.21.23	Luxe Booth LLC	100-310-695510	124.75
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 0066 10.21.23	Diamond Environmental Services invoice #0004860271	100-310-695512	326.05
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 0066 10.21.23	Diamond Environmental Services invoice #0004860255	100-310-695512	326.05
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 0066 10.21.23	Hobby Lobby	100-310-695531	129.24
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 0066 10.21.23	COLH CS Offsite/Remote	100-310-695531	1.00
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 0066 10.21.23	Party City	100-310-695531	57.11
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 0066 10.21.23	Baker Party Rentals	100-310-695531	7,991.76
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 0066 10.21.23	Walmart	100-310-695531	118.36
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 0066 10.21.23	Epic Sports	100-310-910500	6,130.94
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 0066 10.21.23	City of Aliso Viejo	100-310-695507	(8.42)
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 0066 10.21.23	COLH CS Offsite/Remote	100-310-695531	(1.00)
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 3336 10.21.23	Verizon Wireless	100-195-630000	90.48
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 3336 10.21.23	Firehouse Subs	100-310-611000	151.06
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 3336 10.21.23	Hacienda on the Lake	100-310-611000	239.31
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 3336 10.21.23	Amazon Marketplace	100-310-620500	30.68
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 3336 10.21.23	Ralphs	100-310-622005	106.65
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 3336 10.21.23	Amazon Marketplace	100-310-695531	146.33
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 3336 10.21.23	Amazon Marketplace	100-310-695531	114.20
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 3336 10.21.23	Amazon Marketplace	100-310-695531	61.60
11/09/2023	BANK OF AMERICA VISA CARD	COMSVCS 3336 10.21.23	Amazon Marketplace	100-310-695531	46.92
11/09/2023	BANK OF AMERICA VISA CARD	FINANCE 10.20.23	CSMFO	100-155-612000	515.00
11/09/2023	VENERACION, SONIA	FRD-0337	Refund, Facility Deposit, R #1035224.002	100-000-222000	500.00
11/09/2023	SOUTHERN COMPUTER WAREHOUSE	INV00791619	Software Support, Oct '23	100-195-720050	12,627.28
11/09/2023	AVENU MUNISERVICES, LLC	INV06-017522	Professional Services, ACFR	100-155-700050	2,940.00
11/09/2023	ORANGE COUNTY TREASURER-TAX COLLECTOR	OCT 23	Parking Fee Surcharge, Oct '23	100-420-720823	2,002.50
11/09/2023	BANK OF AMERICA VISA CARD	POLSVCS 10.20.23	Amazon Prime	100-420-622000	16.15
11/09/2023	BANK OF AMERICA VISA CARD	POLSVCS 10.20.23	The Toll Roads of OC	100-420-646100	3.29
11/09/2023	BANK OF AMERICA VISA CARD	POLSVCS 10.20.23	Chevron	100-420-695000	27.57
11/09/2023	BANK OF AMERICA VISA CARD	POLSVCS 10.20.23	Raising Canes	100-420-695000	86.19
11/09/2023	BANK OF AMERICA VISA CARD	POLSVCS 10.20.23	Chick-fil-A	100-420-695000	367.86
11/09/2023	BANK OF AMERICA VISA CARD	POLSVCS 10.20.23	Sabrosada	100-420-695000	226.28
11/09/2023	BANK OF AMERICA VISA CARD	POLSVCS 10.20.23	In-N-Out Burger	100-420-695000	162.43
11/09/2023	BANK OF AMERICA VISA CARD	POLSVCS 10.20.23	Chick-fil-A	100-420-695000	157.80
11/09/2023	BANK OF AMERICA VISA CARD	POLSVCS 10.20.23	Costco	100-420-695000	151.66
11/09/2023	BANK OF AMERICA VISA CARD	POLSVCS 10.20.23	Bagel Shack	100-420-695000	144.65
11/09/2023	BANK OF AMERICA VISA CARD	POLSVCS 10.20.23	In-N-Out Burger	100-420-695000	110.98
11/09/2023	BANK OF AMERICA VISA CARD	POLSVCS 10.20.23	Smart & Final	100-420-695000	56.78
11/09/2023	BANK OF AMERICA VISA CARD	POLSVCS 10.20.23	Ralphs	100-420-695000	28.97
11/09/2023	BANK OF AMERICA VISA CARD	POLSVCS 10.20.23	Chevron	100-420-695000	24.68
11/09/2023	BANK OF AMERICA VISA CARD	POLSVCS 10.20.23	Stater Bros	100-420-695000	18.50
11/09/2023	DRAGIC, STEFAN	PSV-0048	Refund, Citation #LH010006620	100-000-460100	42.00
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 2789 10.20.23	ASCE Purchasing	100-355-610000	316.00
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 2789 10.20.23	Ansafone Communications	100-355-630000	194.25
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 2789 10.20.23 -	Amazon.com	100-355-622000	(15.13)
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 3409 10.20.23	California Landscape Contractors Association	100-355-611000	50.00
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 3409 10.20.23	BootBarn.com	100-355-622000	129.25
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 3409 10.20.23	Hanlon Auto Service Center	100-355-646100	77.44
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 3409 10.20.23	Moon Valley Nursery	100-355-720700	215.49
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 3409 10.20.23	Smartlink	100-355-720700	25.00

Payment Date	Vendor Name	Payable Number	Description (Item)	Account Number	Amount
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 3409 10.20.23	Smartlink	100-355-720700	25.00
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 3409 10.20.23	Smartlink	100-355-720700	25.00
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 3409 10.20.23	Smartlink	100-355-720700	25.00
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 3409 10.20.23	Smartlink	100-355-720700	25.00
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 3409 10.20.23	Smartlink	100-355-720700	25.00
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 3409 10.20.23	Smartlink	100-355-720700	25.00
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 3409 10.20.23	Smartlink	100-355-720700	25.00
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 3409 10.20.23	Smartlink	100-355-720700	25.00
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 3409 10.20.23	Smartlink	100-355-720700	25.00
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 3409 10.20.23	Smartlink	100-355-720700	25.00
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 3409 10.20.23	Smartlink	100-355-720700	25.00
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 3409 10.20.23	Smartlink	100-355-720700	25.00
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 3409 10.20.23	Smartlink	100-355-720700	25.00
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 3409 10.20.23	Smartlink	100-355-720700	25.00
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 3409 10.20.23	Smartlink	100-355-720700	25.00
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 3409 10.20.23	Smartlink	100-355-720700	25.00
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 3409 10.20.23	Smartlink	100-355-720700	25.00
11/09/2023	BANK OF AMERICA VISA CARD	PUBWKS 3409 10.20.23	Porter Powder Coating	100-355-910000	3,644.37
11/09/2023	QUADIENT LEASING USA, INC.	Q1042937	Lease - Mailing Equip, 8/28/23 - 11/27/23	100-195-641000	530.22
11/09/2023	RESTORATION ARTECHS, INC.	RA22397	Parks Contract Repair, Oct '23	100-355-720701	14,690.00
11/09/2023	OCSD LAW ENFORCEMENT CONTRACT, OC TREASURER-TAX	SH 66832	Law Enforcement Services, Nov '23	100-420-720800	883,002.69
11/09/2023	COUNTY OF ORANGE	SH 66859	Fingerprint ID System Charges, Nov	100-420-720835	1,116.00
11/09/2023	COUNTY OF ORANGE	STCS002351	Communications Charges, 10/1/23 - 12/31/23	100-420-646000	5,345.75
11/16/2023	AT AND T - CALNET 3	000020786116	Alarm, Com Ctr & City Hall Lines, Nov '23	100-195-630000	180.42
11/16/2023	AT AND T - CALNET 3	000020786116	Alarm, Com Ctr & City Hall Lines, Nov '23	100-310-630100	141.29
11/16/2023	IRVINE RANCH WATER DISTRICT	110323	Water Usage, Public Works, Nov '23	100-355-635000	198.04
11/16/2023	SAN DIEGO GAS AND ELECTRIC	111323	Street Lights, Traffic Control, Com Ctr, Sep-Oct	100-310-631100	12,515.71
11/16/2023	SAN DIEGO GAS AND ELECTRIC	111323	Street Lights, Traffic Control, Com Ctr, Sep-Oct	100-355-631000	8,487.15
11/16/2023	SAN DIEGO GAS AND ELECTRIC	111323	Street Lights, Traffic Control, Com Ctr, Sep-Oct	100-356-631400	15,022.33
11/16/2023	SAN DIEGO GAS AND ELECTRIC	111323	Street Lights, Traffic Control, Com Ctr, Sep-Oct	100-356-631900	3,364.03
11/16/2023	BEE MAN, THE	126271	Bee Removal, Public Works, Nov '23	100-355-720701	180.00
11/16/2023	BEE MAN, THE	126272	Bee Removal, Public Works, Nov '23	100-355-720701	301.50
11/16/2023	WEST COAST ARBORISTS, INC.	206986	Tree Trimming Services, Oct '23	100-355-720702	8,523.60
11/16/2023	WEST COAST ARBORISTS, INC.	206987	Tree Trimming Services, Oct '23	100-355-720702	3,422.10
11/16/2023	HARRINGTON GEOTECHNICAL ENGINEERING, INC.	22877	Professional Services, GRA-10-22-	100-000-220444	333.00
11/16/2023	COMMUNICATIONS LAB	2311-604	2023 State of the City Professional Support	100-155-700000	9,750.00
11/16/2023	TOTAL SOURCE OFFICEWORKS	33876	Computer Supplies, Nov '23	100-195-621000	210.22
11/16/2023	TOTAL SOURCE OFFICEWORKS	33877	Computer Supplies, Nov '23	100-195-621000	754.50
11/16/2023	BUCKNAM INFRASTRUCTURE GROUP, INC.	361-03.01	City Engineer Services, Oct '23	100-355-700250	1,248.00
11/16/2023	CROSSTOWN ELECTRICAL AND DATA, INC.	4820 - 4859	Traffic Signal Maintenance, Oct '23	100-356-720420	18,731.83
11/16/2023	CHARLES ABBOTT ASSOCIATES, INC	66544 - A (Bus Shelter)	Public Works Other, Oct '23	100-355-720401	600.00
11/16/2023	STATE DEPARTMENT OF JUSTICE ACCOUNTING OFFICE	693506	Pre-employment Fingerprinting, Oct '23	100-195-617000	32.00
11/16/2023	JAMEY CLARK, INC.	74527	Park Repairs, Public Works, Nov '23	100-355-720701	157.50
11/16/2023	JAMEY CLARK, INC.	74528	Graffiti Removal, Public Works, Nov	100-355-720500	633.50
11/16/2023	JAMEY CLARK, INC.	74529	Graffiti Removal, Public Works, Nov	100-355-720500	450.00
11/16/2023	JAMEY CLARK, INC.	74533	Park Repairs, Public Works, Nov '23	100-355-720701	135.00
11/16/2023	NIEVES LANDSCAPE, INC.	76013	Monthly and Misc Landscape, Oct '23	100-355-720700	2,382.52
11/16/2023	NIEVES LANDSCAPE, INC.	76014	Monthly and Misc Landscape, Oct '23	100-355-720700	123.90

Payables Detail Report **Payment Dates: 11/03/2023 - 11/30/2023**

Payment Date	Vendor Name	Payable Number	Description (Item)	Account Number	Amount
11/16/2023	NIEVES LANDSCAPE, INC.	76015	Monthly and Misc Landscape, Oct '23	100-355-720700	405.60
11/16/2023	NIEVES LANDSCAPE, INC.	76016	Monthly and Misc Landscape, Oct '23	100-355-720700	109.74
11/16/2023	NIEVES LANDSCAPE, INC.	76017	Monthly and Misc Landscape, Oct '23	100-355-720700	178.03
11/16/2023	A SOURCE OF PRIDE	9110744	Operating Supplies, Nov '23	100-195-622000	25.21
11/16/2023	SIMCIK, JASON	BLDR-0262-2023	Refund, C&D Deposit, REC-011079-2023	100-000-227001	100.00
11/16/2023	RAFAEL, JOSE	BLDR-0353-2023	Refund, C&D Deposit, REC-011385-2023	100-000-227001	900.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1060-2021	Refund, C&D Deposit, REC-006456-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1061-2021	Refund, C&D Deposit, REC-006457-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1062-2021	Refund, C&D Deposit, REC-006458-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1063-2021	Refund, C&D Deposit, REC-006459-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1064-2021	Refund, C&D Deposit, REC-006460-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1065-2021	Refund, C&D Deposit, REC-006461-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1067-2021	Refund, C&D Deposit, REC-006462-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1068-2021	Refund, C&D Deposit, REC-006463-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1069-2021	Refund, C&D Deposit, REC-006464-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1128-2022	Refund, C&D Deposit, REC-006846-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1129-2022	Refund, C&D Deposit, REC-006847-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1130-2022	Refund, C&D Deposit, REC-006848-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1131-2022	Refund, C&D Deposit, REC-006849-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1145-2022	Refund, C&D Deposit, REC-006948-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1146-2022	Refund, C&D Deposit, REC-006949-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1147-2022	Refund, C&D Deposit, REC-006950-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1148-2022	Refund, C&D Deposit, REC-006951-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1149-2022	Refund, C&D Deposit, REC-006952-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1150-2022	Refund, C&D Deposit, REC-006953-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1181-2022	Refund, C&D Deposit, REC-007236-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1182-2022	Refund, C&D Deposit, REC-007235-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1183-2022	Refund, C&D Deposit, REC-007234-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1204-2022	Refund, C&D Deposit, REC-007368-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1206-2022	Refund, C&D Deposit, REC-007370-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1207-2022	Refund, C&D Deposit, REC-007372-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1208-2022	Refund, C&D Deposit, REC-007373-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1209-2022	Refund, C&D Deposit, REC-007371-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1210-2022	Refund, C&D Deposit, REC-007374-2022	100-000-227001	1,200.00

Payment Date	Vendor Name	Payable Number	Description (Item)	Account Number	Amount
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1240-2022	Refund, C&D Deposit, REC-007637-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1241-2022	Refund, C&D Deposit, REC-007636-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1242-2022	Refund, C&D Deposit, REC-007638-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1247-2022	Refund, C&D Deposit, REC-007647-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1261-2022	Refund, C&D Deposit, REC-007772-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1262-2022	Refund, C&D Deposit, REC-007773-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1263-2022	Refund, C&D Deposit, REC-007774-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1299-2022	Refund, C&D Deposit, REC-007973-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1300-2022	Refund, C&D Deposit, REC-007976-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1301-2022	Refund, C&D Deposit, REC-007977-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1302-2022	Refund, C&D Deposit, REC-007978-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1324-2022	Refund, C&D Deposit, REC-008081-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1338-2022	Refund, C&D Deposit, REC-008172-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1346-2022	Refund, C&D Deposit, REC-008229-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1347-2022	Refund, C&D Deposit, REC-008230-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1348-2022	Refund, C&D Deposit, REC-008244-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1356-2022	Refund, C&D Deposit, REC-008312-2022	100-000-227001	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1358-2022	Refund, C&D Deposit, REC-008313-2022	100-000-227001	1,200.00
11/16/2023	GONZALES, EZEKIEL	LH010006219	Refund, Citation #LH010006219	100-000-460100	40.00
11/16/2023	OPPENHEIMER NATIONAL	PAYAPP #01	Comm Ctr & Sports Complex Improvements, CIP 237	100-000-201001	(5,690.30)
11/16/2023	OPPENHEIMER NATIONAL	PAYAPP #01	Comm Ctr & Sports Complex Improvements, CIP 237	100-600-790600	113,806.00
11/16/2023	SUN COUNTRY POOLS	POOLR-0005-2023	Refund, Pool Bond, REC-009841-	100-000-228001	500.00
11/16/2023	SWAN POOLS OF SOUTHERN CALIFORNIA	POOLR-0116-2022	Refund, Pool Bond, REC-007911-	100-000-228001	500.00
11/16/2023	SWAN POOLS OF SOUTHERN CALIFORNIA	POOLR-0117-2022	Refund, Pool Bond, REC-008100-	100-000-228001	500.00
11/16/2023	DREAMSCAPES BY M G R INC	POOLR-0128-2022	Refund, Pool Bond, REC-008957-	100-000-228001	500.00
11/16/2023	BRIAN'S POOL PLASTERING	POOLR-0130-2022	Refund, Pool Bond, REC-008895-	100-000-228001	500.00
11/16/2023	SWAN POOLS OF SOUTHERN CALIFORNIA	POOLR-0137-2022	Refund, Pool Bond, REC-009232-	100-000-228001	500.00
11/22/2023	AT AND T - CALNET 3	000020780544	Traffic Signal, Public Works, Oct '23	100-195-630000	28.95
11/22/2023	COX COMMUNICATION	110523	T-1 Line, Nov '23	100-195-630000	862.08
11/22/2023	COX COMMUNICATION	110723	Traffic Signal, Nov '23	100-195-630000	84.00
11/22/2023	CPRS - SOUTH REGION	110723	Annual Membership, FY 23/24	100-310-610000	165.00
11/22/2023	SOUTHERN CALIF MUN ATHLETIC FEDERATION	111423/LH	Program Class Insurance, Community Services	100-310-690500	172.50
11/22/2023	SPARKLETTS	12194330 110823	Operating Supplies, Comm Ctr, Nov	100-310-622005	234.31
11/22/2023	NEXUSTEK	307028	Prof Svcs, Software Support, NetApp FAS2750A	100-195-720050	5,995.90
11/22/2023	MERCY HOUSE LIVING CENTERS, INC.	5003-23-09	Contract Services - Homelessness, Sep '23	100-310-720302	6,834.28
11/22/2023	BALLADARES, JENNIFER	62748435	Refund, Facility Deposit, R	100-000-222000	250.00
11/22/2023	JAS, SANDRA CALLE	62777545	Refund, Facility Deposit, R	100-000-222000	500.00

Payment Date	Vendor Name	Payable Number	Description (Item)	Account Number	Amount
11/22/2023	MOBILE MINI, INC.	9019383581	Storage Rental, Community Center, 11/9 - 12/6/23	100-310-641000	341.83
11/22/2023	A SOURCE OF PRIDE	9110743	Operating Supplies, Nov '23	100-155-622000	36.61
				Fund 100 - GENERAL FUND Total:	**1,651,614.64**
Fund: 212 - MEASURE M					
11/09/2023	UNDERGROUND SERVICE ALERT OF SO CALIFORNIA	1020230382	Street Maintenance, Oct '23	212-355-720400	97.50
11/09/2023	UNDERGROUND SERVICE ALERT OF SO CALIFORNIA	23-241430	Street Maintenance, Oct '23	212-355-720400	36.62
11/16/2023	CHARLES ABBOTT ASSOCIATES, INC	66544	Road Maintenance, Oct '23	212-355-720400	22,803.42
				Fund 212 - MEASURE M Total:	**22,937.54**
Fund: 221 - SENIOR MOBILITY PROGRAM					
11/16/2023	CALIFORNIA YELLOW CAB	10406023	Senior Mobility Program, Oct '23	221-310-720000	1,165.00
				Fund 221 - SENIOR MOBILITY PROGRAM Total:	**1,165.00**
Fund: 306 - CR&R RECYCLING FEE					
11/16/2023	ECONOMICS, INC.	2023-4	Professional Services, Recycling Program, Oct '23	306-355-700000	11,861.64
				Fund 306 - CR&R RECYCLING FEE Total:	**11,861.64**
Fund: 307 - C & D FORFEITED DEPOSITS					
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1059-2021	Refund, C&D Deposit, REC-006455-2022	307-000-436000	1,200.00
11/16/2023	ROOFING STANDARDS, INC.	BLDR-1205-2022	Refund, C&D Deposit, REC-007369-2022	307-000-436000	1,200.00
				Fund 307 - C & D FORFEITED DEPOSITS Total:	**2,400.00**
Fund: 600 - CAPITAL IMPROVEMENT PROJECT					
11/09/2023	HATTOX DESIGN GROUP, LLC	2310101	Civic Center Improvements, CIP #505	600-000-490100	(650.00)
11/09/2023	HATTOX DESIGN GROUP, LLC	2310101	Civic Center Improvements, CIP #505	600-255-950505	650.00
11/16/2023	OPPENHEIMER NATIONAL	PAYAPP #01	Comm Ctr & Sports Complex Improvements, CIP 237	600-000-490100	(113,806.00)
11/16/2023	OPPENHEIMER NATIONAL	PAYAPP #01	Comm Ctr & Sports Complex Improvements, CIP 237	600-252-950237	113,806.00
				Fund 600 - CAPITAL IMPROVEMENT PROJECT Total:	**-**
				Grand Total:	**1,689,978.82**

Report Summary

Fund Summary

Fund		Expense Amount	Payment Amount
100 - GENERAL FUND		1,651,614.64	1,651,614.64
212 - MEASURE M		22,937.54	22,937.54
221 - SENIOR MOBILITY PROGRAM		1,165.00	1,165.00
306 - CR&R RECYCLING FEE		11,861.64	11,861.64
307 - C & D FORFEITED DEPOSITS		2,400.00	2,400.00
600 - CAPITAL IMPROVEMENT PROJECT		-	-
	Grand Total:	**1,689,978.82**	**1,689,978.82**

Account Summary

Account Number	Account Name	Expense Amount	Payment Amount
100-000-201001	Accounts Payable - Retention	(5,690.30)	(5,690.30)
100-000-220444	Encroachment Grading	333.00	333.00
100-000-222000	Refundable Deposits	1,250.00	1,250.00
100-000-223000	Plan Application Deposit	1,808.00	1,808.00
100-000-227001	Security Deposit - Waste	56,200.00	56,200.00
100-000-228001	Swimming Pool Bonds	3,000.00	3,000.00
100-000-229100	Trust Account - VALH Project -	392.00	392.00
100-000-460100	Parking Revenues	82.00	82.00
100-155-611000	Training and Education	550.00	550.00
100-155-611001	Staff Development & Team	2,186.57	2,186.57
100-155-612000	Travel, Conferences & Meetings	715.00	715.00
100-155-612001	Travel - League of CA Cities	2,082.16	2,082.16
100-155-622000	Operating Supplies	231.34	231.34
100-155-624001	Advertising - Legal	340.81	340.81
100-155-625000	Postage & Delivery	195.33	195.33
100-155-646100	Maint & Repairs - Vehicles	89.99	89.99
100-155-700000	Professional Services	9,750.00	9,750.00
100-155-700011	Legal Services-Litigation	4,987.50	4,987.50
100-155-700030	Professional Svcs- City Clerk	8,388.00	8,388.00
100-155-700050	Professional Services - Financial	2,940.00	2,940.00
100-195-617000	Recruitment	231.00	231.00
100-195-620000	Office Supplies	105.20	105.20
100-195-621000	Computer Supplies	964.72	964.72
100-195-622000	Operating Supplies	516.46	516.46
100-195-630000	Telephone & Communication	5,836.14	5,836.14
100-195-641000	Rent/Lease - Equipment	530.22	530.22
100-195-700090	Computer Consulting Services	39,380.00	39,380.00
100-195-720050	Contract Serv-Software Support	18,623.18	18,623.18
100-195-940000	Computer Hardware & Software	1,363.68	1,363.68
100-225-611000	Training and Education	20.00	20.00
100-225-613100	Vehicle-Fuel	514.71	514.71
100-225-626000	Subscriptions & Books	(11.04)	(11.04)
100-225-700000	Prof. Svcs - Building & Safety	33,926.28	33,926.28
100-225-700225	Housing Element	18,159.25	18,159.25
100-225-700227	Objective Design Standards	2,757.50	2,757.50
100-310-610000	Memberships and Dues Expense	366.00	366.00
100-310-611000	Training and Education	390.37	390.37
100-310-613100	Vehicle-Fuel	227.89	227.89
100-310-620500	Office Supplies - Comm Ctr	30.68	30.68
100-310-622005	Operating Supplies Comm Ctr	340.96	340.96
100-310-622502	Supplies-Adult Leagues	180.00	180.00
100-310-624500	Advertising-Program Services	632.42	632.42
100-310-626000	Subscriptions & Books	39.54	39.54
100-310-630100	Phone & Communication Comm	141.29	141.29
100-310-631100	Utilities - Electric Comm Ctr	12,515.71	12,515.71
100-310-641000	Rent/Lease - Equipment	868.31	868.31
100-310-690500	Insurance - Recreational Classes	172.50	172.50

Account Summary

Account Number	Account Name	Expense Amount	Payment Amount
100-310-695502	Special Needs Program	10.99	10.99
100-310-695505	Cultural Excursions	100.62	100.62
100-310-695507	Marathon 5k	(8.42)	(8.42)
100-310-695508	July Fourth Celebration	1,598.90	1,598.90
100-310-695510	Holiday Event Series	124.75	124.75
100-310-695512	Movies in the Park	652.10	652.10
100-310-695531	Heritage Day	14,761.17	14,761.17
100-310-720302	Contract Services - Homelessness	6,834.28	6,834.28
100-310-910500	Equip & Mach-CommCtr	6,130.94	6,130.94
100-355-610000	Memberships and Dues Expense	316.00	316.00
100-355-611000	Training and Education	50.00	50.00
100-355-613100	Vehicle-Fuel	553.64	553.64
100-355-622000	Operating Supplies	114.12	114.12
100-355-630000	Telephone & Communication	194.25	194.25
100-355-631000	Utilities - Electric	7,717.85	7,717.85
100-355-635000	Utilities - Water	36,188.61	36,188.61
100-355-646100	Maint & Repairs - Vehicles	85.44	85.44
100-355-700250	On-Call Engineer Services	11,213.00	11,213.00
100-355-700255	Improvement Inspection	10,500.00	10,500.00
100-355-720401	Other Public Works Maintenance	8,431.38	8,431.38
100-355-720500	Graffiti Removal	3,069.75	3,069.75
100-355-720700	Landscape Maintenance Contract	92,199.97	92,199.97
100-355-720701	Parks Contract Repair	18,880.82	18,880.82
100-355-720702	Tree Maintenance	11,945.70	11,945.70
100-355-910000	Equipment & Machinery	3,644.37	3,644.37
100-356-631400	MOE Electricity-Streetlights &	42,425.25	42,425.25
100-356-631900	MOE Electricity On-bill Financing	7,691.86	7,691.86
100-356-720420	MOE Traffic Signal Maintenance	36,413.11	36,413.11
100-420-613100	Vehicle-Fuel	512.86	512.86
100-420-622000	Operating Supplies	16.15	16.15
100-420-646000	Maint & Rep-Equip & Machinery	5,345.75	5,345.75
100-420-646100	Maint & Repairs - Vehicles	3.29	3.29
100-420-695000	CommunityAsstnc/PublicRelation	1,564.35	1,564.35
100-420-720401	Animal Care & Shelter Services	71,176.00	71,176.00
100-420-720800	General Law Enforcement	883,002.69	883,002.69
100-420-720822	Crossing Guard Services	7,274.40	7,274.40
100-420-720823	Parking Citation Processing	2,558.58	2,558.58
100-420-720835	Fingerprint Identification Svc	1,116.00	1,116.00
100-420-720850	Private Security Patrol	14,093.75	14,093.75
100-600-790600	Transfers Out to Capital	114,456.00	114,456.00
212-355-720400	Street Maintenance	22,937.54	22,937.54
221-310-720000	Contract Services	1,165.00	1,165.00
306-355-700000	Professional Services	11,861.64	11,861.64
307-000-436000	Recycling Revenues	2,400.00	2,400.00
600-000-490100	Transfers In from General Fund	(114,456.00)	(114,456.00)
600-252-950237	Parks Refurbishment Project	113,806.00	113,806.00
600-255-950505	CIP - Civic Center Improvements	650.00	650.00
	Grand Total:	**1,689,978.82**	**1,689,978.82**

Project Account Summary

Project Account Key		Expense Amount	Payment Amount
None		1,689,978.82	1,689,978.82
	Grand Total:	**1,689,978.82**	**1,689,978.82**

Attachment: Payables Detail Report - December 12, 2023 (3378 : Warrant Register, December 12, 2023)

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE:	**December 12, 2023**
TO:	**Mayor and Council Members**
FROM:	**Eric Hendrickson** **Finance Director**
ISSUE:	**Treasurer's Investment Report for October 2023**

RECOMMENDATION: That the City Council receive and file the Treasurer's Investment Report for the month of October 2023.

SUMMARY:

The Treasurer's Investment Report for the month of October 2023 is submitted herewith. The City's total portfolio as of October 31, 2023, was $27,216,617. The pooled cash portfolio managed by the City Treasurer consisted of cash on hand, demand deposits, State Local Agency Investment Fund (LAIF) and Investment Trust of California (CalTRUST) investments and totaled $25,576,539. Restricted cash and investments totaled $1,640,078, and is mainly comprised of reserve funds for the 2010 bond issuance.

Interest income for the month of October was $144,416. FY2023/2024 year-to-date pooled cash interest earnings of $419,160 are 89% of the annual budget of $467,910.

The average yield on the City's total portfolio for the month of October was 5.01%, compared to the prior month of 4.91%. The improvement in portfolio yield in October compared to September was the result of the rising interest rate environment, as dictated by the Federal Reserve, along with City staff maximizing available cash into the higher yielding CalTRUST option.

ATTACHMENTS:

- Treasurer's Report October 2023

City of Laguna Hills
Treasurer's Investment Report
October 2023

Pooled Cash & Investments	Market Value	Book Value	% of Portfolio	Maximum Policy Limit	Yield to Maturity for Month (Annualized)
BMO Checking Accounts	$ 213,095	$ 213,095	1%	n/a	0.75%
Petty Cash	1,500	1,500	0%	n/a	0.00%
Petty Cash Recreation	500	500	0%	n/a	0.00%
Fiscal Agent Cash - Essex Community Center Mgmt	160,029	160,029	1%	n/a	0.00%
Fiscal Agent Cash - DBI Flexible Spending Acct	15,156	15,156	0%	n/a	0.00%
State Local Agency Investment Fund (LAIF)	5,610,201	5,688,083	23%	75%	3.67%
Investment Trust of California (CalTRUST)	19,498,176	19,498,176	75%	75%	5.53%
	25,498,656	25,576,539	100%		5.04%
Restricted & Designated Cash & Investments					
BNY Mellon (2010 Bond - Lease Payment Fund)	1,065,747	1,065,747	n/a	n/a	4.98%
BNY Mellon (2010 Bond - Reserve Fund)	409,900	409,900	n/a	n/a	4.98%
Cash with Fiscal Agent - Essex Civic Center Mgmt	164,431	164,431	n/a	n/a	0.25%
	1,640,078	1,640,078			4.51%
Totals	$ 27,138,734	$ 27,216,617			5.01%

Pooled Cash & Investment - Interest Earnings

For the month of October 2023	$ 144,416
FY 2023-24 to Date	419,160
FY 2023-24 Budget	467,910

Certification:

I hereby certify that the above investment report includes all cash and investments of the City and is in conformance with all State laws and the City's investment policy approved by the City Council on December 13, 2022. At the time of the report, there is sufficient liquidity and anticipated revenues available to meet the City's budgeted expenditure requirements for the next six months.

Eric Hendrickson

Eric Hendrickson
Finance Director/Deputy City Treasurer

Pooled Cash Report

City of Laguna Hills, CA

For the Period Ending 10/31/2023

ACCOUNT #	ACCOUNT NAME	BEGINNING BALANCE	CURRENT ACTIVITY	CURRENT BALANCE
CLAIM ON CASH				
100-000-101100	Claim on Cash - General Fund	18,285,529.92	(660,019.41)	17,625,510.51
210-000-101210	Claim on Cash - Gas Tax	1,081,130.39	154,314.49	1,235,444.88
211-000-101211	Claim on Cash - SB1 RMRA	773,558.98	66,548.83	840,107.81
212-000-101212	Claim on Cash - Measure M	(177,181.24)	131,381.63	(45,799.61)
214-000-101214	Claim on Cash - AB 2766	138,213.83	-	138,213.83
221-000-101221	Claim on Cash - Senior Mobility Program	220,607.58	(1,463.00)	219,144.58
301-000-101301	Claim on Cash - CARITS	1,310,716.79	-	1,310,716.79
305-000-101305	Claim on Cash - Beverage Recycling	8,777.88	-	8,777.88
306-000-101306	Claim on Cash - CR&R Recycling Fee	235,563.78	(9,739.61)	225,824.17
307-000-101307	Claim on Cash - C&D Forfeited Deposits	63,180.37	(19,339.00)	43,841.37
311-000-101310	Claim on Cash - Quimby ACT Park Impact Fee	2,053,640.48	-	2,053,640.48
312-000-101312	Claim on Cash - SB1186 ADA Compliance	31,458.30	(1,351.50)	30,106.80
322-000-101322	Claim on Cash - Water Conservation	352,753.22	-	352,753.22
401-000-101401	Claim on Cash - Public Art Fund	197,333.88	-	197,333.88
411-000-101401	Claim on Cash - Public Art Fund	344,353.56	-	344,353.56
421-000-101421	Claim on Cash - Law Enforcement - State	2,100.25	126,133.86	128,234.11
451-000-101451	Claim on Cash - Liability Self-Insurance	210,029.87	(285.60)	209,744.27
452-000-101452	Claim on Cash - Parks Equipment Maintenance	365,700.00	-	365,700.00
454-000-101454	Claim on Cash - Sports Complex Equipment Maint	120,000.00	-	120,000.00
455-000-101455	Claim on Cash - Community Center Equipment Ma	120,000.00	-	120,000.00
456-000-101456	Claim on Cash - Storm Drain/Slope Repair Reserve	31,770.82	-	31,770.82
TOTAL CLAIM ON CASH		25,769,238.66	(213,819.31)	25,555,419.35

Reconciling items (outstanding checks and deposits in transit): 21,119.65

Pooled Cash & Investments Book Value: 25,576,539.00

GENERAL FUND RESERVES (as of most recent year end 6/30/2023 - currently being audited)

Fund Balance Type	
Assigned	847,881
Unassigned	20,803,684
Total	**21,651,566**

BMO Harris Bank N.A.
P.O. Box 755
Chicago, IL 606
Toll Free: 1-877-895-32

BMO BANK N.A.

ACCOUNT NUMBER: [redacted]

STATEMENT PERIOD
10/01/23 TO 10/31/23

CITY OF LAGUNA HILLS
GENERAL
24035 EL TORO RD
LAGUNA HILLS CA 92653-3103

ITEMS ENCLOSED 0

REGULAR CHECKING-PUBLIC FUNDS — ACCOUNT NUMBER [redacted]

ACCOUNT SUMMARY

YOUR PREVIOUS BALANCE WAS	249,147.32
YOUR TRANSACTIONS THIS PERIOD INCLUDED:	
104 DEPOSITS	3,290,961.34
42 WITHDRAWALS	3,327,013.85
YOUR ENDING BALANCE WAS	213,094.81
YTD INTEREST PAID IS	.00
YTD INTEREST WITHHELD IS	.00

TRANSACTIONS LISTED BY DATE POSTED

DATE POSTED	TRANSACTION DESCRIPTION	WITHDRAWALS OTHER DEBITS	DEPOSITS OTHER CREDITS
OCT 02	CHECK DEPOSIT PACKAGE		3.00
OCT 02	CHECK DEPOSIT PACKAGE		230.52
OCT 02	CCD City of Laguna H Settlement [redacted]		770.33
OCT 02	ZERO BALANCE TXFR FROM DDA ACCT [redacted]		1,690.00
OCT 02	CCD AMS INC MERCH DEP [redacted]		2,760.73
OCT 02	CCD City of Laguna H Settlement [redacted]		4,524.73
OCT 02	PPD APPORT ST OF CA APSAPPORTS [redacted] 1555		81,900.53
OCT 02	REMOTE DEPOSIT		87,851.30
OCT 02	ZERO BALANCE TXFR TO DDA ACCT [redacted]	258.60	
OCT 02	ZERO BALANCE TXFR TO DDA ACCT [redacted]	24,178.55	
OCT 03	CCD AMS INC MERCH DEP [redacted]		30.00
OCT 03	CCD AMS INC MERCH DEP [redacted]		110.00
OCT 03	ZERO BALANCE TXFR FROM DDA ACCT [redacted]		310.00
OCT 03	CCD City of Laguna H Settlement [redacted]		323.83
OCT 03	REMOTE DEPOSIT		2,564.66
OCT 03	CCD AMS INC MERCH DEP [redacted]		2,984.93
OCT 03	CCD AMS INC MERCH DEP [redacted]		4,951.81
OCT 03	ZERO BALANCE TXFR TO DDA ACCT [redacted]	112,430.46	
OCT 04	ZERO BALANCE TXFR FROM DDA ACCT [redacted]		325.00
OCT 04	CCD AMS INC MERCH DEP [redacted]		10,822.40
OCT 04	WIRE TRANSFER CREDIT [redacted]		900,000.00

CalTRUST
PO Box 2709
Granite Bay, CA 95746
www.caltrust.org
Email: admin@caltrust.org
Fax: 402-963-9094
Phone: 833-CALTRUST (225-8787)

Investment Account Summary

10/01/2023 through 10/31/2023

SUMMARY OF INVESTMENTS

Fund	Account Number	Total Shares Owned	Net Asset Value per Share on Oct 31 ($)	Value on Oct 31 ($)	Average Cost Amount ($)	Cumulative Change in Value ($)
CITY OF LAGUNA HILLS	[redacted]					
CalTRUST Liquidity Fund	[redacted]	19,498,175.600	1.00	19,498,175.60	19,498,175.60	0.00
	Portfolios Total value as of 10/31/2023			**19,498,175.60**		

DETAIL OF TRANSACTION ACTIVITY

Activity Description	Activity Date	Amount ($)	Amount in Shares	Balance in Shares	Price per Share ($)	Balance ($)	Average Cost Amt ($)	Realized Gain/(Loss) ($)
CalTRUST Liquidity Fund			**CITY OF LAGUNA HILLS**				**Account Number:** [redacted]	
Beginning Balance	10/01/2023			19,706,178.610	1.00	19,706,178.61		
Redemption	10/20/2023	300,000.00	300,000.000	19,406,178.610	1.00	19,406,178.61	300,000.00	0.00
Accrual Income Div Reinvestment	**10/31/2023**	**91,996.99**	**91,996.990**	**19,498,175.600**	**1.00**	**19,498,175.60**	**0.00**	**0.00**
Change in Value						0.00		
Closing Balance as of	**Oct 31**			**19,498,175.600**	**1.00**	**19,498,175.60**		

California State Treasurer
Fiona Ma, CPA

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209 0001
(916) 653-3001

November 14, 2023

LAIF Home
PMIA Average Monthly Yields

CITY OF LAGUNA HILLS

CITY MANAGER
24035 EL TORO ROAD
LAGUNA HILLS, CA 92653

Tran Type Definitions

Account Number: [redacted]

October 2023 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
10/4/2023	10/4/2023	RW	1739229	1699625	ERIC HENDRICKSON	900,000 00
10/13/2023	10/12/2023	QRD	1741506	N/A	SYSTEM	52,419.20
10/13/2023	10/12/2023	RW	1741807	1699918	ERIC HENDRICKSON	-200,000.00
10/27/2023	10/26/2023	RD	1742353	1702752	ERIC HENDRICKSON	1,000,000.00

Account Summary

Total Deposit:	1,052,419.20	Beginning Balance:	5,735,664.22
Total Withdrawal:	-1,100,000.00	Ending Balance:	5,688,083.42

BNY MELLON
The Bank of New York Mellon Trust Company, N.A.

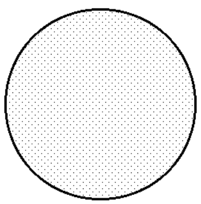
Account Statement

Statement Period 10/01/2023 Through 10/31/2023

Account [redacted] Base Currency = USD
LAGUNA HILLS 2010 LEASE PYMT FD

CLIENT SERVICE MANAGER: JOHN KIM
BNYM COPORATE TRUST, N.A
333 S. HOPE ST. STE 2525
LOS ANGELES, CA 90071
+12136306145
JOHN.KIM@BNYMELLON.COM

Account Overview



Percent of all Investments	Asset Classification	Market Value
100%	CASH AND SHORT TERM	1,065,747.19
100%	**TOTAL OF ALL INVESTMENTS**	**1,065,747.19**

Summary of Assets Held by Asset Classification

Asset Classification	Market Value	Cost	Accrued Income	Estimated Annual Income	Market Yield
CASH AND SHORT TERM	1,065,747.19	1,065,747.19	0.00	53,058.12	4.98 %
ACCOUNT TOTALS	**1,065,747.19**	**1,065,747.19**	**0.00**	**53,058.12**	**4.98 %**

Summary of Cash Transactions by Transaction Category

	Current Period			Year-to-Date	
Transaction Category	Income	Principal	Realized Gains/Losses	Income	Principal
OPENING BALANCE	**0.00**	**0.00**		**0.00**	**0.00**
DIVIDENDS	4,322.33	0.00	0.00	41,440.97	0.00
SALES AND REDEMPTIONS	0.00	0.00	0.00	0.00	382,481.26
OTHER CASH ADDITIONS	0.00	4,322.33	0.00	0.00	41,440.97
OTHER CASH DISBURSEMENTS	4,322.33-	0.00	0.00	41,440.97-	382,481.26-

BNY MELLON

The Bank of New York Mellon Trust Company, N.A.

Account Statement

Statement Period 10/01/2023 Through 10/31/2023

Account [redacted] Base Currency = USD
LAGUNA HILLS 2010 RESERVE FD

CLIENT SERVICE MANAGER: JOHN KIM
BNYM COPORATE TRUST, N.A
333 S. HOPE ST. STE 2525
LOS ANGELES, CA 90071
+12136306145
JOHN.KIM@BNYMELLON.COM

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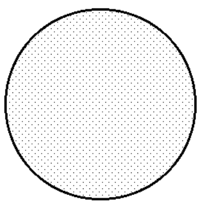
Account Overview



Percent of all Investments	Asset Classification	Market Value
100%	CASH AND SHORT TERM	409,899.58
100%	**TOTAL OF ALL INVESTMENTS**	**409,899.58**

Summary of Assets Held by Asset Classification

Asset Classification	Market Value	Cost	Accrued Income	Estimated Annual Income	Market Yield
CASH AND SHORT TERM	409,899.58	409,899.58	0.00	20,406.81	4.98 %
ACCOUNT TOTALS	**409,899.58**	**409,899.58**	**0.00**	**20,406.81**	**4.98 %**

Summary of Cash Transactions by Transaction Category

	Current Period			Year-to-Date	
Transaction Category	Income	Principal	Realized Gains/Losses	Income	Principal
OPENING BALANCE	**0.00**	**0.00**		**0.00**	**0.00**
DIVIDENDS	1,662.41	0.00	0.00	10,433.00	0.00
OTHER CASH ADDITIONS	0.00	1,662.41	0.00	0.00	408,559.80
OTHER CASH DISBURSEMENTS	1,662.41 -	0.00	0.00	10,433.00 -	0.00
PURCHASES	0.00	1,662.41 -	0.00	0.00	408,559.80 -

CALTRUST A PUBLIC AGENCY

Account number: [redacted]
Account name: CITY OF LAGUNA HILLS

Home > Funds > Yield and NAV History

Yield and NAV

Fund Name: CalTRUST Liquidity F...

Start Date - End Date: 10/31/2023 – 10/31/2023

Export (1)

Period Date	NAV	Income	Shares	Net Assets	Daily Yield	7 day AVG Yield
10/31/23	$1.00	$149,329.93	985,330,324.130	$985,345,986.30	5.53%	5.48%

Items per page: 10   1 – 1 of 1

PMIA/LAIF Performance Report
as of 11/08/23

Quarterly Performance
Quarter Ended 09/30/23

LAIF Apportionment Rate[2]:	3.59
LAIF Earnings Ratio[2]:	0.00009812538629360
LAIF Administrative Cost[1]*:	0.29
LAIF Fair Value Factor[1]:	0.986307739
PMIA Daily[1]:	3.48
PMIA Quarter to Date[1]:	3.42
PMIA Average Life[1]:	256

PMIA Average Monthly Effective Yields[1]

October	**3.670**
September	3.534
August	3.434
July	3.305**
June	3.167
May	2.993

Pooled Money Investment Account
Monthly Portfolio Composition [1]
09/30/23
$156.4 billion

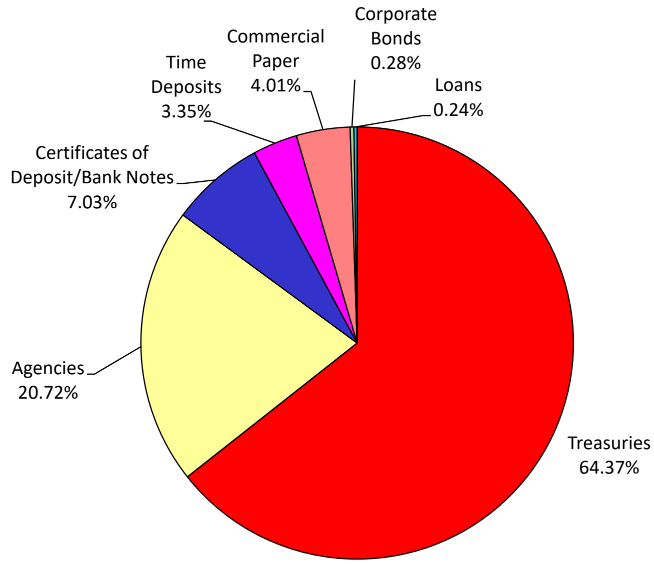


Chart does not include $2,444,000.00 in mortgages, which equates to 0.002%. Percentages may not total 100% due to rounding.

Daily rates are now available here. View PMIA Daily Rates

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1) and interest earned on the Wildfire Fund loan pursuant to Public Utility Code 3288 (a).

**The percentage of administrative cost equals the total administrative cost divided by the quarterly interest earnings. The law provides that administrative costs are not to exceed 5% of quarterly EARNINGS of the fund. However, if the 13-week Daily Treasury Bill Rate on the last day of the fiscal year is below 1%, then administrative costs shall not exceed 8% of quarterly EARNINGS of the fund for the subsequent fiscal year.*

*** Revised*

Source:
[1] State of California, Office of the Treasurer
[2] State of Calfiornia, Office of the Controller

Attachment: Treasurer's Report October 2023 (3368 : Treasurer's Report for October 2023)

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: December 12, 2023

TO: Mayor and Council Members

FROM: Eric Hendrickson
Finance Director

ISSUE: Financial Statements for Fiscal Year Ending June 30, 2023

RECOMMENDATION: That the City Council receive and file the Annual Comprehensive Financial Report and other audit reports for fiscal year 2022/2023.

SUMMARY:

The certified public accounting firm of Eide Bailly was engaged by the City to perform the audit of the City’s financial statements and render an opinion as to whether the City’s fiscal year 2022/2023 financial statements are presented fairly in all material respects. Attached to this report are the final audit reports issued by the auditors.

In the opinion of the auditors, the attached financial statements present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with generally accepted accounting principles.

The financial section, which is the focal point of the Annual Comprehensive Financial Report (ACFR), is comprised of the independent auditors’ report, management’s discussion and analysis, and the financial statements. Along with the ACFR, are the other audit reports, including the Gann Appropriations Limit AUP, Governance Letter, and Single Audit Report.

The City's General Fund ended the year on a positive note, with revenues exceeding expenditures by $7,871,198. This increase brought the General Fund balance total to $21,665,647 as of June 30, 2023. These results are attributable to better than expected property tax and sales tax receipts, City staff monitoring expenditures, community benefit fees collected from the Village at Laguna Hills project, and the influx of cash from the final payment of the American Rescue Plan money.

ATTACHMENTS:

- City of Laguna Hills 2023 Final ACFR
- City of Laguna Hills 2023 Final GANN Limit AUP Report
- City of Laguna Hills 2023 Final Governance Letter
- City of Laguna Hills 2023 Final Single Audit Report

CITY OF LAGUNA HILLS
California

Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023

City of Laguna Hills, California

Annual Comprehensive Financial Report

Year Ended June 30, 2023

City Manager
Jarad Hildenbrand

Finance Director
Eric Hendrickson

INTRODUCTORY SECTION

FINANCIAL SECTION

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Introductory Section

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December 1, 2023

Honorable Mayor, Council Members, and Residents of the City of Laguna Hills:

The Annual Comprehensive Financial Report (ACFR) of the City of Laguna Hills for the fiscal year ended June 30, 2023, 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 objective 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 Eide Bailly, 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 unmodified opinion on the City's financial statements and that the financial statements 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, 2023, is discussed in the Management's Discussion and Analysis (MD&A), which immediately follows the independent auditor's 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 30,525 residents and over 1,300 businesses.

