CITY OF LAGUNA HILLS
CITY COUNCIL/PLANNING AGENCY
REGULAR MEETING AGENDA
DECEMBER 10, 2013

Closed Session at 6:00 PM (*when scheduled)*
General Business Session at 7:00 PM

Barbara D. Kogerman, Mayor
Andrew Blount, Mayor Pro Tempore — **Melody Carruth, Council Member**
Randal Bressette, Council Member — **Dore J. Gilbert, M.D., Council Member**

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

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

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

CLOSED SESSION - CONVENING AT 6:00 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.

ROLL CALL

ANNOUNCEMENT OF CLOSED SESSION ITEMS

A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Pursuant to Government Code Section 54956.9
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9: (1 potential case).

B. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

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

PUBLIC COMMENT ON CLOSED SESSION ITEMS

ADJOURN TO CITY COUNCIL CONFERENCE ROOM

CONVENE INTO CLOSED SESSION

RECONVENE TO CITY COUNCIL CHAMBER

RECESS

<u>GENERAL BUSINESS - RECONVENING AT 7:00 PM</u>

CALL TO ORDER

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

PLEDGE OF ALLEGIANCE: MAYOR PRO TEMPORE BLOUNT

ROLL CALL OF CITY COUNCIL MEMBERS

<u>CITY COUNCIL REORGANIZATION</u>

REMARKS OF OUTGOING MAYOR

ELECTION OF MAYOR

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

RECOGNITION OF OUTGOING MAYOR

RESOLUTION OF COMMENDATION, BARBARA KOGERMAN, MAYOR

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, COMMENDING BARBARA KOGERMAN, MAYOR; AND THAT THE CITY COUNCIL PRESENT A RESOLUTION AND PLAQUE TO BARBARA KOGERMAN, RECOGNIZING HER SERVICE TO THE CITY AS MAYOR."

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

REMARKS OF NEWLY ELECTED MAYOR

ELECTION OF MAYOR PRO TEMPORE

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

RECESS AND RECONVENE

CLOSED SESSION REPORT

1. PRESENTATIONS AND PROCLAMATIONS

1.1 LAGUNA HILLS HIGH SCHOOL STUDENT LIAISON

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

1.2 RECOGNITION OF JUDY BABER ON THE OCCASION OF HER RETIREMENT

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, RECOGNIZING JUDY BABER FOR HER SERVICE TO THE CITY AS ADMINISTRATIVE ASSISTANT TO THE CITY MANAGER"; AND THAT THE MAYOR PRESENT A COPY OF THE RESOLUTION TO JUDY BABER, ALONG WITH A LAGUNA HILLS CITY TILE PLAQUE.

2. PUBLIC COMMENTS

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

3. 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.

3.1 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.

3.2 APPROVAL OF MINUTES FOR NOVEMBER 26, 2013

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE MINUTES OF THE NOVEMBER 26, 2013, REGULAR MEETING.

3.3 APPROVAL OF WARRANT REGISTER FOR PERIOD ENDED DECEMBER 10, 2013

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE WARRANT REGISTER IN THE AMOUNT OF $251,146.10.

3.4 2014 CITY COUNCIL MEETING SCHEDULE

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT THE PROPOSED CALENDAR FOR 2014.

3.5 AFFIRMATION OF APPOINTMENTS LIST FOR ALL CITY BOARDS, COMMISSIONS AND COMMITTEES

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

3.6 APPROVAL OF PLANS AND SPECIFICATIONS AND AUTHORIZATION OF PURCHASE OF EQUIPMENT FOR THE INSTALLATION OF A RECTANGULAR RAPID FLASHING BEACON (RRFB) SYSTEM AT TWO EQUESTRIAN TRAIL CROSSINGS

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE USE OF A RECTANGULAR RAPID FLASHING BEACON SYSTEM, IN LIEU OF THE PREVIOUSLY APPROVED LED FLASHING WARNING LIGHTS, FOR INSTALLATION AT SELECTED EQUESTRIAN CROSSINGS, APPROVE THE PLANS AND SPECIFICATIONS ON FILE IN THE OFFICE OF THE CITY CLERK, AND AUTHORIZE THE PURCHASE OF RRFB EQUIPMENT FOR USE AT THE EQUESTRIAN TRAIL CROSSINGS OF NELLIE GAIL ROAD 500 FEET SOUTH OF OSO PARKWAY AND NELLIE GAIL ROAD 200 FEET NORTH OF LOST COLT DRIVE.

3.7 FIRST AMENDMENT TO THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REHABILITATION SERVICES CONTRACT - ALISO MEADOWS REHABILITATION PROJECT, EXTENDING THE TERM THROUGH JUNE 2014 AND ALLOCATING AN ADDITIONAL $80,000 FOR FISCAL YEAR 2013-14

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE FIRST AMENDMENT TO THE CDBG REHABILITATION SERVICES CONTRACT - ALISO MEADOWS REHABILITATION PROJECT, WITH THE ALISO MEADOWS CONDOMINIUM ASSOCIATION FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS FOR THE 2013-2014 FISCAL YEAR, AUTHORIZING AN ADDITIONAL $80,000, AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE CONTRACT.

3.8 MEASURE M2 EXPENDITURE REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2013

RECOMMENDATION: THAT THE CITY COUNCIL: (1) APPROVE THE MEASURE M2 EXPENDITURE REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2013, FOR SUBMITTAL TO OCTA; AND (2) ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, CONCERNING THE MEASURE M2 EXPENDITURE REPORT FOR THE CITY OF LAGUNA HILLS."

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

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DELEGATING INVESTMENT AUTHORITY TO THE CITY TREASURER AND APPROVING A POLICY FOR THE INVESTMENT OF SURPLUS CITY FUNDS AND RESCINDING RESOLUTION NO. 2012-12-11-7."

3.10 PRESENTATION OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2013

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2013, TOGETHER WITH THE AUDIT LETTERS.

3.11 SECOND READING AND ADOPTION OF AN ORDINANCE APPROVING AND ADOPTING AMENDMENTS TO TITLE 9 OF THE LAGUNA HILLS MUNICIPAL CODE (ZONING AND SUBDIVISIONS) TO PROHIBIT MEDICAL MARIJUANA DISPENSARIES IN ALL ZONING DISTRICTS AND REVISE THE DEVELOPMENT CODE COMPLIANCE POLICY

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT AN ORDINANCE ENTITLED: "AN ORDINANCE OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AMENDING TITLE 9 OF THE LAGUNA HILLS MUNICIPAL CODE (ZONING AND SUBDIVISIONS) TO PROHIBIT MEDICAL MARIJUANA DISPENSARIES IN ALL ZONING DISTRICTS AND REVISE THE DEVELOPMENT CODE COMPLIANCE POLICY."

3.12 AGREEMENT WITH THE COUNTY OF ORANGE DISTRICT ATTORNEY'S OFFICE FOR PROSECUTION SERVICES

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE AGREEMENT WITH THE COUNTY OF ORANGE FOR PROSECUTION SERVICES AND AUTHORIZE THE MAYOR TO EXECUTE THE AGREEMENT.

ITEMS REMOVED FROM THE CONSENT CALENDAR

4. PLANNING AGENCY

4.1 ROLL CALL OF PLANNING AGENCY MEMBERS

4.2 PUBLIC COMMENTS

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

4.3 APPROVAL OF MINUTES FOR NOVEMBER 26, 2013

RECOMMENDATION: THAT THE PLANNING AGENCY APPROVE THE MINUTES OF THE NOVEMBER 26, 2013, REGULAR MEETING.

4.4 ADMINISTRATIVE REPORTS

4.5 PLANNING AGENCY PUBLIC HEARINGS

PLANNING AGENCY ADJOURNMENT

5. CITY COUNCIL PUBLIC HEARINGS

5.1 SECOND READING OF ORDINANCES ADOPTING BY REFERENCE AND AMENDING THE 2013 EDITION OF THE CALIFORNIA BUILDING STANDARDS CODE, CONSISTING OF THE CALIFORNIA BUILDING CODE, MECHANICAL CODE, ELECTRICAL CODE, PLUMBING CODE, RESIDENTIAL CODE, AND GREEN BUILDING STANDARDS CODE; ADOPTING BY REFERENCE AND AMENDING THE 2013 EDITION OF THE CALIFORNIA FIRE CODE; AND

ADOPTING BY REFERENCE THE 2012 EDITION OF THE INTERNATIONAL SWIMMING POOL AND SPA CODE

RECOMMENDATION: THAT THE CITY COUNCIL: (1) CONDUCT A PUBLIC HEARING; AND (2) ADOPT ORDINANCES ENTITLED: "AN ORDINANCE OF THE CITY OF LAGUNA HILLS, CALIFORNIA AMENDING TITLE 10 OF THE LAGUNA HILLS MUNICIPAL CODE BY AMENDING CHAPTERS 10-28, 10-32, 10-36, 10-40, 10-48 AND 10-52 ADOPTING BY REFERENCE THE CALIFORNIA BUILDING STANDARDS CODE (CALIFORNIA CODE OF REGULATIONS, TITLE 24), CONSISTING OF THE CALIFORNIA BUILDING CODE (AS AMENDED), 2013 EDITION, BASED ON THE 2012 INTERNATIONAL BUILDING CODE AS PUBLISHED BY THE INTERNATIONAL CODE COUNCIL; THE CALIFORNIA MECHANICAL CODE, 2013 EDITION, BASED ON THE 2012 UNIFORM MECHANICAL CODE AS PUBLISHED BY THE INTERNATIONAL ASSOCIATION OF PLUMBING AND MECHANICAL OFFICIALS; THE CALIFORNIA ELECTRICAL CODE, 2013 EDITION, BASED ON THE 2011 NATIONAL ELECTRICAL CODE AS PUBLISHED BY THE NATIONAL FIRE PROTECTION ASSOCIATION; THE CALIFORNIA PLUMBING CODE, 2013 EDITION, BASED ON THE 2012 UNIFORM PLUMBING CODE AS PUBLISHED BY THE INTERNATIONAL ASSOCIATION OF PLUMBING AND MECHANICAL OFFICIALS; THE CALIFORNIA RESIDENTIAL CODE (AS AMENDED), 2013 EDITION, BASED ON THE 2012 INTERNATIONAL RESIDENTIAL CODE AS PUBLISHED BY THE INTERNATIONAL CODE COUNCIL; AND THE CALIFORNIA GREEN BUILDING STANDARDS CODE (AS AMENDED), 2013 EDITION; AND AMENDING TITLE 10, CHAPTER 10-44 OF THE LAGUNA HILLS MUNICIPAL CODE BY ADOPTING BY REFERENCE THE INTERNATIONAL SWIMMING POOL AND SPA CODE (AS AMENDED), 2012 EDITION, AS PUBLISHED BY THE INTERNATIONAL CODE COUNCIL;"

AND

"AN ORDINANCE OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AMENDING TITLE 5 OF THE LAGUNA HILLS MUNICIPAL CODE BY AMENDING CHAPTER 5-16 ADOPTING BY REFERENCE THE 2013 EDITION OF THE CALIFORNIA FIRE CODE (CALIFORNIA CODE OF REGULATIONS, TITLE 24, PART 9) INCLUDING APPENDICES B, BB, C, AND CC, BASED ON THE 2012 INTERNATIONAL FIRE CODE AS PUBLISHED BY THE INTERNATIONAL CODE COUNCIL, FOR THE PURPOSE OF PRESCRIBING REGULATIONS GOVERNING CONDITIONS HAZARDOUS TO LIFE AND PROPERTY FROM FIRE OR EXPLOSION."

6. ADMINISTRATIVE REPORTS

6.1 City Manager

6.1.1 2013 CITY MANAGER'S YEAR END REPORT

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THE 2013 CITY MANAGER'S YEAR END REPORT

6.2 City Clerk

6.2.1 CITY COUNCIL "OTHER AGENCIES" APPOINTED REPRESENTATIVES

RECOMMENDATION: THAT THE CITY COUNCIL TAKE THE FOLLOWING ACTIONS:

(1) REVIEW THE CITY OF LAGUNA HILLS CITY COUNCIL "OTHER AGENCIES" APPOINTED REPRESENTATIVES LIST, PROVIDE DIRECTION TO STAFF REGARDING ANY NECESSARY CHANGES FOR APPOINTMENTS ON THE LIST, AND BY MOTION, APPROVE THE CITY COUNCIL "OTHER AGENCIES" APPOINTED REPRESENTATIVES LIST, AS REVISED BY THE CITY COUNCIL;

(2) IF ANY CHANGES ARE DESIRED TO THE REPRESENTATIVE OR ALTERNATE TO THE ORANGE COUNTY FIRE AUTHORITY'S BOARD OF DIRECTORS, ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DESIGNATING AND APPOINTING ITS REPRESENTATIVE AND/OR ALTERNATE TO THE ORANGE COUNTY FIRE AUTHORITY'S BOARD OF DIRECTORS;"

(3) APPOINT A BOARD OF TRUSTEE MEMBER TO SERVE EITHER A TWO- OR FOUR-YEAR TERM ON THE ORANGE COUNTY VECTOR CONTROL DISTRICT;

(4) APPROVE AND DIRECT THE CITY CLERK TO PREPARE AND POST AN UPDATED FPPC DISCLOSURE FORM 806 TO REFLECT ALL PAID APPOINTMENTS TO "OTHER AGENCIES" BOARDS, COMMITTEES, AND/OR COMMISSIONS IN ACCORDANCE WITH STATE LAW.