The City 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, retaining the City Attorney and hiring the City Manager. The City Manager is the chief executive officer of the City and administers the daily operations and programs of the City through department heads, other staff members and contracted services.

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 Village at Laguna Hills, the Oakbrook Village Shopping Center, and the Saddleback Memorial Medical Center. In addition, the area north of the Village at Laguna Hills holds a complement of commercial, retail and office mixed-uses.

FACTORS AFFECTING FINANCIAL CONDITION

ECONOMIC CONDITIONS & OUTLOOK

Faced with the COVID-19 pandemic and its economic fallout several years ago, the City has remained resilient and adaptable to the ever-changing situation. Government-mandated shutdowns and stay-at-home orders in 2020 were followed by high unemployment, supply chain issues, and global uncertainty in all markets. Soon thereafter, government stimulus funds, like the CARES Act and American Rescue Plan, helped prop the economy up and allowed unemployment rates to drop. However, the large influx of cash into the financial system have caused massive spikes in inflation.

Orange County saw its unemployment rate rise from 2.8 percent in February 2020 to a high of 14.7 percent in May 2020, before dropping to 6.9 percent in June 2021. In Fiscal Year 2021-2022, the unemployment rate dropped even more, to 3.2 percent as of June 2022. It has slightly increased as of June 2023 to 3.7 percent.

Overall, the pandemic has dramatically upended nearly every aspect of life. The resilience of the Southern California region indicates, however, that just as after the Great Recession, the region has recovered. Unquestionably, the pandemic, inflation, and the associated economic impacts remain a fluid situation. Many economists are worried of an economic recession, given the challenges with inflationary prices, the tight labor market, an inverted yield curve on U.S. Treasury notes, and the likelihood that no further Federal stimulus funds are forthcoming. As a result, the Southern California region's economic situation remains uncertain.

To maintain its strong financial position into the future, the City must continue to promote overall fiscal health and sustainability by adhering to its conservative financial policies, focusing on organizational efficiency and performance, and fiscally prudent decision-making. This financially conservative stance has played a critical role in allowing the City to respond quickly to difficulties that were prevalent in the economy as a result of the coronavirus pandemic, as well as to the previous economic downturn during the years of the Great Recession.

LONG TERM FINANCIAL PLANNING

The City utilizes a customized 8-Year Resource Allocation plan that is specifically designed to project the City's operating and reserve policy ratios over an eight-year forecast horizon. The City's policy is to strive to maintain an operating ratio of 1.1 to 1.0, and an Unassigned General Fund Balance Ratio of 35% as compared to General Fund operating expenditures. Both of these benchmarks were achieved as of June 30, 2023. The operating ratio for FY 2022-23 came in at 1.20 and the Unassigned Fund Balance ratio was 91%.

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.

CASH MANAGEMENT

The City invests its temporary idle cash in investments authorized under the City's prevailing Investment Resolution and Policies, which are reviewed and approved annually. These policies are significantly more restrictive than State law, limiting investments to a maturity of one year or less. The City's investments at the close of the most recent fiscal year ended June 30, 2023, consisted of fully insured or collateralized certificates of deposit with qualified banks, money market mutual funds, and investment pools with the State Treasurer's Local Agency Investment Fund (LAIF) and Investment Trust of California (CALTrust).

CAPITAL ASSETS

Generally, only assets which cost $20,000 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.

MAJOR INITIATIVES

The following section provides a sampling of some of the various initiatives and highlights occurring throughout the 2022-2023 fiscal year:

THE VILLAGE AT LAGUNA HILLS (FORMERLY FIVE LAGUNAS)

In March of 2016, the City approved a plan for the renovation of the Laguna Hills Mall which included approximately 860,000 square feet of new and renovated commercial retail space, movie theaters, restaurants, and 988 residential units. The approved plan was known as Five Lagunas. In 2018, the property owner of Five Lagunas, Merlone-Geier Partners (MGP), informed City staff that they could not move forward with the approved 2016 plan. On November 4, 2019, MGP submitted a new application to redevelop the site. The new project, named “The Village at Laguna Hills”, was presented to the City Council by MGP at the November 12, 2019, City Council meeting.

On March 8, 2022, the City Council and Planning Agency approved “The Village at Laguna Hills” project. This project consists of demolition of the remaining mall property and buildings, along with development and construction of new retail buildings, residential buildings, a hotel, parking structures, and other infrastructure. As of June 30, 2023, the project is still under demolition. Plans for installing utility functions and infrastructure are the next significant phase. It is estimated to take many years before this major project is complete.

SB 1383 ORGANIC WASTE REDUCTION IMPLEMENTATION WORK EFFORT

The California Department of Resources Recycling and Recovery (“CalRecycle”) finalized regulations for the implementation of Senate Bill (“SB”) 1383 in November 2020. SB 1383 requires local governments to reduce organic waste being sent to landfills. City staff began a concerted work effort in early 2021 to implement the requirements of SB 1383 and CalRecycle. Some of these efforts include:

- Negotiate a new contract with the City’s Franchise Waste Hauler, CR&R.
- Implement new and/or revised trash and recycling service fees.
- Establish an enforcement ordinance and policies to meet the requirements of SB 1383.
- Community outreach and education on the requirements of SB 1383.

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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the thirty first 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 Annual Comprehensive Financial Report (ACFR), whose contents conform to program standards, and must satisfy both generally accepted accounting principles and applicable legal requirements.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the General Government Department. The contributions are invaluable and clearly reflect the high standards the City has set for itself.

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

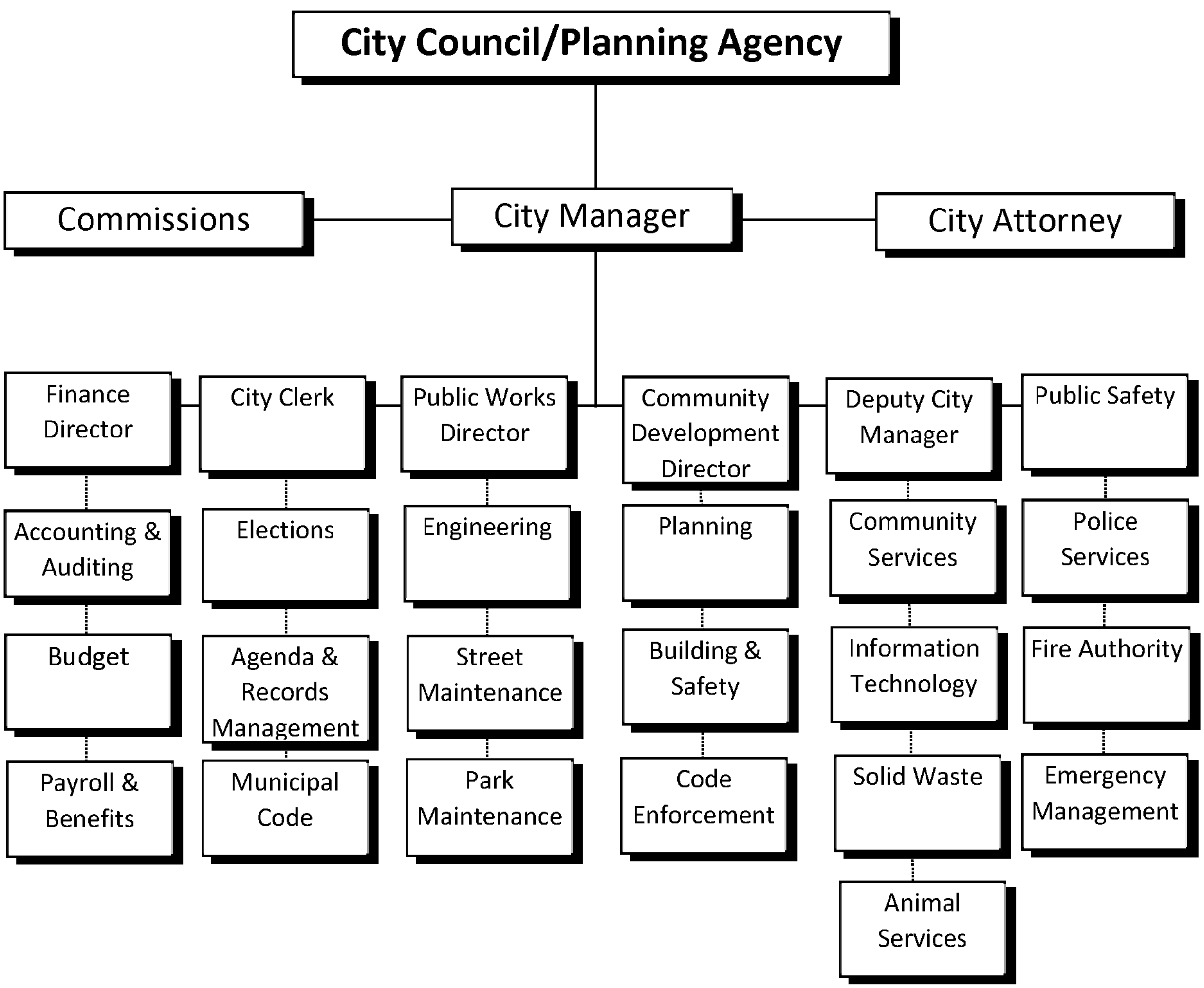
Respectfully submitted,

Jarad Hildenbrand
City Manager

Eric Hendrickson
Finance Director

City of Laguna Hills

Organizational Chart



City Officials

Mayor and City Council

Janine Heft
Mayor

Dave Wheeler
Mayor Pro Tem

Erica Pezold
Council Member

Don Caskey
Council Member

Joshua Sweeney
Council Member

City Executive Staff

Jarad L. Hildenbrand
City Manager

David Reynolds
Deputy City Manager

Jennifer Lee
City Clerk

Capt. William Burk
Chief of Police Services

Larry Longenecker
Community Development Director

Eric Hendrickson
Finance Director

Gregory E. Simonian
City Attorney

Joseph Ames
Public Works Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Laguna Hills
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

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Financial Section

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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 ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of contributions - defined benefit pension plans, and the schedule of revenues, expenditures and changes in fund balance - budget and actual - general fund and major special revenue funds, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor funds financial statements, and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor funds financial statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023, 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 solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Eide Bailly LLP

Laguna Hills, California
December 1, 2023

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Management's Discussion and Analysis

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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, 2023. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter on page i and the basic financial statements in the appropriate section.

Financial Highlights

Government-Wide

- The net position of the City of Laguna Hills at the close of the most recent fiscal year was $108,108,516. Of this amount, $18,078,640 is not restricted to a specific use or purpose.
- The net change in the City's net position resulting from the most recent fiscal year's operation was an increase of $9,842,181, or 10.0%. The net position of governmental activities was $102,902,921 as of June 30, 2023, for an increase of $10,404,969, while Business-type activities decreased the City's net position by $562,788, for a total net position of $5,205,595.
- Total revenues from all sources were $37,584,151. Of this amount, $14,274,070, or 38.0%, was from program revenues and $23,310,081, or 62.0%, was from general revenues.
- The total cost of all City programs and projects was $27,741,970. Approximately 36.4%, or $10,106,055, of this amount is attributable to public safety; 27.7%, or $7,674,208, is attributable to public works; and, 16.5%, or $4,577,936, to general government.
- The net pension liability reported as of June 30, 2023, for the City's proportionate share of the net pension liability of all pension plans, was $5,599,726. Deferred inflows of resources related to pension plans was $593,668; and deferred outflows of resources related to pension plans was $3,018,357.

Fund Based

- As of the close of the current fiscal year, the governmental funds reported combined ending fund balances of $29,868,312.
- Total nonspendable fund balances, amounts that are either not in spendable form or are legally or contractually required to be maintained, were $105,889.
- Total spendable fund balances were $29,762,423. Of this amount, approximately 2.9% ($847,881 in total assigned) is constrained by the City's intent to be used for a specific purpose and 27.6% ($8,202,665 in total restricted) is constrained in their use by external restrictions, such as by creditors, debt covenants, grantors, contributors, or by laws and regulations. This leaves a residual of $20,711,877 in unassigned fund balance for the City's General Fund.
- Total governmental fund balances increased by $12,012,296.
- At the end of the most recent fiscal year, the total fund balance for the General Fund was $21,665,647, an increase of $7,871,198 over prior year.
- General Fund reported revenues exceeding expenditures by $4,645,698.

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' financial position, in a manner similar to a private-sector business, using the economic resources measurement focus and the full accrual basis of accounting. The following reports comprise the government-wide financial statements:

a) *Statement of Net Position*. This report presents information on all the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The difference between the assets and deferred outflows, on one hand, and liabilities and deferred inflows of resources, on the other hand, constitutes the *net position*. Over time, increases or decreases in net position 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.

b) *Statement of Activities*. The information presented in this report shows how the City's net position changed during the most recent fiscal year. All changes in net position 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, program revenues, 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 works, community development, community services and public safety. Property taxes, sales and use 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 18 to 20 of this report.

(2) Fund financial statements. These statements show how 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, of which, the City has two types:

a) *Governmental funds*. The City maintains 22 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, ARPA Special Revenue Fund, and Capital Projects Fund, all 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 non-major 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 the *business-type activity* in the government-wide financial statements. The City uses the proprietary fund to account for its Civic Center leasing activity.

The fund financial 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 be readily 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 fund financial statements can be found on pages 21 to 27 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 28 to 60 of this report.

(4) Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* including budgetary comparisons for the General Fund and ARPA Special Revenue Fund, a schedule of proportionate share of the net pension liability, and a schedule of employer plan contributions. Additionally, the combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

Government –Wide Financial Analysis

The City's combined net position at the close of the most recent fiscal year ended June 30, 2023, was $108,108,516, as shown on Table 1 below. The City is able to report positive balances in all three categories of net position 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.

Table 1
Condensed Statement of Net Position
(in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	2022	2023	2022	2023	2022	2023
Current and other assets	$ 21,218	$ 32,821	$ 1,615	$ 1,445	$ 22,833	$ 34,266
Capital assets	79,469	77,651	5,556	4,988	85,025	82,639
Total assets	100,687	110,472	7,171	6,433	107,858	116,905
Total deferred outflows	1,224	3,064	-	-	1,224	3,064
Long-term liabilities	3,654	6,395	-	-	3,654	6,395
Other liabilities	2,845	2,967	94	76	2,939	3,043
Total liabilities	6,499	9,362	94	76	6,593	9,438
Total deferred inflows	2,914	1,271	1,309	1,152	4,223	2,423
Net position:						
Net investment in capital assets	79,982	76,839	5,556	4,988	85,538	81,827
Restricted	4,227	8,203	-	-	4,227	8,203
Unrestricted	8,289	17,861	212	217	8,501	18,078
Total net position	$ 92,498	$ 102,903	$ 5,768	$ 5,205	$ 98,266	$ 108,108

By far the largest portion of the City's net position (roughly $81.8 million, or 75.7% of total net position) reflects its net investment in capital assets, which is made up of: (1) capital assets (land, building, machinery, and equipment) less accumulated depreciation, any related debt used to acquire those assets that are still outstanding, and the unamortized bond premium, (2) outstanding deferred loss on refunding, and (3) the cash with fiscal agent held in reserve to secure the timely payment of principal and interest on the capital asset related debt. 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 and corresponding items, 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 $857,396 in debt outstanding (including the unamortized debt premium) related to the acquisition and construction of these capital assets.

Another portion of the City's net position, $8,202,665 (7.6% of the total net position), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net position is unrestricted net position of $18,078,640 (16.7% of the total net position), which may be used to meet the City's ongoing obligations to its citizens and creditors.

The City's combined total assets at the close of the fiscal year was $116,905,349. Of this amount, $110,472,103, or 94.5%, represents assets from governmental activities and $6,433,246, or 5.5%, represents assets from business-type activities. By far the largest component of the City's combined total assets is in the form of capital assets at $82,639,012, or 70.7%. The remaining $34,266,337 of combined total assets is largely in the form of cash and investment of $27,636,027 and restricted cash and investments of $1,467,163.

At the end of the fiscal year, the City's combined total liabilities was $9,437,795, which was largely in the form of long-term liabilities of the City's government activities at $7,073,522, or 75.0%. Long-term liabilities were mainly comprised of the City's net pension liability of $5,599,726, or 79.2%, and $857,396, or 12.1%, in debt pertaining to Certificates of Participation for the 2010 Refinancing Project.

Deferred inflows and outflows reported in the Statement of Net Position represent an acquisition (revenue) or consumption (expense) of net position that applies to a future period and hence will not be recognized as an inflow or outflow of resources until that time. The reported deferred inflows of $2,422,990 and deferred outflows of $3,063,952 pertain to the City's pension liability and leases. More information on the City's pension plan can be found in Note 8, beginning on page 50 of this report.

The details of the changes in the City's Net Position are shown in Table 2 on the following page.

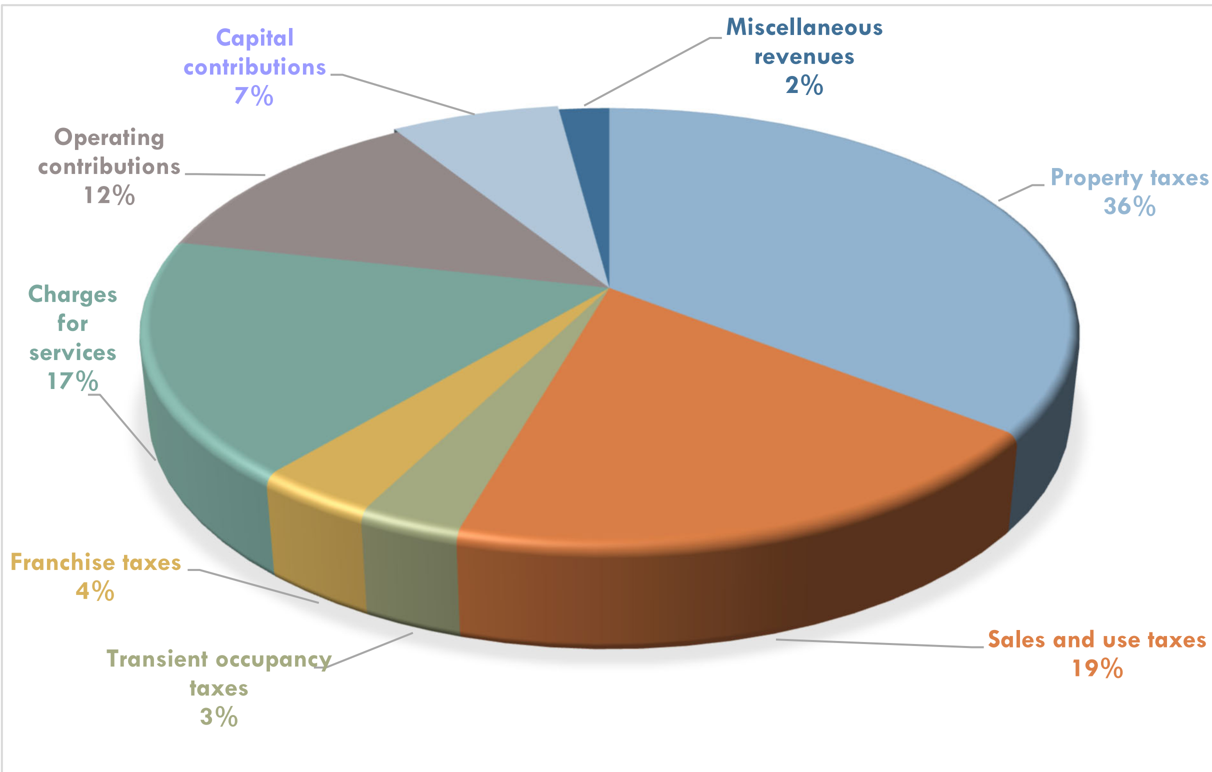
Table 2
Statement of Changes in Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2022	2023	2022	2023	2022	2023
Revenues:						
Program Revenues:						
Charges for services	$ 2,501	$ 6,410	$ 706	$ 755	$ 3,207	$ 7,165
Operating contributions	6,294	4,602	-	-	6,294	4,602
Capital contributions	239	2,507	-	-	239	2,507
General Revenues:						
Property taxes	12,341	13,069	-	-	12,341	13,069
Sales and use taxes	6,941	6,930	-	-	6,941	6,930
Franchise taxes	1,252	1,327	-	-	1,252	1,327
Transient occupancy taxes	1,021	1,123	-	-	1,021	1,123
Motor vehicle in lieu taxes	36	32	-	-	36	32
State subvention	-	81	-	-	-	81
Interest earnings	(117)	637	-	-	(117)	637
Miscellaneous revenues	133	111	-	-	133	111
Total revenues	30,641	36,829	706	755	31,347	37,584
Expenses:						
General government	3,319	4,578	-	-	3,319	4,578
Public works	6,849	7,674	-	-	6,849	7,674
Community development	1,763	1,406	-	-	1,763	1,406
Community services	4,028	2,573	-	-	4,028	2,573
Public safety	9,006	10,106	-	-	9,006	10,106
Property leasing	-	-	1,397	1,418	1,397	1,418
Interest	40	(13)	-	-	40	(13)
Total expenses	25,005	26,324	1,397	1,418	26,402	27,742
Change in net position before transfers	5,636	10,505	(691)	(663)	4,945	9,842
Transfers	-	(100)	-	100	-	-
Change in net position	5,636	10,405	(691)	(563)	4,945	9,842
Net position, beginning	86,862	92,498	6,459	5,768	93,322	98,266
Net position, ending	$ 92,498	$ 102,903	$ 5,768	$ 5,205	$ 98,266	$ 108,108

During the fiscal year, the total revenue from all sources was $37,584,151 and the cost of all activities was $27,741,970, resulting in an overall increase in net position of $9,842,181. The City's governmental activities increased total net position by $10,404,969 and its business-type activities decreased total net position by $562,788.

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 2022-23



As shown in the above pie chart, roughly 61.1%, or $22,448,828 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 $13,519,157, or 36.8%, of the total revenue resources, which is comprised of charges for services, operating contributions and capital contributions. Increases from the prior year in property taxes, franchise fees, and transient occupancy taxes were realized in Fiscal Year 2022-23. Charges for services increased 156.3% over the prior year – increasing from $2,501,187 to $6,409,891. This is primarily due to the collection of Community Benefit fees ($1.6 million) and developer park in-lieu fees ($2.0 million). Investment earnings improved by 642.8% over the prior year – increasing from ($117,321) to $636,875. This increase is mainly due to higher interest rates resulting in higher earnings in the current fiscal year. In addition, there was a positive fair market value adjustment at June 30, 2023, compared to the negative fair market value adjustment at June 30, 2022.

The City's expenses in connection with its governmental activities are categorized by function, namely: general government, 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 relationship of the City's program revenues to the related governmental functions are illustrated in a graph shown as **Figure 2** on the following page.

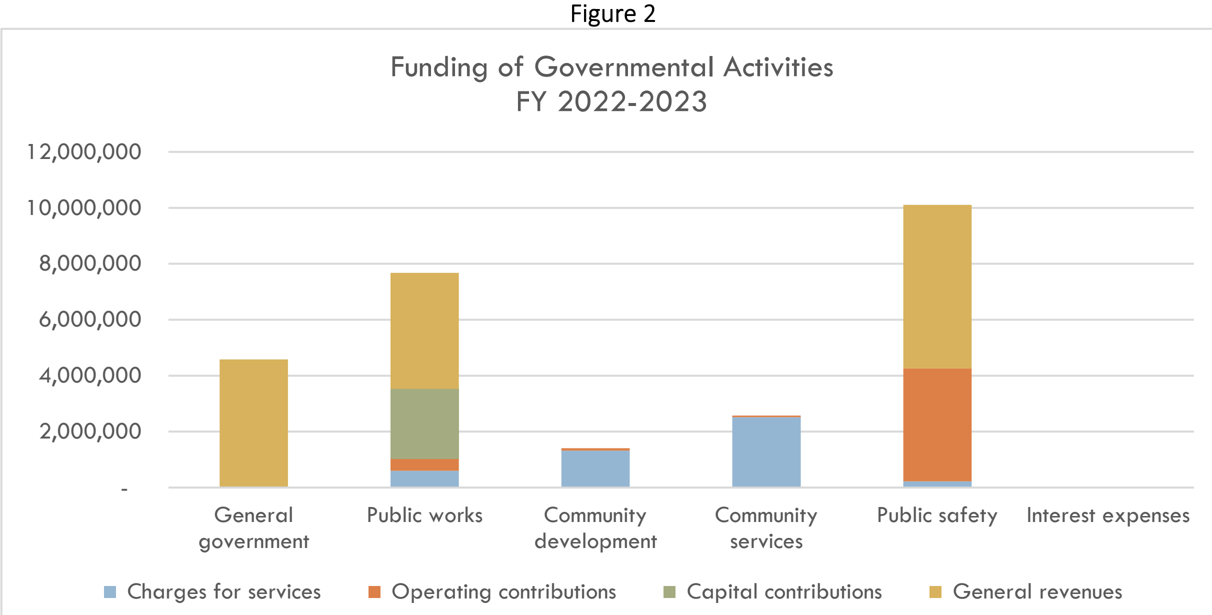
Expenses associated with governmental activities experienced an overall increase of 5.3%, or $1,319,487 over the prior fiscal year, primarily due to increases in the Orange County Sheriff contract costs. The overall increase is largely attributable to increases in General Government activity of $1,259,246, Public Safety of $1,100,189, and Public Works of $824,929.

The City's business-type activities for the leasing of the Civic Center decreased total net position by $562,788. The decrease from business-type activities is largely attributable to depreciation. Of the $1,417,830 of total operating expenses related to property leasing activities, depreciation represents 41.3%, or $585,980, of that total.

Program Revenues and Expenses:

Program revenues for the most recent fiscal year were $13,519,157. Expenses related to governmental activities were $26,324,140. The program revenues are generally not adequate to finance the governmental programs, so it is typical for governmental expenses to be subsidized by general revenues. The City's expenses for public services and public safety are comparatively higher than the other expense categories, as shown in **Figure 2** below.

Figure 2



Business-type Activities

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. Altogether, there are 51,945 square feet of leasable office space in the Civic Center building. The City occupies 21,033 square feet and leases out 30,912 square feet. The occupancy rate was approximately 88% on June 30, 2023.

During the most recent fiscal year, the operating revenues of the Laguna Hills Civic Center were $754,913 and the operating expenses were $1,417,830, resulting in a net operating loss of $662,917, which is largely attributable to depreciation charge of $585,980. After interest income of $129 and a transfer in of $100,000 from the governmental activities, the change in net position at fiscal year-end was $(562,788). The net cash provided by the leasing operating activities was $23,192. The contra rent revenue associated with the occupied spaces for City Hall was $549,965 for the current fiscal year.

Analysis of Major Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. As noted earlier, the City of Laguna Hills uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the focus of the *governmental funds* is to provide information on near-term inflows and outflows, as well as the balances of spendable resources at the end of the fiscal year. Such information is useful in assessing the City of Laguna Hills' near term 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 $29,868,312, an increase of $12,012,296 from the prior year's balance. Of the ending fund balance, $105,889 is nonspendable 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 $29,762,423 in spendable fund balance, $8,202,665 is restricted fund balance, $847,881 is assigned fund balance and $20,711,877 is unassigned fund balance. Restricted fund balance includes amounts that have externally imposed restrictions on their usage by creditors, such as debt covenants, grantors, and contributors, or by laws and regulations. Assigned fund balance includes amounts which are constrained by the City's intent to be used for a specific purpose. These include designations for claims liability and amounts assigned for equipment maintenance of the Civic Center, Community Center, Sports Complex, slopes, storm drains, and various parks.

The City identifies "major" governmental funds within the fund financial statements. Funds are reviewed annually to determine if any should be classified as a major fund. Specifically, funds that have 10% or more of total assets, liabilities, or fund balance of total governmental funds. The City may also classify as a major fund any fund or combination of funds that is considered essentially important to users.

The General Fund is the City's primary operating governmental fund. The fund balance of the City's general fund increased by $7,871,198 from the prior fiscal year's balance. This is largely attributable to the spending of the second half of American Rescue Plan funds to partially pay for the Orange

County Sheriff costs of $3,732,689, as well as the receipt of the Community Benefit fees from the developer MGP Fund X Laguna Hills, LLC for the former Laguna Hills Mall site project of $1,613,533. In addition, transfers out to other funds were significantly lower than in the prior year as the capital projects activity was not as substantial as it was in the prior year and the remaining debt service payments were lower, requiring less monies from the General Fund.

The ARPA Special Revenue Fund accounts for revenues received from the U.S. Department of Treasury from the local allocation for the American Rescue Plan Act to provide relief funds that have been negatively impacted from the Coronavirus pandemic. During the fiscal year, the City recognized $3,732,689 from ARPA revenues and transferred the funds to the General Fund to partially pay for the Orange County Sheriff costs. This was the remaining funding, therefore, no additional activity is to occur in future fiscal years.

The City's Capital Projects Fund accounts for financial resources related to the acquisition and construction of the City's capital projects. Revenues and transfers in from other funds reflect the financial resources used to fund the capital project expenditures during the current fiscal year; therefore, this fund typically reflects no fund balance at the end of the fiscal year. Total expenditures and transfers in for the current fiscal year were $911,752. Expenditures decreased from the prior year by roughly 73.2%, or $2,488,472 as there were not any significant capital projects during the current fiscal year. Significant street projects are undertaken every other fiscal year, with the Street Maintenance Project incurring expenditures in FY 2021-2022.

The City's debt service fund reports current financial resources restricted for the payment of principal and interest for long-term debt. As of the end of the current fiscal year, the debt service fund reported $1,472,833 in fund balance. Of the total fund balance, $1,472,833 is restricted to meet the reserve requirement under the Trust Agreement of the Certificates of Participation for the 2010 Refinancing Project. Pursuant to the Agreement, a reserve fund was established by the trustee, The Bank of New York Mellon Trust Company, N.A., to further secure the timely payment of principal and interest. All interest or income received by the investment of the reserve fund is required to be retained in the reserve fund. Only to the extent the reserve requirement is satisfied, may amounts in the reserve fund be allocated toward lease payments. Interest income for the current fiscal year was $74,719.

Proprietary fund:

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 Civic Center building is 51,945. The City is a tenant using approximately 21,033 square feet of the building.

The statement of revenues, expenses, and changes in fund net position reflect a net operating loss of $662,917, before the interest income of $129 and transfers in of $100,000. The net effect is a decrease in the ending net position of $562,788, which is largely attributable to depreciation. Before accounting for $585,980 in depreciation expense, the net operating activity would result in a net operating income of $23,192 from the City's other leasing related activities. Moreover, the enterprise fund does not charge the City rent and common area maintenance (CAM). The estimated annual rent for the space occupied by City Hall would be approximately $549,965, not including CAM.

General Fund Budgetary Highlights

At fiscal year-end, total General Fund revenues came in at $27,376,101, which was roughly 18.5%, or $4,270,716, above the amended budget for the year. This substantial increase was a result of the economy continuing to bounce back after being impacted by the COVID-19 pandemic in the prior years. Higher than anticipated property taxes, sales taxes, transient occupancy taxes, and franchise fees materialized in Fiscal Year 2022-23. Also, community development revenues came in higher than the prior year, as there were Community Benefit fees collected as a result of the developer agreement with MGP, which was not budgeted.

Revenues from taxes, the City's largest General Fund revenue source, came in over budget by $1,926,885, or 9.4%, primarily due to sales taxes coming in higher than anticipated. The City's second largest General Fund revenue source were charges for services, which came in higher than budgeted by $1,552,019, due to the $1.6 million received in Community Benefit fees. Additionally, licenses and permits, the City's third largest General Fund revenue source, came in higher than budgeted by $256,769, due to increased demand for building permits.

Given the indication that COVID-19 pandemic was going to have a significant negative effect on General Fund revenues for multiple years, a concerted effort was made to lower General Fund expenditures to offset a portion of the negative impact. General Fund expenditures totaled $22,730,403 at fiscal year-end, below budget by $2,056,937, or 8.3%. The largest budgetary savings by department was from Public Safety, which came under budget by $605,263. This was mainly due to a credit received on the final Sheriff's invoice, in which overtime and vacancy credits are trued up for the fiscal year.

The net change in fund balance at fiscal year-end in the General Fund was $7,871,198, which exceeded budget by $8,203,473. The main reason for this increase, as noted above, is better than expected taxes revenues, charges for services, and investment income, along with the second (and final) transfer of American Rescue Plan funds into the General Fund.

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, 2023 amounted to $82,639,012, 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 **Table 3** below.

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

	Governmental Activities 2022	Governmental Activities 2023	Business-type Activities 2022	Business-type Activities 2023	Totals 2022	Totals 2023
Land	$ 17,955	$ 17,955	$ 2,855	$ 2,855	$ 20,810	$ 20,810
Land improvements	1,509	1,280	-	-	1,509	1,280
Rights of ways/Easements	2,854	2,854	-	-	2,854	2,854
Building & improvements	1,092	1,113	2,701	2,133	3,793	3,246
Equipment and machinery	261	395	-	-	261	395
Construction in progress	-	15	-	-	-	15
Infrastructure	55,798	54,039	-	-	55,798	54,039
Total capital assets net of accumulated depreciation	$ 79,469	$ 77,651	$ 5,556	$ 4,988	$ 85,025	$ 82,639

Additional information on the City's capital assets can be found in Note 5 on page 43 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, 2023, the remaining principal balance was $730,000. The 2010 COPs maintain a "AA+" rating from Standard & Poor's. Additional information on the City's long-term debt can be found in Note 6 on pages 44 to 46 of this report.

Budget and Economic Factors

The City's most recent adopted biennial budget for fiscal years 2023/24 - 2024/25 demonstrates the City's intent to effectively manage costs while simultaneously positioning the City for future growth. For Fiscal Year 2023/24, General Fund operating expenditures are projected at $26,579,106, while General Fund revenues are estimated at $26,952,038.

The major goals and issues that dominated the budget process for this 2024 – 2025 biennial period are discussed in the transmittal letter, along with measures adopted to address prevailing issues facing the City.

A copy of the 2024-2025 Biennial Budget is available on the City's website: www.ci.laguna-hills.ca.us.

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.

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Basic Financial Statements

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City of Laguna Hills, California
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments	$ 27,430,780	$ 205,247	$ 27,636,027
Taxes receivable	2,099,845	-	2,099,845
Accounts receivable	45,066	26,842	71,908
Interest receivable	53,735	-	53,735
Lease receivable	706,504	1,212,734	1,919,238
Prepaid items	105,889	-	105,889
Due from other governments	912,532	-	912,532
Restricted cash and investments	1,467,163	-	1,467,163
Capital assets, not depreciated	20,824,536	2,855,425	23,679,961
Capital assets, net of accumulated depreciation	56,826,053	2,132,998	58,959,051
Total assets	110,472,103	6,433,246	116,905,349
Deferred Outflows of Resources:			
Deferred loss on refunding	45,595	-	45,595
Deferred amounts from pension plans	3,018,357	-	3,018,357
Total deferred outflows of resources	3,063,952	-	3,063,952
Liabilities:			
Accounts payable	697,074	-	697,074
Accrued liabilities	161,053	22,541	183,594
Interest payable	12,742	-	12,742
Due to other governments	696,242	-	696,242
Deposits payable	721,225	46,951	768,176
Unearned revenue	-	6,445	6,445
Noncurrent Liabilities:			
Due within one year	678,937	-	678,937
Due in more than one year			
Other long-term liabilities	794,859	-	794,859
Net pension liability	5,599,726	-	5,599,726
Total liabilities	9,361,858	75,937	9,437,795
Deferred Inflows of Resources:			
Deferred amounts from pension plans	593,668	-	593,668
Deferred amount from leases	677,608	1,151,714	1,829,322
Total deferred inflows of resources	1,271,276	1,151,714	2,422,990
Net Position:			
Net investment in capital assets	76,838,788	4,988,423	81,827,211
Restricted for:			
Capital projects	2,053,640	-	2,053,640
Public works	3,649,204	-	3,649,204
Community services	907,271	-	907,271
Police services	88,259	-	88,259
Community development	31,458	-	31,458
Debt service	1,472,833	-	1,472,833
Unrestricted	17,861,468	217,172	18,078,640
Total net position	$ 102,902,921	$ 5,205,595	$ 108,108,516

See Notes to Basic Financial Statements

City of Laguna Hills, California

Statement of Activities

Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants	Total Program Revenues
Governmental Activities:					
General government	$ 4,577,936	$ 36,804	$ -	$ -	$ 36,804
Public works	7,674,208	600,449	422,486	2,507,586	3,530,521
Community development	1,405,880	2,890,596	84,230	-	2,974,826
Community services	2,572,809	2,657,311	56,978	-	2,714,289
Public safety	10,106,055	224,731	4,037,986	-	4,262,717
Interest expenses	(12,748)	-	-	-	-
Total governmental activities	26,324,140	6,409,891	4,601,680	2,507,586	13,519,157
Business-Type Activity:					
Property leasing	1,417,830	754,913	-	-	754,913
Total business-type activities	1,417,830	754,913	-	-	754,913
Total primary government	$ 27,741,970	$ 7,164,804	$ 4,601,680	$ 2,507,586	$ 14,274,070

General Revenues:
- Taxes:
  - Property taxes
  - Franchise tax
  - Transient occupancy tax
- Intergovernmental, unrestricted:
  - Sales and use tax
  - Motor vehicle in lieu
  - State subvention
- Investment earnings
- Miscellaneous revenue

Total general revenues

Transfers In (Out)

Total general revenues and transfers

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (4,541,132)	$ -	$ (4,541,132)
(4,143,687)	-	(4,143,687)
1,568,946	-	1,568,946
141,480	-	141,480
(5,843,338)	-	(5,843,338)
12,748	-	12,748
(12,804,983)	-	(12,804,983)
-	(662,917)	(662,917)
-	(662,917)	(662,917)
(12,804,983)	(662,917)	(13,467,900)
13,069,248	-	13,069,248
1,326,571	-	1,326,571
1,122,643	-	1,122,643
6,930,366	-	6,930,366
32,177	-	32,177
80,839	-	80,839
636,875	129	637,004
111,233	-	111,233
23,309,952	129	23,310,081
(100,000)	100,000	-
23,209,952	100,129	23,310,081
10,404,969	(562,788)	9,842,181
92,497,952	5,768,383	98,266,335
$ 102,902,921	$ 5,205,595	$ 108,108,516

City of Laguna Hills, California
Balance Sheet - Governmental Funds
June 30, 2023

	General	ARPA Special Revenue Fund	Capital Projects	Other Governmental Funds	Totals
Assets:					
Cash and investments	$ 21,111,445	$ -	$ -	$ 6,319,335	$ 27,430,780
Receivables:					
Taxes	2,099,845	-	-	-	2,099,845
Accounts	43,837	-	-	1,229	45,066
Interest	48,065	-	-	5,670	53,735
Leases	706,504	-	-	-	706,504
Prepaid items	105,889	-	-	-	105,889
Due from other funds	69,583	-	-	-	69,583
Due from other governments	252,300	-	-	660,232	912,532
Restricted Assets:					
Cash and investments	-	-	-	1,467,163	1,467,163
Total assets	$ 24,437,468	$ -	$ -	$ 8,453,629	$ 32,891,097
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	$ 547,528	$ -	$ -	$ 149,546	$ 697,074
Accrued liabilities	161,053	-	-	-	161,053
Deposits	721,225	-	-	-	721,225
Due to other funds	-	-	-	69,583	69,583
Due to other governments	664,407	-	-	31,835	696,242
Total liabilities	2,094,213	-	-	250,964	2,345,177
Deferred Inflows of Resources:					
Lease related	677,608	-	-	-	677,608
Total deferred inflows of resources	677,608	-	-	-	677,608
Fund Balances:					
Nonspendable	105,889	-	-	-	105,889
Restricted	-	-	-	8,202,665	8,202,665
Assigned	847,881	-	-	-	847,881
Unassigned	20,711,877	-	-	-	20,711,877
Total fund balances	21,665,647	-	-	8,202,665	29,868,312
Total liabilities, deferred inflows of resources and fund balances	$ 24,437,468	$ -	$ -	$ 8,453,629	$ 32,891,097

City of Laguna Hills, California

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2023

Fund balances of governmental funds	$ 29,868,312
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity	
Capital assets	166,801,466
Accumulated depreciation	(89,150,877)
Long-term liabilities are not available to pay for current-period expenditures and, therefore, are not reported in the governmental funds. Long-term liabilities consist of the following:	
Certificates of participation	(730,000)
Bond premium	(127,396)
Direct borrowings	(252,428)
Compensated absences	(252,170)
Claims and judgments payable	(111,802)
Deferred outflows of resources (loss on refunding of bonds) that have not been included in the governmental fund activity.	45,595
Accrued interest payable for the current portion of interest due on the Certificates of Participation has not been reported in the governmental funds.	(12,742)
Pension related 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. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position as the changes in these amounts affects only the government-wide statements for governmental activities:	
Deferred outflows of resources	3,018,357
Deferred inflows of resources	(593,668)
Net pension liability	(5,599,726)
Net Position of Governmental Activities	$ 102,902,921

City of Laguna Hills, California
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	General	ARPA Special Revenue Fund	Capital Projects	Other Governmental Funds	Totals
Revenues:					
Taxes	$ 22,448,828	$ -	$ -	$ 180,000	$ 22,628,828
Licenses and permits	1,381,282	-	-	71,785	1,453,067
Intergovernmental revenues	322,692	3,732,689	-	3,144,521	7,199,902
Charges for services	2,482,814	-	-	2,350,000	4,832,814
Fines and forfeitures	224,731	-	-	-	224,731
Investment income	515,754	-	-	229,451	745,205
Other revenues	-	-	-	4,055	4,055
Total revenues	27,376,101	3,732,689	-	5,979,812	37,088,602
Expenditures:					
General government	4,341,841	-	-	-	4,341,841
Public works	4,220,252	-	155,813	802,787	5,178,852
Community development	1,405,880	-	-	-	1,405,880
Community services	2,303,939	-	-	29,124	2,333,063
Public safety	10,096,445	-	-	-	10,096,445
Capital outlay	269,744	-	755,939	110,817	1,136,500
Debt service:					
Interest and fiscal charges	-	-	-	46,423	46,423
Principal retirement	92,302	-	-	345,000	437,302
Total expenditures	22,730,403	-	911,752	1,334,151	24,976,306
Excess (Deficiency) of Revenues over (Under) Expenditures	4,645,698	3,732,689	(911,752)	4,645,661	12,112,296
Other Financing Sources (Uses):					
Transfers in	4,392,118	-	911,752	4,866	5,308,736
Transfers out	(1,166,618)	(3,732,689)	-	(509,429)	(5,408,736)
Total other financing sources (uses)	3,225,500	(3,732,689)	911,752	(504,563)	(100,000)
Net Changes in Fund Balances	7,871,198	-	-	4,141,098	12,012,296
Fund Balances, Beginning of Year	13,794,449	-	-	4,061,567	17,856,016
Fund Balances, End of Year	$ 21,665,647	$ -	$ -	$ 8,202,665	$ 29,868,312

City of Laguna Hills, California

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2023

Net change in fund balances - total governmental funds	$ 12,012,296
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 are allocated over their estimated useful lives as depreciation expense. This activity is reconciled as follows:	
Capital outlay, net of disposals	1,741
Depreciation and amortization expense, net of disposal	(1,820,200)
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Premiums associated with the issuance of long-term debt are reported as revenues in the governmental funds, but in the Statement of Net Position, the premiums are deferred and amortized throughout the period during which the related debt is outstanding. Repayment of principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.	
Principal payments	345,000
Amortization of bond premium	80,464
Direct borrowing principal payments	92,302
Deferred losses on refunding of long-term debt in the Statement of Net Position are deferred and amortized throughout the period during which the related debt is outstanding.	(28,801)
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 the governmental funds.	
Change in compensated absences	45,511
Change in claims and judgments payable	192,521
Change in accrued interest for Certificates of Participation	7,508
Net difference between pension expense recorded on the government wide statement of activities and contributions paid.	(263,880)
Revenues in the Statement of Activities that do not meet the "availability" criteria for revenue recognition are reported as deferred inflows of resources, unavailable revenues, in the governmental funds. This is the net change in deferred inflows of resources, unavailable revenues, from the prior year.	(259,493)
Change in net position of governmental activities	$ 10,404,969

See Notes to Basic Financial Statements

City of Laguna Hills, California
Statement of Net Position – Proprietary Fund
June 30, 2023

	Enterprise - Property Leasing
Assets:	
Current Assets:	
Cash and investments	$ 205,247
Receivables:	
Accounts	26,842
Leases	341,941
Total current assets	574,030
Noncurrent Assets:	
Receivables:	
Leases	870,793
Capital assets not depreciated	2,855,425
Capital assets, net of accumulated depreciation	2,132,998
Total noncurrent assets	5,859,216
Total assets	6,433,246
Liabilities:	
Current Liabilities:	
Accrued liabilities	22,541
Deposits payable	46,951
Unearned revenue	6,445
Total current liabilities	75,937
Deferred Inflows of Resources:	
Leases	1,151,714
Net Position:	
Net investment in capital assets	4,988,423
Unrestricted	217,172
Total net position	$ 5,205,595

	Enterprise - Property Leasing
Operating Revenues:	
Rental fees	$ 713,350
Common area maintenance revenues	41,703
Other current service fees	(140)
Total operating revenues	754,913
Operating Expenses:	
Direct operating expenses	804,321
Administrative and professional fees	27,529
Depreciation expense	585,980
Total operating expenses	1,417,830
Operating income (loss)	(662,917)
Nonoperating Revenues:	
Transfers in	100,000
Interest income	129
Total nonoperating revenues	100,129
Change in Net Position	(562,788)
Net Position at Beginning of Year	5,768,383
Net Position at End of Year	$ 5,205,595

	Enterprise - Property Leasing
Operating Activities:	
Receipts from tenants	$ 357,701
Payments to suppliers for goods and services	(850,688)
Net Cash Used for Operating Activities	(492,987)
Capital and Related Financing Activities:	
Acquisition of capital assets	(18,193)
Cash received on lease receivables	446,907
Cash received for interest on lease receivables	48,050
Net Cash Provided by Capital and Related Financing Activities	476,764
Investing Activities:	
Interest Received	129
Net Cash Provided by Investing Activities	129
Net Decrease in Cash and Cash Equivalents	(16,094)
Cash and Cash Equivalents at Beginning of Year	221,341
Cash and Cash Equivalents at End of Year	$ 205,247
Reconciliation of cash and cash equivalents:	
Operating loss	$ (662,917)
Adjustments to reconcile operating loss to net cash Provided by Operating Activities:	
Depreciation expense	585,980
Recognition of lease income	(426,251)
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	28,361
Increase (decrease) in accrued liabilities	(21,538)
Increase (decrease) in deposits payable	2,700
Increase (decrease) in unearned revenue	678
Total adjustments	169,930
Net Cash Provided by (used for) Operating Activities	$ (492,987)
Schedule of Non-Cash Investing, Capital and Financing Activities	
Lease receivable and deferred inflows recognized on new lessor lease transaction	$ 69,143
Lease revenue recognized	$ (66,287)

Note 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 accordance 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.

This report includes all fund types of the City (the primary government) and the Laguna Hills Public Improvement Corporation (the Corporation). The Corporation meets the definition of a component unit and is presented on a blended basis, as if it is a part of the primary government. Although it is a legally separate entity, the governing board of the Corporation is comprised of the same membership as the City Council. The City may impose its will on the Corporation, including the ability to appoint, hire, reassign, or dismiss management. There is also a financial benefit/burden relationship between the City and the Corporation.

The Corporation was established by the City Council on September 2, 1998. The Board of Directors of the Corporation is composed of the five members in connection with the acquisition, construction and improvement of public capital improvements. The activity of the Corporation is reported in the Debt Service Fund. Separate financial statements are not prepared for this blended component unit.

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

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole. 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. Also, interfund services provided and used have not been eliminated.

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. The 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, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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 nonexchange 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 nonexchange transactions are recognized as revenues when all applicable eligibility requirements have been met.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the City are reported in three categories: charges for services, operating grants and contributions, and capital grants and contributions.

Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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.

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. 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.

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, deferred inflows of resources, 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 and proprietary 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.

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*. *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 (except property tax), to be available if they are collected within 90 days of the end of the fiscal year. The City uses a 60-day and 180-day availability period for property tax and special revenue grants and contributions, respectively.

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.

Sales taxes, property taxes, franchise fees, gas taxes, motor vehicle in lieu fees, transient occupancy taxes, grants and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available where cash is received by the government.

In the fund financial statements, governmental funds are presented using the c*urrent financial resources measurement focus*. This means that only current assets, current liabilities, and deferred inflows of resources are generally included on their balance sheets. The reported fund balance 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 fund balance. 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.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect fund balance, 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 expenditures are incurred, the City's applies the most restrictive funds first; and then the City would use the appropriate funds in the following order: committed, assigned, and lastly unassigned amounts.

Proprietary Fund

The City's enterprise fund is a proprietary fund. In the fund financial statements, the proprietary fund is 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, the proprietary fund is presented using the *economic resources measurement focus*. This means that all assets and liabilities (whether current or non-current) associated with their activity are included on their statement of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position. 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, results from non-exchange transactions or ancillary activities. Proprietary fund operating expenses result from providing the services in connection with the proprietary fund's principal ongoing operations.

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 an other 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.

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.

c) Major Funds

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.

ARPA Special Revenue Fund
The ARPA Special Revenue Fund accounts for revenue received from U.S Department of Treasury from the local allocation for the American Rescue Plan Act to provide relief funds that have been negatively impacted from the coronavirus pandemic.

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.

Debt Service Fund
The Debt Service Fund is used to pay the City's debt service on its Certificate of Participation (COP) issue.

d) New Accounting Pronouncements

Current Year Standards

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to provide a single method of reporting conduit debt obligations by issues and eliminate diversity in practice. The Statement is effective for reporting periods beginning after December 15, 2021. The City has determined that there was no material impact on the City's financial statements.

GASB Statement No. 94 – In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The Statement is effective for reporting periods beginning after June 15, 2022. The City has determined that there was no material impact on the City's financial statements.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The Statement is effective for reporting periods beginning after June 15, 2022. The City has determined that there was no material impact on the City's financial statements.

Pending Accounting Standards

GASB has issued the following statements that may impact the City's financial reporting requirements in the future. The City is currently evaluating the potential impact of these statements:

GASB Statement No. 100 – *Accounting Changes and Error Corrections*.
GASB Statement No. 101 – *Compensated Absences.*

e) <u>Cash and Investments</u>

Investments are reported in the accompanying basic financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value represented by the external pool.

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. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

f) <u>Statement of Cash Flows</u>

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.

g) <u>Prepaid Items</u>

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the Government-Wide and Fund Financial Statements utilizing the consumption method.

h) Property Taxes

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available (within 60 days of the fiscal year end). 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.

i) Capital Assets

Capital assets are capital outlay for assets of a permanent nature, valued at $20,000 or more and the usage of which is expected to be more than five years. Right to use lease assets in excess of $20,000 are capitalized. Right to use subscription assets in excess of $20,000 are capitalized. 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 acquisition value at the date of the contribution. Capital assets include public domain (infrastructure) general 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 statements of net position. The range of lives used for depreciation purposes for each capital asset class, are as follows:

Asset	Years
Building and improvements	20 years
Machinery and equipment	5 - 10 years
Infrastructure	5 - 60 years
Land improvements	20 years

j) Lease Receivable

Lease receivables are recorded by the City as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the City charges the lessee.

k) 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 includes estimates for the 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.

l) Deferred Inflows and Outflows of Resources

In addition to assets, the government-wide statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The City has the following items that qualify for reporting in this category:

- Deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt, which is 15 years.
- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflows related to pensions for differences between expected and actual experiences, changes in assumptions, and changes in proportion and differences between employer contributions and the proportionate share of contributions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflows related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. These amounts are amortized over five years.

In addition to liabilities, the government-wide statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred inflows related to pensions for differences between expected and actual experiences and differences between employer contributions and the proportionate share of contributions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflows related to leases where the City is the lessor and is reported in the governmental fund balance sheet and statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on the straight-line basis over the term of the lease.

m) 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 (RHS) Plan, a defined contribution plan, to its full-time employees that 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 on a tax-free basis either upon separation of service from the City or age 50 dependent upon when contributions to the plan were made. In compliance with the Patient Protection and Affordable Care Act, contributions to the plan made after December 31, 2013, are available to plan participants for medical expenses only upon separation of employment. In the event of a participant's death, the participant's surviving spouse and/or eligible dependent(s) are immediately eligible to maintain the account and utilize it to fund eligible medical expenses. If a participant's balance is not fully depleted upon the death of the eligible spouse, the account balance may continue to be utilized to pay medical expenses of eligible dependents. An eligible dependent is (a) the participant's lawful spouse, (b) the participant's child under the age of 27, as defined by IRC Section 152(f)(1) and Internal Revenue Service Notice 2010-38, or (c) any other individual who is a person described in IRC Section 152(a), as classified by Internal Revenue Service Notice 2004-79. 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 at their prevailing pay rate, upon the completion of ten (10) years of service to the City. 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 $5,000 on behalf of each participant, upon completion of ten years of service and annually thereafter on the participant's employment anniversary date as long as the individual is an employee with the City. The $5,000 City contributions cease after termination or retirement of the employee. In the fiscal year ended June 30, 2023, the City contributed $30,000 to the RHS Plan.

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.

n) Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

o) Use of Estimates

The preparation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB, requires management to make assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

Note 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, 2023, are reported in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	$ 27,636,027
Restricted cash and investments	1,467,163
Total cash and investments	$ 29,103,190

Cash and investments at June 30, 2023, consisted of the following:

Cash on hand		$ 2,500
Pooled deposits:		
Demand deposits	$ 459,127	
Total pooled deposits		459,127
Pooled investments:		
Local Agency Investment Fund	6,142,965	
CalTRUST Money Market Mutual Fund	21,031,435	
Total pooled investments and deposits		27,174,400
Restricted cash and investments:		
BNY Mellon	1,467,163	
Total restricted cash and investments		1,467,163
Total cash and investments		$ 29,103,190

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, including investment policy considerations. 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.

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.

Diversification By Investments	Maximum Percent of Portfolio
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	75%
CalTRUST	75%
Overnight investment accounts managed by City's primary bank	50%
Commercial Paper	10%
Banker's Acceptances	15%
Money Market Mutual Funds	15%

Diversification By Institution/Issuer	Maximum Percent of Portfolio
Certificates of Deposit (CDs) Commercial Banks	25%
Certificates of Deposit (CDs) Savings and Loan	$250,000 maximum

The maximum maturity for all investments listed above is 1 year with the exception of commercial paper and Prime Banker's Acceptances for which the maximum maturity is 180 days and 270 days, respectively.

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.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

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 specific identification method to present the investment maturities as follows.

Investment Type	6 Months or less	Fair Value
Local Agency Investment Fund	$ 6,142,965	$ 6,142,965
CalTRUST Money Market Mutual Fund	21,031,435	21,031,435
Investment with Fiscal Agent:		
BNY Mellon	1,467,163	1,467,163
Total	$ 28,641,563	$ 28,641,563

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's minimum legal rating for Money Market Mutual Funds is AAA. There is no minimum legal rating applicable for investments in the Local Agency Investment Fund and the City has no minimum legal rating for investments in CalTRUST. As of June 30, 2023, the City's investment in the Local Agency Investment Fund has not been rated by a nationally recognized statistical rating organization.

Concentration of Credit Risk

Concentration credit risk is the heightened risk of potential loss when investments are concentrated in one issuer. As of June 30, 2023, other than the State Treasurer's Local Agency Investment Fund and the CalTRUST Money Market Mutual Fund, the City had no investments concentrated in one issuer which exceeded 5% of total investments.

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.

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 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.

As of June 30, 2023, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement acquires the investment, and holds the investment on behalf of the reporting government.

Investment in State Treasurer's Local Agency Investment Fund

The City is a voluntary participant in the State Treasurer's Local Agency Investment Fund that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro rata share of the fair value provided by State Treasurer's Local Agency Investment Fund for the entire State Treasurer's Local Agency Investment Fund portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by State Treasurer's Local Agency Investment Fund, which are recorded on an amortized cost basis. The Local Agency Investment Fund is not registered with the Securities Exchange Commission and not rated.

Investment in CalTRUST Investment Pool:

CalTRUST is a Joint Powers Agency Authority created by local public agencies to provide a convenient method for local public agencies to voluntarily pool their assets for investment purposes. CalTRUST is governed by a Board of Trustees made up of experienced local agency treasurers and investment officers. The Board sets overall policies for the program and selects and supervises the activities of the investment manager and other agents. CalTRUST maintains and administers four pooled accounts within the program: Government Fund, Money Market, Short-Term, and Medium-Term. The Government Fund and Money Market accounts permit daily transactions, with same-day liquidity (provided redemption requests are received by 1:00 p.m. Pacific time), with no limit on the amount of funds that may be invested. The Short-Term account permits an unlimited number of transactions per month (with prior day notice), with no limit on the amount of funds that may be invested. The Medium-Term account permits investments, withdrawals and transfers once per month, with five days advance notice. All CalTRUST accounts comply with the limits and restrictions placed on local agency investments by the California Government Code. CalTRUST imposes a $250,000 minimum investment; however, there is no maximum limit.

The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's percentage interest of the fair value provided by CalTRUST for the CalTRUST accounts (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CalTRUST.

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs.

Amounts invested in the Local Agency Investment Fund and CalTRUST Money Market Mutual Funds are not subject to fair value measurements. Deposits and withdrawals are made on the basis of $1 and not at fair value.

Note 3 - Due From/To Other Funds

Interfund receivables and payables at June 30, 2023, were as follows.

Funds	Due From Other Funds	Due To Other Funds
Major Governmental:		
General	$ 69,583	$ -
Non-major Governmental:		
Measure M Special Revenue	-	69,583
Total	$ 69,583	$ 69,583

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 from short-term negative cash balances.

Note 4 - Transfers In and Out

Transfers in and out for the fiscal year ended June 30, 2023, are as follows:

Paying Fund	Transfers Out	Receiving Fund	Transfers In
Major Governmental:		Major Governmental:	
General	$ 1,166,618	General	$ 4,392,118
ARPA Special Revenue	3,732,689	Capital Projects	911,752
Total major governmental	4,899,307	Total major governmental	5,303,870
Non-major Governmental:		Non-major Governmental:	
Gas Tax Special Revenue	61,428	Debt Service	2,041
Measure M Special Revenue	199,980	Senior Mobility Program Special Revenue	2,825
Grants & Contributions Special Revenue	82,021		
SLESF / COPS BRULTE Special Revenue	166,000	Total non-major governmental	4,866
Total non-major governmental	509,429	Proprietary:	
		Enterprise - Property Leasing	100,000
		Total proprietary	100,000
Total	$ 5,408,736	Total	$ 5,408,736

The General Fund transferred $911,752 to the Capital Projects Fund for the initial funding of capital improvement project (CIP) expenses. The Gas Tax and Measure M Special Revenue Funds contributed $61,428 and $199,980, respectively to the General Fund to reimburse the fund for eligible CIP costs.

Transfers from the ARPA Special Revenue Fund to the General Fund in the amount of $3,732,689 were to partially fund the law enforcement contract with American Rescue Plan funding. In addition, transfers from the SLESF/COPS BRULTE Special Revenue Fund in the amount of $166,000 to the General Fund were to cover partial law enforcement contract costs.

Transfers from the Grants & Contributions Special Revenue Fund in the amount of $82,021 were to close out the fund as of June 30, 2023.

Transfers from the General Fund were to: 1) provide the required 20% match for the Senior Mobility Program primarily funded by OCTA in the amount of $2,825; 2) provide funding of $2,041 for bond payment expenses in the Debt Service Fund; and 3) provide funding for the property leasing operations in the Enterprise Fund in the amount of $100,000.

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Balance at July 1, 2022	Additions	Deletions	Ending June 30, 2023
Governmental activities:				
Land	$ 17,955,354	$ -	$ -	$ 17,955,354
Rights of way / easements	2,854,182	-	-	2,854,182
Construction in progress	-	15,000	-	15,000
Total cost of non-depreciable assets	20,809,536	15,000	-	20,824,536
Buildings and improvements	14,505,823	146,600	(75,055)	14,577,368
Machinery and equipment	2,754,219	276,529	(291,995)	2,738,753
Land improvements	26,417,256	-	(69,338)	26,347,918
Infrastructure	102,312,891	-	-	102,312,891
Total cost of depreciable assets	145,990,189	423,129	(436,388)	145,976,930
Less accumulated depreciation for:				
Buildings and improvements	(13,413,965)	(69,950)	19,057	(13,464,858)
Machinery and equipment	(2,493,375)	(75,538)	225,227	(2,343,686)
Land improvements	(24,908,663)	(162,709)	3,467	(25,067,905)
Infrastructure	(46,514,674)	(1,759,754)	-	(48,274,428)
Total accumulated depreciation	(87,330,677)	(2,067,951)	247,751	(89,150,877)
Net depreciable assets	58,659,512	(1,644,822)	(188,637)	56,826,053
Total capital assets, net	$ 79,469,048	$ (1,629,822)	$ (188,637)	$ 77,650,589
Business-type activity:				
Land	$ 2,855,425	$ -	$ -	$ 2,855,425
Total cost of non-depreciable assets	2,855,425	-	-	2,855,425
Buildings and improvements	15,234,382	18,193	-	15,252,575
Total cost of depreciable assets	15,234,382	18,193	-	15,252,575
Less accumulated depreciation for:				
Buildings and improvements	(12,533,597)	(585,980)	-	(13,119,577)
Total accumulated depreciation	(12,533,597)	(585,980)	-	(13,119,577)
Net depreciable assets	2,700,785	(567,787)	-	2,132,998
Total capital assets, net	$ 5,556,210	$ (567,787)	$ -	$ 4,988,423

Depreciation expense was charged in the following functions in the Statement of Activities:

Governmental Activities:	
General government	$ 21,610
Public works	1,796,985
Community services	239,746
Public safety	9,610
	2,067,951
Business-type Activity:	
Property leasing	585,980
Total	$ 2,653,931

Note 6 - Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2023, was as follows:

Governmental Activities:

	Balance at July 1, 2022	Additions	Reductions	Balance at June 30, 2023	Amounts Due in One Year
Certificates of Participation:					
2010 COP	$ 1,075,000	$ -	$ (345,000)	$ 730,000	$ 355,000
Unamortized premium	207,860	-	(80,464)	127,396	80,464
Total Certificates of Participation	1,282,860	-	(425,464)	857,396	435,464
Direct Borrowings:					
Edison	234,828	-	(51,934)	182,894	51,370
SDGE	109,902	-	(40,368)	69,534	40,489
Other Liabilities:					
Compensated absences	297,681	371,886	(417,397)	252,170	50,434
Claims and judgments (Note 7)	304,323	11,701	(204,222)	111,802	101,180
Total other liabilities	946,734	383,587	(713,921)	616,400	243,473
Total	$ 2,229,594	$ 383,587	$ (1,139,385)	$ 1,473,796	$ 678,937

Typically, the City liquidates its certificates of participation, direct borrowings, 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 Corporation) issued $17,190,000 of Certificates of Participation (COPs). Proceeds from the sale were placed in an irrevocable trust that was used to service the future debt requirements of the 2001 and 2003 Certificates of Participation. There are no amounts outstanding on the defeased COPs.

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 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 and ending February 1, 2025. Interest accrues at rates between 4.00% and 5.00% and is payable semiannually. The annual requirements to amortize the certificates of participation as of June 30, 2023, are as follows:

Year Ending June 30:	Principal	Interest	Total
2024	$ 355,000	$ 30,581	$ 385,581
2025	375,000	15,938	390,938
Total	$ 730,000	$ 46,519	$ 776,519

The COPs are subject to federal arbitrage regulations. The City calculated no arbitrage rebate due.

The COPs require a reserve in an amount that is the least of (1) 125% of the average annual lease payments, (2) 10% of the original proceeds, or (3) maximum annual lease payments. This reserve is fully funded as of June 30, 2023 with a balance of $1,467,163.

Direct Borrowings:

Southern California Edison On-Bill Financing Program

In fiscal year 2016-2017, the City approved the installation of energy-efficient LED streets lights in areas of the City. The project was partially funded through Southern California Edison's On-Bill Financing Program. Through this program, the City received zero percent financing for approved energy reduction projects for $471,344 as of June 30, 2023. Since each individual item is below the City's capitalization policy, there are no amounts recorded as capital assets for these purchases. The costs are repaid from energy savings over a period of up to ten years. The unpaid balance as of June 30, 2023 was $182,894. The annual debt service requirements are as follows:

Year Ending June 30:	Principal
2024	$ 51,370
2025	50,342
2026	49,811
2027	30,404
2028	967
Total	$ 182,894

San Diego Gas & Electric On-Bill Financing Program

In fiscal year 2017-2018, the City approved the installation of energy-efficient LED streets lights in areas of the City. The project was partially funded through San Diego Gas & Electric's On-Bill Financing Program. Through this program, the City received zero percent financing for approved energy reduction projects for $287,539 as of June 30, 2023. Since each individual item is below the City's capitalization policy, there are no amounts recorded as capital assets for these purchases. The costs are repaid from energy savings over a period of up to ten years. The unpaid balance as of June 30, 2023 was $69,534. The annual debt service requirements are as follows:

Year Ending June 30:	Principal
2024	$ 40,489
2025	8,858
2026	8,858
2027	7,872
2028	3,457
Total	$ 69,534

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. The long-term portion of this liability, amounting to $201,736 at June 30, 2023 will be paid primarily from the General Fund.

Note 7 - General Liability Insurance

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

The City is also a member in an insurance pool through the Special District Risk Management Authority (SDRMA). SDRMA is a not-for-profit public agency formed under California Government Code Sections 6500 et. Seq. SDRMA is governed by a board composed of members from participating agencies. The mission of SDRMA is to provide renewable, efficiently priced risk financing and risk management services through a financially sound pool. The City pays an annual premium for commercial insurance covering workers' compensation and employers' liability claims. Separate financial statements of SDRMA may be obtained at Special District Risk Management Authority, 1112 "I" Street, Suite 300, Sacramento, California 95814.

The following is a list of the allocation of risk coverage for the City as of June 30, 2023, 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 Bodily Injury, Personal Injury, Property Damage and public officials E&O • $1,000,000 for employment practices liability	ERMAC/PRISM	• $50M per occurrence and in the annual aggregate excess of limit of the SIR of $1M
Property, Business Interruption and Boiler & Machinery	• $10,000 per occurrence (specific perils may be higher)	ERMAC (PEPIP program)	• $1,000M per occurrence combined • $10M flood limit per occurrence • $100M combined business interruption • $100M boiler explosion & machinery breakdown combined

Area of Risk	City Self-Insurance	Carrier	Risk Coverage
Difference in Conditions (Multi-peril) Civic Center only	• $25,000 per occurrence • 5% earthquake	Trisura Specialty Insurance Company	• $7.5M per occurrence and annual aggregate
Crime	• $2,500	CSAC-EIA	$10M for the following: • Funds transfer fraud • Employee dishonesty • Forgery alterations • Money & securitiestheft, inside premises • Money & securitiestheft, outside premises • Computer fraud • Money order & counterfeit paper currency • Theft of other property, inside premises • Theft of other property, outside premises
Cyber Liability	• $50,000 per occurrence	APIP	• $45M annual aggregate for all members combined • $2M per occurrence and annual aggregate
Recreational Class & Officials Supplemental	• None	SCMAF	• $1M per occurrence • $2M aggregate • $100,000 property damage • $1M personal and adv injury, products • $5,000 medical expense
Workers' Compensation & Employers' Liability	• None	SDRMA	• Statutory Workers' Compensation per occurrence • $5M Employer's Liability per occurrence

Claims Liability

In the financial statements prepared using the economic resources measurement focus, authoritative standards require that the liability for claims and the corresponding expense should be recognized in the period in which the underlying event occurs. Therefore, the liability of outstanding unallocated loss adjustment expenses (ULAE) must be established to represent the amount that will be paid out in claims as well as the expenses associated with processing of those claims. The City's third-party administrator provides the data on estimated claim liabilities (paid and reserves). As of June 30, 2023, the estimated outstanding ULAE was $111,802.

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

Fiscal Year Ending June 30,	FY 2022/23	FY 2021/22
Claims payable, beginning	$ 304,323	$ 306,451
Claims and changes in estimate	11,701	104,323
Claims payments	(204,222)	(106,451)
Claims payable, ending	$ 111,802	$ 304,323

In the current fiscal year, the City experienced claims for the amount of $279,998 which is $168,196 over the self-insured retention amount. The amount over the self-insurance limit is covered by the insurer.

During the fiscal year, none of the above programs of protection have experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2022-2023.

Note 8 - Pension Plans

a) General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 and 52 with statutorily reduced benefits for Tier I and PEPRA, respectively. All members are eligible for non-industrial disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at the measurement period ending June 30, 2022, are summarized as follows:

	Miscellaneous Plan	
	Tier 1	PEPRA
	Prior to	On or After
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.092% to 2.418%	1.0% - 2.5%
Required employee contribution rates	7.0%	7.25%
Required employer contribution rates:		
Normal cost rate	9.790%	7.760%
Payments of unfunded liability	$ 387,935	$ 4,047

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions. For the period ended June 30, 2023, City contributions was $674,800.

Typically, the City liquidates its net pension liability with General Fund resources.

b) <u>Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions</u>

As of June 30, 2023, the City reported net pension liabilities for its proportionate share of the net pension liability of all Plans as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$ 5,599,726

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for all Plans as of the measurement dates ended June 30, 2021 and 2022 was as follows:

	Miscellaneous
Proportion - June 30, 2021	0.03594%
Proportion - June 30, 2022	0.04848%
Change - Increase (Decrease)	0.01254%

For the year ended June 30, 2023, the City recognized pension expense of $938,680. At June 30, 2023, (measurement period ending June 30, 2022), the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 674,800	$ -
Differences between expected and actual experience	112,453	75,316
Change in assumptions	573,809	-
Differences between the employer's contributions and the employer's proportionate share of contributions	-	518,352
Change in employer's proportion	631,574	-
Net differences between projected and actual earnings on plan investments	1,025,721	-
Total	$ 3,018,357	$ 593,668

Deferred outflows of resources related to contributions subsequent to the measurement date of $674,800 will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2024	$ 456,087
2025	419,943
2026	246,493
2027	627,366
	$ 1,749,889

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The total pension liability was based on the following assumptions:

	Miscellaneous
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.9% (4)
Inflation	2.30%
Salary Increases	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)

(1) Varies by entry age and service.
(2) The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.
(3) The less of contract COLA or 2.3% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.3% thereafter.
(4) For the measurement period ended June 30, 2022, the discount rate rate was reduced from 7.15% to 6.90%.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (a) (b)
Global Equity - Cap-Weighted	30.00%	4.45%
Global Equity - Non-Cap-Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-Backed Securites	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
	100.0%	

(a) An expected inflation of 2.30% used for this period.
(b) Figures are based on the 2021-22 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous
1% Decrease	5.90%
Net Pension Liability	$ 9,046,547
Current Discount Rate	6.90%
Net Pension Liability	$ 5,599,726
1% Increase	7.90%
Net Pension Liability	$ 2,763,848

Pension Plans Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

c) Payable to the Pension Plans

At June 30, 2023, the City had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2023.

Note 9 - Deferred Compensation

The City offers its employees two kinds of defined contribution deferred compensation plans. City contribution rates may change if plan contracts are amended.

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 a maximum of $20,500 for calendar year 2022 and $22,500 for calendar year 2023. This maximum deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Amounts accumulated 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 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 MissionSquare Retirement 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 City contributes 3.75% of the employee's compensation for part-time seasonal employees. There are no City contributions required for full-time and non-seasonal part-time employees. The City's total contributions for the fiscal year ended June 30, 2023 was $2,925.

The other Plan is a defined contribution plan 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, which is 3% for eligible non-management employees and 6.5% for eligible management employees. The City's total contributions for the fiscal year ended June 30, 2023 was $85,942. The assets of this Plan, held for the exclusive benefits of the Plan's participants and their beneficiaries, are administered by the MissionSquare Retirement. Amounts accumulated under this Plan are self-directed by each participant.

Note 10 - Classification of Net Position and Governmental Fund Balances

Net Position is measured on the full accrual basis of accounting as compared to the concept of Fund Balance, which is measured on the modified accrual basis of accounting.

Net Position Classifications

Net Position is divided into three captions as described below:

Net Investment in Capital Assets, describes the portion of Net Position 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 Position 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. Restricted net position is 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.

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

Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's practice to consider restricted net position to have been depleted before unrestricted net position is applied.

Governmental Fund Balances Classifications

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 determined by a formal action (resolution) of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally. The City does not have any committed fund balances at June 30, 2023.

Assigned fund balances include amounts that are constrained by the City's intent to be used for specific purposes. The City Manager has the authority to assign the portion of the fund balance in the General Fund that are constrained by the City's intent to be used for reserves as established in the City's Financial Policy No. 105 Section G.

Unassigned fund balances include the residual balance for the City's General Fund and includes all spendable amounts not contained in other classifications. In other funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

When expenditures are incurred, the City's applies the most restrictive funds first; and then the City would use the appropriate funds in the following order: committed, assigned, and lastly unassigned amounts.

Fund balances are presented in the following categories: nonspendable, restricted, assigned, and unassigned. A detailed schedule of fund balances at June 30, 2023 is as follows:

	General Fund	Other Governmental Funds	Total
Nonspendable:			
Prepaid items	$ 105,889	$ -	$ 105,889
Total	105,889	-	105,889
Restricted:			
Capital projects	-	2,053,640	2,053,640
Public works	-	3,649,204	3,649,204
Community services	-	907,271	907,271
Police services	-	88,259	88,259
Community development	-	31,458	31,458
Debt service	-	1,472,833	1,472,833
Total	-	8,202,665	8,202,665
Assigned:			
Claims liability	210,411	-	210,411
Community Center and Sports Complex maintenance	240,000	-	240,000
Parks maintenance	365,700	-	365,700
Slopes/Storm Drain maintenance	31,770	-	31,770
Total	847,881	-	847,881
Unassigned	20,711,877	-	20,711,877
Total fund balances	$ 21,665,647	$ 8,202,665	$ 29,868,312

Note 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, Garden Grove, 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 (the Authority). Since the creation of the Authority, the Cities of Aliso Viejo, Laguna Woods, Rancho Santa Margarita, Santa Ana, 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, Garden Grove, Santa Ana, 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, Garden Grove, Santa Ana, Seal Beach and Westminster 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, 2023. 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.

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

Note 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 51,944. The City is a tenant using approximately 21,033 square feet of the building. The enterprise fund does not charge the City rent. The estimated annual rent for the space occupied by the City would be approximately $549,965.

Note 13 - Commitments and Contingencies

The City is occasionally a defendant in lawsuits which have arisen in the normal course of business. Damages are alleged in some of these actions and their outcome cannot be predicted with certainty. However, in the opinion of the City Attorney, the outcome of these actions will not have a material adverse effect on the financial position of the City.

The City participates in several federal and state grant programs. The programs are subject to examination by the granters and the amount, if any, of expenses which may be disallowed by the granting agency cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

Note 14 - Leases

Governmental Activities/General Fund:

The City has accrued a receivable for five land leases. The remaining receivable for these leases was $706,504 for the year ended June 30, 2023. Deferred inflows related to these leases were $677,608 as of June 30, 2023. Interest revenue recognized on these leases was $22,680 for the year ended June 30, 2023. Principal receipts of $87,082 were recognized during the fiscal year. The interest rate on the leases is between 2.25% and 3.25%. Final receipt is expected in fiscal year 2038.

The future receipts on these leases are as follows:

Years Ending June 30,	Principal	Interest	Total
2024	$ 102,825	$ 19,229	$ 122,054
2025	106,029	16,775	122,804
2026	81,923	14,239	96,162
2027	84,727	12,231	96,958
2028	44,319	10,151	54,470
2029 - 2033	124,591	38,207	162,798
2034 - 2038	162,090	16,478	178,568
	$ 706,504	$ 127,310	$ 833,814

Business-Type Activities - Property Leasing:

The City has accrued a receivable for 12 building leases. The remaining receivable for these leases was $1,212,734 for the year ended June 30, 2023. Deferred inflows related to these leases were $1,151,714 as of June 30, 2023. Interest revenue recognized on these leases was $45,631 for the year ended June 30, 2023. Principal receipts of $192,566 were recognized during the fiscal year. The interest rate on the leases is between 1.25% and 4.40%. Final receipt is expected in fiscal year 2036.

The lease agreement call for payments that are partially variable and therefore were not included in lease receivable or deferred inflow of resources for leases. These variable payments are a result of the underlying lease measured not on a fixed rate, but rather variable due to the underlying payments derived from 1.18% through 5.83 percent of lessee's share of operating expense. A total of $241,146 was recognized as revenue from these variable payments for the year ended June 30, 2023.

The future receipts on these leases are as follows:

Years Ending June 30,	Principal	Interest	Total
2024	$ 341,941	$ 29,596	$ 371,537
2025	204,057	23,324	227,381
2026	130,872	18,873	149,745
2027	73,010	16,221	89,231
2028	60,653	14,127	74,780
2029 - 2033	306,393	39,641	346,034
2034 - 2036	95,808	3,810	99,618
	$ 1,212,734	$ 145,592	$ 1,358,326

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Required Supplementary Information

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City of Laguna Hills, California

Schedule of Proportionate Share of the Net Pension Liability

Last Ten Fiscal Years*

June 30, 2023

Fiscal year ended	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.04848%	0.03594%	0.04120%	0.03899%	0.03658%	0.03641%	0.03413%	0.02851%	0.03634%
Plan's proportionate share of the net pension liability	$ 5,599,726	$ 1,943,651	$ 4,483,185	$ 3,995,763	$ 3,524,547	$ 3,610,550	$ 2,953,536	$ 1,956,617	$ 2,261,011
Plan's covered payroll	$ 2,820,234	$ 2,968,115	$ 3,079,318	$ 2,978,329	$ 3,199,277	$ 3,197,331	$ 3,076,464	$ 3,093,576	$ 2,893,989
Plan's proportionate share of the net pension liability as a percentage of covered payroll	198.56%	65.48%	145.59%	134.16%	110.17%	112.92%	96.00%	63.25%	78.13%
Plan's fiduciary net position as a percentage of the Plan's total pension liability	88.29%	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measure date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

There were no changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate was reduced from 7.15% to 6.90%.

* - Fiscal year 2015 was the 1st year of implementation; therefore, only nine years are shown.

City of Laguna Hills, California
Schedule of Contributions
Last Ten Fiscal Years*
June 30, 2023

Fiscal year ended	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 674,800	$ 587,229	$ 546,745	$ 488,471	$ 422,127	$ 378,900	$ 346,439	$ 308,768	$ 278,231
Contributions in relation to the actuarially determined contribution	(674,800)	(587,229)	(546,745)	(488,471)	(422,127)	(378,900)	(346,439)	(308,768)	(278,231)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,142,833	$ 2,820,234	$ 2,968,115	$ 3,079,318	$ 2,978,329	$ 3,199,277	$ 3,197,331	$ 3,076,464	$ 3,093,576
Contribution as a percentage of covered payroll	21.47%	20.82%	18.42%	15.86%	14.17%	11.84%	10.84%	10.04%	8.99%

Notes to Schedule:

Valuation Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Methods and Assumptions Used to Determine Contribution Rates:									
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	15 Year Smoothed Market Method
Inflation	2.50%	2.50%	2.50%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.00 (3)	7.15 (3)	7.15 (3)	7.25 (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed
(2) Depending on age, service, and type of employment
(3) Net of pension plan investment expense, including inflation
(4) 50 years (2%@60), 52 years (2%@62)**
(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board

* - Fiscal year 2015 was the 1st year of implementation; therefore, only nine years are shown.

City of Laguna Hills, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund

Year Ended June 30, 2023

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive/ (Negative)
Revenues:				
Taxes	$ 20,521,943	$ 20,521,943	$ 22,448,828	$ 1,926,885
Licenses and permits	1,124,513	1,124,513	1,381,282	256,769
Intergovernmental	248,759	248,759	322,692	73,933
Charges for services	930,795	930,795	2,482,814	1,552,019
Fines and forfeitures	179,375	179,375	224,731	45,356
Investment income	100,000	100,000	515,754	415,754
Total revenues	23,105,385	23,105,385	27,376,101	4,270,716
Expenditures:				
Current:				
General government	4,491,907	4,782,999	4,341,841	441,158
Public works	5,032,134	4,485,620	4,220,252	265,368
Community development	1,451,113	1,927,613	1,405,880	521,733
Community services	2,310,411	2,488,542	2,303,939	184,603
Public safety	10,106,151	10,701,708	10,096,445	605,263
Capital outlay	63,200	310,858	269,744	41,114
Debt service:				
Principal retirement	-	90,000	92,302	(2,302)
Total expenditures	23,454,916	24,787,340	22,730,403	2,056,937
Excess (Deficiency) of Revenues Over (Under) Expenditures	(349,531)	(1,681,955)	4,645,698	6,327,653
Other Financing Sources (Uses):				
Transfers in	2,082,761	5,254,464	4,392,118	(862,346)
Transfers out	(1,923,467)	(3,904,784)	(1,166,618)	2,738,166
Total other financing sources (uses)	159,294	1,349,680	3,225,500	1,875,820
Net Change in Fund Balance	(190,237)	(332,275)	7,871,198	8,203,473
Fund Balance at Beginning of the Year	13,794,449	13,794,449	13,794,449	-
Fund Balance at End of the Year	$ 13,604,212	$ 13,462,174	$ 21,665,647	$ 8,203,473

See Note to Required Supplementary Information

City of Laguna Hills, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual –
ARPA Special Revenue Fund
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ 3,732,689	$ 3,732,689	$ 3,732,689	$ -
Total revenues	3,732,689	3,732,689	3,732,689	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,732,689	3,732,689	3,732,689	-
Other Financing Sources (Uses):				
Transfers out	(839,171)	(3,732,689)	(3,732,689)	-
Net Change in Fund Balance	2,893,518	-	-	-
Fund Balance at Beginning of the Year	-	-	-	-
Fund Balance at End of the Year	$ 2,893,518	$ -	$ -	$ -

Note 1 - Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and are 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 fund types.

Biennial budgets are adopted for all governmental funds except for certain special revenue funds and capital projects funds, which adopt project length budgets. The following Special Revenue Funds did not have an adopted budget during the current fiscal year: CARITS, Public Art, Park In-Lieu, and Water Conservation.

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Supplementary Information

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Special Revenue 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 2103, 2105, 2106, 2107 and 2107.5.

Measure M Fund - Used to account for Measure M revenues from the Orange County Transportation Authority (OCTA) to be used for street improvement and transportation system maintenance.

SB1 RMRA Fund - Used to account for revenues received from the State SB1 taxes. Expenditures are restricted to basic road maintenance, rehabilitation, and critical safety projects.

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

Senior Mobility Program Fund - Used to account for revenues and expenditures related to help design and operate a transit program that best fits the needs of older adults under the OCTA Senior Mobility Program.

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.

CDBG 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."

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.

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 Fees 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.

SB 1383 Grant Fund – Used to account for a one-time grant program meant to provide aid in the implementation of regulations adopted by CalRecycle pursuant to Chapter 395, Statutes of 2016 and SB170 Budget Act of 2021.

Park In-Lieu Fund - Used to account for revenues received and expenditures made related to park fees. The Quimby Act authorizes the City to require residential subdivisions to dedicate land for parks or pay fees in-lieu of dedication.

CASp Fund - (Certified Access Specialist Program) Used to account for revenues and expenditures related to Senate Bill 1186 funds that are to be used for disability access and compliance with construction-related accessibility requirements.

Water Conservation Fund - Used to account for revenues and expenditures related to water use efficiency and conservation programs.

Grants & Contributions Fund - Used to account for 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 VALH MGP Fund - Used to account for revenues received and expenditures made 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.

SLESF/COPS BRULTE Fund - Used to account for revenues received and expenditures made for front line law enforcement services related to the allocations received through the State Supplemental Law Enforcement Services Fund (SLESF)/COPS program.

Debt Service Fund:

Debt Service Fund - Used to pay the City’s debt service on its COP issue.

City of Laguna Hills, California
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Special Revenue Funds		
	Gas Tax	Measure M	SB1 RMRA
Assets:			
Cash and investments	$ 851,972	$ -	$ 584,794
Receivables:			
Accounts	-	-	-
Interest	-	-	-
Due from other governments	70,021	362,761	122,761
Restricted cash and investments	-	-	-
Total assets	$ 921,993	$ 362,761	$ 707,555
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ -	$ 130,687	$ -
Due to other governments	-	1,200	-
Due to other funds	-	69,583	-
Total liabilities	-	201,470	-
Fund Balances:			
Restricted	921,993	161,291	707,555
Total fund balances	921,993	161,291	707,555
Total liabilities and fund balances	$ 921,993	$ 362,761	$ 707,555

City of Laguna Hills, California

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Special Revenue Funds		
	AB 2766	Senior Mobility Program	CARITS
Assets:			
Cash and investments	$ 184,639	$ 207,205	$ 1,310,717
Receivables:			
Accounts	-	-	-
Interest	-	-	-
Due from other governments	10,256	8,274	-
Restricted cash and investments	-	-	-
Total assets	$ 194,895	$ 215,479	$ 1,310,717
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ -	$ 1,030	$ -
Due to other governments	-	-	-
Due to other funds	-	-	-
Total liabilities	-	1,030	-
Fund Balances:			
Restricted	194,895	214,449	1,310,717
Total fund balances	194,895	214,449	1,310,717
Total liabilities and fund balances	$ 194,895	$ 215,479	$ 1,310,717

City of Laguna Hills, California

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Special Revenue Funds		
	CDBG	Public Art	Beverage Recycling
Assets:			
Cash and investments	$ -	$ 197,334	$ 8,778
Receivables:			
Accounts	-	-	-
Interest	-	-	-
Due from other governments	-	-	-
Restricted cash and investments	-	-	-
Total assets	$ -	$ 197,334	$ 8,778
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ -	$ -	$ -
Due to other governments	-	-	-
Due to other funds	-	-	-
Total liabilities	-	-	-
Fund Balances:			
Restricted	-	197,334	8,778
Total fund balances	-	197,334	8,778
Total liabilities and fund balances	$ -	$ 197,334	$ 8,778

City of Laguna Hills, California
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Special Revenue Funds		
	CR&R Recycling Fees	C & D Forfeited Deposits	SB 1383 Grant
Assets:			
Cash and investments	$ 116,235	$ 64,500	$ 10,085
Receivables:			
Accounts	-	-	-
Interest	-	-	-
Due from other governments	-	-	-
Restricted cash and investments	-	-	-
Total assets	$ 116,235	$ 64,500	$ 10,085
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 8,502	$ 270	$ 9,057
Due to other governments	-	30,635	-
Due to other funds	-	-	-
Total liabilities	8,502	30,905	9,057
Fund Balances:			
Restricted	107,733	33,595	1,028
Total fund balances	107,733	33,595	1,028
Total liabilities and fund balances	$ 116,235	$ 64,500	$ 10,085

City of Laguna Hills, California
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Special Revenue Funds		
	Park In-Lieu	CASp	Water Conservation
Assets:			
Cash and investments	$ 2,053,640	$ 30,229	$ 352,753
Receivables:			
Accounts	-	1,229	-
Interest	-	-	-
Due from other governments	-	-	-
Restricted cash and investments	-	-	-
Total assets	$ 2,053,640	$ 31,458	$ 352,753
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ -	$ -	$ -
Due to other governments	-	-	-
Due to other funds	-	-	-
Total liabilities	-	-	-
Fund Balances:			
Restricted	2,053,640	31,458	352,753
Total fund balances	2,053,640	31,458	352,753
Total liabilities and fund balances	$ 2,053,640	$ 31,458	$ 352,753

City of Laguna Hills, California
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Special Revenue Funds		
	Grants & Contributions	Public Art VALH MGP	SLESF/COPS BRULTE
Assets:			
Cash and investments	$ -	$ 344,354	$ 2,100
Receivables:			
Accounts	-	-	-
Interest	-	-	-
Due from other governments	-	-	86,159
Restricted cash and investments	-	-	-
Total assets	$ -	$ 344,354	$ 88,259
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ -	$ -	$ -
Due to other governments	-	-	-
Due to other funds	-	-	-
Total liabilities	-	-	-
Fund Balances:			
Restricted	-	344,354	88,259
Total fund balances	-	344,354	88,259
Total liabilities and fund balances	$ -	$ 344,354	$ 88,259

City of Laguna Hills, California
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Debt Service	Total Non-Major Governmental Funds
Assets:		
Cash and investments	$ -	$ 6,319,335
Receivables:		
Accounts	-	1,229
Interest	5,670	5,670
Due from other governments	-	660,232
Restricted cash and investments	1,467,163	1,467,163
Total assets	$ 1,472,833	$ 8,453,629
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	$ -	$ 149,546
Due to other governments	-	31,835
Due to other funds	-	69,583
Total liabilities	-	250,964
Fund Balances:		
Restricted	1,472,833	8,202,665
Total fund balances	1,472,833	8,202,665
Total liabilities and fund balances	$ 1,472,833	$ 8,453,629

City of Laguna Hills, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds		
	Gas Tax	Measure M	SB1 RMRA
Revenues:			
Taxes	$ -	$ -	$ -
Licenses and permits	-	-	-
Intergovernmental	726,030	1,014,238	700,569
Charges for services	-	-	-
Investment income	14,861	1,187	6,986
Other revenues	-	-	-
Total revenues	740,891	1,015,425	707,555
Expenditures:			
Current:			
Public works	-	619,154	-
Community services	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	-	619,154	-
Excess (deficiency) of revenues over (under) expenditures	740,891	396,271	707,555
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	(61,428)	(199,980)	-
Total other financing sources (uses)	(61,428)	(199,980)	-
Net Change in Fund Balances	679,463	196,291	707,555
Fund Balances (Deficit), Beginning of Year	242,530	(35,000)	-
Fund Balances, End of Year	$ 921,993	$ 161,291	$ 707,555

City of Laguna Hills, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds		
	AB 2766	Senior Mobility Program	CARITS
Revenues:			
Taxes	$ -	$ -	$ -
Licenses and permits	-	-	-
Intergovernmental	72,842	51,209	-
Charges for services	-	-	-
Investment income	5,873	5,023	34,236
Other revenues	-	-	-
Total revenues	78,715	56,232	34,236
Expenditures:			
Current:			
Public works	-	-	-
Community services	-	14,124	-
Capital outlay	110,817	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	110,817	14,124	-
Excess (deficiency) of revenues over (under) expenditures	(32,102)	42,108	34,236
Other Financing Sources (Uses):			
Transfers in	-	2,825	-
Transfers out	-	-	-
Total other financing sources (uses)	-	2,825	-
Net Change in Fund Balances	(32,102)	44,933	34,236
Fund Balances (Deficit), Beginning of Year	226,997	169,516	1,276,481
Fund Balances, End of Year	$ 194,895	$ 214,449	$ 1,310,717

City of Laguna Hills, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds		
	CDBG	Public Art	Beverage Recycling
Revenues:			
Taxes	$ -	$ -	$ -
Licenses and permits	-	-	-
Intergovernmental	-	120,000	-
Charges for services	-	-	-
Investment income	-	5,154	229
Other revenues	-	-	-
Total revenues	-	125,154	229
Expenditures:			
Current:			
Public works	-	-	-
Community services	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	125,154	229
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net Change in Fund Balances	-	125,154	229
Fund Balances (Deficit), Beginning of Year	-	72,180	8,549
Fund Balances, End of Year	$ -	$ 197,334	$ 8,778

City of Laguna Hills, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds		
	CR&R Recycling Fees	C & D Forfeited Deposits	SB 1383 Grant
Revenues:			
Taxes	$ 180,000	$ -	$ -
Licenses and permits	-	67,871	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Investment income	4,079	385	936
Other revenues	-	-	-
Total revenues	184,079	68,256	936
Expenditures:			
Current:			
Public works	85,415	53,438	44,780
Community services	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	85,415	53,438	44,780
Excess (deficiency) of revenues over (under) expenditures	98,664	14,818	(43,844)
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net Change in Fund Balances	98,664	14,818	(43,844)
Fund Balances (Deficit), Beginning of Year	9,069	18,777	44,872
Fund Balances, End of Year	$ 107,733	$ 33,595	$ 1,028

City of Laguna Hills, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds		
	Park In-Lieu	CASp	Water Conservation
Revenues:			
Taxes	$ -	$ -	$ -
Licenses and permits	-	3,914	-
Intergovernmental	-	-	-
Charges for services	2,000,000	-	-
Investment income	53,640	746	9,214
Other revenues	-	-	-
Total revenues	2,053,640	4,660	9,214
Expenditures:			
Current:			
Public works	-	-	-
Community services	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	2,053,640	4,660	9,214
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net Change in Fund Balances	2,053,640	4,660	9,214
Fund Balances (Deficit), Beginning of Year	-	26,798	343,539
Fund Balances, End of Year	$ 2,053,640	$ 31,458	$ 352,753

City of Laguna Hills, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds		
	Grants & Contributions	Public Art VALH MGP	SLESF/COPS BRULTE
Revenues:			
Taxes	$ -	$ -	$ -
Licenses and permits	-	-	-
Intergovernmental	208,203	-	251,430
Charges for services	-	350,000	-
Investment income	-	9,354	2,829
Other revenues	4,055	-	-
Total revenues	212,258	359,354	254,259
Expenditures:			
Current:			
Public works	-	-	-
Community services	-	15,000	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	-	15,000	-
Excess (deficiency) of revenues over (under) expenditures	212,258	344,354	254,259
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	(82,021)	-	(166,000)
Total other financing sources (uses)	(82,021)	-	(166,000)
Net Change in Fund Balances	130,237	344,354	88,259
Fund Balances (Deficit), Beginning of Year	(130,237)	-	-
Fund Balances, End of Year	$ -	$ 344,354	$ 88,259

City of Laguna Hills, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2023

	Debt Service	Total Non-Major Governmental Funds
Revenues:		
Taxes	$ -	$ 180,000
Licenses and permits	-	71,785
Intergovernmental	-	3,144,521
Charges for services	-	2,350,000
Investment income	74,719	229,451
Other revenues	-	4,055
Total revenues	74,719	5,979,812
Expenditures:		
Current:		
Public works	-	802,787
Community services	-	29,124
Capital outlay	-	110,817
Debt service:		
Principal	345,000	345,000
Interest and fiscal charges	46,423	46,423
Total expenditures	391,423	1,334,151
Excess (deficiency) of revenues over (under) expenditures	(316,704)	4,645,661
Other Financing Sources (Uses):		
Transfers in	2,041	4,866
Transfers out	-	(509,429)
Total other financing sources (uses)	2,041	(504,563)
Net Change in Fund Balances	(314,663)	4,141,098
Fund Balances (Deficit), Beginning of Year	1,787,496	4,061,567
Fund Balances, End of Year	$ 1,472,833	$ 8,202,665

City of Laguna Hills, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Capital Projects Fund – Major Fund
Year Ended June 30, 2023

	Budget Amounts		Actual	Variance with Final Budget Positive/
	Original	Final	Amounts	(Negative)
Expenditures:				
Current:				
Public works	$ 200,000	$ 200,000	$ 155,813	$ 44,187
Capital outlay	825,000	2,556,317	755,939	1,800,378
Total expenditures	1,025,000	2,756,317	911,752	1,844,565
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,025,000)	(2,756,317)	(911,752)	1,844,565
Other Financing Sources (Uses):				
Transfers in	1,025,000	2,756,317	911,752	(1,844,565)
Net Change in Fund Balance	-	-	-	-
Fund Balance at Beginning of the Year	-	-	-	-
Fund Balance at End of the Year	$ -	$ -	$ -	$ -