6.3 Community Development Director

6.3.1 NOISE CONSULTANT CONTRACT FOR PEER REVIEW SERVICES REGARDING THE APRIL 2013 NOISE STUDY REPORT FOR THE INTERSTATE 5 (I-5) WIDENING PROJECT FROM STATE ROUTE 73 (SR-73) TO EL TORO ROAD

RECOMMENDATION: THAT THE CITY COUNCIL DIRECT STAFF TO HIRE A NOISE CONSULTANT CONTINGENT UPON THE CITY COUNCIL'S DECISION TO APPROVE RETENTION OF OUTSIDE LEGAL COUNSEL TO PURSUE A LEGAL CHALLENGE TO THE I-5 WIDENING PROJECT.

6.3.2 APPROVAL OF A PROPOSED LEGAL SERVICES RETAINER AGREEMENT WITH THE LAW FIRM OF COX, CASTLE & NICHOLSON, LLP, FOR THE PURPOSE OF INITIATING LITIGATION AGAINST THE CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS) AND THE ORANGE COUNTY TRANSPORTATION AUTHORITY (OCTA) FOR MATTERS RELATED TO COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) CONCERNING THE PROPOSED INTERSTATE 5 (I-5) WIDENING PROJECT FROM STATE ROUTE 73 (SR-73) TO EL TORO ROAD, AND APPROVING AN INITIAL BUDGET TRANSFER OF $250,000 FROM THE CAPITAL PROJECTS FUND FOR LITIGATION EXPENSES.

RECOMMENDATION: THAT THE CITY COUNCIL, CONTINGENT UPON THE OUTCOME OF THE CITY COUNCIL'S VOTE TO INITIATE LITIGATION, APPROVE THE STAFF RECOMMENDATION THAT THE CITY COUNCIL APPROVE A LEGAL SERVICES RETAINER AGREEMENT WITH THE LAW FIRM OF COX, CASTLE & NICHOLSON, LLP, AND AUTHORIZE THE MAYOR TO EXECUTE THE RETAINER AGREEMENT FOR THE PURPOSE OF INITIATING LITIGATION AGAINST CALTRANS AND OCTA REGARDING THE PROPOSED I-5 WIDENING PROJECT FROM SR-73 TO EL TORO ROAD, AND AUTHORIZE STAFF TO TRANSFER $250,000 FOR THE PURPOSE OF INITIATING LITIGATION AGAINST CALTRANS AND OCTA REGARDING THE I-5 WIDENING PROJECT FROM SR-73 TO EL TORO ROAD, AND AUTHORIZE STAFF TO TRANSFER $250,000 FROM THE CAPITAL PROJECTS FUND FOR LITIGATION EXPENSES.

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

8. CITY COUNCIL MEMBER COMMENTS

9. CLOSED SESSION, CONTINUED

ADJOURNMENT

The December 24, 2013, City Council/Planning Agency meeting will not be held. The next Regular Meeting of the City Council will be January 14, 2014, in the City Council Chamber, located at 24035 El Toro Road, Laguna Hills, California.

CERTIFICATION

I, PEGGY J. JOHNS, City Clerk of the City of Laguna Hills, do hereby certify that a copy of the foregoing Agenda was posted at Laguna Hills City Hall, Laguna Hills Community Center, and La Paz Center by December 6, 2013, at 5:00 PM.

Peggy J. Johns

PEGGY J. JOHNS, CITY CLERK

DECEMBER 6, 2013
DATE

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, you should contact the office of the City Clerk at (949) 707-2635. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to assure accessibility to this meeting.

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

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

RESOLUTION NO. 2013-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, COMMENDING BARBARA KOGERMAN, MAYOR

WHEREAS, Barbara Kogerman, was elected to the City Council on November 2, 2010; took her Oath of Office on December 14, 2010; and served her first term as Mayor of the City of Laguna Hills from December 11, 2012, through December 10, 2013; and

WHEREAS, Barbara Kogerman, in addition to accepting the responsibilities of Mayor and faithfully fulfilling those duties and responsibilities has ably represented the City at local events throughout the region, and served on various boards including serving on the Civic Center Management Committee, League of California Cities Voting Delegate to Annual Conference, Operational Area Council (Emergency), and the Orange County Vector Control District; and

WHEREAS, during the year that Barbara Kogerman has presided as Mayor, the City adopted the 2013/14-2014/15 Biennial Budget; she presided at the City's 2013 Memorial Day Half Marathon 10k/5k honoring the United States Marine Corps Dark Horse Battalion and from which a portion of the race proceeds were donated to the 3/5 Dark Horse Support Committee; she initiated the 2013 Veterans Day Observance Proclamation; served on the Ad Hoc Advisory Committee for the Police Services Study; and, among other notable actions, the City initiated the La Paz Open Space Improvements; installed Equestrian Trail Crossing Enhancements and Traffic Safety Improvements, began the Ridge Route Drive and El Toro Road Pavement Rehabilitation; and completed the Interstate 5 at La Paz Road Widening improvements; approved renovation and expansion of The Hills Hotel, of the Village at Nellie Gail Ranch, and expansion of social media, including the City's first mobile device application; and

WHEREAS, the performance of her duties and responsibilities as Mayor has been characterized by excellent and constructive contributions to the lasting development of our City, earning the respect of her colleagues and creating a new "feeling" at the City Council meetings and greater attention to transparency and public engagement.

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 Barbara Kogerman, for her service to the community as Laguna Hills Mayor for 2013.

PASSED, APPROVED, AND ADOPTED this 10th day of December 2013.

____
, MAYOR

ATTEST:

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PEGGY J. JOHNS, CITY CLERK

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

I, Peggy J. Johns, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. 2013-12-10-x adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 10th day of December 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

PEGGY J. JOHNS, CITY CLERK

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: DECEMBER 10, 2013

TO: MAYOR AND COUNCIL MEMBERS

FROM: PEGGY J. JOHNS
CITY CLERK

ISSUE: RECOGNITION OF JUDY BABER ON THE OCCASION OF HER RETIREMENT

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, RECOGNIZING JUDY BABER FOR HER SERVICE TO THE CITY AS ADMINISTRATIVE ASSISTANT TO THE CITY MANAGER"; AND THAT THE MAYOR PRESENT A COPY OF THE RESOLUTION TO JUDY BABER, ALONG WITH A LAGUNA HILLS CITY TILE PLAQUE.

SUMMARY:

Judy Baber was first hired by the City on July 26, 1999 and began serving as Administrative Services Secretary/Receptionist. After six years on the job, Judy was asked to take over the Administrative Assistant responsibilities for the City Manager, the Administrative Services Department and the City Council. On July 1, 2011, Judy received her fourth promotion to her current title of Administrative Assistant to the City Manager.

Judy has decided to retire, effective December 13th. Therefore, it is in order to present her with a Resolution and City Tile Plaque, recognizing and commending her for her outstanding service to the City of Laguna Hills.

ATTACHMENTS:

- Resolution

RESOLUTION NO. 2013-12-10 -X

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, RECOGNIZING JUDY BABER FOR HER SERVICE TO THE CITY AS ADMINISTRATIVE ASSISTANT TO THE CITY MANAGER

WHEREAS, Judy Baber was first hired on July 26, 1999, as a full time Administrative Services Secretary/Receptionist; on August 1, 2001, was promoted to Administrative Specialist; on November 29, 2004, was promoted to Administrative Assistant I; on November 29, 2006, was promoted to Administrative Assistant II; and on July 1, 2011, was promoted to her current position of Administrative Assistant to the City Manager; and

WHEREAS, Judy Baber has significantly contributed to the development and positive spirit of the City of Laguna Hills as she carried out her many duties, some of which included supporting the City Manager and Assistant City Manager, and City Council Members in all of their endeavors, handling portions of the personnel function, acting as the City's official hostess, coordinating City and employee events, liaison to other Cities and Agencies, and often interacting with residents; and

WHEREAS, the performance of her duties and responsibilities and her working relationships were always characterized by an obvious dedication to getting the job done well; and

WHEREAS, Judy Baber has decided to retire, and has been recognized by friends and coworkers alike.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, does hereby express sincere appreciation and thanks to Judy Baber for her distinguished and dedicated service to the City of Laguna Hills, highly commends her for the manner in which she has carried out her duties as Administrative Assistant to the City Manager; and wishes her nothing but wonderful things as she enjoys retirement.

PASSED, APPROVED, AND ADOPTED this 10th day of December 2013.

____

, MAYOR

ATTEST:

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PEGGY J. JOHNS, CITY CLERK

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

I, Peggy J. Johns, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. 2013-12-10-X adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 10th day of December 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

PEGGY J. JOHNS, CITY CLERK

CITY OF LAGUNA HILLS, CALIFORNIA
CITY COUNCIL REGULAR MEETING
MINUTES
NOVEMBER 26, 2013

CLOSED SESSION - CONVENING AT 6:00 PM

CALL TO ORDER

ROLL CALL

Present: Mayor Kogerman, Mayor Pro Tempore Blount, Council Member Bressette, Council Member Carruth, and Council Member Gilbert

ANNOUNCEMENT OF CLOSED SESSION ITEMS

A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

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

PUBLIC COMMENT ON CLOSED SESSION ITEMS

There were no Public Comments.

ADJOURN TO CITY COUNCIL CONFERENCE ROOM

CONVENE INTO CLOSED SESSION

RECONVENE TO CITY COUNCIL CHAMBER

RECESS

GENERAL BUSINESS - RECONVENING AT 7:00 PM

CALL TO ORDER

Mayor Kogerman called the Regular Meeting of the City Council of the City of Laguna Hills, California, to order at 7:00 PM in the Laguna Hills City Council Chamber, 24305 El Toro Road, Laguna Hills, California.

PLEDGE OF ALLEGIANCE: Council Member Bressette

ROLL CALL OF CITY COUNCIL MEMBERS

Present: Mayor Kogerman, Mayor Pro Tempore Blount, Council Member Bressette, Council Member Carruth, and Council Member Gilbert

CLOSED SESSION REPORT

Mayor Kogerman reported that there was no action taken in Closed Session.

1. PRESENTATIONS AND PROCLAMATIONS

1.1 LAGUNA HILLS HIGH SCHOOL STUDENT LIAISON

THE LAGUNA HILLS HIGH SCHOOL STUDENT LIAISON KERSTYN GONZALES, WAS NOT PRESENT AT THE MEETING.

1.2 CERTIFICATE OF RECOGNITION, JANELL KEIDER, PET THERAPY PROGRAM

MAYOR KOGERMAN PRESENTED A CERTIFICATE OF RECOGNITION TO JANELL KEIDER, ALONG WITH THERAPY DOG JENNA, RECOGNIZING THEIR SERVICE AND CONTRIBUTIONS TO THE COMMUNITY THROUGH THE PET THERAPY PROGRAM.

1.3 PRESENTATION FROM THE TRANSPORTATION CORRIDOR AGENCIES REGARDING THE TOLL ROAD EXPRESS ACCOUNT

THE CITY COUNCIL RECEIVED A PRESENTATION FROM NEIL PETERSON AND LISA TELLES, WITH THE TRANSPORTATION CORRIDOR AGENCIES, ON THE PLANNED REMOVAL OF CASH TOLL COLLECTION FROM THE TOLL ROADS.

2. PUBLIC COMMENTS

<u>PARKING ISSUES</u>

Mike Sanders, Laguna Hills, gave an update on the parking problems at Alicia Village and Alicia Plaza. Mr. Sanders distributed a flyer regarding parking solutions to the City Council.

3. CONSENT CALENDAR

MOTION TO APPROVE THE CONSENT CALENDAR, WITH MAYOR KOGERMAN REMOVING ITEM NO. 3.4, BY M/COUNCIL MEMBER CARRUTH, S/COUNCIL MEMBER BRESSETTE.
APPROVED BY A VOTE OF 5-0.

3.1 WAIVE READING IN FULL OF ALL ORDINANCES AND RESOLUTIONS ON THE AGENDA

THE CITY COUNCIL WAIVED READING IN FULL OF ALL ORDINANCES AND RESOLUTIONS ON THE AGENDA AND DECLARED THAT SAID TITLES WHICH APPEARED ON THE PUBLIC AGENDA SHALL BE DETERMINED TO HAVE BEEN READ BY TITLE AND FURTHER READING WAIVED.

3.2 APPROVAL OF MINUTES FOR NOVEMBER 12, 2013

THE CITY COUNCIL APPROVED THE MINUTES OF THE NOVEMBER 12, 2013, REGULAR MEETING.

3.3 APPROVAL OF WARRANT REGISTER FOR PERIOD ENDED NOVEMBER 26, 2013

THE CITY COUNCIL APPROVED THE WARRANT REGISTER IN THE AMOUNT OF $1,024,171.17.

3.5 PARTICIPATION IN THE COUNTYWIDE PUBLIC MASS NOTIFICATION SYSTEM - "ALERTOC"

THE CITY COUNCIL APPROVED THE MEMORANDUM OF UNDERSTANDING BETWEEN THE COUNTY OF ORANGE AND THE CITY OF LAGUNA HILLS FOR USE OF THE COUNTYWIDE EMERGENCY PUBLIC MASS NOTIFICATION SYSTEM, "ALERTOC," AND AUTHORIZED THE CITY MANAGER TO EXECUTE THE MEMORANDUM OF UNDERSTANDING.

ITEMS REMOVED FROM THE CONSENT CALENDAR

3.4 PROGRESS PAYMENT NO. 28, FINAL, FOR LA PAZ ROAD WIDENING AT I-5 IMPROVEMENT PROJECT, CIP NO. 159

Mayor Kogerman removed this item from the Consent Calendar to acknowledge that this project was finally complete. Public Services Director Rosenfield gave a brief review of the process of completing this important improvement project over the past 2-1/2 years.