City of Laguna Hills, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Gas Tax Special Revenue Fund
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ 779,803	$ 779,803	$ 726,030	$ (53,773)
Investment income	-	-	14,861	14,861
Total revenues	779,803	779,803	740,891	(38,912)
Excess (Deficiency) of Revenues Over (Under) Expenditures	779,803	779,803	740,891	(38,912)
Other Financing Sources (Uses):				
Transfers out	-	(220,432)	(61,428)	159,004
Net Change in Fund Balance	779,803	559,371	679,463	120,092
Fund Balance at Beginning of the Year	242,530	242,530	242,530	-
Fund Balance at End of the Year	$ 1,022,333	$ 801,901	$ 921,993	$ 120,092

City of Laguna Hills, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Measure M Special Revenue Fund
Year Ended June 30, 2023

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive/ (Negative)
Revenues:				
Intergovernmental	$ 593,590	$ 793,590	$ 1,014,238	$ 220,648
Investment income	-	-	1,187	1,187
Total revenues	593,590	793,590	1,015,425	221,835
Expenditures:				
Current:				
Public works	-	690,000	619,154	70,846
Excess (Deficiency) of Revenues Over (Under) Expenditures	593,590	103,590	396,271	292,681
Other Financing Sources (Uses):				
Transfers out	(593,590)	(200,000)	(199,980)	20
Net Change in Fund Balance	-	(96,410)	196,291	292,701
Fund Balances (Deficit), Beginning of Year	-	-	(35,000)	(35,000)
Fund Balance at End of the Year	$ -	$ (96,410)	$ 161,291	$ 257,701

City of Laguna Hills, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
SB1 RMRA Special Revenue Fund
Year Ended June 30, 2023

	Budget Amounts		Actual	Variance with Final Budget Positive/
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 622,831	$ 622,831	$ 700,569	$ 77,738
Investment income	-	-	6,986	6,986
Total revenues	622,831	622,831	707,555	84,724
Excess (Deficiency) of Revenues Over (Under) Expenditures	622,831	622,831	707,555	84,724
Other Financing Sources (Uses):				
Transfers out	-	(85,343)	-	85,343
Net Change in Fund Balance	622,831	537,488	707,555	170,067
Fund Balance at Beginning of the Year	-	-	-	-
Fund Balance at End of the Year	$ 622,831	$ 537,488	$ 707,555	$ 170,067

City of Laguna Hills, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
AB 2766 Special Revenue Fund
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ 40,000	$ 40,000	$ 72,842	$ 32,842
Investment income	-	-	5,873	5,873
Total revenues	40,000	40,000	78,715	38,715
Expenditures:				
Capital outlay	50,000	110,817	110,817	-
Net Change in Fund Balance	(10,000)	(70,817)	(32,102)	38,715
Fund Balance at Beginning of the Year	226,997	226,997	226,997	-
Fund Balance at End of the Year	$ 216,997	$ 156,180	$ 194,895	$ 38,715

City of Laguna Hills, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Senior Mobility Program Special Revenue Fund
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ 40,909	$ 40,909	$ 51,209	$ 10,300
Investment income	-	-	5,023	5,023
Total revenues	40,909	40,909	56,232	15,323
Expenditures:				
Current:				
Community services	53,930	53,930	14,124	39,806
Capital outlay	300	300	-	300
Total expenditures	54,230	54,230	14,124	40,106
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,321)	(13,321)	42,108	55,429
Other Financing Sources (Uses):				
Transfers in	10,846	10,846	2,825	(8,021)
Net Change in Fund Balance	(2,475)	(2,475)	44,933	47,408
Fund Balance at Beginning of the Year	169,516	169,516	169,516	-
Fund Balance at End of the Year	$ 167,041	$ 167,041	$ 214,449	$ 47,408

City of Laguna Hills, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
CDBG Special Revenue Fund
Year Ended June 30, 2023

	Budget Amounts		Actual	Variance with Final Budget Positive/
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 100,000	$ 100,000	$ -	$ (100,000)
Expenditures:				
Current:				
Community development	100,000	100,000	-	100,000
Net Change in Fund Balance	-	-	-	-
Fund Balance at Beginning of the Year	-	-	-	-
Fund Balance at End of the Year	$ -	$ -	$ -	$ -

City of Laguna Hills, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Beverage Recycling Special Revenue Fund
Year Ended June 30, 2023

	Budget Amounts		Actual	Variance with Final Budget Positive/
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 9,000	$ 9,000	$ -	$ (9,000)
Investment income	-	-	229	229
Total revenues	9,000	9,000	229	(8,771)
Expenditures:				
Current:				
Public works	9,061	9,061	-	9,061
Net Change in Fund Balance	(61)	(61)	229	290
Fund Balance at Beginning of the Year	8,549	8,549	8,549	-
Fund Balance at End of the Year	$ 8,488	$ 8,488	$ 8,778	$ 290

City of Laguna Hills, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
CR&R Recycling Special Revenue Fund
Year Ended June 30, 2023

	Budget Amounts		Actual	Variance with Final Budget Positive/
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 110,000	$ 110,000	$ 180,000	$ 70,000
Investment income	-	-	4,079	4,079
Total revenues	110,000	110,000	184,079	74,079
Expenditures:				
Current:				
Public works	109,000	109,000	85,415	23,585
Net Change in Fund Balance	1,000	1,000	98,664	97,664
Fund Balance at Beginning of the Year	9,069	9,069	9,069	-
Fund Balance at End of the Year	$ 10,069	$ 10,069	$ 107,733	$ 97,664

City of Laguna Hills, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
C & D Forfeited Deposits Special Revenue Fund
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Licenses and permits	$ 100,000	$ 100,000	$ 67,871	$ (32,129)
Investment income	-	-	385	385
Total revenues	100,000	100,000	68,256	(31,744)
Expenditures:				
Current:				
Public works	130,000	130,000	53,438	76,562
Net Change in Fund Balance	(30,000)	(30,000)	14,818	44,818
Fund Balance at Beginning of the Year	18,777	18,777	18,777	-
Fund Balance at End of the Year	$ (11,223)	$ (11,223)	$ 33,595	$ 44,818

City of Laguna Hills, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
SB 1383 Grant Special Revenue Fund
Year Ended June 30, 2023

	Budget Amounts		Actual	Variance with Final Budget Positive/
	Original	Final	Amounts	(Negative)
Revenues:				
Investment income	$ -	$ -	$ 936	$ 936
Expenditures:				
Current:				
Public works	-	44,821	44,780	41
Net Change in Fund Balance	-	(44,821)	(43,844)	977
Fund Balance at Beginning of the Year	44,872	44,872	44,872	-
Fund Balance at End of the Year	$ 44,872	$ 51	$ 1,028	$ 977

City of Laguna Hills, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
CASp Special Revenue Fund
Year Ended June 30, 2023

	Budget Amounts		Actual	Variance with Final Budget Positive/
	Original	Final	Amounts	(Negative)
Revenues:				
Licenses and permits	$ 5,000	$ 5,000	$ 3,914	$ (1,086)
Investment income	-	-	746	746
Total revenues	5,000	5,000	4,660	(340)
Expenditures:				
Current:				
Community development	5,000	5,000	-	5,000
Net Change in Fund Balance	-	-	4,660	4,660
Fund Balance at Beginning of the Year	26,798	26,798	26,798	-
Fund Balance at End of the Year	$ 26,798	$ 26,798	$ 31,458	$ 4,660

City of Laguna Hills, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Grants and Contributions Special Revenue Fund
Year Ended June 30, 2023

	Budget Amounts		Actual	Variance with Final Budget Positive/
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ -	$ 200,000	$ 208,203	$ 8,203
Other revenue	-	-	4,055	4,055
Total revenues	-	200,000	212,258	12,258
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	200,000	212,258	12,258
Other Financing Sources (Uses):				
Transfers out	-	(200,000)	(82,021)	117,979
Net Change in Fund Balance	-	-	130,237	130,237
Fund Balance at Beginning of the Year	(130,237)	(130,237)	(130,237)	-
Fund Balance at End of the Year	$ (130,237)	$ (130,237)	$ -	$ 130,237

City of Laguna Hills, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Public Art VALH MGP Special Revenue Fund
Year Ended June 30, 2023

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive/ (Negative)
Revenues:				
Charges for services	$ -	$ -	$ 350,000	$ 350,000
Investment income	-	-	9,354	9,354
Total revenues	-	-	359,354	359,354
Expenditures:				
Current:				
Community services	-	15,000	15,000	-
Net Change in Fund Balance	-	(15,000)	344,354	359,354
Fund Balance at Beginning of the Year	-	-	-	-
Fund Balance at End of the Year	$ -	$ (15,000)	$ 344,354	$ 359,354

City of Laguna Hills, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
SLESF/COPS BRULTE Special Revenue Fund
Year Ended June 30, 2023

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive/ (Negative)
Revenues:				
Intergovernmental	$ 150,000	$ 150,000	$ 251,430	$ 101,430
Investment income	-	-	2,829	2,829
Total revenues	150,000	150,000	254,259	104,259
Excess (Deficiency) of Revenues Over (Under) Expenditures	150,000	150,000	254,259	104,259
Other Financing Sources (Uses):				
Transfers out	(150,000)	(166,000)	(166,000)	-
Net Change in Fund Balance	-	(16,000)	88,259	104,259
Fund Balance at Beginning of the Year	-	-	-	-
Fund Balance at End of the Year	$ -	$ (16,000)	$ 88,259	$ 104,259

City of Laguna Hills, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Debt Service Fund
Year Ended June 30, 2023

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive/ (Negative)
Revenues:				
Investment income	$ -	$ -	$ 74,719	$ 74,719
Expenditures:				
Debt service:				
Interest and fiscal charges	46,423	46,423	46,423	-
Principal retirement	345,000	345,000	345,000	-
Total expenditures	391,423	391,423	391,423	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(391,423)	(391,423)	(316,704)	74,719
Other Financing Sources (Uses):				
Transfers in	387,621	387,621	2,041	(385,580)
Net Change in Fund Balance	(3,802)	(3,802)	(314,663)	(310,861)
Fund Balance at Beginning of the Year	1,787,496	1,787,496	1,787,496	-
Fund Balance at End of the Year	$ 1,783,694	$ 1,783,694	$ 1,472,833	$ (310,861)

Statistical Section

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This part of the City of Laguna Hills's annual comprehensive 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's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

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

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City of Laguna Hills
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending				
	2014	2015	2016	2017	2018
Governmental activities					
Net Investment in capital assets	$ 84,465,323	$ 84,623,408	$ 83,320,937	$ 82,980,468	$ 81,972,798
Restricted	2,414,686	5,240,670	2,470,305	2,394,252	2,155,589
Unrestricted	5,751,121	1,789,992	4,916,994	3,315,387	2,956,001
Total government activities net position	$ 92,631,130	$ 91,654,070	$ 90,708,236	$ 88,690,107	$ 87,084,388
Business-type activities					
Net Investment in capital assets	$ 9,894,503	$ 9,324,493	$ 8,998,114	$ 8,343,488	$ 7,635,240
Restricted	-	-	-	-	-
Unrestricted	47,801	(36,397)	68,288	117,338	236,196
Total business-type activities net position	$ 9,942,304	$ 9,288,096	$ 9,066,402	$ 8,460,826	$ 7,871,436
Primary government					
Net Investment in capital assets	$ 94,359,826	$ 93,947,901	$ 92,319,051	$ 91,323,956	$ 89,608,038
Restricted	2,414,686	5,240,670	2,470,305	2,394,252	2,155,589
Unrestricted	5,798,922	1,753,595	4,985,282	3,432,725	3,192,197
Total primary government net position	$ 102,573,434	$ 100,942,166	$ 99,774,638	$ 97,150,933	$ 94,955,824

City of Laguna Hills

Net Position by Component (Continued)

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year Ending				
	2019	2020	2021	2022	2023
Governmental activities					
Net Investment in capital assets	$ 79,706,238	$ 80,312,979	$ 78,878,248	$ 79,981,695	$ 76,838,788
Restricted	3,462,431	2,538,747	3,894,336	4,226,804	8,202,665
Unrestricted	4,583,713	4,177,487	4,089,857	8,289,453	17,861,468
Total government activities net position	$ 87,752,382	$ 87,029,213	$ 86,862,441	$ 92,497,952	$ 102,902,921
Business-type activities					
Net Investment in capital assets	$ 6,964,651	$ 6,311,356	$ 5,577,506	$ 5,556,210	$ 4,988,423
Restricted	-	-	-	-	-
Unrestricted	227,320	178,595	218,820	212,173	217,172
Total business-type activities net position	$ 7,191,971	$ 6,489,951	$ 5,796,326	$ 5,768,383	$ 5,205,595
Primary government					
Net Investment in capital assets	$ 86,670,889	$ 86,624,335	$ 84,455,754	$ 85,537,905	$ 81,827,211
Restricted	3,462,431	2,538,747	3,894,336	4,226,804	8,202,665
Unrestricted	4,811,033	4,356,082	4,308,677	8,501,626	18,078,640
Total primary government net position	$ 94,944,353	$ 93,519,164	$ 92,658,767	$ 98,266,335	$ 108,108,516

City of Laguna Hills

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year Ending				
	2014	2015	2016	2017	2018
Expenses					
Governmental activities:					
General government	$ 3,304,687	$ 3,088,372	$ 3,112,783	$ 4,226,233	$ 4,104,012
Public works	6,376,642	6,332,724	6,802,499	7,234,921	6,841,288
Community development	1,265,719	1,434,213	1,309,210	1,462,611	1,287,931
Community services	3,886,180	4,660,667	4,141,792	4,131,886	4,161,070
Public safety	6,837,050	7,162,514	6,929,025	8,167,361	8,032,660
Interest expense	530,039	479,589	431,264	376,993	323,513
Total governmental activities expenses	22,200,317	23,158,079	22,726,573	25,600,005	24,750,474
Business-type activities:					
Property leasing	1,278,434	1,204,437	1,222,043	1,255,765	1,247,849
Total business-type activities expenses	1,278,434	1,204,437	1,222,043	1,255,765	1,247,849
Total primary government expenses	$ 23,478,751	$ 24,362,516	$ 23,948,616	$ 26,855,770	$ 25,998,323
Program Revenues					
Governmental activities:					
Charges for Services:					
General government	$ -	$ -	$ -	$ -	$ -
Public works	106,633	136,037	205,446	196,054	189,662
Community development	799,316	1,050,127	881,286	894,150	988,719
Community services	608,877	775,330	780,519	756,089	821,388
Public safety	186,347	300,032	267,555	228,649	208,461
Operating Contributions	2,186,050	2,989,299	1,960,392	2,131,220	1,876,109
Capital Contributions	807,545	2,264,558	60,850	716,200	-
Total governmental activities program revenues	4,694,768	7,515,383	4,156,048	4,922,362	4,084,339
Business-type activities:					
Charges for Services:					
Property leasing	476,391	500,202	579,313	650,147	658,396
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	476,391	500,202	579,313	650,147	658,396
Total primary government program revenues	$ 5,171,159	$ 8,015,585	$ 4,735,361	$ 5,572,509	$ 4,742,735
Net (expense)/revenue					
Governmental activities	$ (17,505,549)	$ (15,642,696)	$ (18,570,525)	$ (20,677,643)	$ (20,666,135)
Business- type activities	(802,043)	(704,235)	(642,730)	(605,618)	(589,453)
	$ (18,307,592)	$ (16,346,931)	$ (19,213,255)	$ (21,283,261)	$ (21,255,588)

City of Laguna Hills

Changes in Net Position (Continued)

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year Ending				
	2014	2015	2016	2017	2018
General Revenues and Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	$ 8,826,271	$ 9,128,568	$ 9,660,614	$ 10,064,067	$ 10,481,864
Sales and use taxes	5,562,823	5,603,521	5,439,210	5,779,073	5,755,661
Motor vehicle in lieu taxes	14,344	13,856	12,506	13,745	16,604
Other State subvention	16,549	93,653	57,112	9,209	5,725
Franchise taxes	1,259,021	1,343,505	1,303,919	1,191,868	1,248,488
Transient occupancy taxes	1,203,422	1,285,455	1,406,823	1,437,420	1,381,719
Investment earnings	12,251	14,266	14,893	21,911	49,179
Miscellaneous revenue	29,706	56,542	150,614	142,221	121,176
Transfers	(293,691)	(50,000)	(421,000)	-	-
Total governmental activities	16,630,696	17,489,366	17,624,691	18,659,514	19,060,416
Business-type activities:					
Investment earnings	16	27	36	42	63
Transfers	293,691	50,000	421,000	-	-
Total business-type activities	293,707	50,027	421,036	42	63
Total primary government	$ 16,924,403	$ 17,539,393	$ 18,045,727	$ 18,659,556	$ 19,060,479
Changes in Net Position:					
Governmental activities	$ (874,853)	$ 1,846,670	$ (945,834)	$ (2,018,129)	$ (1,605,719)
Business-type activities	(508,336)	(654,208)	(221,694)	(605,576)	(589,390)
Total primary government	$ (1,383,189)	$ 1,192,462	$ (1,167,528)	$ (2,623,705)	$ (2,195,109)

City of Laguna Hills
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending				
	2019	2020	2021	2022	2023
Expenses					
Governmental activities:					
General government	$ 3,467,852	$ 4,350,707	$ 4,468,341	$ 3,318,690	$ 4,577,936
Public works	6,433,542	6,783,242	6,727,008	6,849,279	7,674,208
Community development	1,385,455	1,656,277	2,270,417	1,762,606	1,405,880
Community services	4,079,412	3,781,731	3,371,755	4,027,705	2,572,809
Public safety	8,251,937	8,630,054	9,106,311	9,005,866	10,106,055
Interest expense	267,582	202,566	118,455	40,507	(12,748)
Total governmental activities expenses	23,885,780	25,404,577	26,062,287	25,004,653	26,324,140
Business-type activities:					
Property leasing	1,273,554	1,299,630	1,312,224	1,396,618	1,417,830
Total business-type activities expenses	1,273,554	1,299,630	1,312,224	1,396,618	1,417,830
Total primary government expenses	$ 25,159,334	$ 26,704,207	$ 27,374,511	$ 26,401,271	$ 27,741,970
Program Revenues					
Governmental activities:					
Charges for Services:					
General government	$ -	$ -	$ -	$ -	$ 36,804
Public works	253,438	738,335	1,480,182	787,032	600,449
Community development	1,010,326	1,182,430	1,009,012	1,042,546	2,890,596
Community services	777,605	345,328	183,008	498,155	2,657,311
Public safety	219,727	175,661	146,395	173,454	224,731
Operating Contributions	2,516,513	2,555,054	3,170,212	6,293,799	4,601,680
Capital Contributions	-	206,675	-	239,224	2,507,586
Total governmental activities program revenues	4,777,609	5,203,483	5,988,809	9,034,210	13,519,157
Business-type activities:					
Charges for Services:					
Property leasing	594,026	597,525	618,552	705,583	754,913
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	594,026	597,525	618,552	705,583	754,913
Total primary government program revenues	$ 5,371,635	$ 5,801,008	$ 6,607,361	$ 9,739,793	$ 14,274,070
Net (expense)/revenue					
Governmental activities	$ (19,108,171)	$ (20,201,094)	$ (20,073,478)	$ (15,970,443)	$ (12,804,983)
Business- type activities	(679,528)	(702,105)	(693,672)	(691,035)	(662,917)
	$ (19,787,699)	$ (20,903,199)	$ (20,767,150)	$ (16,661,478)	$ (13,467,900)

City of Laguna Hills

Changes in Net Position (Continued)

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year Ending				
	2019	2020	2021	2022	2023
General Revenues and Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	$ 10,981,130	$ 11,314,045	$ 11,930,666	$ 12,340,524	$ 13,069,248
Sales and use taxes	5,966,524	5,372,149	5,825,883	6,940,812	6,930,366
Motor vehicle in lieu taxes	15,273	24,988	23,109	35,897	32,177
Other State subvention	22,529	10,613	9,895	-	80,839
Franchise taxes	1,265,411	1,198,008	1,218,098	1,251,870	1,326,571
Transient occupancy taxes	1,311,213	1,025,047	678,706	1,021,089	1,122,643
Investment earnings	99,204	112,250	2,988	(117,321)	636,875
Miscellaneous revenue	114,881	420,825	217,361	133,083	111,233
Transfers	-	-	-	-	(100,000)
Total governmental activities	19,776,165	19,477,925	19,906,706	21,605,954	23,209,952
Business-type activities:					
Investment earnings	63	85	47	76	129
Transfers	-	-	-	-	100,000
Total business-type activities	63	85	47	76	100,129
Total primary government	$ 19,776,228	$ 19,478,010	$ 19,906,753	$ 21,606,030	$ 23,310,081
Changes in Net Position:					
Governmental activities	$ 667,994	$ (723,169)	$ (166,772)	$ 5,635,511	$ 10,404,969
Business-type activities	(679,465)	(702,020)	(693,625)	(690,959)	(562,788)
Total primary government	$ (11,471)	$ (1,425,189)	$ (860,397)	$ 4,944,552	$ 9,842,181

City of Laguna Hills

Governmental Activities - Tax Revenues By Source

Last Ten Fiscal Years

(accrual basis of accounting)

Fiscal Year Ending	Property Tax	Sales & Use Tax	Motor Vehicle in Lieu Tax	Other State Subvention	Franchise Tax	Transient Occupancy Tax	Total
2014	8,826,271	5,562,823	14,344	16,549	1,259,021	1,203,422	16,882,430
2015	9,128,568	5,603,521	13,856	93,653	1,343,505	1,285,455	17,468,558
2016	9,660,614	5,439,210	12,506	57,112	1,303,919	1,406,823	17,880,184
2017	10,064,067	5,779,073	13,745	9,209	1,191,868	1,437,420	18,495,382
2018	10,481,864	5,755,661	16,604	5,725	1,248,488	1,381,719	18,890,061
2019	10,981,130	5,966,524	15,273	22,529	1,265,411	1,311,213	19,562,080
2020	11,314,045	5,372,149	24,988	10,613	1,198,008	1,025,047	18,944,850
2021	11,930,666	5,825,883	23,109	9,895	1,218,098	678,706	19,686,357
2022	12,340,524	6,940,812	35,897	-	1,251,870	1,021,089	21,590,192
2023	13,069,248	6,930,366	32,177	80,839	1,326,571	1,122,643	22,561,844

City of Laguna Hills

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year Ending 2014	2015	2016	2017	2018
General Fund					
Nonspendable	$ 416,994	$ 318,769	$ 312,137	$ 81,520	$ 78,971
Restricted	-	88,990	-	-	-
Committed	-	-	-	-	-
Assigned	1,726,228	1,230,959	1,059,959	720,659	871,931
Unassigned	4,184,661	5,078,583	6,727,197	6,029,507	6,373,541
Total General Fund	$ 6,327,883	$ 6,717,301	$ 8,099,293	$ 6,831,686	$ 7,324,443
All other governmental funds					
Nonspendable	-	-	-	-	-
Restricted	4,222,459	5,151,680	4,276,934	4,209,039	3,983,335
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(322,781)	(229,971)	(227,254)	-	-
Total all other governmental funds	$ 3,899,678	$ 4,921,709	$ 4,049,680	$ 4,209,039	$ 3,983,335

City of Laguna Hills

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year Ending				
	2019	2020	2021	2022	2023
General Fund					
Nonspendable	$ 99,169	$ 69,834	$ 91,384	$ 128,954	$ 105,889
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	1,145,659	795,659	910,659	769,926	847,881
Unassigned	7,161,146	7,487,247	7,824,536	12,895,569	20,711,877
Total General Fund	$ 8,405,974	$ 8,352,740	$ 8,826,579	$ 13,794,449	$ 21,665,647
All other governmental funds					
Nonspendable	-	-	-	-	-
Restricted	5,291,312	4,364,330	5,703,771	4,226,804	8,202,665
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	(164,472)	-	(165,237)	-
Total all other governmental funds	$ 5,291,312	$ 4,199,858	$ 5,703,771	$ 4,061,567	$ 8,202,665

City of Laguna Hills

Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending 2014	2015	2016	2017	2018
Revenues:					
Taxes	$ 11,308,714	$ 11,777,528	$ 12,393,356	$ 12,695,355	$ 13,114,068
Licenses and permits	778,208	3,195,756	959,138	1,022,542	932,640
Intergovernmental	8,864,729	8,765,516	7,897,817	8,506,103	7,602,950
Charges for current services	931,909	944,054	1,156,880	1,068,521	1,159,437
Fines and forfeitures	186,347	300,032	267,555	228,649	208,461
Investment income	21,608	24,209	35,970	65,691	109,302
Other revenues	-	-	-	-	-
Total revenues	22,091,515	25,007,095	22,710,716	23,586,861	23,126,858
Expenditures:					
Current:					
General government	3,168,265	3,271,039	3,128,699	3,599,531	3,876,923
Public works	4,399,704	4,299,138	4,273,572	4,848,571	4,276,773
Community development	1,261,715	1,433,383	1,308,380	1,461,781	1,287,101
Community services	1,860,866	2,608,281	2,070,952	2,101,883	2,131,638
Public safety	6,826,303	7,153,841	6,917,275	8,149,762	8,025,961
Capital outlay	2,965,511	2,976,435	2,277,446	2,777,691	2,151,578
Debt Service:					
Interest	601,542	553,529	503,429	451,427	397,428
Principal retirement	1,205,000	1,250,000	1,300,000	1,352,353	1,423,396
Total expenditures	22,288,906	23,545,646	21,779,753	24,742,999	23,570,798
Excess (deficiency) of revenues over expenditures	(197,391)	1,461,449	930,963	(1,156,138)	(443,940)
Other financing sources (uses):					
Capital lease proceeds	-	-	-	47,890	710,993
Transfers in	7,214,336	8,059,715	7,006,357	7,582,790	5,207,406
Transfers out	(7,508,027)	(8,109,715)	(7,427,357)	(7,582,790)	(5,207,406)
Total other financing sources (uses)	(293,691)	(50,000)	(421,000)	47,890	710,993
Net change in fund balances	$ (491,082)	$ 1,411,449	$ 509,963	$ (1,108,248)	$ 267,053
Debt service as a percentage of noncapital expenditures	8.55%	8.60%	8.76%	8.00%	8.21%

City of Laguna Hills

Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending				
	2019	2020	2021	2022	2023
Revenues:					
Taxes	$ 13,559,754	$ 13,539,101	$ 13,829,470	$ 21,609,138	$ 22,628,828
Licenses and permits	981,873	1,775,501	2,432,782	1,754,078	1,453,067
Intergovernmental	8,463,884	8,264,831	8,920,379	6,140,282	7,199,902
Charges for current services	1,152,319	637,373	584,889	894,419	4,832,814
Fines and forfeitures	219,727	175,661	146,395	173,454	224,731
Investment income	200,303	230,657	14,567	(121,953)	745,205
Other revenues	-	-	-	-	4,055
Total revenues	24,577,860	24,623,124	25,928,482	30,449,418	37,088,602
Expenditures:					
Current:					
General government	3,856,802	3,801,648	3,721,950	4,070,347	4,341,841
Public works	4,406,628	4,781,981	4,656,267	5,094,782	5,178,852
Community development	1,384,625	1,655,447	2,269,587	1,761,776	1,405,880
Community services	2,050,652	1,754,112	1,310,727	1,968,914	2,333,063
Public safety	8,243,746	8,621,863	9,098,120	8,992,127	10,096,445
Capital outlay	356,354	3,251,173	1,024,620	3,343,324	1,136,500
Debt Service:					
Interest	342,922	284,921	208,924	129,922	46,423
Principal retirement	1,546,623	1,616,667	1,660,535	1,762,560	437,302
Total expenditures	22,188,352	25,767,812	23,950,730	27,123,752	24,976,306
Excess (deficiency) of revenues over expenditures	2,389,508	(1,144,688)	1,977,752	3,325,666	12,112,296
Other financing sources (uses):					
Capital lease proceeds	-	-	-	-	-
Transfers in	2,992,799	8,539,794	3,770,978	12,861,293	5,308,736
Transfers out	(2,992,799)	(8,539,794)	(3,770,978)	(12,861,293)	(5,408,736)
Total other financing sources (uses)	-	-	-	-	(100,000)
Net change in fund balances	$ 2,389,508	$ (1,144,688)	$ 1,977,752	$ 3,325,666	$ 12,012,296
Debt service as a percentage of noncapital expenditures	8.57%	8.38%	8.05%	7.96%	1.97%

City of Laguna Hills

Assessed Value and Estimated Actual Value of Taxable Property, Citywide

Last Ten Fiscal Years (in thousands)

Fiscal Year Ending	Secured Property	Unsecured Property	Less Tax-Exempt Property	Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value	Assessed Value as a Percentage of Actual Value
2014	5,509,351	146,695	35,252	5,656,046	.05371	5,656,046	1.000000	100.00%
2015	5,809,642	148,567	35,410	5,958,209	.05371	5,958,209	1.000000	100.00%
2016	6,236,428	183,676	165,185	6,254,919	.05371	8,159,912	1.304559	76.65%
2017	6,499,868	187,553	218,920	6,468,501	.05371	9,167,561	1.417262	70.56%
2018	6,728,482	188,841	209,680	6,707,643	.05371	9,373,474	1.397432	71.56%
2019	7,089,277	245,352	212,722	7,121,907	.05371	9,878,938	1.387120	72.09%
2020	7,353,496	211,472	242,642	7,322,326	.05371	9,834,824	1.343128	74.45%
2021	7,623,019	213,636	219,789	7,616,866	.05371	10,190,719	1.337915	74.74%
2022	7,889,791	210,848	167,326	7,933,313	.05371	11,575,188	1.459061	68.54%
2023	8,267,342	194,441	238,422	8,223,361	.05371	13,379,293	1.626986	61.46%

Source: Orange County Assessor data, Avenu Insights & Analytics
Source: 2014-2015 prior ACFR
Table has been reformatted to comply with GASB No. 44 and include estimated actual value.
(1.) Total direct tax rate is the city share of the 1% Proposition 13 tax only for TRA 31-001.
(2.) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a multiplier value was extrapolated and applied to current assessed values.

City of Laguna Hills

Assessed Value of Property by Use Code, Citywide
Last Eight Fiscal Years (In Thousands)

	Fiscal Year Ending				
Category	2016	2017	2018	2019	2020
Residential	$ 4,947,347	$ 5,170,783	$ 5,398,624	$ 5,669,336	$ 5,889,434
Commercial	1,072,613	1,107,991	1,100,803	1,180,147	1,217,600
Industrial	216,447	221,072	229,033	239,771	246,439
Rural	22	22	23	23	23
Gross Secured Value	6,236,429	6,499,868	6,728,482	7,089,277	7,353,496
Unsecured Value	183,676	187,553	188,841	245,352	211,472
Less: Exemptions	165,185	218,920	209,680	212,722	242,642
Net Taxable Value	$ 6,254,920	$ 6,468,501	$ 6,707,643	$ 7,121,907	$ 7,322,326

Source: Orange County Assessor Data, Avenu Insights & Analytics
Note: Data only available for eight years.

City of Laguna Hills

Assessed Value of Property by Use Code, Citywide
Last Eight Fiscal Years (In Thousands)

Category	Fiscal Year Ending 2021	2022	2023
Residential	$ 6,106,523	$ 6,288,266	$ 6,595,302
Commercial	1,264,734	1,345,541	1,405,711
Industrial	251,738	255,960	266,304
Rural	24	24	25
Gross Secured Value	7,623,019	7,889,791	8,267,342
Unsecured Value	213,636	210,848	194,441
Less: Exemptions	219,789	167,326	238,422
Net Taxable Value	$ 7,616,866	$ 7,933,313	$ 8,223,361

Source: Orange County Assessor Data, Avenu Insights & Analytics
Note: Data only available for eight years.

City of Laguna Hills

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

	Fiscal Year Ending				
	2014	2015	2016	2017	2018
Overlapping Basic Rate	1.000000	1.000000	1.000000	1.000000	1.000000
Capistrano Union	0.009720	0.009000	0.008450	0.008430	0.008000
Metropolitan Water District	0.003500	0.003500	0.003500	0.003500	0.003500
Moulton Niguel Water District	0.129770	0.086000	-	-	-
Saddleback Valley Unified	0.032070	0.028060	-	-	-
Total	1.175060	1.126560	1.011950	1.011930	1.011500
City Direct Rate:					
City Share of 1% Levy Per Prop 13	0.053710	0.053710	0.053710	0.053710	0.053710

Source: Orange County Assessor data, Avenu Insights & Analytics
TRA 31-000 is represented.

City of Laguna Hills

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

	Fiscal Year Ending				
	2019	2020	2021	2022	2023
Overlapping Basic Rate	1.000000	1.000000	1.000000	1.000000	1.000000
Capistrano Union	0.007860	0.007450	0.007560	0.007270	0.006910
Metropolitan Water District	0.003500	0.003500	0.003500	0.003500	0.003500
Moulton Niguel Water District	-	-	-	-	-
Saddleback Valley Unified	-	-	-	-	-
Total	1.011360	1.010950	1.011060	1.010770	1.010410
City Direct Rate:					
City Share of 1% Levy Per Prop 13	0.053710	0.053710	0.053710	0.053710	0.053710

Source: Orange County Assessor data, Avenu Insights & Analytics
TRA 31-000 is represented.

City of Laguna Hills

Principal Property Tax Payers

Last Fiscal Year and Nine Years Ago

	2022-23		2013-14	
Taxpayer	Taxable Value ($)	Percent of Total City Taxable Value (%)	Taxable Value ($)	Percent of Total City Taxable Value (%)
MGP Fund X Laguna Hills LLC	136,581,255	1.66%		
Laguna Hills Investment Company	107,132,427	1.30%	22,996,866	0.41%
PMI Prado LLC	101,670,944	1.24%		
Acquiport Three Corp	90,545,719	1.10%	76,893,378	1.37%
Juniper SB MOB LLC	82,477,549	1.00%		
Lakehills CM-CG LLC	51,313,868	0.62%		
ROIC California LLC	49,321,294	0.60%		
Vision Star II LLC	43,800,868	0.53%		
TM Medical Center LLC	43,292,120	0.53%		
Pacifica Laguna Hills LLC	39,942,068	0.49%		
La Paz Office Plaza LLC	38,923,349	0.47%	31,605,792	0.56%
Juniper Laguna MOB LLC	31,961,700	0.39%		
AG-LO Oakbrook Owner LLC	31,345,453	0.38%		
Spectrum Property Owner LLC	30,148,906	0.37%		
Memorial Health Services	27,202,263	0.33%	24,945,924	0.44%
EQR-Villa Solana Vistas Inc	26,083,395	0.32%	22,457,100	0.40%
Juniper Sb Professional LLC	25,092,000	0.31%		
Laguna Hills Estate LLC	24,739,921	0.30%	18,225,872	0.32%
Sylmar Apartments LLC	22,991,436	0.28%	19,791,214	0.35%
Calle De La Louisa Holdings LLC	20,353,702	0.25%		
Mouldy LLC	17,353,988	0.21%	14,849,984	0.26%
K & M Royal Group LLC	16,993,333	0.21%	14,609,134	0.26%
Force-Moulton Office LLC	16,568,763	0.20%		
Laguna Hills Real Estate Partnership LP	16,154,462	0.20%		
Ashley Real Estate LLC	16,031,215	0.19%		
Shopping Center Associates			133,125,192	2.37%
TGM Prado LLC			57,012,916	1.02%
Sptmrt Properties Trust			40,624,282	0.72%
LHT Saddleback LLC			37,070,166	0.66%
Lakehills At Laguna LLC			35,373,600	0.63%
Moulton Plaza LLC			23,500,978	0.42%
Muller Taj			19,402,158	0.35%
Columbia California Carlota			19,039,320	0.34%
Colton David A			18,336,583	0.33%
Westport Moulton Parkway Ltd.			15,866,100	0.28%
Realty Assoc Fund VIII			15,316,057	0.27%
Universal Properties LH Five			14,196,258	0.25%
Alicia Office Park Assoc LLC			14,040,198	0.25%
Laguna Hills Business Park			13,921,436	0.25%
Ashley Furniture Industries In			13,815,214	0.25%
Mission Hills Investment Co			13,783,728	0.25%
Total Top 25 Taxpayers	1,108,021,998	13.47%	730,799,450	13.01%
Total Taxable Value	8,223,359,714		5,615,202,542	

Source: Orange County Assessor data, Avenu Insights & Analytics

City of Laguna Hills
Property Tax Levy and Collections
Last Ten Fiscal Years

				Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year Ending	Secured	Unsecured	Taxes Levied for the Fiscal Year	Amount Collected	% of Levy	Other Collections	Amount	% of Levy
2014	$ 5,732	$ 261	$ 5,992	$ 5,885	98.2%	$ 62	$ 5,947	99%
2015	6,051	275	6,327	6,180	97.7%	52	6,231	98%
2016	6,375	232	6,607	6,456	97.7%	72	6,528	99%
2017	6,634	300	6,934	6,733	97.1%	69	6,802	98%
2018	6,901	230	7,131	7,004	98.2%	66	7,070	99%
2019	7,288	235	7,523	7,376	98.0%	66	7,442	99%
2020	7,529	242	7,771	7,624	98.1%	73	7,697	99%
2021	7,844	256	8,100	7,958	98.3%	90	8,048	99%
2022	8,168	281	8,449	8,150	96.5%	77	8,227	97%
2023	8,504	260	8,764	8,610	98.2%	87	8,697	99%

Source: County Auditor-Controller, Avenu Insights & Analytics

City of Laguna Hills

Principal Sales Tax Producers

Last Fiscal Year and Nine Years Ago

2022-23		2013-14	
Taxpayer	Business Type	Taxpayer	Business Type
Ashley Furniture Homestore	Furniture/Appliance	7-Eleven Food Stores	Food Markets
BJ's Restaurant & Brewhouse	Restaurants	A & R Floor Covering Accesrs-Sup.	Furniture/Appliance
Chevron Service Stations	Service Stations	Alicia-Laguna	Service Stations
Chick-Fil-A	Restaurants	Ashley Furniture Homestore	Furniture/Appliance
Circle K Food Stores	Food Markets	Big Lots	Department Stores
Cynergy Professional Systems	Electronic Equipment	BJ's Restaurant & Brewhouse	Restaurants
Decisionpoint Systems Ca	Office Equipment	Chevron Service Stations	Service Stations
Dick's Sporting Goods	Recreation Products	David J.Phillips Buick-Pntc Mazda	Auto Sales - New
Howard'S Appliances	Furniture/Appliance	Dick's Sporting Goods	Recreation Products
In-N-Out Burgers	Restaurants	Howard's Appliances	Furniture/Appliance
Jackson Energy Co	Energy Sales	In-N-Out Burgers	Restaurants
Jeromes Furniture Warehouse	Furniture/Appliance	J C Penney Company	Department Stores
John Deere Landscapes	Florist/Nursery	King's Seafood Company	Restaurants
King'S Seafood Company	Restaurants	Macy's Department Store	Department Stores
Laguna Hills Auto Spa	Service Stations	Marshall's Stores	Apparel Stores
Marshall's Stores	Apparel Stores	Material Supply Incorporated	Bldg.Matls-Whsle
Material Supply Incorporated	Bldg.Matls-Whsle	Nordstrom Department Store	Department Stores
Nordstrom Department Store	Department Stores	Petrolink Superior	Service Stations
Pritchard Supply	Bldg.Matls-Whsle	Ralph's Grocery Company	Food Markets
Raising Cane's Chicken Fingers	Restaurants	Sears Roebuck & Company	Department Stores
Sidepat	Office Equipment	Shell Service Stations	Service Stations
Snap One	Office Equipment	Sit 'N Sleep-Laguna Hills	Furniture/Appliance
Total Wine & More	Liquor Stores	Tesoro	Service Stations
United Pacific	Service Stations	Total Wine & More	Liquor Stores
Vertiv Corporation	Electronic Equipment	Western Fuel Group	Service Stations

Source: Avenu Insights & Analytics

City of Laguna Hills

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(amounts expressed in thousands, except per capita amounts)

	Governmental Activities					
Fiscal Year Ending	Certificates of Participation	Direct Borrowings (b)	Total Direct Debt	Debt Per Capita (a)	Personal Income	Percentage of Personal Income
2014	13,437	-	13,437	435.45	1,336,181	1.01%
2015	12,106	-	12,106	394.58	1,373,184	0.88%
2016	10,726	-	10,726	340.02	1,479,761	0.72%
2017	9,295	46	9,341	293.57	1,587,577	0.59%
2018	7,825	723	8,548	270.74	1,661,606	0.51%
2019	6,294	627	6,921	219.65	1,724,666	0.40%
2020	4,694	530	5,224	168.11	1,835,890	0.28%
2021	3,033	437	3,470	112.85	1,935,992	0.18%
2022	1,283	345	1,628	53.33	2,026,083	0.08%
2023	857	252	1,109	36.33	2,107,165	0.05%

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

Source: Income Data is provided by the United States Census Data and is adjusted for inflation.

[a] *Population data can be found in the Schedule of Demographic and Economic Statistics*

[b] *On-bill financing program with Southern California Edison and San Diego Gas & Electric, for the installation of energy efficient LED street lighting thoughout the City, beginning in FY 2016-17.*

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	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, 2023

	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Overlapping Debt
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	19,215,000	0.227%	43,618
Saddleback Valley Unified School District	83,545,000	16.413%	13,712,241
Capistrano Unified School District Facilities Improvement District No. 1	10,033,567	0.024%	2,408
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT:			$ 13,758,267
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			
Orange County General Fund Obligations	451,165,000	1.140%	5,143,281
Orange County Board of Education General Fund Obligations	10,860,000	1.140%	123,804
Capistrano Unified School District Certificates of Participation	21,360,000	0.017%	3,631
Moulton Niguel Water District Certificates of Participation	50,905,000	13.259%	6,749,494
SUBTOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT:			$ 12,020,210
City of Laguna Hills Certificates of Participation, Direct Debt	857,396	100.000%	857,396
City of Laguna Hills Direct Borrowings, Direct Debt	252,428	100.000%	252,428
SUBTOTAL DIRECT GENERAL FUND OBLIGATION DEBT:			$ 1,109,824
TOTAL DIRECT & OVERLAPPING GENERAL FUND OBLIGATION DEBT:			$ 13,130,034
OVERLAPPING TAX INCREMENT DEBT (Successor Agency)	4,755,000	2.470%	117,449
GROSS COMBINED TOTAL DEBT			$ 27,005,749

(a) *The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.*

(b) *Excludes tax and revenue anticipation notes, revenue, mortgage revenue and non-bonded capital lease obligations.*

Source: Avenu Insights & Analytics

City of Laguna Hills

Legal Debt Margin Information

Last Ten Fiscal Years

(amounts expressed in thousands)

	Fiscal Year Ending				
	2014	2015	2016	2017	2018
Debt limit	$ 853,695	$ 899,043	$ 963,016	$ 1,003,113	$ 1,037,598
Total net debt applicable to limit	12,585	11,335	10,035	9,295	7,825
Legal debt margin	$ 841,110	$ 841,110	$ 952,981	$ 993,818	$ 1,029,773
Total net debt applicable to limit, as a percentage of debt limit	1.47%	1.26%	1.04%	0.93%	0.75%

City of Laguna Hills

Legal Debt Margin Information

Last Ten Fiscal Years

(amounts expressed in thousands)

	Fiscal Year Ending				
	2019	2020	2021	2022	2023
Debt limit	$ 1,100,194	$ 1,134,745	$ 1,175,498	$ 1,215,096	$ 1,269,267
Total net debt applicable to limit	6,294	4,694	3,033	1,283	730
Legal debt margin	$ 1,093,901	$ 1,130,051	$ 1,172,465	$ 1,213,813	$ 1,268,537
Total net debt applicable to limit, as a percentage of debt limit	0.57%	0.41%	0.26%	0.11%	0.06%

Legal Debt Margin Calculation for Fiscal Year 2022-23

Assessed value	8,223,361
Add back: exempt real property	238,422
Total assessed value	8,461,783
Debt limit (15% of total assessed value)	1,269,267
Debt applicable to limit:	
Certificates of Participation	730
Total net debt applicable to limit	730
Legal debt margin	$ 1,268,537

Note: Under state finance law, the City of Laguna Hills' outstanding general obligation debt should not exceed 15% 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 and Economic Statistics
Last Ten Fiscal Years

Calendar Year	Population (1)	Personal Income (In Thousands)	Per Capita Personal Income (2)	City Unemployment Rate (3)	Median Age (4)	% of Population with High School Diploma (5)	% of Population With Bachelor's Degree (5)
2013	30,703	1,320,001	42,778	4.2%	41.5	91.7%	42.8%
2014	30,857	1,336,181	43,315	5.0%	41.8	91.6%	45.3%
2015	30,681	1,373,184	44,757	4.1%	41.7	91.2%	44.8%
2016	31,544	1,479,761	46,911	3.7%	41.8	91.5%	45.6%
2017	31,818	1,587,577	49,896	2.6%	43.0	91.3%	46.7%
2018	31,572	1,661,606	52,629	2.2%	41.4	92.1%	49.1%
2019	31,508	1,724,666	54,737	12.2%	42.5	92.3%	49.4%
2020	31,073	1,835,890	59,083	7.4%	42.8	92.2%	50.5%
2021	30,750	2,086,807	67,864	2.2%	41.8	92.8%	50.4%
2022	30,525	2,416,252	79,157	2.9%	43.0	93.3%	80.8%

Source: Avenu Insights & Analytics
Source: 2013-2015 prior ACFR
1.) Population Projections are provided by the California Department of Finance Projections.
2.) Income Data is provided by the United States Census Data and is adjusted for inflation.
3.) Unemployment and Total Employment Data are provided by the EDD's Bureau of Labor Statistics Department.
4.) Median Age is provided by the United States Census data estimation table.
5.) School diploma and Bachelor's degree is provided by the United States Census data.

City of Laguna Hills

Principal Employers

Last Fiscal Year and Nine Years Ago

Business Name	2023 Number of Employees	2023 Percent of Total Employment (%)	2014 Number of Employees	2014 Percent of Total Employment (%)
MemorialCare Saddleback Medical Center	1,892	11.13%	1,020	5.93%
Saddleback Valley Unified School District	213	1.25%		
Laguna Hills Health and Rehabiliation Center	206	1.21%		
Moulton Niguel Water District	180	1.06%		
BJ's Restaurant & Brewhouse	160	0.94%		
United States Postal Service	131	0.77%		
Orange Coast Women's Medical Group	120	0.71%		
MemorialCare Home Health	115	0.68%		
The Wellington	93	0.55%		
Villa Valencia Healthcare Center	90	0.53%		
Professional Community Management			350	2.03%
Veteran's Affairs, U.S. Department			260	1.51%
Care Plus Home Care, Inc.			250	1.45%
Allied Business Schools, Inc.			235	1.37%
Total Top Employees	3,200	18.82%	2,115	12.29%
Total City Employment (1)	17,000			

Source: Avenu Insights & Analytics
Source: 2014 ACFR lists Top 5 Employers only
Results based on direct correspondence with city’s local businesses.
(1) Total City Labor Force provided by EDD Labor Force Data as of June 30th.

City of Laguna Hills

Full-time Equivalent Personnel Allocation by Function

Last Ten Fiscal Years

	Fiscal Year Ending									
Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	11.75	10.99	10.99	10.49	9.74	9.50	9.50	9.50	9.50	9.00
Non-Departmental	1.25	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Works	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Community Development	7.85	8.23	8.23	8.23	8.00	7.10	7.10	6.50	6.50	6.87
Community Services [a]	15.75	15.40	15.40	15.40	14.65	14.50	14.50	14.25	14.25	16.00
Total	41.60	40.62	40.62	40.12	38.39	37.10	37.10	36.25	36.25	37.87

(a) Community Services count includes number of full-time equivalent employees furloughed due to the COVID-19 pandemic due from cancelled programs and facility closures.

Source: City of Laguna Hills' Biennial Budget, includes vacant positions

City of Laguna Hills

Operating Indicators by Function

Last Ten Fiscal Years

Function	Fiscal Year Ending 2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police [b]										
Physical arrests	458	534	284	293	281	240	246	289	258	211
Parking violations	1,407	1,981	3,257	3,406	2,487	2,381	1,876	1,267	1,841	908
Traffic violations	2,070	3,041	3,187	2,669	1,512	1,136	722	842	900	3,113
Fire [c]										
Number of calls answered	2,584	2,675	2,887	3,078	3,203	3,303	3,122	3,263	3,842	3,878
Highways and Streets [d]										
Sidewalk replacement (sq. ft.)	3,519	7,250	940	7,012	1,328	1,790	790	2,961	1,847	742
Curb & gutter replacement (linear ft.)	478	-	211	523	28	85	93	20	66	22
Asphalt concrete placed (tons)	7,857	16,276	134	10,536	1,215	174	266	18	6,059	40
Street sweeping debris collected (tons)	293	265	229	219	217	227	206	244	226	329
New sign installations	65	23	155	12	31	2	13	18	11	27
Sign Replacements	278	380	297	312	196	55	220	287	187	309
Trees trimmed	1,185	792	821	1,396	1,347	1,407	1,639	1,592	1,546	1,461
Trees removed	179	461	152	263	286	183	206	211	200	164
Trees planted	44	38	43	118	120	109	139	122	123	199
Sanitation [a]										
Refuse collected (tons/day)	45	43	47	49	48	45	55	69	56	54
Recyclables collected (tons/day)	46	49	50	47	46	46	43	29	40	45
Waste Stream [a]										
Refuse collected (tons)	16,416	15,707	17,197	17,966	17,520	16,576	20,016	25,026	20,539	19,854
Recyclables collected (tons)	16,964	17,728	18,150	17,058	16,827	16,879	15,611	10,717	14,402	16,606
Culture and Recreation [e]										
Program participants	5,783	5,637	6,152	5,686	5,993	4,456	2,919	341	2,572	990
Athletic permits	45	41	42	48	41	43	30	6	26	32

[a] *CR&R Monthly Tonnage Report*

[b] *Orange County Sheriff's Daily Booking Log; Monthly Traffic Statistics; Data Ticket Citation Report*

[c] *Orange County Fire Authority - Annual Comprehensive Financial Report*

[d] *City of Laguna Hills, Public Works Department*

[e] *City of Laguna Hills, Community Services Department*

City of Laguna Hills

Capital Assets Statistics by Function

Last Ten Fiscal Years

Function	Fiscal Year Ending									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Highways and streets										
Streets (miles)	83	83	83	83	83	83	83	83	83	83
Traffic signals	46	47	47	47	48	48	48	49	49	49
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	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 30,525 people. The majority of the area in the City has a distinctive residential character. Yet, the City has a commercial base in its northern part. This area, or "urban village", is anchored by upcoming development of The Village at Laguna Hills, the Oakbrook Village Retail Center, and Saddleback Memorial Hospital. It includes 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, 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.

Independent Accountant's Report on
Applying Agreed-Upon Procedures Related to
the Article XIII-B Appropriations Limit Calculation
June 30, 2023

City of Laguna Hills, California

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Independent Accountant's Report
on the Article XIII-B Appropriations Limit Calculation

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

We have performed the procedures enumerated below, on the Appropriations Limit Calculation of the City of Laguna Hills, California (City) prepared in accordance with Article XIII-B of the California Constitution for the fiscal year ended June 30, 2023. The City's management is responsible for the Appropriations Limit Calculation.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the Appropriations Limit Calculation and we will report on findings based on the procedures performed. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. We obtained the completed worksheets setting forth the calculations necessary to establish the City's appropriations limit 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 found as a result of this procedure.

2. We added last year's limit to the annual adjustment amount, and compared the resulting amount to the 2022-2023 appropriations limit.

   Finding: No exceptions were found as a result of this procedure.

3. We compared the current year information to theworksheets described in Procedure 1 above and to information provided by the California State Department of Finance.

   Finding: No exceptions were found as a result of this procedure.

4. We agreed the prior year appropriations limit to the prior year appropriations limit adopted by the City Council.

   Finding: No exceptions were found as a result of this procedure.

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We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's Appropriations Limit Calculation for the fiscal year ended June 30, 2023. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Eide Bailly LLP

Laguna Hills, California
December 1, 2023

CPAs & BUSINESS ADVISORS

December 1, 2023

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

We have audited the financial statements of City of Laguna Hills, California (City) as of and for the year ended June 30, 2023, and have issued our report thereon dated December 1, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance

As communicated in our letter dated August 30, 2023, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the City complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the City's major federal program compliance, is to express an opinion on the compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the the City's internal control over compliance.

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We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our 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* dated December 1, 2023. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated December 1, 2023.

We also performed agreed upon procedures on the Article XII-B Appropriation's Limit Calculation.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. As described in Note 1, the City changed accounting policies related to accounting for right-to-use subscription assets to adopt the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. However no restatement or impact noted to the financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are management's estimates of the net pension liability, related deferred inflows and outflows of resources, pension expense, and disclosures.

Management's estimate of the pension information is based on actuarial valuations. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements relate to:

- The net pension liability and related deferred inflows/outflows of resources and expense in Note 8 are sensitive to the underlying actuarial assumptions used, including, but not limited to, the investment rate of return and discount rate. As disclosed in Note 8, a 1% increase or decrease in the discount rate has a material effect on the City's net pension liability.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.There were no uncorrected or corrected missstatements identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We did not identify any circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated December 1, 2023.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the City's annual reports, does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Additionally, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Group Audits

The financial statements include the financial activity of the Laguna Hills Public Improvement Corporation (Corporation), a blended component unit. For the purposes of our audit, we do not consider the Corporation to be a significant component of the financial statements. Consistent with the audit of the financial statements as a whole, our audit included obtaining an understanding of the Corporation and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements of Corporation and City as a whole, and completion of further audit procedures.

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

Eide Bailly LLP

Laguna Hills, California

Federal Awards Reports in Accordance
with the Uniform Guidance
June 30, 2023

City of Laguna Hills, California

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City of Laguna Hills, California
Table of Contents
June 30, 2023

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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*

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

We have audited, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Laguna Hills, California (City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 1, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 financial statements. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Laguna Hills, California
December 1, 2023

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited City of Laguna Hills, California (City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2023. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 1, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Eide Bailly LLP

Laguna Hills, California
December 1, 2023

City of Laguna Hills, California

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
U.S. Department of the Treasury			
Direct:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF), SLFRF	21.027		$ 3,732,689
Total U.S. Department of the Treasury			**3,732,689**
U.S. Department of Homeland Security			
Pass-through: California Governor's Office of Emergency Services			
Building Resilient Infrastructure and Communities - Pre-Disaster Mitigation	97.047	Grant # 2020-0006 Project #PL0114 FIPS #059-39220	9,849
Total U.S. Department of Homeland Security			**9,849**
Total Federal Financial Assistance			**$ 3,742,538**

See Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City it is not intended to and does not present the financial position or fund balance, changes in net position, or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified-accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The City has not elected to use the 10% de minimis cost rate.

Section I – Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516	No

Identification of major program:

Name of Federal Program	Federal Financial Assistance Listing
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF), SLFRF	21.027

Dollar threshold used to distinguish between type A and type B programs	$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None noted.

Section III – Federal Awards Findings and Questioned Costs

None noted.

City of Laguna Hills, California
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

Financial Statement Findings

Finding No.	Category	Status of Corrective Action
2022-001	Financial Reporting	Implemented
2022-002	Budget	Implemented

Federal Award Findings

Finding No.	Program	CFDA No.	Compliance	Status of Corrective Action
2022-003	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Other	Implemented
2022-004	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Reporting	Implemented

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: December 12, 2023

TO: Mayor and Council Members

FROM: Jennifer Lee
City Clerk

ISSUE: Affirmation of Appointments List for City Boards, Commissions, and Committees

RECOMMENDATION: That the City Council affirm the Local Appointments List and direct that it be posted on the City's web site, at City Hall and in the Laguna Hills Branch Technology Library in accordance with Government Code Section 54972, the Maddy Act.

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, 2023.

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 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 acts to affirm the list, a copy of the list will be posted on the City's website, at City Hall and in the Laguna Hills Branch Technology Library at the Community Center.

ATTACHMENTS:

- Local Appointments List

City of Laguna Hills

LOCAL APPOINTMENTS LIST

Ongoing Commissions, Boards, and Committees

(Pursuant to Government Code §54972 et seq.)

Planning Agency

City Council Members

established by Ordinance No. 9 and Laguna Hills Municipal Code Section 2-28.010

The members of the Laguna Hills City Council shall serve as members of the Planning Agency.

Planning Agency of the City pursuant to Government Code §65100 to carry out the purposes of Government Code Title 7. Planning and Land Use.

Appointee	Date Appointed	Term Expires
Janine Heft	12/13/2016	12/10/2024
Erica Pezold	12/11/2018	12/08/2026
Dave Wheeler	12/11/2018	12/08/2026
Don Caskey	10/26/2021	12/10/2024
Joshua Sweeney	12/13/2022	12/08/2026

Parks and Recreation Commission

Five Members, Four-Year Staggered Terms

established by Resolution No. 92-04-14-5

amended by Resolution Nos. 96-02-13-1; 2005-09-13-1; 2006-01-10-1; 2009-08-25-4

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

Advisory commission to the City Council pertaining to parks, recreation facilities, and recreational programming to balance community wants with municipality responsibility and resources.

Appointee	Date Appointed	Term Expires
Sanjay Mathur	01/18/2022	01/31/2025
Patricia Thee	01/26/2021	01/31/2025
Chris Bieber	05/23/2023	01/31/2027
Marc Trocchio	05/23/2023	01/31/2027
Michael Zozaya	05/23/2023	01/31/2027

Traffic Commission

Five Members, Four-Year Staggered Terms

established by Resolution No. 92-02-25-4

amended by Resolution No. 2005-09-13-2

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

Advisory commission to the City Council pertaining safe and efficient movement of traffic, including pedestrians and bicycles, upon existing streets, roads and highways of the City.

Appointee	Date Appointed	Term Expires
Manuel Hernandez	03/10/2020	01/31/2025
Mark Schaff	02/09/2021	01/31/2025
Michael Caputo	06/14/2022	01/31/2025
Neel Patel	05/23/2023	01/31/2027
Vacant		01/31/2027

Audit Committee

City Manager (or designee) and Two City Council Members
established by City Council Action on March 14, 1995 and City Council Policy No. 105
Committee Members must be a current member of the Laguna Hills City Council.

Advisory committee to the City Council for the purpose of providing a direct line of communication between the auditor and the City Council.

Appointee	Date Appointed	Term Expires
Joshua Sweeney	1/10/2023	Unlimited Term
Don Caskey	12/14/2021	Unlimited Term

Events, Communication, and Beautification Committee

Two City Council Members
established by City Council Action on June 28, 2022
Committee Members must be a current member of the Laguna Hills City Council.

Advisory committee to the City Council for the purpose of making recommendations on projects designed to maintain and enhance the appearance of public areas within the City, conduct research on communications programs, and develop and implement community events.

Appointee	Date Appointed	Term Expires
Erica Pezold	06/28/2022	Unlimited Term
Janine Heft	06/28/2022	Unlimited Term

Economic Development Committee

Two City Council Members
established by City Council Action on June 28, 2022
Committee Members must be a current member of the Laguna Hills City Council.

Advisory committee to the City Council for the purpose of promoting and supporting local businesses and encouraging a strong economy within the City.

Appointee	Date Appointed	Term Expires
Dave Wheeler	06/28/2022	Unlimited Term
Don Caskey	06/28/2022	Unlimited Term

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: December 12, 2023

TO: Mayor and Council Members

FROM: Jennifer Lee
City Clerk

ISSUE: 2024 City Council Meeting Calendar

RECOMMENDATION: That the City Council adopt the proposed 2024 City Council Meeting Calendar.

SUMMARY:

In order to facilitate the preparation of agendas, as well as to provide adequate time for City Council Members and staff to plan schedules, it is helpful to review the City Council Meeting Calendar for the upcoming year. Attached is the proposed 2024 City Council Meeting Calendar. The City Council, with proper noticing, can decide to adjourn a regular meeting to a specific date and time prior to its meeting or call a Special Meeting, if the need for such a meeting arises. Please note that the second meeting in July, first meeting in August, and second meeting in December are, in regular practice, not held. The meeting on November 26, 2024, has been listed as a dark meeting due to the fact that the second meeting in November has been cancelled the past two years. Additionally, the second meeting of remaining months may be subject to cancellation if the City Manager determines there are not sufficient items to justify a meeting.

ATTACHMENTS:

- 2024 City Council Meeting Calendar
- 2024 City Council Meeting List

LAGUNA HILLS
California

2024
City Council Meeting Calendar

City Council Meetings
City Council Recess
City Holidays – City Hall Close

January

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

February

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29		

March

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

April

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

May

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

June

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

July

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

August

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

September

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

October

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

November

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

December

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Standard City Council Meeting Schedule:
2nd & 4th Tuesday of each month, at 7:00 p.m., in the Laguna Hills Council Chamber, located at: 24035 El Toro Road, Laguna Hills, CA 92653
Meetings are dark on Holidays and during Council Recess

City Hall is closed on the following holidays:

- New Year's Day
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Veterans Day
- Thanksgiving and day aft
- Christmas Day through New Years Day

Attachment: 2024 City Council Meeting Calendar (3363 : 2024 City Council Meeting Schedule)

Calendar 2024

January 1	**New Year's Day Holiday (observed)** **City Hall Closed**
January 9	Regular City Council/Planning Agency Meeting
January 23	Regular City Council/Planning Agency Meeting (subject to cancellation)
February 13	Regular City Council/Planning Agency Meeting Public Improvement Corp
February 19	**Presidents Day Holiday** **City Hall Closed**
February 27	Regular City Council/Planning Agency Meeting (subject to cancellation)
March 12	Regular City Council/Planning Agency Meeting
March 26	Regular City Council/Planning Agency Meeting (subject to cancellation)
April 9	Regular City Council/Planning Agency Meeting
April 23	Regular City Council/Planning Agency Meeting (subject to cancellation)
May 14	Regular City Council/Planning Agency Meeting
May 28	Regular City Council/Planning Agency Meeting (subject to cancellation)
May 27	**Memorial Day Holiday** **City Hall Closed**
June 11	Regular City Council/Planning Agency Meeting
June 25	Regular City Council/Planning Agency Meeting (subject to cancellation)
July 4	**City's Fourth of July Celebration** **City Hall Closed**
July 9	Regular City Council/Planning Agency Meeting

July 23	Regular City Council/Planning Agency Meeting **Dark Meeting**
August 13	Regular City Council/Planning Agency Meeting **Dark Meeting**
August 27	Regular City Council/Planning Agency Meeting
September 2	**Labor Day Holiday** **City Hall Closed**
September 10	Regular City Council/Planning Agency Meeting
September 24	Regular City Council/Planning Agency Meeting (subject to cancellation)
October 8	Regular City Council/Planning Agency Meeting
October 22	Regular City Council/Planning Agency Meeting (subject to cancellation)
November 7	**General Municipal Election**
November 11	**Veterans Day Holiday (observed)** **City Hall Closed**
November 12	Regular City Council/Planning Agency Meeting
November 26	Regular City Council/Planning Agency Meeting **Dark Meeting**
November 28-29	**Thanksgiving Holiday** **City Hall Closed**
December 10	Regular City Council/Planning Agency Meeting City Council Reorganization
December 24	Regular City Council/Planning Agency Meeting **Dark Meeting**
December 24 -31	**Christmas Holiday** **City Hall Closed**

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: December 12, 2023

TO: Mayor and Council Members

FROM: Joe Ames, P.E., T.E.
Public Works Director/City Engineer

ISSUE: Proposed Second Amendment to Civic Center Office Lease with Agatha Global Tech, LLC, a California Limited Liability Company, for 24031 El Toro Road, Suite 304, Laguna Hills, California

RECOMMENDATION: That the City Council: 1) Approve the second amendment to the lease agreement with Agatha Global Tech, LLC, a California limited liability company, for 24031 El Toro Road, Suite 304, Laguna Hills, California; 2) Approve the "Assignment and Assumption of Lease and Consent of Lessor;" 3) Authorize the City Manager to make minor modifications, as necessary, to the second amendment to the lease agreement and the "Assignment and Assumption of Lease and Consent of Lessor;" and 4) Authorize the City Manager to execute the second amendment to the lease agreement and the "Assignment and Assumption of Lease and Consent of Lessor."

SUMMARY:

City staff and the Civic Center property management company, Essex Realty Management, have negotiated a three-year lease renewal with Agatha Global Tech, LLC, a California limited liability company, for 24031 El Toro Road, Suite 304. Agatha Global Tech ("Lessee") currently operates a financial services business. The second amendment to the lease agreement is presented for City Council approval.

The managing member of Agatha Global Tech, David Novak, has been leasing Suite 304 under the business entity, First American Advisors, Inc., since 2017. First American Advisors, Inc., has been dissolved and Agatha Global Tech, LLC, was created as the successor company. With the renewal of this lease, an "Assignment and Assumption of Lease and Consent of Lessor" has been executed by the Lessee to formally recognize

Agatha Global Tech, LLC, as the current legal entity responsible for the lease. The "Assignment and Assumption of Lease and Consent of Lessor" is also presented for City Council approval.

FISCAL IMPACT:

The following is a summary of the key lease terms and financial analysis:

Commencement Date:	December 1, 2023
Term:	Thirty-six (36) months
Rentable Square Feet:	614
Base Rent:	Months 1-12: $1,492.02/month (~$2.43/SF/mo) Months 13-24: $1,536.78/month (~$2.50/SF/mo) Months 25-36: $1,582.88/month (~$2.58/SF/mo)
Total Rent Payments:	$55,340
Upfront Capital:	$1,384 (Estimated)
Net Total of Capital Costs:	$53,957

The Base Rent includes the Lessee's share of eligible operating expenses (also known as common area maintenance charges) for the first year. In the second and subsequent years, any increases in eligible operating expenses will be borne, proportionally, by the Lessee.

The Base Rent schedule reflects a 3% annual increase.

Upfront Capital includes leasing commissions and tenant improvements (or allowances for tenant improvements). The negotiated second amendment does not include any allowances for tenant improvements. Essex Realty Management, per the terms of the existing property management agreement, will receive approximately $1,384 for its lease commission (2.5% of total rent consideration). This is substantially lower than what would have been paid in commissions to the procuring broker if the space had been leased to someone not currently a tenant.

The second amendment to the lease and the "Assignment and Assumption of Lease and Consent of Lessor" have been included as an attachment to this staff report. City staff is recommending approval of the lease and the "Assignment and Assumption of Lease and Consent of Lessor."

ATTACHMENTS:

- Second Amendment to Lease including Assignment and Assumption of Lease and Content of Lessor, Suite 304

AIRCRE contracts

Second AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE is made and entered into as of December 1, 2023, by and between The City of Laguna Hills, a municipal corporation organized and existing under the laws of the State of California ("Lessor") and Agatha Global Tech, LLC, a California limited liability company ("Lessee").

WHEREAS, on or about November 14, 2017 a Lease was entered into by and between Lessor and Lessee relating to certain real property commonly known as (street address, city, state, zip): 24031 El Toro Road, Suite 304, Laguna Hills, CA 92653 (the "Premises"), and

WHEREAS, Lessor and Lessee ☑ have ☐ have not previously amended said Lease, and

WHEREAS, the Lessor and Lessee now desire to amend said Lease,

NOW, THEREFORE, for payment of TEN DOLLARS and other good and valuable consideration to Lessor, the receipt and sufficiency of which is hereby acknowledged, the parties mutually agree to make the following additions and modifications to the Lease:

☐ TERM: The Expiration Date is hereby ☐ advanced ☑ extended to November 30, 2026.

☐ AGREED USE: The Agreed Use is hereby modified to: ________.

☑ BASE RENT ADJUSTMENT: Monthly Base Rent shall be as follows:
December 1, 2023 - November 30, 2024 Base Rent shall be $1,492.02 per month.
December 1, 2024 - November 30, 2025 Base Rent shall be $1,536.78 per month.
December 1, 2025 - November 30, 2026 Base Rent shall be $1,582.88 per month.

☑ OTHER: The Security Deposit on file is $1,362.00. Upon execution of this Second Amendment, Lessee agrees to remit to Lessor an additional $220.88 to bring the Security Deposit to a total of $1,582.88.

This Amendment shall not be construed against the party preparing it, but shall be construed as if all parties jointly prepared this Amendment and any uncertainty and ambiguity shall not be interpreted against any one party. Signatures to this Amendment accomplished by means of electronic signature or similar technology shall be legal and binding.

All other terms and conditions of this Lease shall remain unchanged and shall continue in full force and effect except as specifically amended herein.

EXECUTED as of the day and year first above written.

By Lessor:
The City of Laguna Hills, a municipal corporation organized and existing under the laws of the State of California

By: ________
Name Printed: Jarad Hildenbrand
Title: City Manager
Phone: ________
Fax: ________
Email: ________

By: ________
Name Printed: ________
Title: ________
Phone: ________
Fax: ________
Email: ________

Address: ________
Federal ID No.: ________

By Lessee:
Agatha Global Tech, LLC, a California limited liability company

By: ________
Name Printed: David Novak
Title: President
Phone: ________
Fax: ________
Email: ________

By: ________
Name Printed: David Novak
Title: Vice President
Phone: ________
Fax: ________
Email: ________

Address: ________
Federal ID No.: ________

INITIALS

INITIALS

INITIALS

INITIALS

AIRCRE contracts

DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP

(As required by the Civil Code)

When you enter into a discussion with a real estate agent regarding a real estate transaction, you should from the outset understand what type of agency relationship or representation you wish to have with the agent in the transaction.

SELLER'S AGENT

A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or a subagent of that agent has the following affirmative obligations:

To the Seller: A fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Seller.

To the Buyer and the Seller:

(a) Diligent exercise of reasonable skill and care in performance of the agent's duties.

(b) A duty of honest and fair dealing and good faith.

(c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties.

An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

BUYER'S AGENT

A Buyer's agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations:

To the Buyer: A fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Buyer.

To the Buyer and the Seller:

(a) Diligent exercise of reasonable skill and care in performance of the agent's duties.

(b) A duty of honest and fair dealing and good faith.

(c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties.

An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

AGENT REPRESENTING BOTH SELLER AND BUYER

A real estate agent, either acting directly or through one or more salesperson and broker associates, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer.

In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer:

(a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either the Seller or the Buyer.

(b) Other duties to the Seller and the Buyer as stated above in their respective sections.

In representing both Seller and Buyer, a dual agent may not, without the express permission of the respective party, disclose to the other party confidential information, including, but not limited to, facts relating to either the Buyer's or Seller's financial position, motivations, bargaining position, or other personal information that may impact price, including the Seller's willingness to accept a price less than the listing price or the Buyer's willingness to pay a price greater than the price offered.

SELLER AND BUYER RESPONSIBILITIES

Either the purchase agreement or a separate document will contain a confirmation of which agent is representing you and whether that agent is representing you exclusively in the transaction or acting as a dual agent. Please pay attention to that confirmation to make sure it accurately reflects your understanding of your agent's role. The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect his or her own interests. You should carefully read all agreements to assure that they adequately express your understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional. If you are a Buyer, you have the duty to exercise reasonable care to protect yourself, including as to those facts about the property which are known to you or within your diligent attention and observation. Both Sellers and Buyers should strongly consider obtaining tax advice from a competent professional because the federal and state tax consequences of a transaction can be complex and subject to change.

Throughout your real property transaction you may receive more than one disclosure form, depending upon the number of agents assisting in the transaction. The law requires each agent with whom you have more than a casual relationship to present you with this disclosure form. You should read its contents each time it is presented to you, considering the relationship between you and the real estate agent in your specific transaction. **This disclosure form includes the provisions of Sections 2079.13 to 2079.24, inclusive, of the Civil Code set forth on page 2. Read it carefully. I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS DISCLOSURE AND THE PORTIONS OF THE CIVIL CODE PRINTED ON THE BACK (OR A SEPARATE PAGE).**

☐ Buyer ☐ Seller ☑ Lessor ☐ Lessee DAVID NOVAK Date: 12.4.23

☐ Buyer ☐ Seller ☐ Lessor ☑ Lessee ______________________ Date: ________

Agent: Essex Realty Management, Inc. DRE Lic. #: 00965485
Real Estate Broker (Firm)

By: Heather Stark DRE Lic. #: 02153034 Date: 11/7/2023
(Salesperson or Broker-Associate)

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DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP
CIVIL CODE SECTIONS 2079.13 THROUGH 2079.24 (2079.16 APPEARS ON THE FRONT)

2079.13. As used in Sections 2079.7 and 2079.14 to 2079.24, inclusive, the following terms have the following meanings:
(a) "Agent" means a person acting under provisions of Title 9 (commencing with Section 2295) in a real property transaction, and includes a person who is licensed as a real estate broker under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code, and under whose license a listing is executed or an offer to purchase is obtained. The agent in the real property transaction bears responsibility for that agent's salespersons or broker associates who perform as agents of the agent. When a salesperson or broker associate owes a duty to any principal, or to any buyer or seller who is not a principal, in a real property transaction, that duty is equivalent to the duty owed to that party by the broker for whom the salesperson or broker associate functions. **(b)** "Buyer" means a transferee in a real property transaction, and includes a person who executes an offer to purchase real property from a seller through an agent, or who seeks the services of an agent in more than a casual, transitory, or preliminary manner, with the object of entering into a real property transaction. "Buyer" includes vendee or lessee of real property. **(c)** "Commercial real property" means all real property in the state, except (1) single-family residential real property, (2) dwelling units made subject to Chapter 2 (commencing with Section 1940) of Title 5, (3) a mobile home, as defined in Section 798.3, (4) vacant land, or (5) a recreational vehicle, as defined in Section 799.29. **(d)** "Dual agent" means an agent acting, either directly or through a salesperson or broker associate, as agent for both the seller and the buyer in a real property transaction. **(e)** "Listing agreement" means a written contract between a seller of real property and an agent, by which the agent has been authorized to sell the real property or to find or obtain a buyer, including rendering other services for which a real estate license is required to the seller pursuant to the terms of the agreement. **(f)** "Seller's agent" means a person who has obtained a listing of real property to act as an agent for compensation. **(g)** "Listing price" is the amount expressed in dollars specified in the listing for which the seller is willing to sell the real property through the seller's agent. **(h)** "Offering price" is the amount expressed in dollars specified in an offer to purchase for which the buyer is willing to buy the real property. **(i)** "Offer to purchase" means a written contract executed by a buyer acting through a buyer's agent that becomes the contract for the sale of the real property upon acceptance by the seller. **(j)** "Real property" means any estate specified by subdivision (1) or (2) of Section 761 in property, and includes (1) single-family residential property, (2) multi-unit residential property with more than four dwelling units, (3) commercial real property, (4) vacant land, (5) a ground lease coupled with improvements, or (6) a manufactured home as defined in Section 18007 of the Health and Safety Code, or a mobile home as defined in Section 18008 of the Health and Safety Code, when offered for sale or sold through an agent pursuant to the authority contained in Section 10131.6 of the Business and Professions Code. **(k)** "Real property transaction" means a transaction for the sale of real property in which an agent is retained by a buyer, seller, or both a buyer and seller to act in that transaction, and includes a listing or an offer to purchase. **(l)** "Sell," "sale," or "sold" refers to a transaction for the transfer of real property from the seller to the buyer and includes exchanges of real property between the seller and buyer, transactions for the creation of a real property sales contract within the meaning of Section 2985, and transactions for the creation of a leasehold exceeding one year's duration. **(m)** "Seller" means the transferor in a real property transaction and includes an owner who lists real property with an agent, whether or not a transfer results, or who receives an offer to purchase real property of which he or she is the owner from an agent on behalf of another. "Seller" includes both a vendor and a lessor of real property. **(n)** "Buyer's agent" means an agent who represents a buyer in a real property transaction.

2079.14. A seller's agent and buyer's agent shall provide the seller and buyer in a real property transaction with a copy of the disclosure form specified in Section 2079.16, and shall obtain a signed acknowledgment of receipt from that seller and buyer, except as provided in Section 2079.15, as follows: **(a)** The seller's agent, if any, shall provide the disclosure form to the seller prior to entering into the listing agreement. **(b)** The buyer's agent shall provide the disclosure form to the buyer as soon as practicable prior to execution of the buyer's offer to purchase. If the offer to purchase is not prepared by the buyer's agent, the buyer's agent shall present the disclosure form to the buyer not later than the next business day after receiving the offer to purchase from the buyer.

2079.15. In any circumstance in which the seller or buyer refuses to sign an acknowledgment of receipt pursuant to Section 2079.14, the agent shall set forth, sign, and date a written declaration of the facts of the refusal.

2079.16 Reproduced on Page 1 of this AD form.

2079.17(a) As soon as practicable, the buyer's agent shall disclose to the buyer and seller whether the agent is acting in the real property transaction as the buyer's agent, or as a dual agent representing both the buyer and the seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller, the buyer, and the buyer's agent prior to or coincident with execution of that contract by the buyer and the seller, respectively. **(b)** As soon as practicable, the seller's agent shall disclose to the seller whether the seller's agent is acting in the real property transaction as the seller's agent, or as a dual agent representing both the buyer and seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller and the seller's agent prior to or coincident with the execution of that contract by the seller.
(C) CONFIRMATION: The following agency relationships are confirmed for this transaction.

Seller's Brokerage Firm DO NOT COMPLETE, SAMPLE ONLY License Number _______
Is the broker of (check one): ☐ the seller; or ☐ both the buyer and seller. (dual agent)
Seller's Agent DO NOT COMPLETE, SAMPLE ONLY License Number _______
Is (check one): ☐ the Seller's Agent. (salesperson or broker associate); or ☐ both the Buyer's Agent and the Seller's Agent. (dual agent)
Buyer's Brokerage Firm DO NOT COMPLETE, SAMPLE ONLY License Number _______
Is the broker of (check one): ☐ the buyer; or ☐ both the buyer and seller. (dual agent)
Buyer's Agent DO NOT COMPLETE, SAMPLE ONLY License Number _______
Is (check one): ☐ the Buyer's Agent. (salesperson or broker associate); or ☐ both the Buyer's Agent and the Seller's Agent. (dual agent)

(d) The disclosures and confirmation required by this section shall be in addition to the disclosure required by Section 2079.14. An agent's duty to provide disclosure and confirmation of representation in this section may be performed by a real estate salesperson or broker associate affiliated with that broker.

2079.18 (Repealed pursuant to AB-1289, 2017-18 California Legislative session)

2079.19 The payment of compensation or the obligation to pay compensation to an agent by the seller or buyer is not necessarily determinative of a particular agency relationship between an agent and the seller or buyer. A listing agent and a selling agent may agree to share any compensation or commission paid, or any right to any compensation or commission for which an obligation arises as the result of a real estate transaction, and the terms of any such agreement shall not necessarily be determinative of a particular relationship.

2079.20 Nothing in this article prevents an agent from selecting, as a condition of the agent's employment, a specific form of agency relationship not specifically

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prohibited by this article if the requirements of Section 2079.14 and Section 2079.17 are complied with.

2079.21 (a) A dual agent may not, without the express permission of the seller, disclose to the buyer any confidential information obtained from the seller. **(b)** A dual agent may not, without the express permission of the buyer, disclose to the seller any confidential information obtained from the buyer. **(c)** "Confidential information" means facts relating to the client's financial position, motivations, bargaining position, or other personal information that may impact price, such as the seller is willing to accept a price less than the listing price or the buyer is willing to pay a price greater than the price offered. **(d)** This section does not alter in any way the duty or responsibility of a dual agent to any principal with respect to confidential information other than price.

2079.22 Nothing in this article precludes a seller's agent from also being a buyer's agent. If a seller or buyer in a transaction chooses to not be represented by an agent, that does not, of itself, make that agent a dual agent.

2079.23 (a) A contract between the principal and agent may be modified or altered to change the agency relationship at any time before the performance of the act which is the object of the agency with the written consent of the parties to the agency relationship. **(b)** A lender or an auction company retained by a lender to control aspects of a transaction of real property subject to this part, including validating the sales price, shall not require, as a condition of receiving the lender's approval of the transaction, the homeowner or listing agent to defend or indemnify the lender or auction company from any liability alleged to result from the actions of the lender or auction company. Any clause, provision, covenant, or agreement purporting to impose an obligation to defend or indemnify a lender or an auction company in violation of this subdivision is against public policy, void, and unenforceable.

2079.24 Nothing in this article shall be construed to either diminish the duty of disclosure owed buyers and sellers by agents and their associate licensees, subagents, and employees or to relieve agents and their associate licensees, subagents, and employees from liability for their conduct in connection with acts governed by this article or for any breach of a fiduciary duty or a duty of disclosure.

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ASSIGNMENT AND ASSUMPTION OF LEASE AND CONSENT OF LESSOR

1. ASSIGNMENT OF LEASE

For valuable consideration, the receipt and adequacy of which are hereby acknowledged, First American Advisors, Inc. a California corporation ("ASSIGNOR") hereby assigns and transfers to Agatha Global Tech, LLC, a California limited liability company ("ASSIGNEE") all of ASSIGNOR's right, title and interest in and to that certain Lease dated November 14, 2017, by and between ASSIGNOR and The City of Laguna Hills, a municipal corporation organized and existing under the laws of the State of California, as Lessor, covering those certain Premises located at (street address, city, state, zip) 24031 El Toro Road, Suite 304, Laguna Hills, CA 92653 and as is more particularly described in such Lease.

This Assignment shall be effective: December 1, 2023. Signatures to this Assignment accomplished by means of electronic signature or similar technology shall be legal and binding.

In addition, ASSIGNOR hereby transfers to ASSIGNEE all of ASSIGNOR's interest in and to any security or other deposits paid to Lessor under the terms of such Lease.

Dated: 12.4.23

First American Advisors, Inc. a California corporation

By: ______________________

Name Printed: David Novak

Title: ______

By: ______________________

Name Printed: ______

Title: ______

Assignor

2. ASSUMPTION OF LEASE

Assignee acknowledges that it has inspected the Premises and reviewed the Lease and Assignee hereby accepts the foregoing Assignment and assumes and agrees to be bound by and perform all obligations of the Lessee pursuant to the Lease arising on or after the date of this Assignment and to abide by all of the terms, provisions, covenants and conditions of the Lease.

Dated: 12.4.23

Agatha Global Tech, LLC, a California limited liability company

By: ______________________

Name Printed: David Novak

Title: ______

By: ______________________

Name Printed: ______

Title: ______

Assignee

3. CONSENT TO ASSIGNMENT

Lessor hereby consents to the foregoing Assignment and Assumption of the Lease. It is understood and agreed, however, that the foregoing consent is not a waiver of Lessor's right to consent to or impose restrictions upon any future assignment or subletting. In addition, this assignment does not release Assignor from liability for any of the obligations of the Lessee under the Lease.

Dated: ______

The City of Laguna Hills, a municipal corporation organized and existing under the laws of the State of California

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By:
Name Printed: Jarad Hildenbrand
Title: City Manager

By:
Name Printed:
Title:

Lessor

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY AIR CRE OR BY ANY REAL ESTATE BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS ASSIGNMENT OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS ASSIGNMENT.

2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PROPERTY, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PREMISES FOR ASSIGNEE'S INTENDED USE.

WARNING: IF THE SUBJECT PROPERTY IS LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE ASSIGNMENT MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED.

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City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: December 12, 2023

TO: Mayor and Council Members

FROM: Joe Ames, P.E., T.E.
Public Works Director/City Engineer

ISSUE: Mandeville Neighborhood Permit Parking Program

RECOMMENDATION: That the City Council: 1) Find and determine that the proposed permit parking controls are not subject to the California Environmental Quality Act pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, Cal. Code of Regs, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly; and 2) Adopt a resolution entitled, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ESTABLISHING A RESIDENTIAL PERMIT PARKING AREA AND A NO PARKING ZONE DURING DAYS AND HOURS OF STREET SWEEPING ON CERTAIN STREETS IN THE MANDEVILLE RESIDENTIAL NEIGHBORHOOD."

SUMMARY:

In July 2023, residents requested the implementation of parking controls to prohibit overnight parking except by permit in the Mandeville Neighborhood along the streets of Mandeville Drive (from Moulton Parkway to Los Alamitos), Santa Rosa Avenue, Alta Loma Court, and Sundance Avenue. The residents were concerned with controlling overflow parking from other areas of the City. In response, City staff provided a petition form, in conformance with the Laguna Hills Municipal Code (LHMC), for the resident to circulate for signature by property owners of the residential properties within the Mandeville Neighborhood. In September 2023, the residents submitted signed petitions indicating support of a permit parking program, with over 67% of the property owners in support of the proposed prohibition of overnight parking except by permit, which qualifies the request for consideration by the City Council. City staff recommends the establishment of a Residential Permit Parking Area in the Mandeville Neighborhood. The Traffic Commission, at its regular meeting of November 15, 2023, voted to recommend to the City Council the establishment of a Residential Permit Parking Area consisting of no overnight parking between the hours of 10:00 p.m. and 6:00 a.m. except by permit and no parking during street sweeping hours in the Mandeville Neighborhood for the streets of Mandeville Drive (from Moulton Parkway to Los Alamitos), Santa Rosa Avenue, Alta Loma Court, and Sundance Avenue.

BACKGROUND:

In 2011, residents requested the implementation of parking controls in the Mandeville Neighborhood along the streets of Mandeville Drive, Santa Rosa Avenue, Alta Loma Court, and Sundance Avenue. The residents were concerned with controlling overflow parking from other areas of the community. Based upon the resident's concerns, and in accordance with the LHMC, staff sent a parking control survey to the residents of the Mandeville Neighborhood on August 29, 2011, providing a menu of parking control choices but did not receive an adequate response from the neighborhood. City staff resurveyed the neighborhood on October 12, 2011. The response rate improved to 54% but did not pass a two-thirds (67%) majority of the neighborhood (the threshold of support required by the LHMC). Therefore, the implementation of no overnight parking except by permit was not supported at that time. This matter was presented to the Traffic Commission on the following dates:

- July 20, 2011
- September 21, 2011
- November 16, 2011
- January 18, 2012

Recently, a resident of the Mandeville Neighborhood contacted City staff in July 2023 with a request to revisit the implementation of permit-based parking controls to prohibit overnight parking except by permit in their neighborhood.

In response, City staff conducted two nighttime parking surveys on July 19 and 20, 2023. The nighttime parking surveys indicated several cars were parked near the entrance to the Mandeville Neighborhood. City staff observed one motorist parking a vehicle on the street and leaving the neighborhood. City staff also contacted the property manager for the Crestline HOA nearby, and determined some of its residents may be parking in the neighborhood.

City staff provided a petition form, in conformance with the LHMC, for the resident to circulate for signature by property owners of the residential properties within the proposed Residential Permit Parking Area. The area includes the streets of Mandeville Drive (from Moulton Parkway to Los Alamitos), Santa Rosa Avenue, Alta Loma Court, and Sundance Avenue, all of which are public residential streets east of Moulton Parkway. There are sixty-five (65) single-family residences within the affected area.

Please see the attached Proposed Permit Parking Area Map.

According to LHMC Chapter 11-24, Residential Permit Parking Program, permit parking can be established only if 67% or more of the affected residents support it. Based upon the petitions submitted by the resident in September 2023, signatures for forty-seven (47) of the affected residences were obtained in support of a no overnight parking except by permit, and of those, ownership of forty-five (45) residences were verified by City staff resulting in support of 69% of the affected residences.

The implementation of a Permit Parking Zone would also include the following provisions:

- One permit parking decal per each vehicle registered to the property address
- Four guest parking permit placards
- Unlimited one-day special event permits upon request
- Issuance of parking permit decal for private service personnel as specified in LHMC § 11-24.060
- An annual $15.00 administrative fee per each parking decal

The Traffic Commission, at its regular meeting of November 15, 2023, voted to recommend to the City Council the establishment of a Residential Permit Parking Area in the Mandeville Neighborhood.

Therefore, City staff recommends the establishment of a Residential Permit Parking Area consisting of no overnight parking except by permit in the Mandeville Neighborhood for the streets of Mandeville Drive (from Moulton Parkway to Los Alamitos), Santa Rosa Avenue, Alta Loma Court, and Sundance Avenue.

In making this recommendation, staff cautions that the overflow parking from other areas will likely move onto Los Alamitos or other streets in the neighborhood.

In addition to the establishment of a Residential Permit Parking Area, the petition stipulated and staff recommends, the establishment of no parking during the days and hours of street sweeping. This would occur on the second and fourth Wednesday of each month and the no parking control would be limited to a four-hour block of time.

CEQA:

The permit parking controls are not subject to the California Environmental Quality Act pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, Cal. Code of Regs, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

FISCAL IMPACT:

The Residential Permit Parking Area proposed for the Mandeville Neighborhood will require some administrative staff time, the printing of permit decals, and the posting of signs.

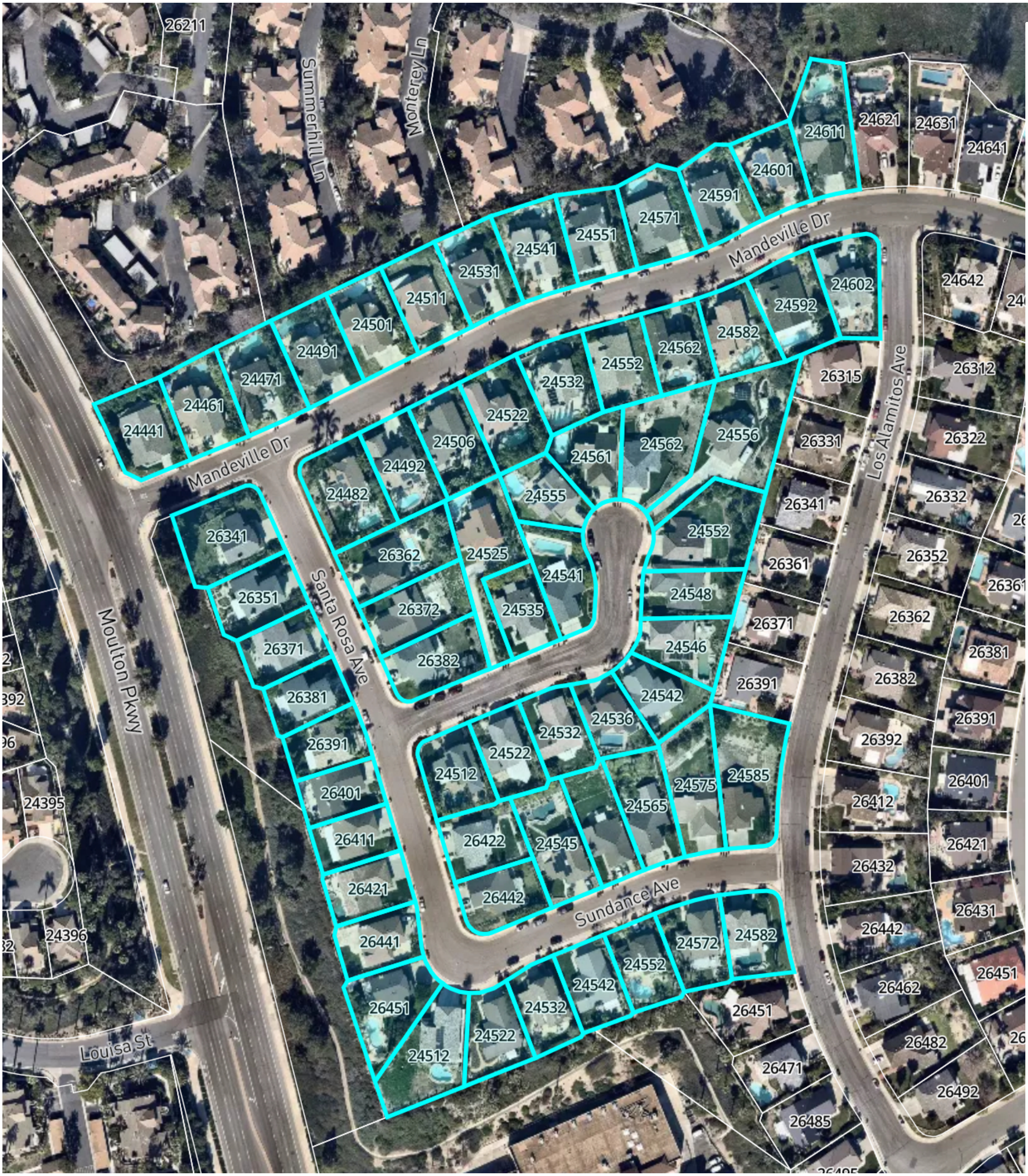
The cost of the permit decals is expected to be recovered through an annual fee to the permit applicants of $15 per decal.

There is an estimated cost of $1,000 for the installation of the legally required signs to implement the Residential Permit Parking Area regulation. Funds are available for this work in the FY 2023/2024 Public Works maintenance budget (Fund No. 355-720.401).

ATTACHMENTS:

- Proposed Permit Parking Area Map
- Proposed Resolution Establishing Residential Parking Program

MANDEVILLE NEIGHBORHOOD (Mandeville/Santa Rosa/Alta Loma/Sun



1" = 205 ft	Affected Area	11/06/2023	

This map may represents a visual display of related geographic information. Data provided here on is not guarantee of actual field conditions. To be sure of complete accuracy, please contact the responsible staff for most up-to-date information.

Attachment: Proposed Permit Parking Area Map (3358 : Mandeville Neighborhood Parking Permit Program)

RESOLUTION NO. 2023-12-12-X

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ESTABLISHING A RESIDENTIAL PERMIT PARKING AREA AND A NO PARKING ZONE DURING DAYS AND HOURS OF STREET SWEEPING ON CERTAIN STREETS IN THE MANDEVILLE RESIDENTIAL NEIGHBORHOOD

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

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

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

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

WHEREAS, in addition the establishment of no parking zones during days and hours of street sweeping improves traffic circulation, community aesthetics, and furthers the City’s goal of achieving improved water quality; and

WHEREAS, it has been determined by City staff that the establishment of a Residential Permit Parking Area and a No Parking Zone during days and hours of street sweeping on certain streets in the Mandeville residential neighborhood, specifically consisting of the following streets: 1) a segment of Mandeville Drive from Moulton Parkway to Los Alamitos; 2) Santa Rosa Avenue; 3) Alta Loma Court; and 4) Sundance Avenue, for the benefit of the residents in the neighborhood is necessary in order to alleviate adverse parking conditions in the area and to improve traffic circulation, community aesthetics, and to further the City’s goal of achieving improved water quality; and

WHEREAS, the Traffic Commission, at its regularly scheduled meeting of November 15, 2023, voted to recommended to the City Council the establishment of a Residential Parking Permit Area and a No Parking Zone during days and hours of street sweeping on certain streets in the Mandeville residential neighborhood as specified herein; and

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

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

SECTION 1. The foregoing recitals are true and correct and are incorporated herein by reference.

SECTION 2. The high demand for parking on certain streets in the Mandeville residential neighborhood, specifically consisting of the following streets: 1) a segment of Mandeville Drive from Moulton Parkway to Los Alamitos; 2) Santa Rosa Avenue; 3) Alta Loma Court; and 4) Sundance Avenue, is hereby determined to be adverse to the health, safety, welfare, and interest of the adjoining residential property owners.

SECTION 3. In order to regulate and effectively manage residential curb parking at locations at which a high demand for parking on residential streets has been determined, a Residential Permit Parking Area consisting of no overnight parking between the hours of 10:00 p.m. and 6:00 a.m. without a parking permit is hereby established on certain streets in the Mandeville residential neighborhood, specifically consisting of the following streets: 1) a segment of Mandeville Drive from Moulton Parkway to Los Alamitos; 2) Santa Rosa Avenue; 3) Alta Loma Court; and 4) Sundance Avenue for the benefit of the residents on these streets.