THE CITY COUNCIL APPROVED PROGRESS PAYMENT NO. 28, FINAL, IN THE NET AMOUNT OF $8,811.37, TO SEMA CONSTRUCTION, INC., FOR THE LA PAZ ROAD WIDENING AT I-5 IMPROVEMENT PROJECT, CIP NO. 159, AND AUTHORIZED THE FILING OF THE NOTICE OF COMPLETION AND SUBSEQUENT RELEASE OF RETENTION IN 35 DAYS, IF NO LIENS HAVE BEEN FILED, BY M/MAYOR KOGERMAN, S/COUNCIL MEMBER CARRUTH. APPROVED BY A VOTE OF 5-0.

4. PLANNING AGENCY

Mayor Kogerman recessed the City Council meeting and acting in the capacity of Chair, called the regular meeting of the Planning Agency of the City of Laguna Hills, California, to order at 7:36 PM.

4.1 ROLL CALL OF PLANNING AGENCY MEMBERS

Present: Chair Kogerman, Vice Chair Blount, Agency Member Bressette, Agency Member Carruth, and Agency Member Gilbert.

4.2 PUBLIC COMMENTS

There were no Public Comments.

4.3 APPROVAL OF MINUTES FOR NOVEMBER 12, 2013

THE PLANNING AGENCY APPROVED THE MINUTES OF THE NOVEMBER 12, 2013, REGULAR MEETING, BY M/VICE CHAIR BLOUNT, S/AGENCY MEMBER CARRUTH.
APPROVED BY A VOTE OF 5-0.

4.4 ADMINISTRATIVE REPORTS

There were no Administrative Reports.

4.5 PLANNING AGENCY PUBLIC HEARINGS

There were no Public Hearings.

PLANNING AGENCY ADJOURNMENT

Mayor Kogerman reconvened the City Council meeting at 7:37 PM. All Council Members were present.

5. CITY COUNCIL PUBLIC HEARINGS

5.1 ZONING TEXT AMENDMENT NO. ZTA 11-13-2720, AN AMENDMENT TO TITLE 9 OF THE LAGUNA HILLS MUNICIPAL CODE (ZONING AND SUBDIVISIONS) TO PROHIBIT MEDICAL MARIJUANA DISPENSARIES IN ALL ZONING DISTRICTS AND REVISE THE DEVELOPMENT CODE COMPLIANCE POLICY

THE CITY COUNCIL INTRODUCED FOR FIRST READING, READ BY TITLE ONLY, AND WAIVED FURTHER READING OF AN ORDINANCE OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AMENDING TITLE 9 OF THE LAGUNA HILLS MUNICIPAL CODE (ZONING AND SUBDIVISIONS) TO PROHIBIT MEDICAL MARIJUANA DISPENSARIES IN ALL ZONING DISTRICTS AND REVISE THE DEVELOPMENT CODE COMPLIANCE POLICY, BY M/COUNCIL MEMBER CARRUTH, S/COUNCIL MEMBER BRESSETTE.
APPROVED BY A VOTE OF 4-1 (MAYOR PRO TEMPORE BLOUNT VOTING NO.)

6. ADMINISTRATIVE REPORTS

6.1 City Manager

6.1.1 AMBULANCE CONTRACT AWARD AUTHORITY

THE CITY COUNCIL APPROVED DELEGATION AUTHORITY FOR THE AWARD OF AN AMBULANCE CONTRACT TO THE ORANGE COUNTY FIRE AUTHORITY, BY M/COUNCIL MEMBER BRESSETTE, S/COUNCIL MEMBER CARRUTH.
APPROVED BY A VOTE OF 5-0.

6.2 Community Development Director

6.2.1 INFORMATION CONCERNING THE HIRING OF A NOISE CONSULTANT TO PROVIDE PEER REVIEW SERVICES REGARDING THE APRIL 2013 NOISE STUDY REPORT FOR THE INTERSTATE 5 (I-5) WIDENING PROJECT FROM STATE ROUTE 73 (SR-73) TO EL TORO ROAD

THE CITY COUNCIL MADE A MOTION TO CONTINUE THIS ITEM TO THE DECEMBER 10, 2013, CLOSED SESSION FOR DISCUSSION OF COSTS OF ACQUIRING ENVIRONMENTAL LEGAL COUNSEL AND HAVING COUNSEL PRESENT, TO AGENDIZE CONTRACTS FOR LEGAL COUNSEL AND NOISE CONSULTANT, INCLUDING COSTS FOR NOISE CONSULTANT AND COST TO ENGAGE THE CITY'S LOBBYIST IN THIS EFFORT, AND TO INCLUDE PUBLIC NOTIFICATION TO THE NEIGHBORHOOD FOR THE DECEMBER 10, 2013, MEETING, BY M/COUNCIL MEMBER BRESSETTE, S/COUNCIL MEMBER CARRUTH.
APPROVED BY A VOTE OF 4-1 (COUNCIL MEMBER GILBERT VOTING NO).

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

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

8. CITY COUNCIL MEMBER COMMENTS

COUNCIL MEMBER CARRUTH

Council Member Carruth reported on her recent attendance at the League of California Cities event at the San Juan Capistrano Mission.

COUNCIL MEMBER BRESSETTE

Council Member Bressette reported on his attendance at the Cities Selection Committee of the LAFCO Representation and indicated that Mayor Kogerman made a great presentation and represented the City of Laguna Hills very well.

Council Member Bressette wished everyone a Happy Thanksgiving and reminded everyone to be aware of kitchen fires.

MAYOR KOGERMAN

Mayor Kogerman indicated that for the second year in a row the City of Laguna Hills was acknowledged by the Building Industry Association for turning red tape into red carpet for innovative financing with the Oakbrook Village project.

MAYOR PRO TEMPORE BLOUNT

Mayor Pro Tempore Blount indicated that on December 7, 2013, at 7:00 PM his home would be featured on channel TLC on the "Four Houses - Home for the Holidays" and also on December 9, 2013, 9:00 PM, on channel ABC on the "The Great Christmas Light Fight."

9. CLOSED SESSION, CONTINUED

Mayor Kogerman recessed the meeting into Closed Session at 8:51 PM.

A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Pursuant to Government Code Section 54957.6
Public Employee Title: City Manager - Annual Performance Evaluation

Mayor Kogerman reconvened the meeting at 10:00 PM. All Council Members were present.

Mayor Kogerman indicated that no reportable action was taken by the City Council in Closed Session.

ADJOURNMENT

There being no further business before the City Council at this session, Mayor Kogerman declared the meeting adjourned at 10:01 PM.

____
PEGGY J. JOHNS, CITY CLERK

ATTEST:

____
BARBARA D. KOGERMAN, MAYOR

APPROVED AT MEETING OF DECEMBER 10, 2013.

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE:	**DECEMBER 10, 2013**
TO:	**MAYOR AND COUNCIL MEMBERS**
FROM:	**DONALD J. WHITE, ASSISTANT CITY MANAGER**
ISSUE:	**APPROVAL OF WARRANT REGISTER FOR PERIOD ENDED DECEMBER 10, 2013.**

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE WARRANT REGISTER IN THE AMOUNT OF $251,146.10.

SUMMARY:

In accordance with Government Code Section 37202, the attached Warrant Register reflects the disbursements of the City of Laguna Hills for the period reported thereon. The Assistant City Manager certifies and attests to its accuracy and the availability of funds for the payment thereof. These warrants are hereby submitted to the City Council for approval of payment.

Prepared by:

JANICE MATEO REYES
Finance Manager

Certified:

DONALD J. WHITE
Assistant City Manager

12-3-13
DATE

FISCAL IMPACT:

The warrant register total is $251,146.10.

ATTACHMENTS:

1. **Warrant Register**

CITY OF LAGUNA HILLS
WARRANT REGISTER
December 10, 2013

VENDOR	DESCRIPTION	CHECK NO.		AMOUNT
PREPAID WARRANTS:				
ALISO MEADOWS CONDOMINIUM ASN.	*Progress Payment #5 12/13, Aliso Meadows Rehabilitation Project, CDBG, Oct '13*	8806382	$	31,464.00
AT&T	*Communication Expense, Administrative Services Fax Line, Nov '13*	8806399		73.49
CASHION, DAVID	*Refund SDPA Fees, CR# 46812*	8806405		462.50
CORE POWER YOGA	*Refund CUP Fees, CR# 46155*	8806408		50.00
COX COMMUNICATION	*Communication Expense, Traffic Control, Nov '13*	8806383		179.00
CYBERSOURCE CORPORATION	*eCommerce Payment Gateway Service, Online Permits, Community Development, Oct '13*	8806409		29.00
EVERBANK COMMERCIAL FINANCE	*Lease - Copier, City Hall, Nov '13*	8806414		221.55
GREWAL, SAM	*Refund, SDPA Fees, CR# 46277*	8806416		164.50
ICC ORANGE EMPIRE CHAPTER	*Employee Training, Building, Dec '13*	8806384		50.00
IRVINE RANCH WATER DISTRICT	*Water Usage, Parks, Oct '13*	8806385		152.61
LEESE, DAVE	*Refund, Permit Fees, CR# 46308*	8806386		148.50
MOBILE MINI, INC.	*Storage Rental Fee, Community Services, Nov '13*	8806426		83.16
OFFICE TEAM	*Staffing Services, Community Development, Nov '13*	8806387		898.04
OFFICE TEAM	*Staffing Services, Community Development, Nov '13*	8806429		732.16
OROS CONSULTING SERVICES, LLC	*Professional Services, Computer Consulting Services, Nov '13*	8806388		3,137.75
RALPHS GROCERY COMPANY	*Program Supplies, Community Services, Oct - Nov '13*	8806432		120.01
REFUND, FACILITY RENTAL DEPOSIT	*M. Limpin, V# 2002976.002*	8806433		425.00
REFUND, FACILITY RENTAL DEPOSIT	*Olympic Gymnastics Booster Club, V# 2002975.002*	8806434		1,000.00
SADDLEBACK FAMILY & URGENT CARE	*Pre-employment Physicals, Oct '13*	8806437		135.00
SAN DIEGO GAS & ELECTRIC	*Electric Usage, Community Center, Traffic Control and Street Lights, Oct '13*	8806389		24,389.82
SCANNING SERVICE CORPORATION	*Document Imaging Services, City Clerk, Oct '13*	8806438		4,141.35
SMART & FINAL	*Program Supplies, Community Services, Oct '13*	8806390		39.33
SOCAL OFFICE TECHNOLOGIES	*Usage - Copier, Community Services, Jul - Oct '13*	8806442		889.18
SOCAL OFFICE TECHNOLOGIES-LEAS	*Lease - Copier, Community Services, Nov '13*	8806391		877.94
SOUTHERN CALIFORNIA EDISON	*Electric Usage, Street Lights and Traffic Control, Oct '13*	8806392		747.21

CITY OF LAGUNA HILLS
WARRANT REGISTER
December 10, 2013

VENDOR	DESCRIPTION	CHECK NO.		AMOUNT
SOUTHERN CALIFORNIA EDISON	*Electric Usage, Street Lights and Traffic Control, Nov '13*	8806444		1,581.46
SPRINT	*Communication Expense, Community Services, Oct '13*	8806393		149.36
STATE WATER RESOURCES CONTROL	*Application Fee, Permit Registration Documents, La Paz Open Space*	8806394		1,732.00
U.S. POSTAL SERVICE	*Postage, Combined Issue City Views/Community Services Winter 2013 Activity Guide*	8806395		2,500.00
SPARKLETTS	*Operating Supplies, Community Services, Nov '13*	8806445		62.10
	Total Prepaid Warrants:		**$**	**76,636.02**
REGULAR WARRANTS:				
ALICEA, MIA	*Contract Instructor Fee, Dancing Fall Session, Community Services*	8806396	$	96.60
ALL CITY MANAGEMENT, INC.	*Crossing Guard Services, 10/27/13 - 11/09/13*	8806397		3,153.60
ASSOCIATION OF CA CITIES - OC	*Membership, Administrative Services, 2014*	8806398		9,981.25
BUREAU VERITAS NORTH AMERICA	*Professional Services, On-Call Inspections, Oct '13*	8806400		11,780.00
C&D ELECTRIC, INC.	*Lighting Repairs and Inspections, Parks, Nov '13*	8806401		1,228.66
C2 REPROGRAPHICS	*Printing Expense, Traffic Signal Improvement Coordination CIP # 168*	8806402		43.09
CALIFORNIA OFFICE SYSTEMS	*Usage - Copier, City Hall, Oct '13*	8806403		207.70
CARRINO, MARGARET	*Professional Services, Paleontology, Community Services, Oct '13*	8806404		375.00
CHARLES ABBOTT ASSOCIATES, INC.	*Professional Services, Plan Checking and Building & Safety Services, Oct '13*	8806406		11,092.30
COMPLETE OFFICE OF CALIFORNIA	*Office and Operating Supplies, Community Center, Nov '13*	8806407		369.30
ECLIPSE MESSENGER SERVICE, INC.	*Delivery Service, Nov '13*	8806410		25.25
ECONOMICS, INC.	*Professional Services, Recycling Program, Oct '13*	8806411		6,835.99
EISENBERG, DALE	*Contract Instructor Fee, Aikido Fall Session, Community Services*	8806412		665.00
ELKINS, CHRISTINA	*Contract Instructor Fee, Dancing Fall Session, Community Services*	8806413		274.40
FIVE STAR TROPHIES	*Office Supplies, Nov '13*	8806415		140.40
HARTZOG & CRABILL, INC.	*Professional Services, Traffic Signal Improvement Coordination CIP # 168 and Traffic Engineering, Oct '13*	8806417		10,009.20
ICMA	*Membership, Administrative Services, 2014*	8806418		1,400.00