SECTION 4. As determined by the City Engineer and the Traffic Commission, the City Council hereby finds that the use of the preferential Residential Parking Permit Program established herein will not adversely affect parking conditions for residents and merchants in the area.

SECTION 5. The City Engineer is authorized to establish rules and procedures, and to produce signs, forms, and other materials necessary, or appropriate, to implement the provisions of the Residential Parking Permit Program hereby established.

SECTION 6. The Residential Parking Permit Program authorized herein shall be subject to the following provisions:

A. Applications for residential parking permit decals as authorized herein may only be made by residents of the following streets: 1) a segment of Mandeville Drive from Moulton Parkway to Los Alamitos; 2) Santa Rosa Avenue; 3) Alta Loma Court; and 4) Sundance Avenue.

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

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

D. Each residential property will receive one permit parking decal per vehicle registered to a resident of the property.

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

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

G. Any parking permit decal issued pursuant to this Residential Permit Parking Program to a resident shall be valid for one year and shall only be issued to the registered owner of the vehicle, so long as the person to whom the permit is issued owns the vehicle and resides within the established residential permit parking area.

H. Permit parking decals are non-transferable.

I. Permit parking shall be prohibited on days and hours of City street sweeping.

J. Permit parking is subject to the City's established consecutive 72-hour parking prohibition. (*See*, LHMC Sections 11-12.040 and 11-12.070.)

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

L. Four (4) guest permit/placards issued per residence.

M. Parking permit decals may be issued for private service personnel as specified in LHMC § 11-24.060.

N. Unlimited one-day special event permits issued upon request.

O. A permit parking decal issued shall be permanently affixed to the left inside front window of the vehicle for which it was issued.

P. Guest or special event parking permit placards shall be displayed on the dashboard immediately above the steering wheel of the vehicle.

SECTION 7. Additionally, there is hereby established a No Parking Zone during the days and hours of street sweeping on certain streets in the Mandeville residential neighborhood, specifically consisting of the following streets: 1) a segment of Mandeville Drive from Moulton Parkway to Los Alamitos; 2) Santa Rosa Avenue; 3) Alta Loma Court; and 4) Sundance Avenue on the second and fourth Wednesday of each month between the hours of 8:00 a.m. to 12:00 noon.

SECTION 8. The City Engineer is hereby directed to and shall cause signs and/or markings to be placed giving adequate notice of the Residential Parking Permit Area and the No Parking Zone authorized and established herein.

SECTION 9. The City Council finds and determines that the Residential Parking Permit Area and No Parking Zone hereby established are not subject to the California Environmental Quality Act pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, Cal. Code of Regs, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

PASSED, APPROVED, AND ADOPTED this 12th day of December 2023.

____
, MAYOR

ATTEST:

____
JENNIFER LEE, CITY CLERK

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

I, Jennifer Lee, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. 2023-12-12-X adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 12th day of December 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

____
JENNIFER LEE, CITY CLERK

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: December 12, 2023

TO: Mayor and Council Members

FROM: Joe Ames, P.E., T.E.
Public Works Director/City Engineer

ISSUE: Contract Change Order No. 5 for Community Center & Sports Complex Improvements, CIP No. 237

RECOMMENDATION: That the City Council: 1) Approve Contract Change Order No. 5 to Oppenheimer National for the Community Center & Sports Complex Improvements, CIP No. 237; and 2) Authorize the City Manager to execute additional Contract Change Orders, if required, up to a total of $10,872.50.

SUMMARY:

On June 13, 2023, the City Council awarded a Public Works Construction Contract for the Community Center and Sports Complex Site Improvements, CIP No. 237 to Oppenheimer National in the amount of $197,709.

City staff is presenting for City Council approval a fifth contract change order in the amount of $5,344.00 that would add 167 square feet to bid item No. 10, repair existing resilient surfacing on upper playground swings, for a new total of 417 square feet. Due to cost savings in the amount of $16,215.58 associated with having City staff inspect the project in lieu of having the design consultant inspect the work, this $5,344.00 contract change order does not necessitate a budget amendment for the project.

City staff is also recommending approval for the City Manager to execute additional contract change orders, if required, up to a total of $10,872.50, which represents the available budget remaining in CIP No. 237 after the execution of contract change order No. 5.

BACKGROUND:

Section 3-28.010 of the Municipal Code grants the City Manager authority to execute contract change orders as follows:

- The dollar amount of all such modifications or change orders relating to any one contract having an original contract price of one million dollars ($1,000,000) or less shall not exceed one hundred thousand dollars ($100,000) or twenty-five percent (25%) of the original contract, whichever is less.

- The dollar amount of all such modifications or change orders relating to any one contract having an original contract price of more than one million dollars ($1,000,000) shall not exceed two hundred thousand dollars ($200,000).

City staff processed three (3) contract change orders totaling $40,846.38 within the City Manager’s contract authority.

On August 22, 2023, City Council approved a fourth contract change order in the amount of $16,940.70 and authorized the Finance Director to amend the project budget by transferring $56,487 from CIP No. 241 (General Park Renovations) to CIP No. 237 (Parks Refurbishment Project) bringing the total construction budget to $255,497 and the total project budget to $296,487.

CONTRACT CHANGE ORDER SUMMARY:

At the direction of City Council at the June 13, 2023, meeting for the public works construction contract award, City staff processed Contract Change Order No. 1 to delete the removal and replacement of the benches next to the hockey rink and to change the type of the four drinking fountain replacements to include a water bottle filling station component. This contract change order resulted in a net increase of $7,894.38 to the contract amount.

City staff processed Contract Change Order No. 2 to adjust for the actual quantity of canopy fabric replacements at the dugouts, and to include one more shade sail replacement at the age 5-12 playground due to the failure of a shade sail while the project went through the bid process. This contract change order resulted in a net increase of $8,952.00 to the contract amount.

City staff also processed Contract Change Order No. 3 to replace eight (8) additional triangular decks on the age 5-12 playground. This contract change order resulted in a net increase of $24,000.00 to the contract amount.

On August 22, 2023, City Council approved Contract Change Order No. 4 to replace an additional three (3) square decks and three (3) steps on the age 5-12 playground structure. This contract change order resulted in a net increase of $16,940.70 to the contract amount. Contract Change Order No. 4 in the amount of $16,940.70 exceeded the City Manager's authority because it increased the contract net increase percentage to 29.2%. Therefore, City staff brought Contract Change Order No. 4 to City Council for approval.

Proposed for City Council approval is Contract Change Order No. 5. Upon remeasuring the desired area for resilient resurfacing repair, the anticipated actual area is 417 square feet at the upper playground swings. The specifications allowed up to 250 square feet to be repaired. Therefore, this proposed contract change order would repair an additional 167 square feet of resilient resurfacing. Accordingly, City staff is recommending approval of Contract Change Order No. 5 resulting in a net increase to the contract in the amount of $5,344.00. This Contract Change Order No. 5, in the amount of $5,344.00, is being brought to City Council for approval because the 25% threshold has already been exceeded.

City staff is also recommending approval for the City Manager to execute additional contract change orders, if required, up to a total of $10,872.50, which represents the available budget remaining in CIP No. 237 after the execution of contract change order No. 5. This recommendation is being made because there may be additional items that may necessitate expeditious approval to complete the project. The project is anticipated to be complete by December 22, 2023.

FISCAL IMPACT:

A summary of the current project costs is listed below:

FY 2023/2024 Project Budget	$240,000.00
Transfer from CIP 241 to CIP 237, Approved by City Council on August 22, 2023	$56,487.00
Revised FY 2023/2024 Project Budget	$296,487.00

Design Costs

Design Contract Award Amount	$40,990.00
Design Phase Invoices Paid to Date	($24,774.42)
Design Phase Remaining Amount Available	$16,215.58

Construction Costs

Description	Contract Change Order Amount	Cumulative Total	Status
Original Construction Contract Award Amount	N/A	$197,709.00	City Council award
CCO No. 1: Delete replacement of benches at hockey rink, change type of drinking fountain replacements	$7,894.38	$205,603.38	City staff approved
CCO No. 2: Adjust dugout canopy fabric replacement quantities, additional shade sail at age 5-12 playground	$8,952.00	$214,555.38	City staff approved
CCO No. 3: Replace an additional eight (8) triangular decks at age 5-12 playground	$24,000.00	$238,555.38	City staff approved
CCO No. 4: Replace three (3) square decks and three (3) steps at age 5-12 playground	$16,940.70	$255,496.08	City Council approved
CCO No. 5: Repair additional resilient surfacing near upper playground swings	$5,344.00	$260,840.08	Proposed

Total Project Costs

Design Phase Costs to Date	$24,774.42
Construction Phase Costs Approved to Date	$260,840.08
Total Anticipated Project Costs	$285,613.58
Available Budget	$10,872.50

Notably, included in the CIP No. 237 budget are $197,399.00 in grant funds provided by Proposition 68, the 2018 Parks Bond Act Per Capita Grant Program.

ATTACHMENTS:

- Contract Change Order No. 5 - CIP 237

CITY OF LAGUNA HILLS
CONTRACT CHANGE ORDER

CONTRACT CHANGE ORDER NO. 5 SHEET 1 OF 2 SHEETS

PROJECT: Community Center and Sports Complex Improvements, CIP 237

CONTRACTOR: Oppenheimer National

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 is actually used and no allowance will be made for idle time.

Add to scope of project: Repair existing resilient surfacing around upper playground swings. 167 sq. ft. @ $32/sq. ft.
Additive Cost: +$5,344.00

Increase $5,344.00 Decrease $

By reason of this order the time of completion will be adjusted as follows:
Add No Working Days

CONTRACT CHANGE ORDER NO. 5 SHEET 2 OF 2 SHEETS

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:	June 13, 2023
Original Contract Time:	40 Working Days
Original Completion Date:	N/A
Time Extension this C.O.:	N/A
Total Contract Time Extension:	N/A
Revised Contract Time:	N/A
Revised Final Completion Due Date:	N/A
Time Subject to Liquidated Damages:	0
Actual Final Completion Date:	0

Original Contract Price	$197,709.00
Prev. Authorized Changes	$57,787.08
This Change (Add)	$5,344.00
Amended Contract Price	$260,840.08

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: Accepted by:

City Manager Date Contractor Date

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: December 12, 2023

TO: Mayor and Council Members

FROM: David Reynolds
Deputy City Manager/Community Services Director

ISSUE: Approval of a Consulting Services Agreement with Abtech Technologies, Inc. for Information Technology Support Services.

RECOMMENDATION: That the City Council: 1) Waive competitive formal bidding requirements and procedures set forth in the City of Laguna Hills Municipal Code (LHMC) Section 3-08.090 with regard to approval of the proposed Consulting Services Agreement with Abtech Technologies, Inc., as it is hereby found and determined, pursuant to LHMC Section 3-08.110(K), that the recommended contract is for Information Technology services; 2) Approve the proposed Consulting Services Agreement with Abtech Technologies, Inc. for Information Technology support services for a three-year term in the total not to exceed contract amount of $415,125.00; and, 3) Authorize the City Manager to execute the proposed Consulting Services Agreement with Abtech Technologies, Inc.

SUMMARY:

A City full-time Information Technology Administer is responsible for the day-to-day operations of the City's Information Technology ("IT") environment. Securing a third-party IT support consultant is advantageous to the City because it will provide additional support to the City's IT Administer, ensure the City stays up-to-date with the latest technology and IT trends, provides enhanced cybersecurity monitoring and protection, and assists with the implementation of IT related projects. The City's current 2-year budget includes funding for contracting with a third-party IT consultant. Following an informal procurement process, in accordance with Section 3-08.080 of the City's Purchasing Ordinance, staff contacted a total of four qualified IT firms to solicit informal

proposals. After interviews were conducted with all four IT consulting firms, staff selected Abtech Technologies, Inc. (“Abtech”) as the finalist and negotiated the final scope of services which is included as Exhibit “A” to the attached proposed Consulting Services with Abtech Technologies, Inc. for Information Technology Support Services (“Agreement”). Staff recommends approval of the proposed Agreement with a contract commencement date of January 1, 2024.

BACKGROUND:

The City’s IT environment is currently supported by a full-time IT Administer. Responsible for the day-to-day IT operations of the City, the IT Administer coordinates with other vendors, from time to time, for technical support of the City’s IT infrastructure. Funds were budgeted in the current 2-year budget cycle to procure the support of a third-party IT consulting firm to provide additional and continued support to the City’s IT Administer such as cybersecurity protection and monitoring, network administration, help desk services, on-site assistance, and IT project implementation support. Overall, City staff believes that the expertise that an IT support consulting services firm will bring to the City will be a great benefit.

In accordance with the City's purchasing ordinance (LHMC Section 3-08.110(K)), the City is not required to follow the formal competitive bidding procedures set forth in Section 3-08.090 of the LHMC when the City Council finds and determines that the procurement is for information technology goods and supplies, equipment, and/or nonprofessional services. Instead, such procurement for IT related services is subject to the informal procedures set forth in LHMC Section 3-08.080. Following the informal procedures of this section, City staff contacted four qualified IT consulting firms to solicit informal proposals for managed IT support services. All four firms were interviewed by City staff and three of the firms provided cost proposals. Abtech was selected by City staff as the most qualified and worked with this firm to refine the City’s desired scope of services, which is reflected in their Information Technology Support Services Proposal, dated November 21, 2023 (See, Exhibit “A” of the attached Agreement). The reasons that Abtech was selected as the finalist are as follows:

- Abtech provided the lowest cost for monthly services. Additionally, Abtech offered the City additional cybersecurity software (RocketCyber SOC) free of charge until June 30, 2025, in order to enhance the City’s IT security protection.

- Abtech is a reputable IT consulting services firm with over 35 years supporting local government agencies and commercial companies. Abtech manages 350 IT service contracts and maintains thousands of enterprise servers, storage systems, networking devices, operating systems, and databases.

- Abtech has a local presence. Abtech is headquartered in southern California with 60 employees including 28 engineers and the majority of its clients are in southern California. Abtech currently provides IT support services to the City of Lake Forest.

- The City will be able to leverage Abtech's extensive experience with providing IT managed services to a variety of different clients including local government, public safety, college districts, commercial businesses, and the defense industry (e.g., Northrop Grumman, Boeing, and the U.S. Navy).

- Abtech provided the City with a comprehensive proposal and scope of services that meets the City's IT support needs and Abtech can provide additional support to the City when needed such as IT system design services, unified communications (VOIP and telecommunications implementation and support, cloud and virtualization migrations, SharePoint services, Abtech training courses, application and database implementations, disaster recovery planning and implementation, StorTrust cloud disaster recovery services, etc.).

<u>Abtech's Scope of Services & Maximum Contract Amount</u>

Abtech will support the City of Laguna Hills with 24x7 monitoring and onsite/remote remediation of IT related issues during normal business hours. A detailed account of Abtech's scope of services can be found in Exhibit "A" to the attached proposed Agreement. A summary of Abtech's scope of services is provided below.

1. Abtech will provide onboarding services to assess and document the City's IT infrastructure and to install the necessary hardware and software to provide ongoing support to the City.

2. Abtech's Network Operations Center (NOC) will provide around-the-clock monitoring of the City's IT infrastructure for optimization and cybersecurity protection.

3. Abtech will provide the City with a monthly allotment of 32 hours per month for onsite support.

4. Abtech will be responsible for managing, documenting, and maintaining the City's

infrastructure and system administration. This includes access permissions and controls, network configurations, email/file server administration, server maintenance (including updates and patching), user on/off boarding, firewall configuration and maintenance, security filtering, and monitoring and maintaining the system backup. Abtech will ensure that all systems are up to date and functional. Abtech will work closely with the City's IT Administrator to help ensure that necessary security measures are in place.

5. Abtech will use its help desk ticketing system, coupled with its knowledge base, to offer support for City IT users. All help desk tickets received via phone, email, or in-person will be documented, tracked, and remediated.

6. Support during scheduled after-hours, non-emergency events, such as City Council meetings, Commission meetings, and other public meetings as requested.

7. Additional IT services such as assistance with IT projects is also provided by Abtech as part of the scope of work. This is important because there are several projects in the current budget cycle such as a migration to Office 365, replacement of all employee PCs, and VMware updates. Project work will be in addition to and billed separately than the routine monthly managed IT services support.

Staff recommends a 3-year term for the proposed Agreement with a total not to exceed cost ("Maximum Contract Amount") of $415,125.00 as illustrated in the table below. Abtech's proposed one-time cost for onboarding is $4,725 in the first year of the Agreement, and a total cost of $310,400 for monthly IT managed services for the Agreement's 3-year term. Additionally, staff recommends that the Maximum Contract Amount include an additional budget for IT project support requests that are outside of the Monthly Management Charge services (See, "Additional Support and Project Services" in the following table).

Abtech Technologies Maximum Contract Amount (MCA)

	Year 1	Year 2	Year 3	Total (MCA)
Onboarding and security installation	4,725			4,725
Monthly Management Charge (MMC)				
Monitoring and patching	3,000	3,000	3,000	9,000
Help Desk and Network Operations Center	21,000	21,000	21,000	63,000
Onsite support	67,200	67,200	67,200	201,600
Abtech Enhanced Security	9,600	9,600	9,600	28,800
RocketCyber SOC [1]		3,000	5,000	8,000
MMC subtotal	100,800	103,800	105,800	310,400
Additional Support and Project Services [2]	40,000	30,000	30,000	100,000
Total Cost	**145,525**	**133,800**	**135,800**	**415,125**

1. Fees for RocketCyber SOC are waived until June 30, 2025.
2. Estimated expenses for MMC overages, additional service requests, and Project services.

FISCAL IMPACT:

The proposed Agreement with Abtech includes a total not to exceed cost of $415,125.00 over a three-year term. The current Biennial Budget has adequate funds in place to support the procurement of a third-party IT support consultant. A total of $100,000 was budgeted in each fiscal year of the current budget cycle (for a total of $200,000) for third-party IT support consulting services. In addition, funds are also available in the IT budget for any overages with the routine monthly services and also to cover Abtech's help with IT project implementation.

ATTACHMENTS:

- Proposed Consulting Services Agreement with Abtech Technologies, Inc.

CONSULTING SERVICES AGREEMENT
Abtech Technologies, Inc.
Information Technologies Support Services

THIS CONSULTING SERVICES AGREEMENT (hereinafter "Agreement") is made and entered into, to be effective this 12th day of December 2023, 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 ABTECH TECHNOLOGIES, INC., a California 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 services of a qualified firm that specializes in providing Information Technology (IT) consulting services to public agencies (the "Project").

B. Consultant has submitted to City a proposal, dated November 21, 2023, to provide information technology support consulting services (IT services) for the Project pursuant to the terms of this Agreement. Pursuant to Laguna Hills Municipal Code Section 3-08.110(K), contracts for the procurement of information technology support consulting services are exempt from the City's competitive formal bidding procedures set forth in LHMC Section 3-08.090 and are instead subject to the informal bidding procedures set forth in LHMC Section 3-08.080.

C. Consultant represents and maintains that it is uniquely qualified by virtue of its experience, training, education, reputation, and expertise to provide the requested IT consulting services to City for the Project and has agreed to provide such services as provided herein. City does not have the personnel, experience, specialized training, equipment, or technical expertise able to perform the work and services contracted for herein.

D. City desires to retain Consultant to provide such consulting services to City for the Project.

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 provide and perform the information technology consulting services for the Project as described and as set forth in Consultant's

Proposal/Scope of Work, dated November 21, 2023, which is attached hereto as Exhibit "A" and is incorporated herein by reference (hereinafter referred to as the "Scope of Services," 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 Services and Work and with the standards recognized as being employed by consultants in the same discipline in the State of California. Consultant represents and warrants that it is skilled in the 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, subconsultants and subcontractors providing any Work or Services under this Agreement shall have sufficient skill and experience to perform the Work or Services 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; and, (2) the Consultant's signed, original November 21, 2023, proposal submitted to the City ("Consultant's Proposal"), which shall both be referred to collectively hereinafter as the "Contract Documents." The Consultant's Proposal, attached hereto as Exhibit "A," is hereby incorporated by reference and is made a part of this Agreement. All provisions of the Contract Documents 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: (1^{st}) the terms and conditions of this Agreement; and, (2^{nd}) the provisions of the Consultant's Proposal.

1.3 Compliance with Law. Consultant shall comply at all times during the term of this Agreement 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. Consultant shall keep itself fully informed of and in compliance with all local, state, and federal laws, rules, and regulations in any manner affecting the performance of the Work and Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with performing the Work and Services. If Consultant performs any Work or Services in violation of such laws, rules, and regulations, Consultant shall be solely responsible for all penalties and costs arising therefrom. Consultant shall defend, indemnify, and hold City, its officials, officers, employees, agents and volunteers, free and harmless from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules, or regulations.

1.4 Licenses, Permits, Fees, and Assessments. Prior to performing any Services or Work hereunder 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 defend, indemnify, and hold the City, its officials, officers, employees, agents and volunteers, free and harmless from and against any claim or liability arising out of any failure or alleged failure to obtain such license, permits, and approvals of whatever nature that are legally required to perform the Work or Services.

1.5 Familiarity with Work. By executing this Agreement, Consultant represents and 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.

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 Consultant's Proposal/Scope of Work (Exhibit "A") 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 Work and Services specifically set forth in the Scope of Services or reasonably contemplated therein, regardless of whether the time or materials required to complete any Work or Service identified in the Scope of Services exceeds any time or material amounts or estimates provided therein.

1.9 Non-Exclusive Agreement. Consultant acknowledges that City may enter into agreements with other contractors, consultants, or vendors for services similar to the services that are the subject of this Agreement. Consultant further acknowledges that City may have its own employees perform services similar to the services that are the subject of this Agreement.

2. COMPENSATION

2.1 Maximum Contract Amount. For the Services and Work rendered pursuant to this Agreement, Consultant shall be compensated by City for the services performed, including authorized reimbursements, in accordance with the rates and charges set forth in 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 Four Hundred Fifteen Thousand One Hundred Twenty Five Dollars ($415,125.00) (hereinafter referred to as the "Maximum Contract Amount"). 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 amount of City's payment obligation under this Agreement is the amount specified in this section.

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 (10th) working day of such month, Consultant shall submit to the City, in a form approved by the City's Finance Director, 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.

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; 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, pandemics, 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 on January 1, 2024 and shall continue in full force and effect for three (3) years, ending December 31, 2027, 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: **Robert Russell, CEO**. 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 Work or 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.

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. Consultant will determine the means, methods and details of performing the Sevices subject to the requirements of this Agreement. 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 officials, officers, employees, agents or volunteers 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 a permanent office or fixed business location at City's offices. City shall have no voice in the selection, discharge, supervision, or control of Consultant's officers, employees, 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 the performance of Services under this Agreement as required by law 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 the performance of any Work or Services 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 any Work or 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 any Work or 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, representatives, agents, or subconsultants or subcontractors, Consultant shall defend, indemnify, and hold harmless City from and against all such financial obligations.

4.5 PERS Eligibility Indemnification.

A. In the event that Consultant or any employee, agent, or subcontractor of Consultant providing any Work or Services under this Agreement claims or is determined by a court of competent jurisdiction or the California Public Employee Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of the City.

B. Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing any Work or Services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by City, including but not limited to eligibility to enroll in PERS as an employee of City and entitlement to any contribution to be paid by City for employer contribution and/or employee contributions for PERS benefits.

5. INSURANCE

5.1 Compliance with Insurance Requirements. Consultant shall obtain, maintain, and keep in full force and effect during the term of this Agreement, at its sole cost and expense, and in a form and content satisfactory to City, all insurance required under this section. Consultant shall not commence any Work or Services under this Agreement unless and until it has provided evidence satisfactory to City that it has secured all insurance required under this section. If Consultant's existing insurance policies do not meet the insurance requirements set forth herein, Consultant agrees to amend, supplement or endorse the policies to do so.

5.2 Types of Insurance Required. As a condition precedent to the effectiveness of this Agreement, and without limiting the indemnity provisions set forth in this Agreement, Consultant shall obtain and maintain in full force and effect during the term of this Agreement, including any extension thereof, the following policies of insurance:

A. Commercial General Liability Insurance. Consultant shall obtain and maintain, in full force and effect throughout the term of this Agreement, a policy of Commercial General Liability Insurance written on an occurrence basis 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.

Defense costs shall be paid in addition to the limits. The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; or (3) contain any other exclusion contrary to the Agreement.

B. Automobile Liability Insurance. Consultant shall obtain and maintain, in full force and effect throughout the term of this Agreement, a policy of Automobile Liability Insurance written on a per occurrence basis with limits of at least one million dollars ($1,000,000.00) combined limit for each occurrence covering bodily injury and property damage. The policy shall specifically include coverage for owned, non-owned, leased, and hired automobiles.

C. Workers' Compensation Insurance. Consultant shall obtain and maintain, in full force and effect throughout the term of this Agreement, a policy of 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 all subrogation rights under its workers' compensation insurance policy against the City, its officials, officers, employees, agents and volunteers, and to require each of its subconsultants and subcontractors, if any, to do likewise under their workers' compensation insurance policies. Consultant shall obtain and maintain, in full force and effect throughout the term of this Agreement, a policy of Employer's Liability Insurance written on a per occurrence basis with limits of at least one million dollars ($1,000,000.00) per accident for bodily injury or disease.

5.3 Acceptability of Insurers. Insurance required by this section shall be issued by a licensed company authorized to transact business in the state by the Department of Insurance for the State of California with a current rating of A-:VII or better (if an admitted carrier), or a current rating of A:X or better (if offered by a non-admitted insurer listed on the State of California List of Approved Surplus Lines Insurers (LASLI), by the latest edition of A.M. Best's Key Rating Guide, except that the City will accept workers' compensation insurance from the State Compensation Fund. In the event the City 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. Consultant shall immediately substitute any insurer whose A.M. Best rating drops below the levels specified herein.

5.4 Insurance Endorsements. Required insurance policies shall not be in compliance if they include any limiting provision or endorsement that has not been submitted to the City for written approval. Required insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms approved by the City to add the following provisions to the insurance policies:

A. The policy or policies of insurance required by this section for Commercial General Liability and Automobile Liability Insurance shall be endorsed to provide the following:

1. Additional Insured: The City, its officials, officers, employees, agents and volunteers, shall be additional insureds with regard to liability and defense of suits or claims arising out of the performance of the Agreement; and

2. Additional Insured Endorsements: Additional insured endorsements shall not (1) be restricted to "ongoing operations", (2) exclude "contractual liability", (3) restrict coverage to "sole" liability of Consultant, or (4) contain any other exclusions contrary to the Agreement; and, the coverage shall contain no special limitations on the scope of protection afforded to additional insureds.

3. Notice: The policy or policies of insurance required by this section for Commercial General Liability and Automobile Liability Insurance shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or modified, 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, 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.

B. For all policies of Commercial General Liability Insurance, Consultant shall provide endorsements for ongoing operations and completed operations to effectuate this requirement.

5.5 **Deductibles and Self-Insured Retentions**. Any deductible or self-insured retention must be approved in writing by the City in advance and shall protect the City, its officials, officers, employees, agents and volunteers, in the same manner and to the same extent as they would have been protected had the policy or policies not contained a deductible or self-insured retention.

5.6 **Primary and Non-Contributing Insurance**. All policies of Commercial General Liability Insurance and Automobile Liability Insurance shall be primary and any other insurance, deductible, or self-insurance maintained by the City, its officials, officers, employees, agents or volunteers, shall not contribute with this primary insurance. Policies shall contain or be endorsed to contain such provisions.

5.7 **Waiver of Subrogation**. All policies of Commercial General Liability and Automobile Liability Insurance shall contain or be endorsed to waive subrogation against the City, its officials, officers, employees, agents and volunteers, or shall specifically allow Consultant or others providing insurance evidence in compliance with the requirements set forth in this section to waive their right to recovery prior to a loss. Consultant hereby agrees to waive its own right of recovery against the City, its officials, officers, employees, agents and volunteers, and Consultant hereby agrees to require similar written express waivers and insurance clauses from each of its subconsultants or subcontractors.

5.8 **Evidence of Coverage**. Concurrently with the execution of the Agreement, Consultant shall deliver certificates of insurance together with original endorsements affecting each of the insurance policies required by this section. Required insurance policies shall not be in compliance if they include any limiting provision or endorsement that has not been submitted to the City for written approval. The certificates of insurance and original endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. At least fifteen (15) days prior to the expiration of any such policy, evidence of insurance showing that such insurance coverage has been renewed or extended shall be filed with the City. If such coverage is cancelled or reduced and not replaced immediately so as to avoid a lapse in the required coverage, Consultant shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the City evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies. Consultant shall promptly 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.

5.9 **Requirements Not Limiting**. Requirement of specific coverage or minimum limits contained in this section are not intended as a limitation on coverage, limits, or other requirements, or a waiver of any coverage normally provided by any insurance. Nothing in this section shall be construed as limiting in any way the indemnification provision contained in this Agreement, or the extent to which Consultant may be held responsible for payments of damages to persons or property.

5.10 **Enforcement of Agreement (Non-Estoppel)**. Consultant acknowledges and agrees that actual or alleged failure on the part of the City to inform Consultant of any non-compliance with any of the insurance requirements set forth in this section imposes no additional obligation on the City nor does it waive any rights hereunder.

5.11 **Insurance for Subconsultants**. Consultant shall either: (1) include all subconsultants or subcontractors engaged in any Work or Services for Consultant relating to this Agreement as additional named insureds under the Consultant's insurance policies; or (2) Consultant shall be responsible for causing its subconsultants or subcontractors to procure and maintain the appropriate insurance in compliance with the terms of the insurance requirements set forth in this section, including adding the City, its officials, officers, employees, agents and volunteers, as additional insureds to their respective policies. All policies of Commercial General Liability Insurance provided by Consultant's subconsultants or subcontractors performing any Work or Services related to this Agreement shall be endorsed to name the City, its officials, officers, employees, agents and volunteers, as additional insureds. Consultant shall not allow any subconsultant or subcontractor to commence any Work or Services relating to this Agreement unless and until it has provided evidence satisfactory to City that the subconsultant or subcontractor has secured all insurance required under this section.

5.12 **Other Insurance Requirements**. The following terms and conditions shall apply to the insurance policies required of Consultant pursuant to this Agreement:

A. Consultant shall provide immediate written notice to City if (1) any of the insurance policies required herein are terminated, cancelled or suspended, (2) the limits of any of the insurance coverages required herein are reduced, or (3) the deductible or self-insured retention is increased.

B. 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.

C. None of the insurance coverages required herein will be in compliance with the requirements of this section 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 and approved in writing.

D. 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.

E. Consultant agrees to ensure that subconsultants and 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.

F. Consultant agrees to provide immediate written notice to City of any claim, demand or loss against Consultant arising out of the Work or Services performed under this Agreement and for any other claim, demand or loss which may reduce the insurance available to pay claims, demands or losses arising out of this Agreement.

6. INDEMNIFICATION

To the fullest extent permitted by law, Consultant shall defend (at Consultant's sole cost and expense with legal counsel reasonably acceptable to City), indemnify, protect, and hold harmless City, its officials, officers, employees, agents and volunteers (collectively the "Indemnified Parties"), from and against any and all liabilities, actions, suits, claims, demands, losses, costs, judgments, arbitration awards, settlements, damages, demands, orders, penalties, and expenses including legal costs and attorney fees (collectively "Claims"), including but not limited to Claims arising from injuries to or death of persons (Consultant's employees included), for damage to property, including property owned by City, or from any violation of any federal, state, or local law or ordinance, which Claims arise out of, pertain to, or are related to Consultant's performance under this Agreement. Under no circumstances shall the insurance requirements and limits set forth in this Agreement be construed to limit Consultant's indemnification obligation or other liability hereunder.

7. REPORTS AND RECORDS

7.1 <u>Accounting Records</u>. 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 <u>Reports</u>. 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.

7.3 <u>Ownership of Documents</u>. All drawings, specifications, reports, records, documents, memoranda, correspondence, computations, and other materials prepared by Consultant, its employees, subconsultants, 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.

7.4 <u>Release of Documents</u>. 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 <u>Audit and Inspection of Records</u>. 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 <u>California Law and Venue</u>. 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, Consultant reserves the right to terminate this Agreement at any time 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 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.

8.5 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.

8.6 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.

8.7 Attorneys' 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 attorneys' fees, expert witness 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 or her financial interest or the financial interest of any corporation, partnership, or association in which they are, directly or indirectly, interested in violation of any state statute or regulation. Consultant represents and 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, disability, medical condition, religion, color, sex, sexual orientation, 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, disability, medical condition, religion, color, sex, sexual orientation, 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 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. Notices or other communications shall be addressed as follows:

To City: City of Laguna Hills
Attention: Jarad L. Hildenbrand, City Manager
24035 El Toro Road
Laguna Hills, California 92653
Telephone: (949) 707-2600
Facsimile: (949) 707-2633

To Consultant: Abtech Technologies, Inc.
Attention: Robert Russell, CEO
1235 Activity Drive
Vista, California 92081
Telephone: (760) 827-5100

10.2 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.

10.3 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 reminder 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.

10.4 Successors in Interest. This Agreement shall be binding upon and inure to the benefit of the Parties' successors and assignees.

10.5 Third Party Beneficiary. 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.

10.6 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.

10.7 Corporate Authority. Each of the undersigned represents and warrants that (i) the Party for which he/she is executing this Agreement is duly authorized and existing, (ii) he/she is duly authorized to execute and deliver this Agreement on behalf of the Party for which he/she is signing, (iii) by so executing this Agreement, the Party for which he/she 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/she is signing is bound.

10.8 Labor Code Requirements.

A. Prevailing Wages. Consultant is aware of the requirements of California labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects. If the Work or Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and since the total compensation is $1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. City shall provide Consultant with a copy of the prevailing rates of per diem wages in effect at the commencement of this Agreement. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification, or type of worker needed to execute the Work or Services available to interested parties upon request, and shall post copies at the Consultant's principal place of business and at the project site. It is the intent of the parties to effectuate the requirements of sections 1771, 1774, 1775, 1776, 1777.5, 1813, and 1815 of the Labor Code within this Agreement, and Consultant shall therefore comply with such Labor Code sections to the fullest extent required by law. Consultant shall defend, indemnify, and hold the City, its officials, officers, employees, agents, and volunteers free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws. The foregoing indemnity shall survive termination of this Agreement.

B. DIR Registration. If the Work or Services are being performed as part of an applicable "public works" or "maintenance" project, in addition to the foregoing, then pursuant to Labor Code sections 1725.5 and 1771.1, the Consultant and all subconsultants must be registered with the Department of Industrial Relations ("DIR"). Consultant shall maintain registration for the duration of the Project and require the same of any subconsultants. This Project may also be subject to compliance monitoring and enforcement by the DIR. It shall be Contractor's sole responsibility to comply with all applicable registration and labor compliance requirements, including the submission of payroll records directly to the DIR.

[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

JARAD L. HILDENBRAND,
City Manager

ATTEST:

(SEAL)

JENNIFER LEE,
City Clerk

APPROVED AS TO FORM:

GREGORY E. SIMONIAN,
City Attorney

"CONSULTANT"
Abtech Technologies, Inc., a California corporation

By: Robt Russell
ROBERT RUSSELL

Its: President and Secretary

EXHIBIT "A"

CONSULTANT'S PROPOSAL/ SCOPE OF WORK

DATED: NOVEMBER 21, 2023

SCOPE OF SERVICES FOR PROJECT

INCLUDING,

SCHEDULE OF PERFORMANCE

AND

SCHEDULE OF COMPENSATION/ COST/ FEES

Information Technology Support Services Proposal

Prepared For:

LAGUNA HILLS
California

By:
Todd Darr
Abtech Technologies
Phone: 800.474.7393 x253
tdarr@AbtechTechnologies.com

November 21, 2023

SUMMARY SHEET

Firm Name:	Abtech Technologies
Firm Parent or Ownership:	Robert Russell
Firm Address:	1235 Activity Drive, Vista, California 92081
Firm Telephone Number:	760-827-5100
Number of Years in Existence:	35 years

Management Contact

Name:	Bob Russell - Title: CEO
Telephone Number:	760-827-5133
Email:	brussell@abtechtechnologies.com

Project-Account Manager Contact

Name: Todd Darr - Title:	Senior Account Manager
Telephone Number:	760-827-5116
Email:	tdarr@abtechtechnologies.com

Type of services performed by the firm: Abtech has a variety of clients in cities, counties, and commercial clients for whom we provide the following Services:

- Managed IT services
- IT security, maintenance break fix
- Consulting and professional services
- Project management
- Backup and disaster recovery
- Cloud services
- Hardware support
- Procurement of hardware and software and project design/implementation Most of our clients are in Southern California

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COVER LETTER

Abtech Technologies
www.AbtechTechnologies.com
Contact: Todd Darr
760-827-5116
Email: tdarr@abtechtechnologies.com

Vista, CA - Headquarters
1235 Activity Drive Vista
Vista, CA 92081
Phone: 760-827-5100
Fax: 760-827-5143

Santa Fe Springs, CA
9970 Bell Ranch Road
Santa Fe Springs, CA 90670
Phone: 800-474-7397 Ext. 253
Fax: 760-827-5143

Abtech Technologies is pleased to present the following response to the City of Laguna Hills "Request for Proposal".

Abtech is headquartered in Southern California with 60 employees including 28 (W2) engineers, with over 35 years supporting local government agencies and commercial companies. Abtech Technologies has 350 IT Service contracts and maintains thousands of enterprise servers, storage systems, networking devices, operating systems, and databases.

Abtech Technologies is prepared to offer:

One (1) dedicated on-site help desk IT Technician, who will be backed up by one (1) suitably cross-trained engineer, to provide On-Site support, one (1) day per week Monday - Friday from 8:00am – 5:00pm (32 hours per month) as scheduled. Abtech will also provide access to Abtech Technologies Help Desk and NOC Service, to supplement the onsite engineer, to support the City of Laguna Hills staff. (see attachment C: Manage IT Services – Statement of Work, page 30)

Moreover, the City will be granted access to our team of engineers with the intention of identifying, conceptualizing, and executing project tasks that fall beyond this contract's defined scope.

Finally, this proposal includes Abtech's Enhanced Security Package as well as RocketCyber for SOC by Kaseya (see attachment E: RocketCyber SOC by Kaseya – Offer of Complimentary Security Measure, page 40). Abtech Technologies will offer the RocketCyber SOC at no cost to the City, from the effective date of the agreement until June 30, 2025.

Our team is prepared to fully support the City of Laguna Hills with 24X7 monitoring, and onsite/remote remediation during normal business hours. Abtech will also provide scheduled after-hours non-emergency events including City Council, Commission, and other public meetings, should the City decide to reallocate the 32 hours a month allotted for IT Technician.

Sincerely,

Robert Russell

Robert Russell, CEO

VENDOR PROFILE FOR ABTECH TECHNOLOGIES

General information

Number of employees/engineers in the company: 60/28

Profile of ownership: S-Corporation; 35 years in business; one owner, US citizen [Robert Russell, CEO]; Abtech is financially stable, without the need for any borrowings, plus we have consistent profitability. We have an excellent Dun & Bradstreet report, which includes a suggested credit limit of $750,000, and demonstrated payments of our monthly invoices of 97% within 30 days.

President: Dana Collins

Controller: Jill Twombly

Vice President of Technology: William Green

Main point of contact: Todd Darr; tdarr@abtechtechnologies.com; 760-827-5116

Project Manager for Transition: Todd Darr

History and Experience

History: Abtech Technologies was started by Robert Russell 35 years ago. Robert is an immigrant [US citizen now from Scotland where he used to teach high school mathematics. Robert was introduced to IT products and services during his six years at the Hewlett-Packard Company. During this time with HP, he learned much about IT equipment, IT services, general management of an IT company and its personnel, and how all of that relates to the benefit of the client. Upon emigrating to the United States Robert began Abtech as a vendor of equipment, which quickly morphed into a services business that has continued to grow steadily.

Today, Abtech Technologies is comprised of four divisions: the managed services provider group (MSP); the backup and disaster recovery group (StorTrust); the enterprise managed services group (EMS); and lastly the Dell value added reseller and professional services group.

During its 35 years of business, Abtech has enjoyed 34 years of profitability.

Experience: Over the years, Abtech has gained considerable insight into the hundreds of companies that it has beer supporting. These companies comprise: local cities, local counties, local colleges, and other commercial entities tha vary in size from 10 people to 10,000 people. These include a range of defense contractors and other Fortune 500 companies. From time to time, we employ the use of quality subcontractors, for example, to do independent 3rd party penetration testing and other services.

Experience specifically pertaining to the public sector: Abtech currently supports over 15 different cities/counties/colleges, mostly in Southern California. Many public sector companies have been long-term partners with Abtech (10 years +) and their staff have been extremely pleased with the support that we have continued to

(Vendor Profile Continued)

provide them with. Our current customer satisfaction rating is at 4.95 out of 5 stars (January 2021- Present).

We have designed solutions, and created project management plans, then performed many of the associated installations, including both software and hardware migrations.

Abtech also has experience with supporting critical environments associated with public safety, as we are currently supporting Placer County. Their servers and network infrastructure needs to be available 24x7. Due to the depth and size of our engineering team, we are able to resolve their critical issues very quickly. We have upgraded their systems twice, and at the moment, we are in the middle of a 3rd upgrade. We have supported them successfully for 12 plus years.

For many years, Abtech has attended the Chief Information Systems Officers Association of the California Community Colleges (CISOA), where multiple Abtech managers were honored with an invitation to speak at the conference. Abtech has always had a sterling reputation with the college community, in addition to the cities and counties.

Please see the reference (attachment A: References, page 22) for more information on some of these public-sector clients.

Our people

All the senior management of the company have tenure of 20 years or more. It is rare when a member of staff leave and typically this is due to a promotion at an outside company where Abtech did not have a suitable position to accommodate them.

We have bimonthly company barbecues where most of the local staff attend and quarterly team building events where our staff enjoy fishing, go-karting, museums, or other such events.

All our staff members are provided with a proper amount of vacation and holidays, in addition to medical/dental benefits.

Advantage for client: The tenure that Abtech enjoys turns into a great advantage for our clients; due to the institutional knowledge which is carried throughout the company.

Certifications: Abtech has a range of certifications, including: Microsoft, VMware, Dell, Hewlett-Packard, and many more. (see attachment B: Resume, page 23) - each resume includes the certifications of each engineer.

References: We have provided several references for public entities in Southern California. (see attachment A: References page 22)

Resumes: We have provided the resumes of our suitably qualified engineers, many of whom will be working on your account. (see attachment B: Resume, page 23)

(Vendor Profile Continued)

Training

Abtech places a strong emphasis on ongoing training to keep its staff up to date with the latest technological developments and to maintain a high level of proficiency in supporting all industry standard software and hardware products.

In addition, we meet all the training and certification requirements for our OEM partners, Dell-EMC, Microsoft, VMware, Red Hat, and several others.

Conclusion

Abtech Technologies is a seasoned service provider and value-added reseller, with an unparalleled reputation for excellence in system architecture, project management, and implementation of complex solutions. We continue to support those solutions daily, until the client asks us, again, to repeat the process several years later. We continue to see this pattern with our customers and believe that this evidence, above all else, shows that Abtech is an excellent services provider with whom to partner.

Executive Summary

1. Support Approach

Abtech Technologies is proud to offer a wide range of comprehensive and reliable IT services to the City of Laguna Hills. Our team of 28 seasoned experienced engineers (all W2 employees) provides managed IT services, IT security, consulting and professional services, project management, cloud services, and other MSP related services.

a. Abtech Technologies has been in business for over 35 years, serving more than 350 clients, most of whom are in Southern California.

b. We currently have many satisfied clients who are cities, counties, and colleges, all based in Southern California. Our current customer satisfaction rating is at 4.95 out of 5 stars (January 2021- Present).

c. Abtech has gained expertise in supporting a wide range of software due to our extensive experience serving a broad variety of both public and commercial clients. Additionally, Abtech places a strong emphasis on ongoing training to keep its staff up to date with the latest technological developments and to maintain a high level of proficiency in supporting all industry standard software and hardware products.

d. Abtech is vendor agnostic. We have many long-term relationships with best-of-breed hardware and software solution providers. This enables us to choose the best combination of products, services, and software that are tailored to meet the specific needs of our clients.

e. Regularly scheduled meetings will serve as a forum to make suggestions to improve operations.

f. In terms of public safety, we have dedicated staff members who are certified with the DOJ qualification.

g. Also, multiple defense contractors place responsibility for some of their IT services with Abtech Technologies. Some examples are: Northrop Grumman (supporting fully managed service contract for them and a large number of servers country-wide); Raytheon (Cisco routers, switches, and telephone equipment); Boeing; and the US Navy.

h. With regards to managed services specifically, we currently support the City of Lake Forest with a full spectrum of managed services including an on-site full-time IT Technician backed up by our NOC engineers. We also support: one of the largest Toyota dealerships in the United States; a large software company that has international 24x7 responsibility for their products and depend upon us for the requisite IT support; and a medical surgery center with 7 offices who again demand the best of IT support.

i. Our engineers are carefully selected and regularly trained in new technologies.

j. In addition, we meet all the training and certification requirements for our OEM partners, Dell-EMC, Microsoft, VMware, Red Hat, and several others.

2. Cross Training

a. During the onboarding, other Abtech, non-core engineers will begin their cross training.

b. Abtech will use our internal knowledgebase (for security reasons, this product will only be revealed in person).

c. Prior to commencement of Abtech's responsibilities, Abtech will familiarize and train each assigned and back up engineer on the inner workings of the City.

(Executive Summary Continued)

d. Our NOC personnel will begin to have exposure to the City's environment from the day-to-day calls, then build on that with specific study and knowledge sharing between staff members.

e. We will utilize our on-site presence, working alongside other skilled members of the City's team to facilitat sustained collaboration and the exchange of critical knowledge. This will be an essential factor for achieving our goals.

3. Abtech can enhance productivity and reduce costs through various methods, including:

a. Abtech Technologies has gained extensive experience over many years in on-boarding clients and will utilize this expertise to seamlessly transition the City of Laguna Hill's services from the current model to those of Abtech Technologies. This process will be crucial to ensure that the City's IT infrastructure is properly configured, and all necessary systems and applications are set up and functioning properly.

b. Abtech will utilize our help desk ticketing system, in conjunction with Abtech's knowledge base, to provid support for the city's users. Our team will document, and track help desk tickets received via phone, email, or in-person throughout the day. We will offer comprehensive support for hardware, software, and network related issues, including installation, troubleshooting, and replacement of IT equipment.

c. Our team will collaborate closely with the City's third-party IT consultants and vendors to ensure smooth functioning of the City's IT infrastructure.

d. Additionally, we will maintain and document an up-to-date knowledge base of software and hardware inventory, as well as license information.

e. Abtech will be responsible for managing, documenting, and maintaining the City's infrastructure and system administration. This includes access permissions and controls, network configurations, email/file server administration, server maintenance (including updates and patching), user on/off boarding, firewall configuration and maintenance, security filtering, and monitoring and maintaining the system backup. Abtech will ensure that all systems are up to date and functional. Abtech will work closely with the City to help ensure that necessary security measures are in place.

f. Abtech can offer the City support to move its backup and disaster recovery to the cloud via our StorTrust Disaster Recovery offering. This will result in greater efficiency and security when files need to be recalled in the event of a service interruption. It will allow the City to spin up its servers, in a prioritized way, from private cloud and enable the City's staff continuous access to their IT work environment.

g. Our Network Operations Center (NOC) and Remote Help Desk will enable us to provide proper coverage and ensure that your team always receives comprehensive support.

4. Why Abtech believes it is most qualified:

a. Abtech Technologies' intention is to increase IT efficiencies for the City so you can lower your IT cost commitment as well as reduce your overall risk. Some examples of these would be: move to Abtech's StorTrust cloud backup and disaster recovery.

b. Abtech Technologies is currently engaged with City of Lake Forest as their IT Managed Services Partner including onsite/remote help desk, project design and implementation. They also use Abtech Technologies Back Up and Disaster Recovery Service (StorTrust) that currently performs back-ups to both an on-site appliance and replicates back-ups to the Abtech Technologies Tier 3 Data Center in Nevada.