CITY OF LAGUNA HILLS
WARRANT REGISTER
December 10, 2013

VENDOR	DESCRIPTION	CHECK NO.	AMOUNT
INT'L COUNCIL OF SHOPPING	*Membership, Administrative Services, 2014*	8806419	100.00
IRV SEAVER MOTORCYCLES	*Motorcycle Maintenance, Police Services, Oct - Nov '13*	8806420	4,190.74
JAMEY CLARK, INC.	*Park Repairs, Janitorial Services and Graffiti Removal, Oct - Nov '13*	8806421	7,251.51
JOE A. GONSALVES & SON	*Professional Services, Legislative Services, Dec '13*	8806422	2,900.00
LUCY, STEVEN	*Program Expense, Community Services, Dec '13*	8806423	450.00
MARTIN-RUSK, DINA	*Contract Instructor Fee, Zumba Fall Session, Community Services*	8806424	400.40
MEDLOCK, GEORGE	*Contract Instructor Fee, Drumming Fall Session, Community Services*	8806425	286.30
NIEVES LANDSCAPE, INC.	*Other Assorted Landscape Services, Nov '13*	8806427	4,580.00
OFFICE SOLUTIONS	*Office and Operating Supplies, Nov '13*	8806428	286.38
ORANGE COUNTY FIRE AUTHORITY	*Remittance, Fire Fees Collected, Oct '13*	8806430	4,076.00
ORANGE COUNTY TREASURER	*Road Maintenance, Oct '13*	8806436	35,027.20
QUICK CRETE PRODUCTS CORP.	*Waste Receptacles and Supplies, Public Works, Nov '13*	8806431	638.29
RICHARD FISHER ASSOCIATES	*Professional Services, General Park Renovations CIP # 241 and La Paz Open Space Riparian Habitat CIP # 615*	8806435	11,321.75
SHARPS COMPLIANCE, INC.	*Hazardous Waste Supplies, Recycling Program, Nov '13*	8806439	525.85
SINTA DESIGN	*Event Promotional Services, 1/2 Marathon and 5K Event, Community Services, May '14*	8806440	1,295.00
SOCAL OFFICE TECHNOLOGIES	*Usage - Printer Maintenance and Supplies, Dec '13*	8806441	629.90
SOUTHERN CALIF MUN ATHLETIC	*Insurance, Contract Instructors and Sports League Officials, Community Services*	8806443	569.60
STATE WATER RESOURCES CONTROL	*NPDES, Annual Permit Fees, FY 13/14*	8806446	27,866.00
STUDIO TWO BLACK DIAMOND	*Printing Expense, Police Services, Nov '13*	8806447	1,258.19
STV INCORPORATED	*Professional Services, Paseo de Valencia Widening CIP # 145*	8806448	11,101.23
WEST COAST ARBORISTS, INC.	*Tree Trimming, Oct - Nov '13*	8806449	2,078.00
	Total Regular Warrants:		**$ 174,510.08**
	*****WARRANT REGISTER TOTAL*****		**$ 251,146.10**

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: DECEMBER 10, 2013

TO: MAYOR AND COUNCIL MEMBERS

FROM: PEGGY J. JOHNS
CITY CLERK

ISSUE: 2014 CITY COUNCIL MEETING SCHEDULE

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT THE PROPOSED CALENDAR FOR 2014.

SUMMARY:

In order to facilitate preparation and delivery of agendas and provide adequate time for City Council Members and staff to plan schedules, it is helpful to review the meeting schedule for the upcoming calendar year. Attached is the proposed Calendar for 2014. 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 a meeting arises.

BACKGROUND:

In reviewing the Calendar for 2014, please take note of the following:

- The second meeting in July, first meeting in August, and second meeting in December are dark.
- The first meeting in November falls on Veterans Day, November 11, 2014, and will be dark.
- Saddleback Unified School District February Recess is February 14-17, 2014, and Spring Recess is April 14-18, 2014.

ATTACHMENTS:

- Proposed Calendar for 2014

CALENDAR FOR 2014

January 1, 2014	**New Year's Day Holiday Observed** **City Hall Closed**
January 14, 2014	Regular City Council/Planning Agency Meeting
January 20, 2014	Observed Martin Luther King's Birthday
January 28, 2014	Regular City Council/Planning Agency Meeting
February 11, 2014	Regular City Council/Planning Agency Meeting Public Improvement Corp
February 17, 2014	**Presidents Day Holiday** **City Hall Closed**
February 25, 2014	Regular City Council/Planning Agency Meeting
March 11, 2014	Regular City Council/Planning Agency Meeting
March 25, 2014	Regular City Council/Planning Agency Meeting
April 8, 2014	Regular City Council/Planning Agency Meeting
April 20, 2014	Easter Sunday
April 22, 2014	Regular City Council/Planning Agency Meeting
May 13, 2014	Regular City Council/Planning Agency Meeting
May 26, 2014	**Memorial Day Holiday** **City Hall Closed**
May 27, 2014	Regular City Council/Planning Agency Meeting
June 10, 2014	Regular City Council/Planning Agency Meeting
June 24, 2014	Regular City Council/Planning Agency Meeting
July 4, 2014	City's Fourth of July Celebration **City Hall Closed**
July 8, 2014	Regular City Council/Planning Agency Meeting
July 22, 2014	**Regular City Council/Planning Agency Meeting** **Dark Meeting**

Calendar for 2014

August 12, 2014	**Regular City Council/Planning Agency Meeting** **Dark Meeting**
August 26, 2014	Regular City Council/Planning Agency Meeting
September 1, 2014	**Labor Day Holiday** **City Hall Closed**
September 9, 2014	Regular City Council/Planning Agency Meeting
September 3-5, 2014	League of California Cities Annual Conference Sacramento, California
September 23, 2014	Regular City Council/Planning Agency Meeting
October 14, 2014	Regular City Council/Planning Agency Meeting
October 28, 2014	Regular City Council/Planning Agency Meeting
November 4, 2014	**Election Day**
November 11, 2014	**Veteran's Day Holiday** **City Hall Closed** **Dark Meeting**
November 25, 2014	Regular City Council/Planning Agency Meeting
November 27-28, 2014	**Thanksgiving Holiday** **City Hall Closed**
December 9, 2014	Regular City Council/Planning Agency Meeting
December 23, 2014	**Regular City Council/Planning Agency Meeting** **Dark Meeting**
December 25, 2014 December 26, 2014 *	**Observed Christmas Holidays** **City Hall Closed**

*Subject to Concurrence with Employees Association

2014 City Council Calendar

City Council Meeting

Observed Holiday
City Hall Closed

Adjourned Regular
Meeting

January 14

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	

January 1 – New Year's Day (City Hall Closed)

January 14 – City Council Meeting

January 28 – City Council Meeting

February 14

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	

February 11 – City Council Meeting

February 17 – President's Day (City Hall Closed)

February 25 – City Council Meeting

March 14

S	M	T	W	T	F	S
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9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

March 11 – City Council Meeting

March 25 – City Council Meeting

April 14

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			

April 8 – City Council Meeting

April 22 – City Council Meeting

2014 City Council Calendar

City Council Meeting | Observed Holiday City Hall Closed | Adjourned Regular Meeting

May 14

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

May 13 – City Council Meeting

May 26 – Memorial Day (City Hall Closed)

May 27 – City Council Meeting

June 14

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

June 10 – City Council Meeting

June 24 – City Council Meeting

July 14

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		

July 4 – Fourth of July Celebration (City Hall Closed)

July 8 – City Council Meeting

July 22 – **City Council Meeting Dark**

August 14

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 12 – **City Council Meeting Dark**

August 26 – City Council Meeting

2014 City Council Calendar

City Council Meeting | Observed Holiday City Hall Closed | Adjourned Regular Meeting

September 14						
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				

September 1 – Labor Day (City Hall Closed)

September 9 – City Council Meeting

September 23 – City Council Meeting

October 14						
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	

October 14 – City Council Meeting

October 28 – City Council Meeting

November 14						
S	M	T	W	T	F	S
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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						

November 11 – Veteran's Day (City Hall Closed)
City Council Meeting Dark

November 25 – City Council Meeting

November 27-28 – Thanksgiving Holiday (City Hall Closed)

December 14						
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			

December 9 – City Council Meeting

December 23 – **City Council Meeting Dark**

December 25 – Christmas Holiday (City Hall Closed)

December 26* – Christmas Holiday (City Hall Closed)

* Subject to Concurrence with Employees Association

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: DECEMBER 10, 2013

TO: MAYOR AND COUNCIL MEMBERS

FROM: PEGGY J. JOHNS
CITY CLERK

ISSUE: AFFIRMATION OF APPOINTMENTS LIST FOR ALL CITY BOARDS, COMMISSIONS AND COMMITTEES

RECOMMENDATION: THAT THE CITY COUNCIL AFFIRM THE LOCAL APPOINTMENTS LIST AND DIRECT THAT IT BE POSTED IN THE LAGUNA HILLS BRANCH TECHNOLOGY LIBRARY, IN ACCORDANCE WITH 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, 2013.

BACKGROUND:

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

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

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

ATTACHMENTS:

- Local Appointments List

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

Parks and Recreation Commission

Established by:	Resolution No. 92-04-14-5 Amended by Resolution No. 96-02-13-1 Amended by Resolution No. 2005-09-13-1 Amended by Resolution No. 2006-01-10-1 Amended by Resolution No. 2009-08-25-4
Number of Members:	Five
Term of Office	Four-Year Staggered Terms
Qualifications:	All Commission Members, at all times during their incumbencies, must be a bona fide resident and registered voter of the City of Laguna Hills.

Incumbents	Date Appointed	Date of Oath	Date Term Expires
Daniel Cooper	01/18/2003	01/28/2003	01/31/2015
Jack Noenickx	01/18/2005	01/25/2005	01/31/2015
Victoria Aeur	02/05/2013	02/26/2013	01/31/2017
Richard Nagle	02/05/2013	02/26/2013	01/31/2017
Chris Mackey	03/12/2013	03/26/2013	01/31/2015

Traffic Commission

Established by:	Resolution No. 92-02-25-4 Amended by Resolution No. 96-04-23-2 Amended by Resolution No. 2005-09-13-2
Number of Members:	Five
Term of Office	Four-Year Staggered Terms
Qualifications:	All Commission Members, at all times during their incumbencies, must be a bona fide resident and registered voter of the City of Laguna Hills.

Incumbents	Date Appointed	Date of Oath	Date Term Expires
Rick Frazier	01/15/2002	01/22/2002	01/31/2017
Donald Froelich	01/18/2005	01/25/2005	01/31/2015
Stephen (Ed) Rowe	01/12/2011	01/25/2011	01/31/2015
Mike Caputo	02/05/2013	02/26/2013	01/31/2017
Steven Beeuwsaert	02/05/2013	02/26/2013	01/31/2017

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: DECEMBER 10, 2013

TO: MAYOR AND COUNCIL MEMBERS

FROM: KENNETH H. ROSENFIELD
DIRECTOR OF PUBLIC SERVICES/CITY ENGINEER

ISSUE: APPROVAL OF PLANS AND SPECIFICATIONS AND AUTHORIZATION OF PURCHASE OF EQUIPMENT FOR THE INSTALLATION OF A RECTANGULAR RAPID FLASHING BEACON (RRFB) SYSTEM AT TWO EQUESTRIAN TRAIL CROSSINGS

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE USE OF A RECTANGULAR RAPID FLASHING BEACON SYSTEM, IN LIEU OF THE PREVIOUSLY APPROVED LED FLASHING WARNING LIGHTS, FOR INSTALLATION AT SELECTED EQUESTRIAN CROSSINGS, APPROVE THE PLANS AND SPECIFICATIONS ON FILE IN THE OFFICE OF THE CITY CLERK, AND AUTHORIZE THE PURCHASE OF RRFB EQUIPMENT FOR USE AT THE EQUESTRIAN TRAIL CROSSINGS OF NELLIE GAIL ROAD 500 FEET SOUTH OF OSO PARKWAY AND NELLIE GAIL ROAD 200 FEET NORTH OF LOST COLT DRIVE.

SUMMARY:

At the June 11, 2013, meeting, City Council approved enhancements to various equestrian trail crossings in the Nellie Gail Ranch community, including the use of LED flashing warning lights at two equestrian trail crossings. Subsequently, the City's consulting Traffic Engineering firm of Hartzog & Crabill, Inc., (HCI) was contracted to provide engineering plans for the installation of the flashing lights. However, instead of LED flashing warning lights, HCI is recommending the installation of a Rectangular Rapid Flashing Beacon (RRFB) system. RRFBs are a more established and standard flashing traffic control device than the previously proposed LED flashing warning lights. The plans and specifications for this work have been completed and are on file in the office of the City Clerk. It is recommended that the City Council approve the use of the RRFB system rather than flashing LED warning lights at the equestrian trail crossings of Nellie Gail Road 500 feet south of Oso Parkway and Nellie Gail Road 200 feet north of Lost Colt Drive, approve the plans and specifications, and authorize the direct purchase of the RRFB equipment. The staff convened Equestrian Ad Hoc Committee has been informed of and approves of the

use of the RRFB system. The Traffic Commission, at its November 20, 2013, meeting, approved Staff's recommendation.

BACKGROUND:

Upon receiving feedback from concerned citizens regarding equestrian trail crossing safety in the Nellie Gail Ranch community, the City Council directed the City Manager to establish an Equestrian Ad Hoc Committee to prioritize and evaluate equestrian trail crossings. Staff coordinated a number of meetings with the Ad Hoc Committee and a number of crossings were evaluated. At the June 11, 2013, meeting, City Council approved enhancements to various equestrian crossings at selected locations in the Nellie Gail Ranch community including the installation of LED flashing warning lights at two crossings; Nellie Gail Road 500 feet south of Oso Parkway and Nellie Gail Road 200 feet north of Lost Colt Drive.

The various approved equestrian trail crossing enhancements of signage and markings have been implemented except for the LED flashing beacons. HCI was contracted to provide engineering plans for the installation of the flashing beacons. During the design process, however, HCI recommended the installation of a Rectangular Rapid Flashing Beacon (RRFB) system instead of LED flashing warning lights. RRFBs have been used in other locations in Southern California, they are a more established and standard traffic control device, and Caltrans has issued a directive for interim approval for the use of RRFBs. A brochure describing the RRFB system is attached.

The Plans and Specifications for the installation of the RRFB system have been completed and are on file with the office of the City Clerk. Staff proposes a direct purchase of the RRFB equipment to accelerate the timeframe for delivery of the equipment and to reduce project costs. The Equestrian Ad Hoc Committee was informed and is supportive of this change of flashing light system for the equestrian crossings. The Traffic Commission, at its November 20, 2013, meeting approved the use of the RRFB system.

FISCAL IMPACT:

The cost to purchase two sets of RRFB systems is approximately $11,000. The estimated cost of the installation of the two RRFB systems is approximately $2,500. Funds are available for this work in the Fiscal Year 2013-2014 Public Works Maintenance Budget.

ATTACHMENTS:

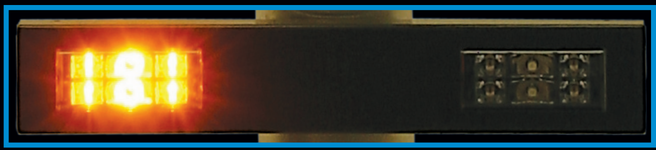
- RRFB Brochure

TAPCO TRAFFIC & PARKING CONTROL CO., INC.

Solar, Wireless LED Solutions

LED Rectangular Rapid-Flash Beacon (RRFB)

Increased Conspicuity for Pedestrian Crossings and School Zone Crossings



- Increases driver yielding rates
- More effective than round beacons
- Solar = Zero operating costs
- No maintenance required
- Clean, uncomplicated installation
- LED Indicators for pedestrians
- Retrofittable from round beacons
- BlinkSync™ wireless synchronization
- Pedestrian activated
- Day-Viz™ Automatic LED Brightness

RRFB studies show a dramatic increase of driver compliance in yielding to pedestrians at high-risk uncontrolled crossings. Research shows that RRFBs produce the highest yielding rate of all devices that do not feature a red display, higher rates than a regular round beacon, and at a lower cost than other devices that produce similar vehicular yield rates.

RRFB feature multiple arrays of brilliant LEDs that, when activated, flash a warning in a specified, alternating 'wig-wag' pattern, thereby commanding the attention of drivers by ***Day And Night***. Additional side-mounted LED arrays flash concurrently to let pedestrians know that the unit is flashing. Optional self-powered remote pushbutton activation available.

TAPCO's RRFB feature aimable LEDs in a sturdy, lockable housing with a closed top and bottom, and no exposed wiring. See reverse for specifications.

RECTANGULAR RAPID - FLASH BEACON (RRFB)

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: DECEMBER 10, 2013

TO: MAYOR AND COUNCIL MEMBERS

FROM: DAVID CHANTARANGSU, AICP
DIRECTOR OF COMMUNITY DEVELOPMENT

ISSUE: FIRST AMENDMENT TO THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REHABILITATION SERVICES CONTRACT - ALISO MEADOWS REHABILITATION PROJECT, EXTENDING THE TERM THROUGH JUNE 2014 AND ALLOCATING AN ADDITIONAL $80,000 FOR FISCAL YEAR 2013-14

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE FIRST AMENDMENT TO THE CDBG REHABILITATION SERVICES CONTRACT - ALISO MEADOWS REHABILITATION PROJECT, WITH THE ALISO MEADOWS CONDOMINIUM ASSOCIATION FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS FOR THE 2013-2014 FISCAL YEAR, AUTHORIZING AN ADDITIONAL $80,000, AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE CONTRACT.

SUMMARY:

Since 2004 the City of Laguna Hills has received Community Development Block Grant (CDBG) funding from the County of Orange on behalf of the 248-unit Aliso Meadows Condominium development project located on Via Lomas. For Fiscal Year 2013-2014, the City of Laguna Hills was awarded $80,000 from the County to rehabilitate up to six units in the complex. On September 10, 2013, the City Council authorized an amendment to its contract with the County (Amendment No. 2 to Contract No. 12-613031) for the City's Housing Rehabilitation Project with the County (CDBG-CFDA No. 14.218) to authorize a one year contract term extension so that the City could receive the additional $80,000.

In order for the Homeowners Association (HOA) to be eligible to utilize the $80,000, an existing agreement between the City and the HOA must be amended to extend the term of the Agreement with the HOA and include the additional $80,000 the City is receiving from the County of Orange. The City's existing contract with the HOA only authorizes it to receive $162,000 in CDBG funds the City received from the County in FY12-13 for rehabilitation work through June 30, 2013.

BACKGROUND:

The County of Orange receives federal funds for housing through a federal program known as the Community Development Block Grant (CDBG) program. The County makes these funds available to the unincorporated areas of the County as well as "non-entitlement" cities (cities under 50,000 in population). The program provides a funding source for activities that primarily serve low and moderate income residents. There are thirteen (13) smaller cities in the County that must use the County to access these funds, including the City of Laguna Hills. The City has received these funds since 1993.

For Fiscal Year 2013-2014, the City of Laguna Hills has been awarded $80,000 in CDBG funds for rehabilitation work at Aliso Meadows. Aliso Meadows is a 248-unit condominium project, approved in 1980 by the County of Orange, which provided low and moderate-income households an opportunity for home ownership. The Aliso Meadows Condominiums stretch along both sides of Via Lomas between Moulton Parkway and Alicia Parkway.

Repairs needed at the Aliso Meadows complex generally include: heating/air conditioning repairs/replacement, wood siding repair/replacement, roof repairs, fencing repairs, painting, and fumigation for termites. The HOA has been working to repair and update their homes for some time and has spent approximately $150,000 from their own funds since 2003 to address the most pressing problems in many of the units. To date, 152 of the 248 units have participated in this program utilizing approximately $2.3 million in CDBG funds.

On April 15, 2013, the City entered into a contract with the HOA to direct $162,000 in CDBG funds for on-going rehabilitation work at the condominium complex. The proposed contract would amend the April 2013 contract (Amendment No. 1), which would authorize an additional $80,000 in CDBG funds to be expended, or $242,000 in total. Approval of Amendment No. 1 commits the HOA to spend the CDBG funds to rehabilitate an additional six units consistent with applicable Federal, State, and County laws and regulations.

FISCAL IMPACT:

Funding for this project comes from the County with the exception of 40-60 hours of staff time each year. The City has also used consultants to assist the HOA with technical issues associated with the project such as income qualifying residents, preparation of bid documents, and payroll. Funding for this consultant work has been budgeted for this fiscal year.

CEQA FINDINGS:

The work to be completed is a continuation of housing rehabilitation activity approved under Contract No. 12-613031 with the County of Orange for the City's Housing Rehabilitation Project with the County (CDBG-CFDA No. 14.218). On May 8, 2012, City Council previously adopted a Categorical Exemption for this project indicating that this activity was not subject to the requirements of the California Environmental Quality Act pursuant to Section 15301, Chapter 3, Title 14 of the California Code of Regulations since anticipated activities include minor alterations to existing structures including heating/air conditioning repairs/replacement, wood siding repair/replacement, roof repairs, fencing repairs, painting, and fumigation for termites. Identical work is proposed for Amendment No. 1.

ATTACHMENTS:

- Attachment 1 – CDBG Rehabilitation Services Contract – Aliso Meadows Rehabilitation Project.
- Attachment 2 – Amendment No. 1

Attachment #1

CDBG Rehabilitation Services Contract
Aliso Meadows Rehabilitation Project
April 15, 2013

CITY OF LAGUNA HILLS
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
REHABILITATION SERVICES CONTRACT
(Program Year 2012-13)

TITLE OF PROJECT: Rehabilitation Services – Aliso Meadows Condominium Association

This **CONTRACT** is entered into the 15 **day of** April **2013.**

BY AND BETWEEN City of Laguna Hills, a municipal corporation, in the State of California, and hereinafter referred to as "**CITY**".

AND Aliso Meadows Condominium Association, a Non-Profit Corporation, hereinafter referred to as "**CONTRACTOR**"

RECITALS

This Contract is made with reference to the following facts, among others:

WHEREAS, the County of Orange has applied for and anticipates receiving funds from the United States Department of Housing and Urban Development, hereinafter referred to as "**HUD**", under Title I of the Housing and Community Development Act of 1974 (Public Law 93-383, as amended) for the purpose of funding projects meeting one of the HUD national objectives; and

WHEREAS, the County of Orange and Participating Cities (of which the CITY is a member) previously entered into a Cooperation Agreement dated July 1, 2009, as amended, in which both parties agreed to cooperate in the undertaking, or assist in the undertaking, of community development and housing assistance activities; and

WHEREAS, the County of Orange adopted its Annual Action Plan, including any mid-year amendments, which sets forth the PROJECT described herein; and

WHEREAS, the CITY is a Participating City covered by the County's Annual Action

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12/10/2013 ITEM NO. 3.7

Plan, and

WHEREAS, the CITY submitted to the County of Orange an application for funding of the project described herein, and

WHEREAS, the CITY has entered into a separate contract for the period July 1, 2012 - June 30, 2013 with the County of Orange (CDBG-CFDA Number 14.218, File # 613031, entitled "Contract Between County of Orange and City of Laguna Hills for Housing Rehabilitation —Aliso Meadows Rehabilitation Project, a copy of which is attached hereto as Exhibit B, (hereinafter, the "Funding Contract")) to receive Community Development Block Grant (CDBG) funds under Title I of the Housing and Community Development Act of 1974 (Public Law 93-838, as amended) for the purpose of assisting the Aliso Meadows rehabilitation project which meets one of the HUD national objectives, and

WHEREAS, the Funding Contract, a copy of which is attached hereto as Exhibit B, provides that it is conditional upon: County being funded by HUD and the release of funds to County; Certification of Insurance; and environmental compliance by CITY with 24 CFR 570.

NOW, THEREFORE, BASED ON THE MUTUAL PROMISES AND COVENANTS HEREIN, IT IS AGREED AS FOLLOWS:

I. SCOPE OF SERVICES

A. ACTIVITIES

(1) CONTRACTOR shall be responsible for carrying out a CDBG Rehabilitation Services Project in a manner satisfactory to the CITY and consistent with the standards and obligations of the Funding Contract, a copy of which is attached hereto as Exhibit B. The project is described as follows:

(a) Nine (9) or more condominium dwelling units will be rehabilitated within the Aliso Meadows Condominium complex. The actual number of units completed will be based on the outcome of the Davis-Bacon bids submitted. The construction project will focus on the exterior improvements of each pod. The proposed construction work includes exterior wood repairs, heating system repairs, water heaters replacement, water closet repairs, roof replacement/ repairs, fumigation, and exterior preparation and painting.

(b) If funds become available, this Contract may also include follow-up work to previous units rehabbed under County Contracts KC04050, KC05027, KC06704, KC07729, KC08794, KC09843, and KC10919.

(c) The project shall be performed in conformance with this Contract, the Funding Contract, attached hereto as Exhibit B, and required County approvals therein. The CONTRACTOR shall provide the oversight, administration, and project management necessary to accomplish contracted activities in accordance with this Contract, the County approved Scope of Work, completion milestones (provided by County), State and Federal laws, applicable regulations, and authorities having jurisdiction.

(2) The construction project contemplated herein is a "public work", under California Labor Code Section 1720, and the contractor shall be paid prevailing wages in accordance with State law unless exempted thereby. In addition, the Federal Labor Standards (Section 33.12 of the Funding Contract), including Davis-Bacon prevailing wages shall apply. A current and appropriate Davis-Bacon wage decision approved by the County shall be included in the Construction Bid Package, along with HUD – 4010 form, "Federal Labor Standards Provisions".

(3) Prior to advertising for bids, the Construction Bid Package for the work shall be submitted to the CITY for review and written approval by the County's

Director of Housing and Community Services. A County representative shall be invited to a preconstruction conference to review Federal Labor Standards compliance procedures with the CONTRACTOR and its construction contractors.

(4) No costs shall be incurred prior to receipt of written certification of approval by County of the fulfillment of the requirements of Section V.C. (1) of this Contract.

B. BUDGET

This Contract is for an amount not to exceed $162,000 (One Hundred Sixty Two Thousand Dollars and no cents). As described further in Section III, the CONTRACTOR will provide the funds for the project and will submit proof of payment to CITY, whereupon after approval by CITY, the CITY shall seek reimbursement of Eligible Costs from the County pursuant to the Funding Contract. Funds shall be used for the following Eligible Costs: The proposed construction work includes exterior wood repairs, heating system repairs, water heaters replacement, water closet repairs, roof replacement/ repairs, fumigation, and exterior preparation and painting. Attention will also be given to any other building code violations identified through-out on-going inspections of the Aliso Meadows units.