(Executive Summary Continued)

c. We have been serving the needs of Southern Californian public and commercial companies for over 35 years.

d. Abtech Technologies implements more than 100 projects annually.

e. Many of our associates have passed the 20-year mark with Abtech Technologies; with such tenure, they retain a great working knowledge of client's internal processes and will do so for the City.

f. Support of numerous Southern California City/County/College clients over a period of 20+ years.

g. Dell recognized our service excellence and approached us to become a Dell Authorized MSP partner. With this designation, we are approved to perform all the regular MSP activities for Dell clients.

h. Multiple Abtech engineers have the Dell Certified Implementation Engineer status.

i. We can provide training and exercises pertaining to phishing, and other forms of cybersecurity.

j. Abtech has multiple warehouses where we stock spare parts for our clients to reduce down time.

k. Background check performed on all new employees.

<u>5. In addition, Abtech has the following capabilities:</u>

a. Architecture, Engineering, and System Design Services

b. Cybersecurity Assessments and Remediation

c. Security Operations Center (SOC)

d. IT Compliance Solutions

e. New System Implementation Projects

f. Network and Infrastructure Deployments

g. Unified Communications (VOIP and Telecommunications)

h. Cloud and Virtualization Migrations

i. Azure Migrations

j. Office Relocations

k. SharePoint Services

l. Abtech Training Courses (ie. Microsoft Productivity Suite Training)

m. Application and Database Implementations

n. Disaster Recovery Planning and Implementation

Abtech Technologies Cloud-Based Disaster Recovery offers many advantages over traditional Disaster Recovery. Large capital costs go away as do the concerns that the solution may not function should disaster strike.

(Executive Summary Continued)

StorTrust Cloud Disaster Recovery Services go further still. We manage the whole process for you. From the initial seeding process, through the annual test to properly validate the backup, to a disaster occurrence - our engineers will take the lead. We take time to fully understand your environment and make sure you know what will happen if you need to declare a disaster.

1. Our Facility
   a. Tier 3+, SSAE16 Compliant Data Center.
   b. Multiple Power and Telco Providers.
   c. Highest level of site security.
   d. Main site in Nevada with others planned.

2. Our Cloud
   a. Fully redundant storage configuration on Dell hardware.
   b. SonicWALL firewall protection.
   c. Dell Cloud Servers for spin up performance.
   d. Supports VMware or HyperV as well as physical servers.

Schedule A: Definitions of Services

As part of the Monthly Management Charge (MMC), City of Laguna Hills("Client"), shall be entitled to up to a predesignated number of hours per month to be used for IT support services for their Covered Environment. This service includes remote and on-site support, as further described in attachment (C: Manage IT Services – Statement of Work, page 30)

A) Abtech RMM, NOC, and Help Desk Services

The hourly entitlement can be used for the following services:

1) Abtech Remote Monitoring & Management (RMM):
Abtech RMM Service includes the following:

- 24x7 Monitoring:
  - Physical state of servers, storage devices, network devices
  - Up/down of virtual machines
  - Up/down of Microsoft infrastructure applications (Server, SQL, Active Directory, Exchange)
  - Pass/fail backup
  - Thresholds (disk percentage full, recurring memory issues, recurring errors indicating physical or configuration issues, etc.)
  - Critical services and ports
  - Up/down of connection to internet
  - Workstation hardware failure monitoring (if OS reports the fault) and patching
- Review anti-virus, anti-spam policies if on approved vendor list and Abtech has access to management console
- Automated server patching (critical and security-related updates only, others optional as discussed with Client)
- Scheduled business reviews to go over service delivery and make recommendations

2) Abtech Help Desk Services:
Abtech's Help Desk Service supports users of desktop systems, laptops, or mobile devices. Abtech will provide remediation services, either onsite or remotely, during Abtech business hours. Help Desk Services include:

- Functionality of Microsoft Office applications (Word, Excel, PowerPoint, Outlook)
- Functionality of desktop operating systems (Windows, MacOS)
- Connectivity (server, internet, printers, mobile devices)
- Desktop stability and performance
- Account maintenance (username/password resets, access)
- File/message restore, if possible
- Assist remote workforce

(Definition of Services Continued)

5) RocketCyber SOC by Kaseya

RocketCyber's Managed SOC (security operation center) is a managed detection and response service that leverages RocketCyber's Threat Monitoring Platform to detect malicious and suspicious activity across three critical attack vectors: Endpoint | Network | Cloud. This service is comprised of an elite team of security veterans and experts who proactively hunt and investigate threat activity, perform the triage of detections, and work with your team on the remediation when an actionable threat is discovered.

(see attachment E: RocketCyber SOC by Kaseya – Offer of Complimentary Security Measure, Page 40)

B) One-Time Services:
The following "as needed" services will be invoiced separately from the MMC and as required by Client:

1) Onboarding Services:
Onboarding services allow Abtech to implement the necessary hardware & software into the Client environment, as well as gather the necessary environment data to be recorded in our Network Operations Center. Onboarding tasks are further described in Attachment (D: Onboarding – Statement of Work, page 36)

2) Projects/Consulting:
Any service that is not detailed in Section A or, in Abtech's experience, a service that requires time, effort, or personnel beyond the normal parameters of Section A is considered a project. Project work will be quoted separately with a defined Statement of Work (SoW) and invoiced separately. See hourly rates in Schedule C Table 3, page 21.

C) Recommended Subscription Options
Client may subscribe to the following services which will be added as a separate line-item charge to th monthly invoice:

1) Datto SaaS Protection:
Datto SaaS Protection provides backup and recovery for M365 and Google Workspace.

2) Off-Site Backup and Disaster Recovery Services:
An off-site and air gapped backup and Disaster Recovery plan are recommended to avoid exces downtime and expense due to ransomware, environmental issues, and general failures. Abtec recommends subscribing to Abtech's StorTrust hybrid cloud backup and disaster recovery service.

3) Laptop and Workstation Backup and Recovery Services:
Datto file protection is the preferred endpoint data protection product.

4) Microsoft Subscriptions:
Any Microsoft licenses provisioned by Client or by Abtech at Client's request (eg. Office365, Azure etc,) will be added to the monthly invoice.

5) Other Third-Party Software Subscriptions: Any other third-party software licenses provisioned b Client or by Abtech at Client's request (eg. DropSuite, AWS, etc.) will be added to the monthl invoice.

(Definition of Services Continued)

3) Abtech Network Operations Center (NOC) Services:
Abtech's NOC Service includes the following:

- Remediating configuration issues with servers, storage, network devices, virtual machines, MS infrastructure applications, connectivity to other devices (print devices, etc.)
- Installs of Microsoft desktop updates (critical and security-related updates only, others optional as discussed with Client) and Microsoft Office applications
- Patch management and manual server patching
- Troubleshoot internet connectivity and network degradation
- Active Directory administration (add/remove users, security groups, permissions)
- Exchange administration (add/remove mailboxes, archiving, groups, forwarding)
- Restore files if available
- Assist application managers, database administrators, and vendors with infrastructure during their own troubleshooting. Support for specialized business applications (CAD, CRM, accounting, etc.) is limited to troubleshooting underlying infrastructure software (eg. MS operating systems, Exchange, Active Directory, etc). Any further troubleshooting, upgrading, or help desk questions should go to the application provider.
- Remediation of the above during normal business hours (M-F 6AM-6PM PST). Abtech extended call-in hours are available from 6PM-9PM, subject to after-hours rates at the discretion of Abtech.

4) Abtech Enhanced Security Package: (Includes the following)

- Datto EDR/Defender; Endpoint security; next-generation anti-virus; content filtering; helps protect against ransomware, malware
- Proofpoint Essentials Advanced: Email security, anti-phishing, anti-spam, attachment protection, url protection. (Included in this contract Enhanced Security Package)
- Cisco Umbrella Secure DNS: Helps protect against infected websites, by blocking access before your browser loads it.
- Vulscan (Kaseya): Examines known vulnerabilities via internal network scanning with alerts to threats to the network.
- Cyberhawk (Kaseya): Incorporates extra protection to help with the multi layered defense of your overall IT security with respect to: intrusion detection, spy-ware and malicious activities.
- Network Detective (Kaseya): Collects network assessments with detailed information on network assets and risk identification.

(Definition of Services Continued)

D) Suitability of Covered Environment

Abtech agrees to use good faith efforts based on industry standards and practices to complete a service o deliver goods to as close to Client's satisfaction as is technically reasonable and without undue delay.

Client understands and agrees that due to the inherently complicated nature of computing environments limitations and compatibility of hardware and software, the shared nature of all service with other clients or variables beyond the control of Abtech, that Abtech cannot warrant or guarantee availability or tha Abtech's recommendations, solutions, efforts, availability, or any service may produce results desired b Client or achieve an intended goal and as such are provided on an "as is" basis

1) In order for Client's Covered Environment to qualify for Services, the following Minimur Standards must be met:
   a. All servers with Microsoft Windows Operating Systems or applications must be running o an operating environment that is within Microsoft's Mainstream or Extended Suppor lifecycle and have all of the latest Microsoft Service Packs and Critical Updates installed.
   b. All servers with UNIX (HP-UX, AIX, Solaris) or Red Hat Operating Systems must b running on an operating environment that is within the manufacturers current suppor lifecycle and have all of the latest patches installed.
   c. All desktops and notebooks/laptops with Microsoft Windows Operating Systems must b running an operating environment that is within Microsoft's Mainstream of Extende Support lifecycle and have all of the latest Microsoft Service Packs and Critical Update installed. All Apple desktops and notebooks/laptops must be running a version of Mac O that is being actively developed by Apple.
   d. The Covered Environment must have a currently licensed, up-to-date and vendor-supporte server/appliance- and desktop-based anti-virus, anti-spam, and anti-spyware solutio protecting all Covered Hardware and Covered Software.
   e. The Covered Environment must have a currently licensed, vendor supported, Abtec approved backup solution.
   f. The Covered Environment must have a currently licensed, vendor-supported hardwar firewall between the internal network and the internet. Any wireless data traffic in th environment must be secured with a minimum of 128bit data encryption.
   g. The Covered Environment must have suitable cooling, power conditioning and batter backup, uninterruptable power supply (UPS), or generator for environmental protection.
   h. Covered Software and Covered Hardware must be genuine, licensed, and in a manufacturer supported configuration (including manufacturer approved compatibility with hardware an software it interacts with). Client agrees to comply with any third-party agreement, includin but not limited to end user license agreements ("EULA"), service agreements, terms an conditions, etc. of any technology that Abtech performs services on. Such agreements ar executed between Client and manufacturer and as such Abtech shall not be a party to thos agreements. Client is solely responsible for any payments, fees, or renewals owed to th manufacturer. In the event that Abtech as a reseller of the manufacturer or Client is usin Abtech infrastructure as a service which generate manufacturer fees, Abtech's sol responsibility will be to invoice those fees and pay the manufacturer.

(Definition of Services Continued)

i. Covered Environment must have current call-in technical support and onsite maintenanc contract from the original manufacturer or equivalent third party. Such support must gran Client entitlement and access to the Intellectual Property required to fix Covered Softwar and Covered Hardware, including but not limited to patches, updates, firmware, fixes utilities, documentation, and tools. The cost of such licensing, support, maintenance, inciden fees, or hardware repair is not included in this Service Agreement.

j. Primary and secondary email addresses for communication with Authorized Contrac Administrator or designee(s) for the escalation of Service Request issues, notice of critica events, or situations requiring a Client decision or information to proceed with the Servic Request. For the sake of redundancy in case Client's primary email server or service i disabled, the secondary email address(es) must be routed through a server or service that i not related to Client's primary email server or service.

k. Client is responsible for notifying Abtech of any regulations regarding their environmen (HIPAA, PCI, Sarbanes-Oxley, etc) and shall assume any additional costs to achieve an maintain regulatory compliance.

l. Client shall provide Abtech full and free access to Covered Environment both physically an remotely. Client agrees to allow the installation of Technology on Client's network a necessary to allow for the performance of Services.

2) Should the Covered Environment not meet the minimum standards, all Services shall be performe on a good faith effort basis. Abtech shall make no guarantees regarding the ability of Abtech' engineers or technologies to provide Services to any item of the Covered Environment that does nc meet the minimum standards. Abtech's may be required to, and without breach, delay in providin Services on any item in the Covered Environment that does not meet these minimum standards unti such minimum standards are met and after which Services on those items will resume. Cost associated to bring Client's environment up to these minimum standards are not included in thi Service Agreement. Client may contract with Abtech to bring the environment up to the minimun standards as a Project.

E) <u>Excluded Services</u>

1) Service rendered under this Service Agreement does not include:

a) Any service that changes or is the result of a change the Covered Environment includin but not limited to hardware or software installations, relocations, moves, or adding mor storage or servers, service or repair made necessary by the alteration, upgradin configuration, or modification of Covered Environment by Client, manufacturer, or an other party including Abtech.

b) Service to any user, equipment, software, or location that is not included in Schedule E Covered Equipment, in the Onboarding Document, or any equipment or software not i a known working state.

c) Removal of virus, malware, or spyware in Covered Environment not detected and/o quarantined by the latest anti-virus, malware, and spyware definitions or introduced b unprotected equipment.

d) Ransomware removal, data restoration, and ransom negotiation, etc.

e) Validation of backups and the handling, transport, or storage of backup media.

(Definition of Services Continued)

f) Research and design of information technology solutions for Client.

g) Migrations: new platforms, major releases, data, application

h) Repair of damage or restoration of functionality resulting from acts of God including bu not limited to flood, lightning, fire, earthquake; failure due to air conditioning, power, o humidity control; or abuse, misuse, negligence, neglect, accident, transportation c moving; or any causes other than normal usage. Business analyst work, applicatio development, modifications, configuration, customizations, or documentation of Clien processes. Programming (modification of software code) and program or applicatio maintenance.

i) Training services of any kind. Except for Help Desk Training as described in section 3. on page 31.

j) Consumable supplies: toner, toner cartridges, ink, ink cartridges, pens, ribbons, pape goods, film and vellums, tape, tape cartridges, cables (both internal and external), flopp disks, removable hard discs, and CD-ROMs; Structural, cosmetic, electrical work c cabling external to the system(s) or equipment.

k) Routine printer hardware errors (paper jams, toner replacement, etc.).

l) Any service resulting from security breaches including those caused by Customer nc adhering to industry standard internal security or Abtech recommendations including bu not limited to: routine password changes, forbidding login/password sharing, stron passwords, loading non-Abtech approved software, circumventing or removing securit software or devices, not updating software or firmware, not purchasing recommende security solutions, or opening ports.

m) Any services required to accommodate Client's regulatory requirements (including bu not limited to HIPAA, PCI, or Sarbanes-Oxley) to bring Client and Abtech int compliance or maintain compliance.

n) Warranties from third parties. Except for services delivered directly by Abtec employees, Client understands that Abtech is not the manufacturer of resold products an the only warranties offered are those of the manufacturer, not Abtech. Warranty remedie offered by manufacturer are Client's exclusive remedies.

o) Rights

2) Client understands and agrees that any request which is beyond the MMC scope of Section A Definition of Services is considered a Project. Client may elect to have Abtech perform thes Projects and will be invoiced at the hourly rates in Schedule C Table 3, Page 21. Additiona materials, supplies, and equipment may also be required which may be quoted to Client upon Client' request. Project Services and products will be provided only after Client's written acceptance o Abtech's written estimate and shall be invoiced separately.

F) <u>Security</u>

1) Abtech shall make all good faith efforts to safeguard and protect equipment, programs Documentation, and files from damage, loss, or corruption while performing all services but cannc warrant or guarantee complete security. It shall be the responsibility of Client to ensure the securit of their systems, data, programs, and files including but not limited to the proper configuration an maintenance of physical, administrative, and technical safeguards as they relate to access. In n event will Abtech be responsible, nor will Abtech have any liability, for physical, administrative, o technical controls related to the products, systems, networks, devices, facilities, or informatio technology that Client partially or completely controls, including but not limited to network

(Definition of Services Continued)

connectivity and internet connectivity. Abtech uses physical, technical and administrativ safeguards designed to secure products, services, and content under Abtech's control agains accidental or unauthorized loss, access, or disclosure. However, no password-protected system c data storage and retrieval can be made entirely impenetrable and Client acknowledges and agree that despite the measures employed, Services are not guaranteed against all security threats or othe vulnerabilities and Client uses Services at Client's own risk.

2) A reliable and verified system backup and disaster recovery procedure which restores data at th recovery point and within the recovery time acceptable to Client shall be the responsibility of Client Client shall have at a minimum, two (2) verified current system backups available prior to Abtec performing any task on Client Environment or Intellectual Property, or the installation of an hardware or software provided to Client by Abtech, regardless if Abtech personnel are involved i the services to implement such hardware or software or not. Transfer of Client data may be acros the public internet and encryption is highly recommended for security.

3) Abtech will not be responsible for loss, inaccessibility, or exposure of data under any circumstance including but not limited to damage, total or partial loss, theft, exposure, ransoming, corruption, o inaccuracy. If access to data is temporarily disrupted due to the gross negligence or willfu misconduct of Abtech, Abtech shall, at its own expense and as Client's sole remedy, restore Clien data from Client's verified current system backup.

Schedule B: Covered Environment

Covered Hardware						Quantity (up to)	Support Included in MMC
Servers:	*Dell*						
Physical:	*5*	Virtual:	*20*	Hypervisor:	*VMware*	25	**Yes**
Desktops / Laptops[1],[2]:	*Dell*					50	**Yes**
Managed Switches[2]:	*Cisco/HP*					4	**Yes**
Wireless Access Points:	*Cisco/Meraki*					10	**Yes**
Firewalls:	*SonicWall*					2	**Yes**
SAN/NAS[2]:	*TBD*					*1*	**Yes**
UPS[2]:	*TBD*					2	**Yes**
Tablets[2,3]:	*iPad*					2	**Yes**
Smart Phones[2,3]:	*N/A*					N/A	**No**
Other:	*N/A*					N/A	**No**

Covered Software		Version	Support Included in MMC
Server Operating Systems:	*Windows*	2016+	**Yes**
Desktop Operating Systems:	*Windows and Mac*	10+	**Yes**
Email:	*Outlook*	TBD	**Yes**
Business Productivity Software:	*Office 365*	TBD	**Yes**
Antivirus Software:	*ESET*	TBD	**Yes**
Backup Software:	*Veeam*	TBD	**Yes**
3rd Party Vendor Assistance[3]:	*Abtech will engage with 3rd party vendors for support*	TBD	**Yes**

[1] Up/Down monitoring and alerting if connected to network and is manageable.
[2] Company issued devices only.
[3] Assist Client with communication and issue resolution concerning 3rd party services as it relates to Client's network and server systems. Abtech cannot guarantee resolution of any issue to any level of Client's satisfaction in which Abtech must rely on a 3rd party to resolve.
[4] Assist Client with communication and issue resolution concerning 3rd party services as it relates to Client's network and server systems. Abtech cannot guarantee resolution of any issue to any level of Client's satisfaction in which Abtech must rely on a 3rd party to resolve

Schedule C: Pricing
Table 1: Summary of Monthly Charges

Service	Description	Qty	Price	Extended Price
MMC for Abtech RMM	Monitoring, Alerting, and Automated Patching	1	$250	$250.00
MMC for Help Desk and NOC	Monthly entitlement of up to 10 hours/month of Help Desk and NOC Services.	10	$175	$1,750.00
MMC for Onsite Help Desk and NOC	Monthly entitlement of up to 32 hours/month of Onsite Help Desk and NOC Services. Limited to 1 onsite visit per week	32	$175	$5,600.00
Abtech Enhanced Security	• Abtech Enhanced Security Package Including: • Up to 50 licenses of Datto EDR/Defender • Up to 50 licenses of Proofpoint Essential Advanced • Cisco Umbrella Secure DNS Site license • Vulscan SW license • CyberHawk SW license • Network Detective SW license	1	$800	$800.00
RocketCyber SOC by Kaseya (Complimentary as described in c below)	• Comprehensive 24X7 Monitoring • Real-time Threat Intelligence & Hunting • Breach Detection • Intrusion Monitoring • NextGen Malware • PSA Ticketing	50	$10	$0
			Monthly Total:	**$8,400.00**

a) Additional hours beyond entitlement for Remote NOC and Help Desk business hours labor will be added to the monthly invoice at the following rate: $175/hour, invoiced in 9-minute increments. All other rates (projects, after hours, holiday) are detailed below. Any service subcontracted to an Abtech partner may carry an additional hourly fee.

b) Additional hours beyond entitlement for Onsite NOC and Help Desk business hours labor will be added to the monthly invoice at the following rate: $200/hour, invoiced in 9-minute increments. All other rates (projects, after hours, holiday) are detailed below. Any service subcontracted to an Abtech partner may carry an additional hourly fee.

c) RocketCyber SOC by Kaseya will be offered for up to 50 devices at no charge from contract commencement to June 30, 2025. Beginning July 1, 2025, billing for RocketCyber SOC will commence at the cost of $10 per user on a monthly basis, for the remaining term.

d) Adding more monitored endpoints or computer users could incur additional fees.

(Schedule C: Pricing Continued)

Schedule C: Pricing
Table 2: Summary of One-Time Charges

Service	Description	Hours	Price/Hour	Extended Price
Onboarding	Client Onboarding Project	12	$175	$2,100.00
Deploy Enhanced Security Package	Abtech Enhanced Security Package Installation Project	15	$175	$2,625.00
			One-Time Total:	**$4,725.00**

a) Hours are an estimate based on information given to Abtech by Client. Actual hours will be invoiced, based on the hourly rates above (Summary of One-Time Charges – Table 2)

Schedule C: Pricing
Table 3: Summary of Charges Outside MMC

All remediation services as well as any additional support and project services outside the MMC scope of service as defined in Section A of Schedule A, will be invoiced at the following rates:

Additional Services	Abtech Business Hours	Outside Business Hours	Abtech Holidays*
Helpdesk/NOC - Remote/Telephone:	$170/hour	$220/hour	$240/hour
Minimum:	9-minute increments	1 Hour	1 Hour
Helpdesk/NOC – Onsite:	$190/hour	$240/hour	$240/hour
Minimum:	2 Hours plus travel	2 Hours plus travel	2 Hours plus travel
Hardware Support - Onsite, portal to portal:	$190/hour	$240/hour	$240/hour
Minimum:	2 Hours plus travel	2 Hours plus travel	2 Hours plus travel
Consultant/DBA – Remote/Telephone:	$240/hour	$240/hour	$240/hour
Minimum:	1 Hour	1 Hour	1 Hour
Consultant - Onsite, portal to portal:	$240/hour	$240/hour	$240/hour
Minimum:	**2 Hours plus travel**	**2 Hours plus travel**	**2 Hours plus travel**

*Abtech Observed Holidays schedule for current/future years available upon request.

ATTACHMENT A
REFERENCES

Below is a list of representative projects Abtech has engaged with. We will provide you with contact information for the below entities, upon request.

Company: City of Lake Forest
Description of Project:
Abtech Technologies is the contracted Managed Service Provider for the City of Lake Forest. We also provide the City with our backup/disaster recovery technology (StorTrust), for local and cloud backup and recovery

Services we provide:
On-site/Remote help desk, project architecture and implementation, security, purchasing, SQL database administration, IT system management, project management, inventory control, and many other services that we provide.
- One (1) On-Site Help Desk engineer, with another engineer cross trained on the City's processes
- One (1) vCTOs, with another vCTO, cross trained on the City's processes
- One (1) vCSO
- One (1) Account Manager
- One (1) Database Administrator
- One (1) Project Technical Manager

Company: County of Ventura Dept. Information Technology Services
Description of Project:
Hardware and Software Support, 50+ HP Proliants, HP Blades, Storage Arrays, Network and Fiber Switches

Company: San Diego Metropolitan Transit System
Description of Project:
Hardware Software Support DELL EMC SAN

Company: City of Santa Cruz
Description of Project:
Hardware Support 50+ DELL servers and HP Storage Arrays

Company: Riverside Community College District
Description of Project:
100+ servers HP ProLiant's, DELL, HP SAN, Windows, and LINUX. 24x7x4x365 support. Three campuses, District office and Learning Center.

Company: Placer County
Description of Project:
Abtech Technology provides System Administration and Oracle Database Administration services. Abtech Technologies manages three computer systems running a Public Safety Jail system consisting of an application, database, and disaster recovery environment. System Level 24x7x365 monitoring, management, and onsite repair. Placer County has been a support client since 2011.

ATTACHMENT B
RESUMES

We have included resumes of 4 members of staff that we intend to utilize as acting members of your team at the City of Laguna Hills. We have many other resumes of specialist engineers who would perform all out-of-scope projects and consulting work. Available upon request.

#1 Virtual Chief Technology Officer - Onsite/Remote

Summary

18 years' experience with a diverse range of Information Technologies. Strong troubleshooting skills developed in a wide range of production and small office environments. Excellent customer relation abilities learned as I.T. sales and repair technician for small business. Former owner of Delta-V Computers providing services to small business and home users. Currently working as Network Operations Manager for Abtech Technologies providing managed I.T services to a wide range of medium to large businesses

Professional

NETWORK OPERATIONS MANAGER | ABTECH TECHNOLOGIES | 2017 – PRESENT

- Provide leadership for level 1,2, and 3 phone and on-site support for dozens of accounts daily
- Current in modern I.T. security practices through CompTIA Security+ certification
- Possess the knowledge and skills required to identify risk in infrastructure, application, operational, and information security
- Able to participate in risk assessment and mitigation activities
- Ability to apply security controls to maintain confidentiality, integrity, and availability of network resources
- Operate with awareness of applicable policies, laws, and regulations
- 8 years hands on experience troubleshooting and maintaining Windows Server 2008R2 to 2019
- Experienced in deploying Windows servers in new and existing production environments.
- Proficient with Active Directory security and permissions
- Advise clients on hardware and software requirements
- Attend on-site meetings to discuss client I.T. requirements

SYSTEMS ENGINEER | ABTECH TECHNOLOGIES | 2014 – 2017

- Lead Engineer for multiple accounts

OWNER | DELTA-V COMPUTERS | 2008 – MARCH 2014
SALES AND REPAIR TECHNICIAN | BEDFORD COMPUTERS | FEBRUARY 1996 – SEPTEMBER 2000

Technical Proficiencies

- Windows Server 2008R2 to 2019
- Active directory
- I.T. security practices
- Risk assessment and mitigation
- Network design
- Troubleshooting network devices

(Resume Continued)

Certifications

- CompTIA Security+
- CompTIA Network+
- CompTIA A+
- Cisco Certified Network Associate
- PC Servicing and Repair (NRI Schools)

H.S. DIPLOMA | 1988 | BRIARFIELD ACADEMY
CISCO NETWORKING ACADEMY TRAINING | 2006 - 2007 | MIRACOSTA COLLEGE

(Resumes Continued)

#2 Virtual Chief Security Officer - Onsite/Remote

Professional

SENIOR TECHNICAL MANAGER- IT SECURITY AND STORTRUST | ABTECH TECHNOLOGIES | APRIL 2018 – PRESENT

- Maintain IT Infrastructure Security
- Oversee team of Engineers performing day-to-day IT security tasks for contracted accounts
- Setting policies, documentation, and processes for the IT security department
- Infrastructure Management
- Ensure success from customer technical level
- Work with Sales for sizing and proposals

IT MANAGER/ SENIOR ENGINEER | SLINGSTONE IT (THIS COMPANY WAS ACQUIRED BY ABTECH IN 2018) | JULY 2012 – MARCH 2018

- Recommend security best practices and HIPAA requirements for major client
- Manage large and medium size local clients nationwide
- Provide onsite support for assigned clients including planning and execution of office moves, installation of enterprise equipment as needed
- Work with vendors as needed to support the IT interests of clients including security planning and execution of server migrations
- Learned in depth and supported several different manufacturers of medical equipment for major client
- Led major client through phasing out Windows XP for Windows 7 workstations.

TECHNICAL SUPPORT ANALYST/SYTEMS ENGINEER | D2 BUSINESS SOLUTIONS | APRIL 2012 – JUNE 2012

- Technical support for end user clients as needed onsite and remote
- Configure, build physical and virtual servers for clients
- Led teams for onsite rollout of physical servers and networks in various industries

DISTRIBUTION ASSOCIATE | ARBITECH | NOVEMBER 2007 – DECEMBER 2011

- Manage and support multi-million-dollar server inventory, networking equipment
- Help with configuration and building of HP servers to customer ordered specifications
- Aid with shipping and logistics of orders as needed

Technical Proficiencies

- IT Security, Active Directory,
- O365
- Windows Server 2003-2022
- SonicWall
- Dell Server
- Dell Networking
- Windows 95 – 11
- Microsoft Exchange 2010
- VMware ESXi 5.5 - 8.0
- Data Backup and Recovery
- Ransomware Recovery
- Disaster Recovery

(Resumes Continued)

Certifications

- Microsoft Certified Systems Engineer: Security on Windows Server 2003
- Microsoft Certified Systems Administrator: Security on Windows Server 2003
- CompTIA Security+
- CompTIA Server+
- CompTIA Network+
- CompTIA A+
- Dell Technologies Certified Specialist PowerProtect Cyber Recovery
- Veeam Sales Professional (VMSP) 2021
- Veeam Technical Sales Professional (VMTSP) 2021
- Microsoft Certified Azure Fundamentals
- Microsoft 365 Certified: Modern Desktop Administrator Associate
- Microsoft Specialist: Windows 7, Enterprise Desktop Support Technician
- Microsoft Specialist: Windows 7, Configuring
- Microsoft Certified IT Professional: Enterprise Desktop Support Technician on Windows 7
- Microsoft Certified Professional: Microsoft Certified Professional
- Microsoft Specialist: Administering Office 365 for Small Business
- Microsoft® Certified Solutions Associate: Windows 7
- Microsoft Certified Desktop Support Technician: Windows XP
- Microsoft Certified Systems Engineer: Windows Server 2003
- Microsoft Certified Technology Specialist: Microsoft Windows Vista, Configuration
- Microsoft Certified Systems Administrator: Windows Server 2003
- Microsoft Certified Professional
- Microsoft® Certified Technology Specialist: Windows 7, Configuration

MCSE Courses | 2009 – 2010 | New Horizons Computer Learning Center |

(Resumes Continued)

#3 IT Technician - Onsite/Remote

Professional

SYSTEMS ENGINEER | ABTECH TECHNOLOGIES | 2021 – PRESENT

- Providing tier1 and 2 IT Help Desk support for system issues and support of end-to-end solutions ranging from client, server, and network infrastructure environments. Server patching and management
- Maintaining and creating Active Directory Domain Service Object Units as well as linking Group Policy Objects. SonicWall proficiency
- Installing, configuring, testing, and maintaining operating systems, Office 365 application software and deployment, Antivirus, Anti-malware Internet security software and system management tools for remote management. Customer service
- Creation and management of vendor problem tickets to resolution using Datto's cloud-based SA software, Autotask. Citrix experience
- Configuring and installation of computer hardware, peripherals, services, settings, directories, storage, rack system servers as well as end-point client configuration in accordance with standards and project/operational requirements as well as event reporting.
- Managing and monitoring system upgrades and support existing systems and infrastructure to ensure operational stability and proactively ensure the highest levels of systems and infrastructure availability.
- Actively collaborate with product and project teams to understand needs and enable them within the infrastructure and ensure compatibility.
- Monitoring and testing of application performance for potential bottlenecks, identifying possible solutions, and work with developers to implement those fixes.
- Maintaining security, backup, and redundancy strategies using ESET Security and SonicWall Capture Client
- Debugging, support, and post-mortem reporting and analysis for security and software incidents as well as service interruptions.

TECHNICIAN SPECIALIST | PROFESSIONAL ACCESS CONTROL | 2019 - 2020

- Installation, programming, configuration, and service maintenance of high-end access control systems, remote lock hardware, video surveillance management systems (Camera and Heat sensing devices) and network IP devices.
- Conducted Wireless site surveys and implemented/Configured Wireless AP's as well as Installed network rack systems such as switches, routers and KVM's and provided all necessary raceways and cabling management.
- Installation of intrusion device detection systems panel's/enclosures as well as provided the proper cable management and termination.

TECHNICAL PROFICIENCIES/EXPERIENCE

- Certifications: CSULB -Cybersecurity Professional Certificate
- Technology: Networking, Linux/Linux Security, Network Security, Microsoft Security, Cloud Security, Cyber Technologies, Python, Ethical Hacking, DFIR (Data Forensics & Incident Response), OSI Model
- Networking's & TCP/IP Models, Security Concepts, Practical Cryptography, Secure Access Management, PS, Layer 2 Attacks
- Security: Splunk, Cuckoo, pFsense, Wireshark, Microsoft Security Policies, Shares and Permissions
- Ethical Hacking: BurpSuite, Penetration Testing, Network Attacks, Brute-Force, Privilege Escalation
- Operating Systems: MacOS (Big Sur/IOS) Windows (7, XP, 10), Kali Linux, Ubuntu, Windows Server 2012 R2
- Languages: English (Native) and Spanish (Advanced)

(Resumes Continued)

#4 IT Technician - Onsite/Remote

Professional Experience

Systems Engineer | Abtech Technologies | 2016-Present

- Managing workstations and servers for clients
- Server patching and management
- Troubleshooting workstations
- SonicWall Proficiency
- Handle incoming calls
- Customer Service

Computer Technician | Tech Central at Pepperdine University | 2012-2015

- Knowledge on handling a PC and removing viruses
- Customer service
- Responsible for opening and locking up office
- Troubleshooting of student and faculty computers
- Evaluation and replacement of laptop computer parts
- Troubleshooting through phone calls and ticketing system
- Transferring and back up of hard drive data
- Proficient knowledge of Microsoft Office

Technical Proficiencies

- CompTIA Security
- Risk Management (Assessment and Mitigation)
- Networking
  - Planning
  - Upgrades
  - Configuration
  - Maintenance
  - Trouble Shooting
  - Microsoft Server Platforms
- Servers
  - Windows Server 2009 R2 to 2016
  - Deployment
  - Active Directory
- Customer Relations
  - Lead Engineer
  - Remote and on-site Support
  - Advise clients on Hardware and Software
  - Attend on-site meetings

(Resumes Continued)

I. Help Desk Engineer:

- Knowledge on handling a PC and removing viruses
- Customer service
- Responsible for opening and locking up office
- Troubleshooting of student and faculty computers
- Evaluation and replacement of laptop computer parts
- Troubleshooting through phone calls and ticketing system
- Transferring and back up of hard drive data
- Proficient knowledge of Microsoft Office
- Managing workstations and servers for clients
- Onsite customer repair
- SonicWall Firewall
- Troubleshooting workstation

Certifications

- COMPTIA Security+
- COMPTIA A+
- COMPTIA Network+
- COMPTIA IT Operations Specialist
- Amazon Web Services Cloud Practitioner
- Cisco Certified
- PC Services and Repair

Education

B.A. in Biology | 2012 – 2016 | Pepperdine University, Malibu, CA

Attachment C
Manage IT Services – Statement of Work

Statement of Work (SOW) for Managed IT Services

Service Overview Abtech Technologies is dedicated to providing the City of Laguna Hills with a comprehensive suite of managed IT services tailored to meet the City's evolving technology needs. The following detailed Statement of Work outlines the specific services and responsibilities for this contractual partnership.

1. **Initial Assessment** The journey towards exceptional managed IT services begins with a thorough initial assessment:

1.1 **Assessment of Existing Infrastructure**

- Abtech's IT experts will conduct a detailed review of the City's existing IT infrastructure, including hardware, software, and network configurations.
- The assessment will involve gathering data regarding the City's current IT systems, identifying potential bottlenecks, and noting any immediate areas that require attention.

1.2 **Live Optics Assessment**

- To gain precise insights into the City's infrastructure performance, Abtech will utilize the Live Optics tool, a powerful analytics platform.
- Live Optics will assist in identifying performance gaps, ensuring resource optimization, and enhancing the overall efficiency of IT operations.

1.3 **Infrastructure Recommendations**

- Based on the assessment findings, Abtech will provide a comprehensive report outlining infrastructure recommendations.
- These recommendations will form the basis for optimizing the City's IT environment and providing a roadmap for future enhancements.

2. **On-Site IT Technician** Effective on-site support is crucial for ensuring seamless IT operations. The City of Laguna Hills will benefit from a dedicated on-site support engineer.

2.1 **Technician Deployment**

- Abtech Technologies will assign a dedicated on-site help desk IT Technician to the City of Laguna Hills.
- This technician will be complemented by a suitably cross-trained engineer to ensure comprehensive support.

2.2 **Scheduled Availability**

- The on-site support will be available one day per week, from Monday to Friday.
- Operating hours will be from 8:00 am to 5:00 pm, totaling 32 hours per month as scheduled.
- NOC services will be available from 6:00 am to 6:00 pm for remote support.

(Manage IT Services – Statement of Work Continued)

2.3 **After-Hours Support**

- In addition to regular business hours, Abtech can provide support during scheduled after-hours, non-emergency events.
- These include City Council meetings, Commission sessions, and other public meetings.
- Any scheduled after-hours support from the onsite engineer will be deducted from the 32-hour monthly allotment.

3. **Robust Help Desk and Network Operations** A solid foundation of help desk and network operations is pivotal for smooth IT operations:

3.1 **24/7 Monitoring and Alerting**

- Abtech's Network Operations Center (NOC) will provide around-the-clock monitoring for the City's IT infrastructure.
- Vigilant monitoring encompasses server performance, network traffic, and security threats, with an emphasis on proactive issue detection.

3.2 **Help Desk Support**

- Abtech's Help Desk operates as the central hub for IT assistance, ensuring City staff can access support during business hours.
- The Help Desk addresses a wide range of IT concerns, including hardware and software issues, user inquiries, and troubleshooting.

3.3 **Incident Resolution**

- In cases where Abtech Technologies determines necessary, issues that demand technical expertise beyond immediate help desk resolution, Abtech's team will deploy on-site support or offer remote NOC assistance, invoiced to the MMC monthly allotment.
- This ensures that critical IT problems are addressed promptly, minimizing downtime and disruptions.

3.4 **User Training and Guidance**

- Abtech's Help Desk doubles as a valuable resource for user training and guidance.
- City staff can seek assistance with covered software applications, gain insights into best practices, and enhance their IT proficiency.

3.5 **Knowledge Sharing**

- Collaboration is the cornerstone of effective IT operations. Abtech promotes knowledge sharing between its team and the City's IT personnel.
- Regular exchanges of insights, industry best practices, and cooperative troubleshooting contribute to enhanced collective expertise.

4. **Training and Cross-Training** Continuous learning is integral to proper IT support. Abtech invests in knowledge and skill development:

4.1 **Onboarding and Cross-Training**

- Non-core Abtech engineers will initiate cross-training during the onboarding process.
- This cross-training aims to equip Abtech's team with the expertise necessary to meet the City's unique requirements.

(Manage IT Services – Statement of Work Continued)

4.2 **Knowledge Base**

- Abtech will leverage its internal knowledge base for training, ensuring the most up-to-date information is accessible.

4.3 **Exposure and Knowledge Sharing**

- Abtech's NOC personnel will gain exposure to the City's environment through daily interactions.
- Specific study and knowledge sharing sessions between staff members will further enhance collaboration and expertise exchange.

5. **Service Offerings** Seamless service delivery is the hallmark of Abtech's commitment. Abtech Technologies provides a range of offerings for operational excellence:

5.1 **Seamless Transition**

- Leveraging years of experience, Abtech will provide a seamless transition from the current IT Managed Services model to Abtech's model.
- This process is pivotal for configuring the City's IT infrastructure, setting up systems, and ensuring they function optimally.

5.2 **Help Desk Ticketing System**

- Abtech will use its help desk ticketing system, coupled with its knowledge base, to offer support for the City's users.
- All help desk tickets received via phone, email, or in-person will be documented, tracked, and remediated. This comprehensive support covers hardware, software, and network-related issues, encompassing installation, troubleshooting, and replacement of IT equipment.

5.3 **Collaboration with Third Parties**

- Abtech's team will establish a collaborative relationship with the City's third-party IT consultants and vendors.
- This partnership ensures the seamless functioning of the City's IT infrastructure through coordinated efforts and effective communication.

5.4 **Documentation**

- Abtech will maintain and document an up-to-date knowledge base encompassing software and hardware inventory.
- This will include detailed license information to ensure full compliance with software requirements.

5.5 **Infrastructure and System Administration**

- Abtech will provide comprehensive management, documentation, and maintenance of the City's infrastructure and system administration.
- This encompasses access permissions and controls, network configurations, email/file server administration, server maintenance (including updates and patching), user on/off-boarding, firewall management, security filtering, and proactive system backup maintenance.
- Abtech will ensure all systems remain up to date and fully functional while collaborating with the City to enhance security measures.

(Manage IT Services – Statement of Work Continued)

5.6 **Network Operations Center (NOC)**

- Abtech's NOC and Remote Help Desk will augment the onsite engineer to ensure the City receives comprehensive support services.
- This constant vigilance and availability ensure the City's IT team can access support even when they are off-site.

6. **Abtech Enhanced Security Package** City data security is paramount. Abtech's multi-layered security measures protect against evolving threats:

6.1 **Datto EDR/Defender**

- Abtech deploys Datto's Endpoint Detection and Response (EDR) and Defender, featuring advanced endpoint security measures.
- This includes next-generation anti-virus protection and content filtering, with real-time EDR capabilities to detect and respond to suspicious activities.
- Defender provides critical defense against ransomware and malware, safeguarding City data.

6.2 **Proofpoint Essentials Advanced**

- Abtech deploys Proofpoint Essentials Advanced for robust email security.
- This comprehensive suite features anti-phishing measures, anti-spam protection, attachment scanning, and URL filtering, fortifying email communication against malicious threats.
- It reduces the risk of phishing attacks and email-borne threats.

6.3 **Cisco Umbrella Secure DNS**

- An integral component of the Enhanced Security Package, Cisco Umbrella Secure DNS acts as an initial line of defense against threats.
- It proactively blocks access to infected websites before they can load in web browsers, enhancing overall security posture.

6.4 **Vulscan (Kaseya)**

- Abtech employs Vulscan, a Kaseya tool for vulnerability scanning to identify potential weak points in the City's IT environment.
- The system thoroughly examines known vulnerabilities, issuing alerts for potential threats.
- Abtech's proactive approach ensures swift risk mitigation, reducing exposure to security breaches.

6.5 **Cyberhawk (Kaseya)**

- Cyberhawk, another Kaseya offering, reinforces the City's IT security posture.
- This comprehensive system extends protection beyond traditional anti-virus solutions, incorporating intrusion detection, spyware defense, and malicious activity identification.
- It ensures the City's systems remain resilient against a wide array of cyber threats.

6.6 **Network Detective (Kaseya)**

- Abtech employs Network Detective as part of the Enhanced Security Package, conducting comprehensive network assessments.
- This tool gathers detailed information on the City's network assets and identifies potential risks.
- Regular network assessments enable proactive vulnerability mitigation, ensuring ongoing network resilience and security.

7. **RocketCyber SOC by Kaseya** Enhancing cybersecurity defense. RocketCyber SOC empowers organizations to detect and respond to security threats:

(see attachment E: RocketCyber SOC by Kaseya – Offer of Complimentary Security Measure, page 40)

7.1 **Threat Detection and Response**
- RocketCyber SOC leverages cutting-edge technology to monitor the network for suspicious activities and known threat indicators.
- It rapidly identifies potential threats, including malware, intrusions, and data breaches, enabling prompt and effective response.

7.2 **24/7 Monitoring**
- With continuous, around-the-clock monitoring, RocketCyber SOC ensures constant vigilance over the network.
- This proactive approach ensures potential security incidents are identified and addressed without delay.

7.3 **Incident Response**
- In the event of a security incident, RocketCyber SOC provides a well-defined incident response process.
- This includes analysis, containment, eradication, and recovery measures to mitigate incident impact and prevent future occurrences.

7.4 **Threat Intelligence**
- RocketCyber SOC stays up to date with real-time threat intelligence feeds.
- This ensures protection against known and emerging security risks.

7.5 **Security Analytics**
- The SOC offers in-depth security analytics, providing insights into network security posture.
- This information assists in informed decision-making and continuous security improvements.

7.6 **Compliance Monitoring**
- RocketCyber SOC supports meeting regulatory compliance requirements by monitoring and documenting adherence to industry-specific security standards.

8. **Additional Capabilities (Not Included in Current Contract)** Please note that the following services are not included in the current contract but are available as additional capabilities for the City's consideration:

- Architecture, Engineering, and System Design Services
- Cybersecurity Assessments and Remediation
- IT Security Audits
- IT Compliance Solutions
- New System Implementation Projects
- Network and Infrastructure Deployments

(Manage IT Services – Statement of Work Continued)

- Unified Communications (VOIP and Telecommunications)
- Cloud and Virtualization Migrations
- Azure Migrations
- AWS Migrations
- Office Relocations
- SharePoint Services
- Abtech Training Courses
- Application and Database Implementations
- Disaster Recovery Planning and Implementation
- Cloud-Based Disaster Recovery (StorTrust)

8.2 **Disclaimer** The services listed in the "Additional Capabilities" section are not included in the current contract. Separate agreements and terms will be negotiated and documented if the City wishes to engage in any of these additional services.

9. **Service Delivery** The services outlined in this SOW will be delivered in line with agreed schedules and performance standards. Abtech Technologies is committed to ensuring the availability and reliability of services as defined.

Summary This detailed Statement of Work outlines the step-by-step approach Abtech Technologies will take to provide comprehensive managed IT services to the City of Laguna Hills. These services encompass initial assessments, on-site support, robust help desk and network operations, training and cross-training, service offerings, an enhanced security package, and the inclusion of additional capabilities if required. The partnership is defined by seamless transitions, 24/7 support, robust security measures, and a commitment to excellence in managing the City's IT infrastructure.

Attachment D
Onboarding – Statement of Work

Statement of Work (SOW) - Onboarding Managed IT Services

1. **Introduction**

1.1 **Welcome to Managed IT Services**

- Abtech Technologies extends a warm welcome to the City of Laguna Hills, marking the commencement of an onboarding process that will improve the City's IT support capabilities. This process has been carefully designed to ensure a smooth transition to Abtech's Managed IT Services.

1.2 **Contract Agreement and Alignment**

- This SOW serves as the official agreement document, signifying the commitment and partnership between the City of Laguna Hills and Abtech Technologies. It sets the foundation for aligning goals and expectations and ensuring the success of the Managed IT Services onboarding.

2. **Initial Assessment**

2.1 **Live Optics Assessment - Data-Driven Insights**

- Abtech Technologies will initiate the onboarding journey by conducting a comprehensive Live Optics Assessment. This assessment will analyze the City's existing IT environment, collecting vital data that will serve as the bedrock for tailoring the onboarding process.
  - **Data Collection:** This phase will involve meticulous data gathering, including hardware and software inventories, configurations, access controls, network details, user accounts, and infrastructure specifications.
  - **Analysis and Planning:** Abtech's team of engineers and specialists will analyze the collected data to gain a thorough understanding of the City's IT ecosystem. This comprehensive analysis will help identify potential remediation actions and solutions for improvement.

3. **Help Desk and Network Operations Setup**

3.1 **Help Desk Configuration and Integration - A Seamless Start**

- Abtech Technologies will embark on configuring the help desk system to seamlessly align with the City's operational requirements, ensuring that it becomes a vital asset for the City's IT support structure.
  - **User Account Setup:** The help desk will perform user account setup to ensure that authorized staff can access the system efficiently.
  - **Access Permissions:** Abtech will carefully configure access permissions to grant the right level of access to support staff and ensure data security.
  - **Ticketing System Configuration:** The ticketing system within the help desk will be configured to accurately capture, categorize, prioritize, and manage incoming support requests.

(Onboarding – Statement of Work Continued)

- **Integration with Existing Systems:** Abtech will ensure that the help desk integrates with the City's existing IT systems to maintain continuity and efficiency.