C. PERFORMANCE MONITORING

The CITY shall, in accordance with the Funding Contract, monitor the performance of the CONTRACTOR against the goals and performance standards required therein and in this Contract. The CONTRACTOR shall cooperate by providing completed Quarterly Performance Reports on a Grantee Performance Report Information Form (GPR Form). Such reports shall be filed with the CITY fifteen (15) days before: December 15, 2012, January 15, 2013, and March 15, 2013. The CITY shall report any deficiencies in performance to the CONTRACTOR. If it is determined by the CITY that CONTRACTOR's performance or progress on performance is unsatisfactory, the CITY may withhold further funding on the project pending resolution of the unsatisfactory condition(s), or may terminate this Contract as prescribed in 24 CFR Parts 85.43 and 85.44. In addition, the CITY may require the CONTRACTOR to reimburse the CITY any funds that it determines to be improperly expended based on applicable CDBG Program Regulations.

II. TIME FOR PERFORMANCE

The services of the CONTRACTOR shall begin on, or about, July 1, 2012, and the scope of services shall be completed by June 30, 2013. The term of this Contract and the provisions herein may be extended to cover an additional time period pursuant to Section V.A.(1) of this Contract.

III. PAYMENTS BY CITY

A. REIMBURSEMENTS

Subject to availability of funds from HUD to County, County approval of CONTRACTOR'S Insurance, County approval of CONTRACTOR'S Federal Labor Standards submittals, environmental compliance by CITY and CONTRACTOR'S timely completion and submission of complete Requests for Reimbursements to CITY, payment shall be made by CITY and shall be in the form of reimbursement for Eligible Costs. It is expressly agreed and understood that the total amount to be paid by the CITY under this Contract after reimbursement by County shall not exceed the amount stated in Section I.B of this Contract. Reimbursement for Eligible Costs shall be made on a quarterly basis deducted from the total Budget specified in Section I.B herein, and in accordance with "Exhibit A" GENERAL CONDITIONS, attached hereto and incorporated herein by this reference.

B. REQUESTS FOR REIMBURSEMENT

On a quarterly basis and within fifteen (15) days of the end of a quarter, the CONTRACTOR may invoice CITY for reimbursement of Eligible Costs (see Exhibit A). Concurrently with its request for the aforementioned funds, CONTRACTOR shall submit to the CITY the following supporting documentation: Copies of paid invoices, receipts, certified payroll records, bank statements, canceled checks, attendance records, and other items adequate to document project expenditures. CONTRACTOR shall also provide a Quarterly Performance Report, on a GPR Form, which addresses its level of performance for each activity undertaken relative to the scope of services set forth in Section I. CITY will not authorize reimbursement if any preceding quarter's reports or invoices are incomplete, or have not been submitted.

C. Records shall be kept by CONTRACTOR in accordance with Exhibit A.

IV. NOTICES

Communication and details concerning this Contract shall be directed to the following representatives:

City of Laguna Hills
Community Development Department
24035 El Toro Road
Laguna Hills, California 92653
Attn: David Chantarangsu, Community Development Director

Aliso Meadows Homeowners Association
C/O Merit Property Management
1 Polaris Way, Suite 100
Aliso Viejo, CA 92656
Attn: David Garibay, Community Manager

V. SPECIAL CONDITIONS

A. PROJECT TO BE COMPLETED BY JUNE 30, 2013

(1) The project shall be completed and all costs incurred on eligible project activities prior to June 30, 2013. A final Invoice for Eligible Costs shall be submitted within 15 days after the Contract expiration date. The date for project completion and incurring of Eligible Costs may be extended by the CITY at the CITY'S sole discretion for up to six months from the Contract expiration date, upon written notification to the CONTRACTOR. In the event of such extension, the deadline for submittal of a final invoice shall be 15 days after the new completion date. After Contract expiration, all unexpended funds remaining from this Contract, either due to costs not incurred or costs not approved by City, may be allocated by the CITY to other eligible CDBG projects within the City of Laguna Hills program.

(2) CONTRACTOR agrees that the project shall be implemented and appropriately maintained for Community Development purposes as defined by applicable HUD provisions to ensure maximum feasible benefit and utilization of the project by low- and moderate-income persons.

B. AUDIT

(1) All contractors receiving $25,000 or more in total Federal financial assistance shall cause, if requested to do so by CITY or County, an annual audit to be performed in accordance with OMB Circular A-128. CONTRACTOR shall comply with this obligation. A copy shall be forwarded to CITY within 180 days after the end of the CITY'S Fiscal Year (JUNE 30, 2013). CITY shall have the right to ensure that necessary corrective actions are made by the CONTRACTOR due to any audit findings pertinent to CONTRACTOR handling of funding attributable to the CDBG Program per Federal

requirements, including requiring CONTRACTOR to return funds paid by CITY.

C. <u>PERFORMANCE TO CONFORM TO FEDERAL & COUNTY REQUIREMENTS</u>

This Contract includes the Funding Contract, which is attached hereto as Exhibit B and is incorporated herein by this reference. CONTRACTOR shall comply with all applicable County and Federal requirements.

(1) <u>CONTRACTOR shall provide Certificates of Insurance as follows</u>:

CONTRACTOR, at its own expense, agrees to deposit with CITY prior to the execution and provision of services under this Contract, Certificates of Insurance, including all endorsements required herein, necessary to satisfy County that the Insurance provisions of the Funding Contract have been complied with, and to keep such insurance and the certificates therefore on deposit with CITY and County during the entire term of this Contract. In addition, all construction contractors and subcontractors performing work on behalf of CONTRACTOR pursuant to this Contract shall be covered under CONTRACTOR'S insurance or shall obtain insurance subject to the same terms and conditions as set forth herein for CONTRACTOR and shall require that any subcontractor working for CONTRACTOR have the insurance required by this section and not allow subcontractors to work if the subcontractors have less than the level of coverage required by the CITY under this Contract. CONTRACTOR shall provide notice of the insurance requirements to every subcontractor, and to receive proof of insurance prior to allowing any subcontractor to begin work. Such proof of insurance must be maintained by CONTRACTOR or subcontractor through the entirety of this Contract for inspection by County and CITY representatives at any reasonable time. All insurance policies required by this Contract shall declare any deductible or self-insured retention (SIR) in an amount in excess of $25,000 ($5,000 for automobile liability) which shall specifically be approved by the County's Executive Office/Office of Risk Management. CONTRACTOR shall be responsible for reimbursement of any deductible to the insurer.

(a) CONTRACTOR shall maintain insurance acceptable to CITY and County in full force and effect throughout the term of this Contract. If CONTRACTOR fails to maintain insurance acceptable to CITY and County for the full term of this Contract, CITY may terminate this Contract.

(b) The policy or policies of insurance must be issued by an insurer licensed to do business in the State of California (California Admitted Carrier).

(c) Minimum insurance company ratings as determined by the most current edition of the *Best's Key Rating Guide/Property-Casualty/United States* or ambest.com shall be A- (Secure Best's Rating) and VIII (Finance Size Category). CONTRACTOR will file with CITY (who shall forward to County), prior to the commencement of performance of services under this Contract, an original Certificate of Insurance and all required endorsements evidencing that coverage required by this Contract is in effect.

(d) If the carrier is a non- admitted carrier in the State of California, the County's Executive Office/Office of Risk Management retains the right to approve or reject carrier after a review of the company's performance and financial ratings.

(e) The policy or policies of insurance maintained by CONTRACTOR or sub-contractor shall provide the minimum limits and coverage as set forth herein below:

Coverage Minimum Limits

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Commercial General Liability	\$1,000,000 per occurrence \$2,000,000 aggregate
Automobile Liability including	\$1,000,000 per occurrence. Coverage for owned, non-owned and hired vehicles
Workers' Compensation	Statutory
Employer's Liability	\$1,000,000 per occurrence
Professional Liability Insurance	\$1,000,000 per claims made or per occurrence
Sexual Misconduct	\$1,000,000 per occurrence

(f) Each insurance policy required by this Contract shall be endorsed to contain the following provisions:

i. This insurance shall not be changed, canceled, limited in scope of coverage or non-renewed until 30-days prior written notice has been given to CITY and County of Orange/HCS (Endorsement must be attached to Certificate of Insurance). If a 30-day notice of cancellation endorsement is not received, the cancellation clause must include language as follows, which edits the pre-printed ACORD certificate:

Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will mail 30 days written notice to the certificate holders named as: <u>City of Laguna Hills and County of Orange/Housing and Community Services Department</u>.

ii. All rights of subrogation are hereby waived against CITY and County, its respective elective and appointed officials, officers and employees when acting within the scope of their employment or appointment, and County and their

GPM

Board or Commissions, which are governed by County Board of Supervisors. (Endorsement must be attached to Certificate of Insurance).

iii. As respects operations of the named insured performed on behalf of CITY and County, CITY and County are each added as an additional insured except for Workers' Compensation/Employers' Liability. (Endorsement must be attached to Certificate of Insurance).

iv. CONTRACTOR's insurance is primary and any insurance or self-insurance maintained by the CITY and/or County shall be excess and non-contributing.

(g) Insurance information shall be submitted to:

City of Laguna Hills
Community Development Department
Attn: David Chantarangsu, Community Development Director
24035 El Toro Rd
Laguna Hills, CA 92653

For submittal also to:

County of Orange
Housing and Community Services Department
Attn: Contract Administration and Compliance
1770 North Broadway
Santa Ana, CA 92706-2642

(h) Upon written advice of County's Risk Manager to CITY, any of the above insurance types may be increased or waived due to current insurance marketplace conditions. In addition, County Risk Manager retains the right to require additional insurance coverage as may be deemed appropriate to adequately protect County. County's requirements shall be reasonable and shall be designed to assure protection from and against the kind and extent of risks, which exist at the time a change in insurance is required.

(i) CITY shall notify CONTRACTOR in writing of changes required by County in the insurance requirements. CONTRACTOR does not deposit copies of acceptable certificates of insurance and endorsements with CITY incorporating such changes within thirty (30) days of receipt of such notice, this Contract may be in default without further notice to CONTRACTOR, and CITY shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit CONTRACTOR'S liability hereunder or to fulfill the indemnification provisions and requirements of this Contract.

(2) Indemnity

CONTRACTOR shall hold harmless, defend with counsel approved in writing by CITY and indemnify CITY, its elected officials, officers, directors, employees, agents, and volunteers from any and all claims, actions, suits, charges, and judgment whatsoever that arise out of CONTRACTOR'S or it's construction contractor or subcontractor's performance or non-performance of the project and/or scope of work called for in this Contract.

(3) Assignability

CONTRACTOR shall not assign or transfer any interest in this Contract without the prior written consent of CITY.

(4) Independent Contractor

Nothing contained in this Contract is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the parties. CONTRACTOR and its construction contractor and subcontractors shall at all times remain independent contractors with respect to the services to be performed under this Contract. CITY shall be exempt frompayment of any Unemployment Compensation, FICA, retirement, life and/or medical insurance and Workers' Compensation Insurance. CONTRACTOR and/or its construction contractor and subcontractors are independent contractor(s).

(5) Section 3 Clause

"The work to be performed under this Contract is a project assigned under a program providing direct federal assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701. Section 3 requires that to the greatest extent feasible opportunities for training and employment be given to lower income residents of the project area and contacts for work in connection with the project be awarded to business concerns which are located in, or owned in substantial part by persons residing in the areas of the project."

(6) County Amendment

CONTRACTOR agrees that County may, at its sole discretion, amend the Funding Contract to conform with federal, state or local governmental guidelines, policies, and available funding amounts. County may further terminate the Funding Contract upon thirty days notice for convenience. If any amendment or termination results in a change in the funding amount under this Contract, the Scope of Services, threshold and milestone dates or schedule of activities to be undertaken as part of this Contract, such modifications will be incorporated only by written amendment executed by CITY and CONTRACTOR.

(7) Anti-Lobbying

CONTRACTOR certifies that:

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(i.) No Federal appropriated funds will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of congress, or an employee of a Member of Congress in connection with the awarding of any Federal Contract, the making of any Federal grant, the making of any Federal loan, then entering into of any Cooperative Agreement, and the extension, continuation, renewal, amendment, or modification of any Federal Contract, grant, loan, or Cooperative Agreement;

(ii.) CONTRACTOR will complete and submit Standard Form-"Disclosure of Lobbying Activities," if any funds other than Federal appropriated funds have been paid, in accordance with its instructions; and

(iii.) CONTRACTOR shall include the above anti-lobbying certification in award documents for all subcontractors and that all subcontractors shall certify and disclose accordingly.

(iv.) CONTRACTOR shall abide by the Section 3 clause, as set forth in 24 CFR, 135.20(b), below, and shall also cause this Section 3 clause to be inserted into any and all subcontracts executed with third parties for work covered by this Contract:

"The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding if any, a notice advising the labor organization or workers' representative of the contractor's

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commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (1) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b)."

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, CITY has caused this Contract to be executed by its City Manager, having been duly authorized by the City Council of City of Laguna Hills and the Laguna Hills Municipal Code. CONTRACTOR has caused this Contract to be executed by its duly authorized representatives.

EXECUTED:

CITY OF LAGUNA HILLS
A Municipal corporation

By: ______________________
Bruce Channing, City Manager

Dated: 4/16/13

ATTEST:

By: ______________________
Peggy J. Johns, City Clerk

ALISO MEADOWS CONDOMINIUM ASSOCIATION
A California non-profit corporation

By: ______________________
Manuel Hernandez, President

Date: 4-15-13

ATTEST:

By: ______________________ 4/15/2013
Gilbert Mayandia, Secretary

EXHIBIT A

GENERAL CONDITIONS

I. REQUESTS FOR REIMBURSEMENT

A. CONTRACTOR shall complete and submit a GPR Information Form in support of all requests for reimbursement. This shall consist of a description of project-related accomplishments for the preceding Quarter relative to the Scope of Services of this Contract. If CONTRACTOR has no activity during the Quarter, CONTRACTOR shall still prepare and submit the GPR Information Form to the CITY.

B. Certified copies of CONTRACTOR'S (and subcontractor's) payroll shall be submitted to CITY on a weekly basis. Such documentation shall also accompany the CONTRACTOR'S request for reimbursement.

C. Complete requests for reimbursement, which includes, IA and IB, and the items specified in Section III.B of this Contract shall be submitted thirty (30) days prior to the Minimum Required Expenditure Threshold dates, as contained in Exhibit B (attached), and shown below:

December 15, 2012

January 15, 2013

March 15, 2013

II. ADMINISTRATIVE REQUIREMENTS

A. FINANCIAL MANAGEMENT

(1). Accounting Standards

The CONTRACTOR agrees to comply with Attachment C of OMB Circular A-110 and agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.

(2). Cost Principles

The CONTRACTOR shall administer its program in conformance with the applicable sections of 24 CFR Part 85, "Uniform Administrative Requirements for Grants and Cooperative Contracts to State and Local Governments," for all costs incurred whether charged on a direct or indirect basis.

B. DOCUMENTATION AND RECORD-KEEPING

(1). Records to be Maintained

The CONTRACTOR shall maintain all records required by the federal regulations specified in 24 CFR Parts 570.503(b)(2), 570.506, 570.507, 570.508 that are pertinent to the activities to be funded under this Contract. Such records shall include but not be limited to:

(a.) Records providing a full description of each activity undertaken;

(b.) Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG program;

(c.) Records required to determine the eligibility of activities;

(d.) Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance;

(e.) Records documenting compliance with the fair housing and equal opportunity components of CDBG program;

(f.) Financial records as required by 24 CFR Part 570.502, and OMB Circular A-87; and (g.) Other records necessary to document compliance with Subpart K of 24 CFR 570.

These records shall be kept available at CONTRACTOR'S office during the project's contract period and thereafter for five (5) years from the date CONTRACTOR receives final payment from this contract.

(2.) Close-Outs

CONTRACTOR'S obligation to the CITY shall not end until all close-out requirements are completed. Activities during this close-out period shall include, but are not limited to: making final payments, submitting final invoice(s), report(s), disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and receivable accounts to the CITY) and determining the custodianship of records.

C. AUDITS AND INSPECTIONS

All CONTRACTOR records with respect to any matters covered by this Contract shall be made available to the CITY, County, their designees or the Federal Government at any time during normal business hours, as often as the CITY or County deems necessary, to audit, examine, and make excerpt or transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by the CONTRACTOR with 30 days after receipt by the CONTRACTOR. Failure of the CONTRACTOR to comply with the above audit requirements will constitute a violation of this Contract and may result in the withholding of future payments. The CONTRACTOR hereby agrees to have an annual agency audit conducted in accordance with current CITY policy concerning audits.

GDM

Attachment #2

Amendment No. 1 CDBG Rehabilitation Services Contract
Aliso Meadows Rehabilitation Project

AMENDMENT NO. 1
TO
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
REHABILITATION SERVICES CONTRACT
Aliso Meadows Rehabilitation Project
(Program Year 2013-2014)

THIS FIRST AMENDMENT to the CDBG Rehabilitation Services Contract—Aliso Meadows Rehabilitation Project (the "Amendment") is made and entered into to be effective on the 10th day of December, 2013, by and between the CITY OF LAGUNA HILLS, a municipal corporation (hereinafter referred to as the "City"), and ALISO MEADOWS CONDOMINIUM ASSOCIATION, a non-profit corporation, (hereinafter referred to as the "Contractor") (collectively, the "Parties").

RECITALS

A. The County of Orange has applied for and anticipates receiving funds from the United States Department of Housing and Urban Development (HUD) under Title I of the Housing and Community Development Act of 1974 (Public Law 93-383, as amended) for the purpose of funding projects meeting one of the HUD national objectives; and

B. The County of Orange and Participating Cities (of which the City is a member) previously entered into a Cooperation Agreement dated July 1, 2009, as amended, in which the parties agreed to cooperate in the undertaking, or assist in the undertaking, of community development and housing assistance activities; and

C. On August 15, 2012, the CITY entered into a separate contract with the County of Orange for the period July 1, 2012 - June 30, 2013 (CDBG-CFDA Number 14.218, File # 613031, entitled "Contract Between County of Orange and City of Laguna Hills for Housing Rehabilitation-Aliso Meadows Rehabilitation Project) to receive Community Development Block Grant (CDBG) funds under Title I of the Housing and Community Development Act of 1974 for the purpose of assisting the Aliso Meadows Rehabilitation Project which meets one of the HUD national objectives (the "Funding Contract"); and

D. On April 15, 2013, the City and Contractor entered into the Agreement entitled, City of Laguna Hills Community Development Block Grant Program Rehabilitation Services Contract (Program Year 2012-13) (hereinafter, the "Agreement"), for rehabilitation of 9 condominium units; and

E. On May 24, 2013, the City and County amended the Funding Contract to extend the term and milestones dates of the Funding Contract through December 31, 2013; and

F. On September 10, 2013, the City and the County approved a second amendment to the Funding Contract allocating an additional $80,000.00 for the Aliso Meadows Rehabilitation Project for Program Year 2013-2014, including the rehabilitation of an additional 6 units through June 30, 2014.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the Parties agree as follows:

AMENDMENT

1. Term and Conditions.

   a. Time for Performance. Section II of the Agreement, Time for Performance, is amended to extend the performance term through June 30, 2014.

   b. Scope of Services. Furthermore, Section I.A.1(a) of the Agreement, Scope of Services, is amended to add an additional 6 condominium units for rehabilitation pursuant to the terms and milestones identified in the Second Amendment to the Funding Contract, which is attached hereto as Attachment 1, and incorporated herein by reference, including all its exhibits and attachments.

2. Funding. Section I.B of the Agreement, Budget, is hereby increased by $80,000.00 for a total not to exceed amount of $242,000 (Two Hundred Forty-Two Thousand Dollars) to provide for the rehabilitation of the additional 6 condominium units.

3. Full Force and Effect: This Amendment is supplemental to the Agreement and is by reference made a part of said Agreement. All the terms, conditions, and provisions, thereof, unless specifically modified herein, shall continue in full force and effect. In the event of any conflict or inconsistency between the provisions of this Amendment and any provisions of the Agreement, the provision of this Amendment shall in all respects govern and control.

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

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed and entered into this Amendment as of the date first written above.

CITY OF LAGUNA HILLS A Municipal corporation	ALISO MEADOWS CONDOMINIUM ASSOCIATION A California non-profit corporation
By: ______________________________ , Mayor	By: ______________________________ Manuel Hernandez, President
Dated: ___________	Date: ____________
ATTEST:	ATTEST:
By: ___________________________ Peggy J. Johns, City Clerk	By:_______________________________ Gilbert Mayandia, Secretary

ATTACHMENT "1"

SECOND AMENDMENT

TO CONTRACT

BETWEEN THE

COUNTY OF ORANGE

AND

CITY OF LAGUNA HILLS

FOR

THE PROVISION OF COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

(CFDA Number 14.218)

HOUSING REHABILITATION

DATED SEPTEMBER 10, 2013

SECOND AMENDMENT

TO CONTRACT

BETWEEN THE

COUNTY OF ORANGE

AND

CITY OF LAGUNA HILLS

FOR

THE PROVISION OF COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

(CFDA Number 14.218)

HOUSING REHABILITATION

This AMENDMENT to Contract #12-613031, hereinafter referred to as "Second Amendment," is made and entered into or upon execution of all necessary signatures between the County of Orange, a political subdivision of the State of California, hereinafter referred to as "COUNTY" and City of Laguna Hills, a municipal corporation in the State of California, hereinafter referred to as "SUBRECIPIENT," which are sometimes individually referred to as "PARTY," or collectively referred to as "PARTIES."

RECITALS:

WHEREAS, COUNTY and SUBRECIPIENT entered into Contract Number 12-613031 (Job Number KC12024 – IDIS Number 2024) (hereinafter referred to as "Original Contract"), for the Aliso Meadows Rehabilitation Project, commencing on July 1, 2012 and ending on June 30, 2013 in the amount of $162,000.00; and

WHEREAS, on May 24, 2013, the PARTIES authorized execution of the First Amendment to the amended Contract to extend the term of the CONTRACT for an additional six (6) months, beginning July 1, 2013 and ending December 31, 2013; to amend Section 24.3.3 "Payment Requirements" to include revised Milestone Dates; and amend Section 26.3 "Performance" to include revised Milestone Dates; and

WHEREAS, COUNTY desires to renew the term of the CONTRACT for an additional one year term commencing July 1, 2013 and ending June 30, 2014; and provide additional compensation to SUBRECIPIENT in an amount of $80,000.00 (Job Number KC13056 – IDIS Number 2056) up to a maximum obligation of $242,000; and

WHEREAS, PARTIES desire to amend Section 24.3.3 "Payment Requirements" to include revised Milestone Dates; and

WHEREAS, PARTIES desire to amend Section 26.3 "Performance" to include revised Milestone Dates; and

WHEREAS, PARTIES desire to revise Attachment A, Scope of Services with Attachment A-1 attached hereto and incorporated herein by this reference; and

WHEREAS, PARTIES desire to revise Attachment B, Compensation/Payment with Attachment B-1 attached hereto and incorporated herein by this reference; and

WHEREAS, PARTIES desire to revise Attachment C, SUBRECIPIENT's Cost Proposal with Attachment C-1 attached hereto and incorporated herein by this reference; and

WHEREAS, PARTIES desire to revise Attachment D, Staffing Plan with Attachment D-1 attached hereto and incorporated herein by this reference; and

WHEREAS, PARTIES desire to revise Attachment E, Project Schedule with Attachment E-1 attached hereto and incorporated herein by this reference; and

WHEREAS, COUNTY replaces Exhibit B "OC Community Resources Contract Reimbursement Policy" with Exhibit B-1 attached hereto and incorporated herein by reference:

NOW, THEREFORE, in consideration of the mutual obligations set forth herein, both PARTIES mutually agree to amend as follows:

1. The CONTRACT is amended to renew the term of the CONTRACT beginning July 1, 2013 and ending June 30, 2014.

2. The CONTRACT is amended to revise FY 2013-14 Milestone Dates to:
   January 15, 2014 — 50% of Contracted Amount Expended
   March 15, 2014 — 70% of Contracted Amount Expended
   April 15, 2014 — 80% of Contracted Amount Expended

3. The CONTRACT is amended to revise FY 2013-14 Milestone Dates to:
   January 15, 2014 — 50% of Proposed Accomplishments Met
   March 15, 2014 — 70% of Contracted Amount Expended
   April 15, 2014 — 80% of Proposed Accomplishments Met

4. The attached Attachment A-1 replaces Attachment A.

5. The attached Attachment B-1 replaces Attachment B.

6. The attached Attachment C-1 replaces Attachment C.

7. The attached Attachment D-1 replaces Attachment D.

8. The attached Attachment E-1 replaces Attachment E.

9. The attached Exhibit B-1 replaces Exhibit B.

Except as otherwise expressly set forth herein, all terms and conditions contained in the Original Contract, including any amendments/modifications, are hereby incorporated herein by this reference as if fully set forth herein and shall remain in full force and effect.

THE REMAINDER OF THE PAGE WAS INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, the PARTIES hereto have executed this Second Amendment on the dates below their respective signatures:

***CITY OF LAGUNA HILLS**

By:	Barbara D. Kogerman	By:	Bruce E. Channing
Name:	Barbara D. Kogerman	Name:	Bruce E. Channing
Title:	Mayor	Title:	City Manager
Dated:	September 10, 2013	Dated:	September 10, 2013

*For Contractors that are corporations, signature requirements are as follows: 1) One signature by the Chairman of the Board, the President or any Vice President; and 2) One signature by the Secretary, any Assistant Secretary, the Chief Financial Officer or an Assistant Treasurer.

For Contractors that are not corporations, the person who has authority to bind the contractor to a contract, must sign on one of the lines above.

****

COUNTY OF ORANGE
A Political Subdivision of the State of California

By: ______________________ Dated: 10/1/13

Steve Franks, Director
OC Community Resources

ATTACHMENT A-1

1. **Scope of Services**

A. HUD Matrix Code / Activity

14b-Rehab; Multi-Unit Residential / 570.202 (a)(1)

B. Project Title:

Aliso Meadows Rehabilitation Project City of Laguna Hills

C. Program Description:

The City of Laguna Hills will use CDBG funds to fund the Aliso Meadows Rehabilitation project. The city project will rehabilitate six (6) of the 248 units located within the complex that are occupied by low income households. Rehabilitation will include, but not limited to: exterior wood repairs, heating system repairs, water heater replacement, water closet repairs, roof replacements/repairs, fumigation, exterior preparation and painting.

D. Project Need:

The City of Laguna Hills has identified more than $2,750,000 in needed rehabilitation work at the Aliso Meadows development. The project is more than 30 years old and is pre-fabricated housing that has original, problematic design issues that have generated problems preserving and maintaining this housing stock.