3.2 **Knowledge Base Implementation - A Wealth of Support**

- Abtech will seamlessly integrate its extensive knowledge base into the help desk system, ensuring that support staff have immediate access to a wealth of information for effective troubleshooting.
    - **Knowledge Base Ingestion:** The knowledge base will be meticulously ingested into the help desk's database to ensure quick and easy access.
    - **Resource Categorization:** Resources will be organized into categories, making it easy for support staff to locate relevant solutions.
    - **Search Functionality:** The knowledge base will be equipped with advanced search functionality, enabling support staff to quickly find solutions to issues they encounter.

3.3 **Documentation and Familiarization - Empowering Through Information**

- Abtech Technologies will develop comprehensive documentation that covers system usage, features, and processes. This documentation will help the City's staff to navigate the systems with confidence.
    - **Document Development:** The documentation will be developed to cater to the City's specific environment, addressing unique needs and intricacies.
    - **Accessibility:** All relevant documentation can be provided electronically, ensuring it is readily accessible for self-guided learning and reference by the City's staff.

3.4 **Testing and Validation - Ensuring Flawless Functionality**

- Prior to going live, Abtech will execute a series of comprehensive tests to validate the help desk's functionality. This step ensures that the system functions as intended and is ready to support the City's IT operations.
    - **Test Scenarios:** Tests will encompass the creation and processing of test support requests to ensure the system correctly captures, routes, and prioritizes issues.
    - **Real-Life Simulations:** Abtech will simulate real-life scenarios to guarantee the help desk is fully functional and capable of efficiently addressing common and complex issues.

3.5 **Go-Live and Support Launch - Transitioning to Live Operations**

- Once all systems are configured, integrated, and validated, Abtech will execute the launch of the help desk, marking the official beginning of live support services.
    - **User Support Commencement:** This phase includes addressing user inquiries, troubleshooting hardware and software issues, and responding to help desk tickets. Support staff will be on hand to provide immediate assistance.
    - **Incident Management:** Abtech will implement effective incident management procedures to handle unexpected issues promptly and effectively.

3.6 **Ongoing Monitoring and Optimization - Continuous Improvement**

- Abtech is dedicated to providing ongoing support and continuous improvement. This phase ensures that the help desk operates at peak efficiency to meet evolving needs.

(Onboarding – Statement of Work Continued)

- **Performance Monitoring:** The performance of the help desk will be actively monitored and analyzed using sophisticated tools and procedures.
- **Feedback Sessions:** Regular feedback sessions will be conducted with the City to fine-tune operations based on input, evolving needs, and emerging best practices.

3.7 **Network Operations Center (NOC) Configuration - 24/7 Vigilance**

- Abtech will configure the NOC for 24/7 monitoring of the City's IT infrastructure. This ensures that critical network components are under constant surveillance to identify and respond to anomalies in real-time.
    - **Infrastructure Deployment:** The NOC will undergo deployment of essential infrastructure and equipment, ensuring its readiness to provide around-the-clock monitoring.

3.8 **Network Operations Center (NOC) Configuration - 24/7 Vigilance (Continued)**

- Abtech will ensure that the NOC is equipped with advanced alerting systems capable of detecting and responding to anomalies in real-time. This includes server performance, network traffic, and security threats.
    - **Immediate Alerting:** The alerting systems are designed to instantly notify the NOC team about any irregularities or potential issues, ensuring swift response and mitigation.
    - **Proactive Risk Mitigation:** In the event of anomalies or critical events, the NOC will initiate immediate actions to mitigate risks, ensuring the stability of the City's IT systems.

4. **Security Enhancements - Comprehensive Protection**

4.1 **Abtech Enhanced Security Package** Abtech's security experts will implement a multi-layered security package, offering comprehensive protection against a wide range of cybersecurity threats.

- **Datto EDR/Defender:** Abtech leverages Datto's advanced endpoint security features, including next-generation anti-virus protection and content filtering. The EDR capabilities enable real-time detection and response to suspicious activities on endpoints.
- **Proofpoint Essentials Advanced:** As part of the Enhanced Security Package, Abtech deploys Proofpoint Essentials Advanced for email security, providing anti-phishing measures, anti-spam protection, attachment scanning, and URL filtering to fortify email communication against malicious threats.
- **Cisco Umbrella Secure DNS:** Cisco Umbrella acts as the initial line of defense, blocking access to infected websites before they can load in web browsers, enhancing the City's overall security posture.

4.2 **RocketCyber SOC by Kaseya - 24/7 Security Operations** Abtech will introduce and implement RocketCyber SOC by Kaseya to provide 24/7 threat detection, incident response, security analytics, and compliance monitoring.

(see attachment E: RocketCyber SOC by Kaseya – Offer of Complimentary Security Measure, page 40)

(Onboarding – Statement of Work Continued)

- **Threat Detection and Response:** RocketCyber SOC uses innovative technology to monitor the network for suspicious activities and known threat indicators, allowing for prompt and effective responses to potential security incidents.
- **Incident Response:** In the event of a security incident, the SOC provides a well-defined incident response process, including analysis, containment, eradication, and recovery measures to mitigate the impact and prevent future occurrences.
- **Security Analytics:** The SOC offers in-depth security analytics, providing insights into the network's security posture and helping the City make informed decisions.

5. **Onboarding Services - A Seamless Transition**

5.1 **Onboarding Services Overview** Onboarding services will encompass a range of activities to ensure a seamless transition to Abtech's Managed IT Services.

- **Implementation:** Abtech will integrate the essential tools into the City's IT infrastructure to ensure the proper configuration and functionality of systems.
- **Information Collection and Integration:** Critical environment information will be collected and integrated into the Network Operations Center to facilitate proactive monitoring and management of the City's IT infrastructure.

6. **Documentation and Reporting -** Abtech will maintain detailed documentation throughout the onboarding process to provide transparency and accountability.

- **Documentation Repository:** An organized and accessible documentation repository will contain hardware and software inventory, configurations, access controls, network details, user accounts, and all relevant data integrated into the NOC.
- **Regular Reports:** Abtech will provide regular reports to the City, offering insights into system performance and activities, ensuring complete transparency.

7. **Review and Feedback - Continuous Improvement**

7.1 **Review and Feedback Sessions** Abtech is committed to fostering an ongoing partnership with the City of Laguna Hills. Regular review and feedback sessions will be scheduled to ensure continuous improvement of services.

- **Input Gathering:** The City will have the opportunity to share input, evolving needs, and insights during these sessions, which will be used to refine and optimize the services provided.

Attachment E:
RocketCyber SOC by Kaseya – Offer of Complimentary Security Measure

Abtech Technologies is pleased to offer the RocketCyber SOC by Kaseya, a comprehensive security solution, as part of your contract from contract signing to June 30th, 2025. RocketCyber's Managed SOC (security operation center) is a managed detection and response service that leverages RocketCyber's Threat Monitoring Platform to detect malicious and suspicious activity across three critical attack vectors: Endpoint | Network | Cloud.

Service Overview:
The RocketCyber SOC, in collaboration with Abtech Technologies, provides proactive and robust threat detection and incident management services. Here's what you can expect:

- RocketCyber's SOC service encompasses Endpoint, Network, and Cloud security, offering a robust defense against threats.
- Our Managed SOC is managed by a skilled team of security experts who actively hunt for and investigate potential threats, perform initial analyses of detected issues, and collaborate with your team to remediate actionable threats.
- With RocketCyber, you can quickly augment your security stack without the need for additional hardware or extensiv setup. Abtech will prioritize rapid deployment, ensuring you are operational quickly and efficiently.

Comprehensive Monitoring, **24x7x365:**
- **Real-time Threat Monitoring:** Continuous comprehensive monitoring of Endpoint, Network, and Cloud attack vectors to promptly detect malicious and suspicious activities.
  - Windows, macOS, and Linux security events
  - Firewall and network device events
  - Office 365 and Azure AD cloud events

- **Intrusion Monitoring**: Real-time monitoring of network activity for several identifying indicators.
  - Unauthorized TCP/UDP services
  - Backdoor connections to C2 servers
  - Connections to terrorist nations

- **Breach Detection:** Detect adversaries that evade traditional cyber defenses such as Firewalls and AV. Identifies attacker TTPs and aligns with Mitre Att&ck, producing a forensic timeline of chronological events to deter the intruder before a breach occurs.
  Specific Security Services:

- **Expert Security Team:** Access to a team of seasoned security experts who actively monitor, detect, and respond to threats.

- **Incident Response:** Rapid and effective incident response, including forensics and support when required.

- **PSA Ticketing Integration:** SOC analysts investigate alerts, triage, and create tickets for remediation.

Real-World Advantages

- **Enhanced Cyber Resilience:** Heightened resilience against cyber threats through proactive monitoring and rapid incident response.

- **Public Trust:** An added layer of security that reinforces public trust and confidence in your company.
  We firmly believe that these security services, extensive monitoring points, and real-world advantages will significantly enhance the security posture of your company, fortify your defense against evolving cyber threats, and further enhance overall IT Security.

SUMMARY

In conclusion, Abtech Technologies is pleased to present our comprehensive IT solution proposal for the City of Laguna Hills. With a proven track record of over 35 years serving both local government agencies and commercial enterprises, our team is well-equipped to provide tailored and innovative solutions to address the specific technological needs of Laguna Hills.

Our proposal encompasses a range of key offerings designed to enhance efficiency, security, and collaboration. Thi includes a dedicated on-site help desk IT Technician, backed by a cross-trained engineer, to provide personalized support during regular business hours. We also extend access to our Help Desk and Network Operations Center (NOC) Service, providing issue resolution and continuous support beyond the on-site presence.
Furthermore, Abtech Technologies is committed to fostering collaboration and adaptability. We offer access to our team of tier 2 and tier 3 engineers, enabling the identification and execution of additional project tasks that may emerge during the contract period. This collaborative approach underscores our commitment to meeting evolving IT challenges with agility and expertise.

Our security centric approach includes an Enhanced Security Package and a complimentary SOC service (see attachment E: RocketCyber SOC by Kaseya – Offer of Complimentary Security Measure, page 40), to reinforce the security of your digital infrastructure and protect against potential threats. Additionally, we go the extra mile by offering support during scheduled after-hours events, including public meetings.

For further inquiries, discussions, or to explore the details of our proposal, please feel free to contact Todd Darr at tdarr@abtechtechnologies.com or by phone at 760-827-5116. Additional information about Abtech Technologies is available at www.AbtechTechnologies.com.

We appreciate the opportunity to partner with the City of Laguna Hills and look forward to collaborating with the City team to drive technological advancements and contribute to your continued success.

Sincerely,

Todd Darr
Senior Account Executive

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: December 12, 2023

TO: Mayor and Council Members

FROM: Gregory E. Simonian
City Attorney

ISSUE: Resolution Ratifying and Implementing Certain Changes to the Compensation of the City Manager

RECOMMENDATION: That the City Council:

1) Receive an oral report; and

2) Pursuant to the minute action taken by the City Council during open session at the November 14, 2023 City Council Regular Meeting, adopt a ratifying resolution entitled: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, RATIFYING AND IMPLEMENTING CERTAIN CHANGES TO THE COMPENSATION OF THE CITY MANAGER, AN UNREPRESENTED EMPLOYEE."

BACKGROUND AND DISCUSSION:

Pursuant to Government Code Section 54957(b)(1), the City Council convened in closed session on October 24, 2023 and November 14, 2023 for the purpose of conducting the annual performance evaluation of the City Manager, an unrepresented employee, in accordance with Section 4 of the City Manager Employment Agreement, dated May 16, 2022, ("Employment Agreement"). Following completion of the annual performance evaluation of the City Manager during closed session on November 14, 2023, the City Council reconvened in open session and by minute action unanimously voted as follows:

1) Effective December 4, 2023, the City Manager's current annual base salary shall be increased by 5.5%;

2) Effective December 12, 2023, the City Manager is awarded a 5.5% performance bonus for calendar year 2023, as authorized pursuant to Section 4 of the City Manager's Employment Agreement; and,
3) The City Attorney is directed to prepare a resolution ratifying these minute actions for City Council approval at the regular meeting of the City Council on December 12, 2023.

Section 5(B) of the Employment Agreement provides that increases in the City Manager's annual base salary may be effective at any time in the sole discretion of the City Council. Section 5(B) of the Employment Agreement further provides that salary increases approved by the City Council do not require amendment to the Employment Agreement to be effective, and any increases in the City Manager's annual base salary may be set forth in an annual salary resolution or minute action approved by the City Council and ratified by resolution. Pursuant to Section 4 of the Employment Agreement, following each annual performance evaluation, the City Council may in its sole discretion grant the City Manager a performance bonus equal to 0-10% of his then-current annual base salary which, if awarded, must be approved by minute action of the City Council and ratified by resolution.

As required by the terms of the City Manager Employment Agreement, and pursuant to Government Code Section 36506, by adopting the proposed Resolution (Attachment A) the City Council hereby ratifies the minute action taken by the City Council during open session on November 14, 2023, to approve and authorize a 5.5% increase in the City Manager's current annual base salary, effective December 4, 2023, and a 5.5% performance bonus for calendar year 2023. The recommendations set forth herein serve as final action to change the salary and compensation of the City Manager, as previously directed by the City Council.

ATTACHMENTS:

- Proposed Resolution Ratifying and Implementing Certain Changes to the Compensation of the City Manager

RESOLUTION NO. 2023-12-12-X

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, RATIFYING AND IMPLEMENTING CERTAIN CHANGES TO THE COMPENSATION OF THE CITY MANAGER, AN UNREPRESENTED EMPLOYEE

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

WHEREAS, pursuant to Government Code Section 54957(b)(1), the City Council convened in closed session on October 24, 2023 and November 14, 2023 for the purpose of conducting the annual performance evaluation of the City Manager, an unrepresented employee, in accordance with Section 4 of the City Manager Employment Agreement, dated May 16, 2022, ("Employment Agreement"); and

WHEREAS, Section 5(B) of the Employment Agreement provides that increases in the City Manager's annual base salary may be effective at any time in the sole discretion of the City Council; and

WHEREAS, Section 5(B) of the Employment Agreement further provides that salary increases approved by the City Council do not require amendment to the Employment Agreement to be effective, and any increases in the City Manager's annual base salary may be set forth in an annual salary resolution or minute action approved by the City Council and ratified by resolution; and

WHEREAS, pursuant to Section 4 of the Employment Agreement, following each annual performance evaluation, the City Council may in its sole discretion grant the City Manager a performance bonus equal to 0-10% of his then-current annual base salary which, if awarded, must be approved by minute action of the City Council and ratified by resolution; and

WHEREAS, following completion of the annual performance evaluation of the City Manager during closed session on November 14, 2023, the City Council reconvened in open session and by minute action unanimously voted as follows: in recognition of exceptional job performance during the performance period under review, 1) to approve and authorize a 5.5% increase to the current annual base salary of the City Manager, effective December 4, 2023; 2) to approve and award a 5.5% performance bonus to the City Manager for calendar year 2023; and 3) to direct the City Attorney to prepare a resolution ratifying these minute actions for final approval and ratification by the City Council during open session at its regularly scheduled City Council meeting to be held on December 12, 2023; and

WHEREAS, pursuant to the terms of the Employment Agreement, and pursuant to Government Code Section 36506, the City Council hereby ratifies and implements the minute actions taken by the City Council during open session on November 14, 2023, to change the salary and compensation of the City Manager.

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

SECTION 1. The above recitals are true and correct and are incorporated herein by reference.

SECTION 2. Effective December 4, 2023, the City Manager's current annual base salary shall be increased by 5.5%, from $260,000 to $274,300.

SECTION 3. Effective December 12, 2023, the City Manager is awarded a performance bonus equal to 5.5% of the City Manager's current annual base salary in the amount of $14,300.

PASSED, APPROVED, AND ADOPTED this 12th day of December 2023.

______________________________, MAYOR

ATTEST:

____
JENNIFER LEE, CITY CLERK

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

I, Jennifer Lee, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. 2023-12-12-X adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 12th day of December 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

JENNIFER LEE, CITY CLERK

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: December 12, 2023

TO: Mayor and Council Members

FROM: David Reynolds
Deputy City Manager/Community Services Director

ISSUE: Authorization to Solicit Proposals for the Collection, Transportation, Processing and Diversion of Recyclable Materials and Other Materials and for the Collection, Transportation, and Disposal of Municipal Solid Waste.

RECOMMENDATION: That the City Council approve the Request for Proposals for Residential and Commercial solid waste and recycling services substantially in the form attached, and authorize staff to solicit proposals.

SUMMARY:

The City of Laguna Hills' current solid waste and recycling franchise agreement with CR&R ("Agreement") is set to expire on June 30, 2024. Staff from both the City of Laguna Hills and the City of Lake Forest recommended that we work together for a competitive procurement of a hauler for the next franchise term. On September 28, 2021, the City Council approved the Memorandum of Understanding Regarding Solid Waste Procurement Services by and between the City of Laguna Hills and the City of Lake Forest ("MOU"). The MOU is comprised of two work effort phases. The first phase is the "Procurement Documents" phase ("Phase 1") and requires the cities of Laguna Hills and Lake Forest to jointly work together to develop request for proposal ("RFP) documents and draft franchise agreement templates ("RFP Documents") for the next franchise agreement term.

To assist with these work efforts two Solid Waste and Recycling Franchise Procurement Ad-Hoc Committees were formed. One is a City of Lake Forest Ad-Hoc Committee comprised of two appointed Lake Forest Council Members. The other Ad-Hoc

Committee, is a City of Laguna Hills committee with Council Member Caskey and Council Member Pezold appointed to serve on this committee. Both of these Ad-Hoc Committees will be referred to collectively as “Ad-Hoc Committees” hereafter.

The second phase of the MOU is referred to as the “Procurement” phase (“Phase 2”) and entails a joint work effort to conduct the procurement for a hauler such as the issuance of the RFP Documents, proposal evaluations, and the final selection and negotiations with a hauler for the next franchise agreement term. On May 23, 2023, the First Amendment to Memorandum of Understanding Regarding Solid Waste Procurement Services by and between the City of Laguna Hills and the City of Lake Forest (“First Amendment”) was approved by the City Council which extended the MOU into Phase 2 work efforts.

The RFP Documents are now complete and are ready to issue to initiate a competitive procurement process. In accordance to Phase 2 of the MOU, the cities of Lake Forest and Laguna Hills will be requesting proposals from qualified firms to provide municipal solid waste and divertible materials collection, processing, disposal, and transportation services. The two contiguous cities are using a ‘joint’ RFP process to gain procurement process efficiencies and, when the contracts become effective, to maximize cross-jurisdictional routing efficiencies to reduce costs to ratepayers. Both cities envision selecting the same proposer and each city awarding a separate contract to that selected proposer.

At its November 7, 2023, meeting, the City Council of Lake Forest approved the RFP Documents and authorized their staff to solicit proposals. Similarly, City of Laguna Hills staff recommends that the Laguna Hills City Council approve the RFP Documents, substantially in the form attached, and authorize staff to solicit proposals for the next franchise agreement term.

BACKGROUND:

The City of Laguna Hills’ current solid waste and recycling franchise agreement was awarded to CR&R on September 27, 2005, with collection services commencing on July 1, 2006. Amendment No. 1 to the Agreement was approved and executed by the City Council on August 26, 2014, which extended the Agreement for an additional eight years, revising the expiration date from June 30, 2016, to June 30, 2024. Amendment No. 2 to the Agreement was approved and executed by the City Council on June 14, 2022, which incorporated SB 1383 requirements of implementing organic waste recycling programs into the current Agreement. The Agreement is set to expire on

June 30, 2024.

On September 28, 2021, the City Council approved the MOU with the City of Lake Forest as an opportunity to work together to develop the RFP Documents, considering the facts that both jurisdictions' current franchise agreements expire on June 30, 2024, and both cities needed to begin the procurement process to establish new franchise agreement terms. Also, by joining together in this work effort both cities can leverage cost sharing of a third-party consultant. Serving as the lead agency under the MOU, the City of Lake Forest conducted a procurement process to hire a third-party solid waste and recycling consultant to help both cities with the development of the RFP Documents. EcoNomics was selected as the consultant.

City of Laguna Hills and City of Lake Forest staff recommended the formation of a Solid Waste and Recycling Franchise Procurement Ad-Hoc Committee from both of their cities to assist with the formation of the RFP Documents. On April 19, 2022, the City Council of Lake Forest appointed two Council Members (then Mayor Pequeno and then Mayor Pro Tempore Cirbo) to serve on their Ad-Hoc Committee. Likewise, on April 26, 2022, the City of Laguna Hills City Council appointed Council Member Caskey and Council Member Pezold to serve on the Laguna Hills Ad-Hoc Committee.

The City Council on May 23, 2023, approved the MOU First Amendment to extend the term of the MOU in order for both cities to participate jointly in all aspects of selecting the solid waste hauler, including the review, rating, and interviews of proposers (or Phase 2 work efforts). EcoNomics is also assisting with these work efforts. Under the First Amendment, the cities anticipate awarding separate solid waste agreements to serve each city to a single hauler. Both the MOU and First Amendment are attached to this report for reference (see Attachment 2).

Work is now complete with development of the RFP Documents and they are ready to be issued to commence the procurement of a hauler for the City's next franchise agreement term. At its November 7, 2023, meeting, the City Council of Lake Forest approved the RFP Documents and authorized their staff to issue the RFP documents to solicit proposals.

Proposed RFP Documents Overview

The proposed RFP Documents were prepared by EcoNomics and reflect the policy recommendations made by the Ad Hoc Committees. Attachment 1 to this report provides a summary of the Ad Hoc Committees policy recommendations. City staff and specialists from the City Attorney's Offices for the Cities of Lake Forest and Laguna Hills both reviewed and worked with the consultant's attorney and staff to review and create the RFP Documents. The proposed RFP Documents include general proposal requirements, key dates during the process, background of existing solid waste programs, technical requirements, description of the evaluation process, required proposal forms, and the draft agreement (see Attachment 3).

Also discussed with the Ad Hoc Committees was the provision of regulatory compliance costs in lieu of a franchise fee. Due to recent case law, the draft agreement does not include franchise fees. Instead, the draft agreement would include cost recovery from the hauler for the amount it costs the City to administer the agreement, comply with state regulations such as AB 939 and SB 1383, mitigate pavement impacts from heavy trucks, and procure recovered organic waste products such as compost and mulch.

In addition, the proposed RFP Documents includes three separate rate schedules for the proposers to complete. One rate schedule allows the proposer to submit rates that assume cross-jurisdictional efficiencies between the cities of Lake Forest and Laguna Hills for the same rate. The other two rate schedules are specific to each city without any cross-jurisdictional sharing of routes reflected in the proposed rates in the event that one city terminates the agreement during the agreement term once it is awarded, or selects a different hauler than the other city upon award of contract. The three rate schedule forms in the RFP Documents are summarized below.

Form 29a. Proposed rates to be charged for both Cities assuming cross-jurisdictional efficiencies between the Lake Forest and Laguna Hills This rate schedule will become Attachment D-1 to the Agreement.

Form 29b. Proposed rates to be charged in Lake Forest assuming no cross-jurisdictional efficiencies. This rate schedule will become Attachment D-2 to the Agreement.

Form 29c. Proposed rates to be charged in Laguna Hills assuming no cross-jurisdictional efficiencies. This rate schedule will become Attachment D-3 to the Agreement.

Process Integrity Rules

One of the policy recommendations by the Ad Hoc Committees is for both cities to follow RFP Process Integrity Rules. The Process Integrity Rules are meant to create a fair, transparent process, and provide a level "playing field" for all proposers during the procurement process. They also create a clear paper trail of all communications between the cities and proposers. The Process Integrity Rules are immediately effective following the approval of the proposed RFP Documents and remain in effect through the award of a new solid waste and recycling services agreement.

As the City of Lake Forest is the lead agency, the Lake Forest Public Works Administrative Services Manager will serve as the designated RFP Coordinator for both cities. From the date the RFP is authorized to be issued, until the City Councils (both Laguna Hills and Lake Forest) award an agreement, all contacts between proposers and the Cities shall be through the Cities' RFP Coordinator. Any attempt by a proposer, including but not limited to an employee, officer, agent, consultant, lobbyist, or other person working for or acting on behalf of a proposer to contact, or any contact made to any other person, including an elected or appointed official of the cities, may be grounds for disqualification of the proposer from the process. Contact includes verbal, written, email, fax, social media, and all other forms of communication to any person other than the cities' RFP Coordinator, and includes any communication by a Council member to a proposer.

Communications from the RFP Coordinator will be issued to all proposers simultaneously in writing. Additionally, the Process Integrity Rules state that all proposal submittals would be considered final, and no changes would be accepted after submittal. Any proposer seeking to submit a contestation in any part of the process would be required to submit their claim to both cities. Finally, to ensure adherence to the process rules, any proposer who fails to utilize the specified process for communication would be notified of its violation and may be disqualified.

<u>Selection Process</u>

Staff from both cities and the consultant will review the proposals for completeness and responsiveness to the RFP. Proposals will also be evaluated and analyzed according to each criterion listed in the RFP. Evaluation criteria include, but is not limited to, the experience of the organization and key personnel, its technical abilities, the implementation plan, financial capability, diversion strategy, and the cost proposal. Following a comprehensive evaluation of each proposal, staff and the consultants will interview qualified proposers. After careful consideration and identification of the strengths and weaknesses of each proposal, staff and the consultant will brief the Ad Hoc Committees for their advisement and recommendation. Staff will then present a recommended Solid Waste Agreement to the City Council for its consideration and approval.

Next Steps

On November 7, 2023, the City of Lake Forest approved the RFP Documents and authorized its staff to issue the documents. The City of Laguna Hills Council is scheduled to be presented with the RFP documents for its consideration on December 12, 2023. It is anticipated that the RFP would be released no later than December 14, 2023. The anticipated schedule for this project is as follows:

Lake Forest City Council approved the RFP Documents and authorized staff to solicit proposals	November 7, 2023
Laguna Hills City Council consideration of authorization to solicit proposals	December 12, 2023
Anticipated RFP release	December 14, 2023
Mandatory pre-proposal meeting	December 18, 2023
Written questions on RFP/Draft Contract due to City	January 17, 2024
Written responses to all questions issued by City	February 2, 2024
Proposals due	February 23, 2024
City Councils Award Agreements	June 2024
Collection operations begin under new agreement	July 1, 2025

It is important to note that the effective date of July 1, 2025, for the new franchise agreement to commence, is a year after the City's current Agreement with CR&R expires. The current Agreement's term expires on June 30, 2024. Consequently, an extension to the current Agreement is being negotiated with CR&R.

FISCAL IMPACT:

To date, the City of Laguna Hills share of expenses under the MOU for third-party recycling costs is $89,155. Based on this actual expense for the Phase 1 MOU work, it is estimated that the City of Laguna Hills third-party recycling consulting costs under the MOU for both Phase 1 and Phase 2 work efforts will be around $150K. By sharing costs for this project with the City of Lake Forest in accordance to the MOU, the total costs to the City of Laguna Hills for recycling consulting services for work efforts under the MOU are reduced by at least 50%.

Costs for third-party recycling services are paid through the City's recycling funds.

Additionally, per the attached draft agreement, the selected hauler will reimburse the City for its costs to conduct a competitive procurement process.

ATTACHMENTS:

- Attachment 1 - Ad Hoc Committies Policy Recommendations
- Attachment 2 - First Amendment to MOU and MOU with Lake Forest
- Attachment 3 - Proposed RFP Documents for Residential and Commercial Solid Waste and Recycling Services

Attachment 1

Lake Forest and Laguna Hills Solid Waste & Recycling Joint Ad-Hoc Committee
Policy Recommendations Reflected in RFP Documents

A.	**RFP**
1.	RFP Process Integrity Rules
B.	**Special Programs**
1.	Contractor provides 2 bulky item collections per year for single-family residential; 10 items per collection "Junk haulers" allowed to collect bulky items from residents
2.	Annual Bulky Item Collection Event - Single-family residential curbside bulky item collection by appointment. Local charities have the first right to salvage items set out for collection. Contractor provides collection containers and staff for a bulky item drop-off on the same day/week as the annual collection event. Drop-off event is open to all residents.
3.	Contractor provides one container (e.g. 40-yeard bin) for the collection of abandoned property in the City's right-of-way
4.	Contractor provides on-call collection of white goods/bulky items from public rights-of-way as directed by each City - up to 35 on call collections per year
5.	Contractor provides 2 U-waste/E-waste/HOW/sharps collections per year for single-family residents
6.	Contractor provides 1 annual HHW drop-off event for single-family residents and multi-family residents
7.	Mail back program provided for sharps collection for single-family and multi-family residents. Sharps kit with pre-paid mailback box is mailed to the resident upon request. Contractor also provides sharps containers for pick up by residents.
8.	Contractor holds 1 backyard composting workshop per year, including selling discounted home composting kits
9.	Contractor holds 2 compost giveaways annually
10.	Contractor provides trash collection at bus shelters in LH, and recycling collection at bus shelters in LH when recycling containers are added to bus shelters.
11.	Contractor provides trash and recycling collection at up 20 City-designated events annually
12.	Contractor provides large venue collection and recycling for a charge listed in the rate schedule
C.	**Residential Programs**
1.	The basic single-family residential rate includes the following: 1 trash cart, up to 2 recycling carts, 1 organics cart
2.	Variable rate for smaller trash cart, i.e. rate for 35-gallon trash cart is less than 60- and 90-gallon trash carts
3.	Contractor provides new single-family residential carts. The complete cart is the color and labeling in compliance with SB 1383 regulations

Attachment: Attachment 1 - Ad Hoc Commitites Policy Recommendations (3352 : Solid Waste RFP)

Lake Forest and Laguna Hills Solid Waste & Recycling Joint Ad-Hoc Committee Policy Recommendations Reflected in RFP Documents	
4.	Single-family and multi-family residential kitchen countertop pails for storage of food scraps Replacement pails provided for the cost in the rate schedule
5.	Contractor provides all new residential collection vehicles with LNG/CNG fuel at a minimum (other fuel options in Tech Innovations Section)
6.	Contamination and overflow monitoring - contractor notifies City of instances for City to enforce its Ordinance. Contractor prohibited from charging for contamination and/or overfull carts.
7.	Multijurisdictional Residential Routing between Lake Forest and Laguna Hills built into contract. Contractor to use density and volume allocation methodology in Attachment CC for residential customers and for commercial/multi-family customers utilizing carts. For commercial/multi-family customers utilizing bins, contractor to use on-board scales for allocation of tonnage to each City.
8.	Contractor provides bilingual public education and outreach to residents, including all SB 1383 notification requirements
9.	Single-family residents with handicap placard receive backyard roll-out cart service at no extra charge; customer pays for regular collection service
D.	**Commercial/Multi-Family Programs**
1.	Contamination and overflow monitoring - contractor notifies City of instances for City to enforce it Ordinance. Contractor prohibited from charging for contamination and/or overfull containers.
2.	Contractor provides all new commercial/multi-family containers. The complete container is the color and labeling in compliance with SB 1383 regulations
3.	Contractor provides 2-yard, 3-yard, 4-yard split bins for commercial/multi-family accounts
4.	Contractor provides all new commercial/multi-family collection vehicles with LNG/CNG fuel at a minimum (other fuel options in Tech Innovations Section)
5.	Multijurisdictional Residential Routing between Lake Forest and Laguna Hills built into contract. Contractor to use density and volume allocation methodology in Attachment CC for residential customers and for commercial/multi-family customers utilizing carts. For commercial/multi-family customers utilizing bins, contractor to use on-board scales for allocation of tonnage to each City.
6.	Contractor provides internal collection containers for commercial and multi-family accounts (i.e. slim jims for commercial accounts and kitchen pails for multi-family accounts)
7.	Contractor provides bilingual public education and outreach for commercial and multi-family accounts, including all SB 1383 notification requirements
E.	**Construction & Demolition Debris Programs**
1.	Temporary container service exclusive to contractor, i.e. C&D service.
F.	**Multi-Family Programs**

Lake Forest and Laguna Hills Solid Waste & Recycling Joint Ad-Hoc Committee
Policy Recommendations Reflected in RFP Documents

1.	Contractor provides 10 bulky item collections per trash enclosure for multi-family per year; 10 items per collection
2.	Mail back program provided for sharps collection for multi-family residents. Sharps kit with pre-paid mailback box is mailed to the resident upon request. Contractor also provides sharps containers for pick up by residents.
G.	**Technological Innovations**
1.	Collision avoidance system on all collection vehicles
2.	Lightweight vehicles required for commercial recycling collection
3.	On-board scales for commercial collection vehicles
4.	Contractor provides one zero emission vehicle for use in both Cities. Contractor selects type of vehicle; vehicle may be a medium-duty vehicle
5.	Commercial bin sensor pilot program to monitor contamination and overflows; City may elect to activate full-scale program
6.	Vehicles required to comply with SCAQMD, Rule 1193 regarding alternative fuel vehicles. Hauler may propose hydrogen-fuel vehicles.
H.	**Contract**
1.	It is envisioned that Cities will select the same Contractor, with 2 "mirror" contracts with only minor differences.
2.	Term - 8-year agreement with two 1-year performance-based extensions available based on contamination metrics
3.	50% rate incentive for commercial/multi-family recycling, yard trimmings and food scrap collection compared to cost of trash collection
4.	Proposers to provide rates for both composting and anerobic digestion of food scraps and yard trimmings processing. City may direct contractor to utilize County of Orange composting facilities when those facilities become available.
5.	Contractor to provide contamination monitoring: 2 waste composition audits, per waste stream, per sector, per year (18 total) Lid flipping audits of 5% of residential accounts twice annually (10% total) Recurring commercial lid flipping by recycling coordinators Contractor to provide education to customers if contamination found
6.	Contractor provides 2 Recycling Coordinators for LF, and 1 Recycling Coordinator for LH

Attachment 2

FIRST AMENDMENT TO MEMORANDUM OF UNDERSTANDING REGARDING SOLID WASTE PROCUREMENT SERVICES

THIS FIRST AMENDMENT TO MEMORANDUM OF UNDERSTANDING ("**First Amendment**") is made and entered into this 23rd day of May, 2023 by and between the City of Laguna Hills ("**Laguna Hills**") and the City of Lake Forest ("**Lake Forest**") (each individually a "**Party**" and collectively the "**Parties**").

RECITALS

A. Laguna Hills and Lake Forest entered into a Memorandum of Understanding Regarding Solid Waste Procurement Services dated September 20, 2021, which is incorporated herein by reference as though fully set forth herein ("**MOU**"), to cooperate in the Procurement (as defined in the MOU) for Services (as defined in the MOU) from a Hauler (as defined in the MOU).

B. The Parties desire to enter into this First Amendment to extend the MOU and to clarify the Parties' rights and obligations with respect to the Procurement.

TERMS

NOW, THEREFORE, the Parties, in consideration of the mutual promises set forth in this First Amendment, agree as follows:

I. Incorporation of Recitals & Defined Terms. The Recitals set forth above are true, correct, and incorporated herein. Any capitalized term not herein defined shall be given the same meaning as in the MOU.

II. Adjustment to terms for the Selection of Consultant. Section 6.4 of the MOU is hereby added to read in full as follows:

6.4 Selection of Hauler.

Notwithstanding Recital B of the Agreement, the Parties currently anticipate (but have not committed to) awarding separate franchises to serve each Party to a single Hauler, which may include provisions permitting the Hauler to propose and provide one or more collection route(s) serving customers within the Parties. The Procurement and Procurement Documents shall identify this as the preferred result, and the Parties shall jointly participate in all aspects of selecting the Hauler, including but not limited to the review, rating, and interviews of proposers.

III. Extension of MOU Term. Section 9 of the MOU is **DELETED** in its entirety and is hereby replaced with the following:

9. Term and Termination.

This MOU shall become effective as of the date it is executed by the last of the Parties, and shall continue in full force and effect until the Parties have completed the

Procurement and the governing legislative body of each Party approves a contract with a Hauler. Notwithstanding the foregoing, either Party may at any time terminate this MOU without penalty by giving written notice of intent to terminate thirty (30) calendar days prior to the date of proposed termination. If either Party terminates this MOU before completion of the Procurement, the Parties shall each be responsible for their proportionate share of the consultant costs expended up to the date the notice of intent to terminate is received, including such future costs as cannot be reasonably canceled upon receipt of the notice of intent to terminate. Termination by either Party shall not terminate the Party's right to access any consultant work product or records as provided in Sections 6.2 and 6.3, or the defense and indemnification obligations set forth in Section 10.

IV. Miscellaneous Provisions

a. Except as amended by this First Amendment, all provisions of the MOU shall remain in full force and effect and shall govern the actions of the Parties under First Amendment. In the event of a conflict between this First Amendment and the MOU, the terms of this First Amendment shall prevail. This First Amendment may only be modified in a writing signed by both Parties.

b. This First Amendment is a completely integrated written agreement and supersedes any other agreements, both oral and written, between the Parties concerning the subject matter herein.

c. This First Amendment may be signed in counterparts, each of which shall constitute an original.

d. A manually signed copy of this First Amendment which is transmitted by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this First Amendment for all purposes. This First Amendment may be signed using an electronic signature.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this First Amendment was executed by the parties hereto as of the date first above written.

CITY OF LAKE FOREST

By: ______________________
City Manager

By: ______________________
City Attorney

CITY OF LAGUNA HILLS

By: ______________________
City Manager

By: ______________________
City Attorney

MEMORANDUM OF UNDERSTANDING
REGARDING SOLID WASTE PROCUREMENT SERVICES

THIS MEMORANDUM OF UNDERSTANDING ("**MOU**") is made and entered into this 20 day of Sept, 2021 by and between the City of Laguna Hills ("**Laguna Hills**") and the City of Lake Forest ("**Lake Forest**") (each individually a "**Party**" and collectively the "**Parties**").

RECITALS

A. Lake Forest and Laguna Hills arrange for solid waste, recycling, organic waste, and similar collection, processing, and disposal services (collectively "**Services**") through a franchise granted to a private company ("a "**Hauler**"). The Parties' current franchises for the Services will both expire on June 30, 2024.

B. In anticipation of these expirations, the Parties may determine at a later date to undertake a joint solid waste procurement process ("**Procurement**") which may result in the award of a single franchise for both Parties to one Hauler, two franchises for each Party to one Hauler, separate franchises for each Party to different Haulers, or some other possible arrangement for the Services.

C. A Procurement will require the development of a draft franchise agreement(s) and request for proposal document(s) ("**Procurement Documents**") and the Parties are interested in a joint work effort to prepare the Procurement Documents.

D. The production of the Procurement Documents will be managed by staff by each Party and a joint Consultant.

E. The Procurement will be managed by staff by each Party and a joint Consultant if it is determined that a joint Procurement is in the best interest of each Party.

F. Costs for a joint Consultant for the preparation of the Procurement Documents and for a joint Procurement work effort will be shared between the Parties.

G. The Parties desire to enter into this MOU to outline their respective participation in the development of the Procurement Documents and Procurement.

TERMS

NOW, THEREFORE, the Parties, in consideration of the mutual promises set forth in this MOU, agree as follows:

1. Incorporation of Recitals. The Recitals set forth above are true, correct, and incorporated herein.

2. Purpose of Memorandum of Understanding. The purpose of this MOU is for the Parties to develop Procurement Documents for Services and to outline their respective interests and participation in a potential joint Procurement for Services.

3. Description of the Procurement Documents. The Parties will contract with Consultant with relevant experience to conduct and assist in the preparation of a request for proposal(s) and similar documents and a franchise agreement(s) for the Services.

4. Description of the Procurement. The Parties will contract with a Consultant with relevant experience to conduct and assist in the Procurement. The Procurement may include, but is not limited to, the following elements:

3.1 Assessment of current Haulers and Services provided to each Party;

3.2 Potential cost savings or obstacles to jointly contracting for Services or for other possible models for delivery of the Services;

3.3 The negotiation of franchise agreement(s) with the chosen proposer(s) for the Services.

5. Sharing of Costs. Costs for the Procurement Documents and Procurement shall be divided into three categories: (1) shared costs benefitting both Parties ("**Joint Costs**"), (2) costs solely attributable to Laguna Hills ("**LH Costs**"), and (3) costs solely attributable to Lake Forest ("**LF Costs**"). Laguna Hills shall be responsible for all LH Costs and one-half of the Joint Costs. Lake Forest shall be responsible for all LF Costs and one-half of the Joint Costs. The Consultant will indicate on each invoice costs attributable to Joint Costs, LF Costs, and LH Costs. Lake Forest shall verify the respective share of costs of the Procurement Documents and Procurement on a monthly basis using the invoices submitted to Lake Forest by the Consultant. Following this verification, Lake Forest shall submit on a monthly basis a reimbursement request to Laguna Hills for its share of the Procurement Documents and Procurement costs, including a copy of the original invoice submitted to Lake Forest by Consultant. Laguna Hills shall reimburse Lake Forest for such costs within 30 days of the date of the invoice.

6. Selection of Consultant.

6.1 Selection of Procurement Documents and Procurement Consultant. Subject to the provisions of Sections 3, 4, and 5, Lake Forest shall issue the request for proposals and award any agreement with a consultant or team of consultants for the Procurement Documents and Procurement ("**Consultant**"). Lake Forest shall follow and comply with applicable laws and regulations when doing so. City staff from both Parties will participate in the selection process of Consultant(s). Lake Forest shall provide Laguna Hills with a draft request for proposals and Consultant(s) agreement and reasonably endeavor to incorporate and address any comments or proposed edits. Lake Forest will include the City of Laguna Hills, its officers, employees, agents, and representatives as additional insured and in any indemnification protection language in Consultant's agreement.

6.2 Procurement Documents Process. Subject to the provisions of Section 3, each Party shall be provided an opportunity to review and comment on all work product provided by the Consultant. Both Parties shall have a right to

Attachment: Attachment 2 - First Amendment to MOU and MOU with Lake Forest (3352 : Solid Waste RFP) receive and use all reports, documents, and records created as part of the Proposal Documents development pursuant to this MOU.

6.3 Procurement Process. Subject to the provisions of Section 4, each Party shall be provided an opportunity to review and comment on all work product provided by the Consultant. Both Parties shall have a right to receive and use all reports, documents, and records created as part of the Procurement pursuant to this MOU.

7. Not a Commitment to Proceed with Procurement. Nothing in this MOU shall be construed or interpreted to constitute a commitment by any Party beyond the completion of the Procurement Documents. The Parties may continue with the Procurement by providing mutual written notice of intent to continue with Procurement.

8. Future Coordination of Efforts. Upon completion of the Procurement as mutually agreed in Section 7, the Parties may wish to establish continuing shared duties with respect to the Services. The relationship of the Parties with respect to these future efforts will be documented as amendments to this MOU or in separate agreements, and the Parties anticipate continued collaboration and cost-sharing activities as appropriate depending on the nature of the endeavor as it progresses.

9. Term and Termination. This MOU shall become effective as of the date it is executed by the last of the Parties and shall continue in full force and effect until the Procurement Documents are completed or it is terminated as provided herein, unless extended pursuant to Section 7. Either Party may terminate this MOU by giving written notice of intent to terminate thirty (30) calendar days prior to the date of proposed termination. If either Party terminates before completion of the Procurement Documents, or before the completion of the Procurement pursuant to Section 7, the Parties shall each be responsible for their proportionate share of the consultant costs expended up to the date the notice of intent to terminate is received, including such future costs as cannot be reasonably canceled upon receipt of the notice of intent to terminate. Termination by either Party shall not terminate the Party's right to access any Consultant's work product or records as provided in Sections 6.2 and 6.3, or the defense and indemnification obligations set forth in Paragraph 10.

10. Mutual Indemnification. Each Party hereby agrees to indemnify, defend, assume all liability for, and hold harmless the other Party and their officers, employees, agents, and representatives, to the maximum extent allowed by law, from all actions, claims, suits, penalties, obligations, liabilities, damages to property, costs, and expenses (including without limitation any fines, penalties, judgments, actual litigation expenses, and attorneys' fees), and/or personal injuries or death to any persons (collectively, "**Claims**"), arising out of or in any way connected to the willful misconduct or the proportionate share of negligence of that Party or its officers, agents, or employees in connection with or arising from any of the activities under this MOU. This section incorporates a comparative negligence standard.

11. No Waiver. The waiver by any Party of any breach or violation of any requirement of this MOU shall not be deemed to be a waiver of any such breach in the future, or of the breach of any other requirement of this MOU.

12. Notices. Any notice or other communication ("**Notice**") which any Party may desire to give to the other Party under this MOU must be in writing and may be given by any commercially acceptable means, including via first class certified mail, personal delivery, or overnight courier, to the Party to whom the Notice is directed, at the address of the Party as set forth below, or at any other address as that Party may later designate by Notice. Any Notice shall be deemed received immediately if delivered by hand, on the third day from the date it is postmarked if delivered by first-class mail, certified and postage prepaid, return receipt requested, and on the next business day if sent via nationally recognized overnight courier.

Lake Forest:	City of Lake Forest 100 Civic Center Drive Lake Forest, CA 92630 ATTN: City Clerk
Laguna Hills:	City of Laguna Hills 24035 El Toro Road Laguna Hills, CA 92653 ATTN: City Clerk

13. Interpretation; Venue.

13.1 Interpretation. The headings used herein are for reference only. The terms of the MOU are set out in the text under the headings. This MOU shall be governed by the laws of the State of California without regard to the choice of law or conflicts.

13.2 Venue. This MOU is made in Orange County, California. The venue for any legal action in state court filed by any Party to this MOU for the purpose of interpreting or enforcing any provision of this MOU shall be in the Superior Court of California, County of Placer. The venue for any legal action in federal court filed by any Party to this MOU for the purpose of interpreting or enforcing any provision of this MOU lying within the jurisdiction of the federal courts shall be the Central District of California.

14. Third-Party Beneficiaries. Nothing contained in this MOU shall be construed to create any rights in third parties and the Parties do not intend to create such rights.

15. Severability. If any provision of this MOU, or any portion thereof, is found by any court of competent jurisdiction to be unenforceable or invalid for any reason, such provision shall be severable and shall not in any way impair the enforceability of any other provision of this MOU.

16. Amendment of MOU. This MOU may be amended at any time by mutual agreement of the Parties. Any amendment shall be in writing and signed by all Parties.

17. Entirety of Contract. This MOU constitutes the entire agreement between the Parties relating to the subject of this MOU and supersedes all previous agreements, promises,

representations, understandings and negotiations, whether written or oral, among the Parties with respect to the subject matter hereof.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this MOU was executed by the parties hereto as of the date first above written.

CITY OF LAGUNA HILLS

By: ____________________
Kenneth H. Rosenfield
Interim City Manager

ATTEST:

By: ____________________
Melissa Au-Yeung
Deputy City Manager/City Clerk

APPROVED AS TO FORM:

By: ____________________
Gregory E. Simonian
City Attorney

CITY OF LAKE FOREST

By: ____________________
Debra Rose
City Manager

ATTEST:

By: ____________________
Lisa Berglund
City Clerk

APPROVED AS TO FORM:

By: ____________________
Matthew Richardson
City Attorney

Attachment 3

Please click the link below to view the

Proposed RFP Documents for Residential and Commercial Solid Waste and Recycling Services

A hard copy of Attachment 3 is available for review in the City Clerk's Office

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: December 12, 2023

TO: Mayor and Council Members

FROM: Jennifer Lee
City Clerk

ISSUE: Committee Assignment Reports

RECOMMENDATION: That the City Council receive reports from City Council Members on the City Council Committee Assignments listed in the staff report.

SUMMARY:

The following are recent meetings and events attended by the City Council for their City Council Committee Assignments. It is order to receive a report from the Council Members listed below on their Committee Assignment(s).

1 South Orange County Watershed Management Area (SOCWMA)
Executive Committee
Council Member Caskey
November 9 Regular Meeting

2 Orange County Senior Citizen Advisory Council (SCAC)
Wellbeing Reimagined Committee
Mayor Pro Tempore Wheeler
November 15 Regular Meeting

3 Orange County Senior Citizen Advisory Council (SCAC)
Mayor Pro Tempore Wheeler
November 16 Full Council Regular Meeting

4 Orange County Mosquito and Vector Control District (OCMVCD)
Board of Trustees
Council Member Pezold
November 16 Regular Meeting

5 Orange County Fire Authority (OCFA)
Board of Directors
Council Member Sweeney
November 16 Regular Meeting