E. Low/Mod Neighborhood Preservation:

This project helps preserve and maintain affordable housing within the City and allows homeownership for those of extremely-low and low income levels. The Homeowners Association (HOA) is unable to fund the large amount of repairs needed to keep this housing stock from being neglected and falling in to a state of disrepair. These repairs are needed to provide safe and healthy living conditions. The HOA has been and continues to be unable to fund many of these needed repairs.

F. Program Objectives and Outcomes Chart:

Activity	Outputs
1. Rehabilitation	Housing Units

Performance Objectives	Performance Outcomes
1. Decent Housing	Affordable

CDBG National Objective LMH 570.208(a)(3)

Outcomes	Job Number	IDIS Number
6 Housing Units	KC13056	2056

ATTACHMENT B-1

Compensation/Payment

1. **COMPENSATION:**

This is a fixed fee price CONTRACT between the COUNTY and the SUBRECIPIENT for **$80,000** as set forth in Attachment A-1. Scope of Services attached hereto and incorporated herein by reference. The SUBRECIPIENT agrees to accept the specified compensation as set forth in this CONTRACT as full remuneration for performing all services and furnishing all staffing and materials required, for any reasonably unforeseen difficulties which may arise or be encountered in the execution of the services until acceptance, for risks connected with the services, and for performance by the SUBRECIPIENT of all its duties and obligations hereunder. The COUNTY shall have no obligation to pay any sum in excess of the total CONTRACT amount specified unless authorized by an amendment in accordance with paragraphs C and R of the COUNTY's General Terms and Conditions.

2. **FIRM DISCOUNT AND PRICING STRUCTURE:**

SUBRECIPIENT guarantees that prices quoted are equal to or less than prices quoted to any other local, State or Federal government entity for services of equal or lesser scope. SUBRECIPIENT agrees that no price increases shall be passed along to the COUNTY during the term of this CONTRACT not otherwise specified and provided for within this CONTRACT.

3. **PAYMENT TERMS:**

An invoice for the fixed cost of the services shall be submitted to the address specified below upon the completion of the engagement and approval of the COUNTY Project Manager. SUBRECIPIENT shall reference CONTRACT number on invoice. Payment will be net 30 days after receipt of an invoice in a format acceptable to the COUNTY of Orange and verified and approved by OC Community Services and subject to routine processing requirements of the COUNTY. The responsibility for providing an acceptable invoice rests with the SUBRECIPIENT.

Billing shall cover services not previously invoiced. The SUBRECIPIENT shall reimburse the COUNTY of Orange for any monies paid to the SUBRECIPIENT for services not provided or when services do not meet the CONTRACT requirements.

Payments made by the COUNTY shall not preclude the right of the COUNTY from thereafter disputing any items or services involved or billed under this CONTRACT and shall not be construed as acceptance of any part of the services.

Invoice(s) are to be sent to:

OC Community Resources

1300 S. Grand

Santa Ana, CA 92705,

Attention: Accounts Payable

4. **INVOICING INSTRUCTIONS:**

Further instructions regarding invoicing/reimbursement as set forth in Exhibit B-1, OC Community Resources CONTRACT Reimbursement Policy, are attached hereto and incorporated herein by reference.

The CONTRACTOR will provide an invoice on CONTRACTOR's letterhead for services rendered. Each invoice will have a number and will include the following information:

The Demand Letter/Invoice must include Delivery Order (DO) Number, Contract Number, Service date(s) – Month of Service along with other required documentation (See Exhibit B-1).

5. **OC COMMUNITY RESOURCES CONTRACT REIMBURSEMENT POLICY:**

Further instructions regarding invoicing/reimbursements as set forth in Exhibit B-1 OC Community Resources Contract Reimbursement Policy, are attached hereto and incorporated herein by reference.

ATTACHMENT C-1

1. **SUBRECIPIENT's Cost Proposal**

A. Administration and Program Cost Proposal

Project Cost Budget Chart City of Laguna Hills – Aliso Meadows Rehabilitation			
Project Costs/Activity	Urban County Funds	Leveraged Resources	Total
Design/Project Development		$10,000.00	$10,000.00
Acquisition	N/A	N/A	N/A
Construction/Rehabilitation	$ 80,000.00	N/A	$80,000.00
Project Management / Inspections		$25,000.00	$25,000.00
Total Project Cost	$80,000.00	$35,000.00	$115,000.00

B. Detailed Project Cost Budget Description

Aliso Meadows is a 248 unit condominium complex. The Aliso Meadows Condominiums stretch along both sides of Via Lomas midway between Moulton Parkway and Alicia Parkway. The repairs needed to preserve and maintain affordable housing are extensive and include the following improvements: repair ducting, wood repairs, painting, install new (30 year) asphalt shingles on roof, replace fencing, bringing water heater closets up to building code and fumigation for termites and rodents.

ATTACHMENT D-1

1. **Staffing Plan**

Project Title: Aliso Meadows Rehabilitation Project

Complete and Submit – Initial Report due on or before July 1.
(Include name and classification).

	Name/Staff	Classification/Title
1	David Chantarangsu	Project Manager: Community Development Director
2		
3		
4		
5		
6		
7		
8		
9		
10		

The substitution or addition of other key individuals in any given category or classification shall be allowed only with prior written approval of the COUNTY Project Manager.

The CONTRACTOR may reserve the right to involve other personnel, as their services are required. The specific individuals will be assigned based on the need and time of the service/class required. Assignment of additional key personnel shall be subject to COUNTY approval.

2. Project Administration

The staff members, consultants and vendors have a wealth of municipal experience, including planning, construction/engineering activities, public administration, public finance, and personnel. In addition, the City of Laguna Hills will provide on-going training and staff development relative to customer driven programs and services that are outcome based. Staff and/or vendors must demonstrate knowledge as well as the skills to provide services that are collaborative and outcome based that build and expands community capacity and civic engagement. Overall, the experience of the principal staff for this project includes the following: over 25 years of Land Use Planning, 25 years of Building and Construction, 20 years of Engineering, 15 years of Public Finance, and 17 years of Public Administration.

3. Project Experience

The City has been awarded CDBG funds for the rehabilitation of Aliso Meadows condos for the past nine years. During this time the city has made positive steps towards maintaining and preserving this affordable housing stock.

ATTACHMENT E-1

1. **Project Schedule**

July 1, 2013 – CONTRACT Start Date

2. Tools to Measure Project's Effect – Aliso Meadows Rehabilitation Project

Milestone Date	Minimum Required Expenditure/ Accomplishment Threshold	Activity Results Achieved
January 15th, 2014	50% of Contracted Amount Expended	$40,000.00
	50% of Proposed Accomplishments Achieved	3 Housing Units
March 15th, 2014	70% of Contracted Amount Expended	$56,000.00
	70% of Proposed Accomplishments Achieved	4 Housing Units
April 15th, 2014	80% of Contracted Amount Expended	$64,000.00
	80% of Proposed Accomplishments Achieved	5 Housing Units

3. Performance can easily be measured by the number of units rehabilitated and the schedule of performance. This rehabilitation will take between 90-120 days for construction.

ORANGE COUNTY
OC Community Resources
Our Community. Our Commitment.

Subject: OC Community Resources Contract Reimbursement Policy

Effective: July 1, 2010
Revised: February 26, 2013

PURPOSE:
This policy contains updated fiscal documentation requirements for contract reimbursement for OC Community Services. The procedures provide instructions for submitting reimbursement demand letter or invoice.

EFFECTIVE DATE:
July 1, 2010

REVISION DATE:
April 13, 2012

REFERENCES:
Executed Board of Supervisors approved contract
Budget included in contract or presented as an exhibit
OMB Circular A-21 Cost Principles for Educational Institutions
OMB Circular A-87 Cost Principles for State, Local, and Indian Tribal Governments
OMB Circular A-122 Cost Principles for Non-Profit Organizations
48 CFR Part 31 Contract Cost Principles and Procedures
24 CFR Parts 85, 570.502, 570.201, 576.21, 576.51 and 576.61: For Housing & Community Development and Homeless Prevention Contracts only.

BACKGROUND:
The executed Board of Supervisors approved contract is the authorization for all aspects of payment, including the maximum amount to be paid, the payee, and the scope of services and work. Payments are made in strict accordance with the contract terms. Allowable costs are identified in referenced OMB Circulars and Code of Federal Regulations (CFR).

ATTACHMENTS:
Reimbursement Policy Status Form (RPS-1)

POLICY:
Contractor is responsible for the submission of accurate claims. This reimbursement policy is intended to ensure that the Contractor is reimbursed based on the code or codes that correctly describe the services provided. This information is intended to serve only as a general reference resource regarding OC Community Services' reimbursement policy for the services described and is not intended to address every aspect of a reimbursement situation. Accordingly, OC Community Services may use reasonable discretion in interpreting and applying this policy to services provided in a particular case. Other factors affecting reimbursement may supplement, modify or, in some cases, supersede this policy. These factors may include, but are not limited to: legislative mandates and County directives. OC Community Services may modify this reimbursement policy at any time by publishing a new version of the policy. However, the information presented in this policy is accurate and current as of the date of publication.

Cost incurred by contractor must be substantiated and incurred during the contract period. Total of all reimbursements cannot exceed the amount of the contract. Cost must be allowable under applicable OMB Circular or CFR. All supporting documentation for reimbursement must be submitted with demand letter or invoice. If contract requires matching contribution, documentation substantiating contribution match must be submitted with demand letter or invoice.

At any time, based on County's business needs and/or Contractor's performance, the County may designate Contractor to submit abbreviated or comprehensive documentation, as identified in the respective sections. Upon designation, Contractor will be notified, in writing via Reimbursement Policy Status Form, of which requirements are in full force. When Contractor is required to submit comprehensive documentation, in addition to the items identified in the Abbreviated Documentation Requirements Section, Contractor must also provide the documentation identified in the Comprehensive Documentation Requirements Section.

PROCEDURES:

Abbreviated Documentation Requirements

Compile and submit:

1. Supporting documentation includes, but is not limited to:
   a. General ledger/expense transaction report
   b. Payroll register or labor distribution report
   c. Payroll allocation plan
   d. Personnel Documentation
   e. Benefit plan and calculation of benefit
   f. Employer-employee contract for non-customary benefits (if applicable)
   g. Pre-approval documentation for equipment purchases equal to or greater than $5,000
2. The following is required with the first month's invoice only:
   a. Cost allocation plan for rent, utilities, etc.
   b. Indirect rate approved by cognizant agency (if applicable)
3. Summary of leveraged resources (if applicable)
4. Demand letters must contain the following certification (if required by Contract):
   "I certify under the penalty of perjury that this claim is true and correct and that the requested payments have been made. I also certify that this claim agrees with our official payroll and financial records and that these amounts have not been, or will not be claimed from any other funding source"
5. Grantee Performance Report (if required by Contract)
6. Supporting documentation shall be on single-sided sheets
7. Please redact employees' Social Security numbers from payroll reports
8. Demand letter or invoice, along with supporting documentation shall be submitted to:
   OC Community Resources Accounting
   1300 S. Grand, Building B, 2nd Floor
   Santa Ana, CA 92705

Comprehensive Documentation Requirements

In addition to abbreviated documentation, compile and submit:

9. Purchase orders, invoices, and receipts
10. Cashed checks
11. Check register
12. Consultant/sub-contractor invoices (with description of services)
13. Travel expense documentation: mileage reimbursement, hotel bill, meal reimbursement

ACTION:

Distribute this policy to all appropriate staff

INQUIRIES:

Inquiries may be directed to the following:

- **Win Swe: 714-480-6532 or win.swe@occr.ocgov.com**
- **Jenny Cao: 714-480-6531 or jenny.coa@occr.ocgov.com**

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: DECEMBER 10, 2013

TO: MAYOR AND COUNCIL MEMBERS

FROM: DONALD J. WHITE
ASSISTANT CITY MANAGER

ISSUE: MEASURE M2 EXPENDITURE REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2013

RECOMMENDATION: THAT THE CITY COUNCIL: (1) APPROVE THE MEASURE M2 EXPENDITURE REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2013, FOR SUBMITTAL TO OCTA; AND (2) ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, CONCERNING THE MEASURE M2 EXPENDITURE REPORT FOR THE CITY OF LAGUNA HILLS."

SUMMARY:

With the passage of Renewed Measure M (M2), local agencies must demonstrate eligibility and follow safeguard requirements, in order for local jurisdictions to receive M2 fair share and competitive program funds. The Orange County Transportation Authority's (OCTA) Ordinance No. 3 (M2 Ordinance) identifies the eligibility and safeguard requirements that must be met. One requirement under the M2 Ordinance is that each local agency must adopt and provide an expenditure report (in the form provided by OCTA) to OCTA each year within six months of the end of the local jurisdiction's fiscal year to account for M2 funds. The City Council is requested to review and approve the attached Measure M2 Expenditure Report for the fiscal year ended June 30, 2013, and adopt the attached Resolution for submittal to OCTA, as required by Measure M2 Local Transportation Authority Ordinance No. 3.

BACKGROUND:

On November 7, 2006, the Orange County voters approved the renewal of the Measure M one-half cent sales tax for transportation improvements. This renewal plan is designated as Measure M2 and provides funding for 30 years to relieve traffic congestion. As part of Measure M2, taxpayer safeguards and audits are provided to ensure appropriate use of funds.

One new safeguard requirement under the M2 Ordinance is for each local agency to adopt and provide an annual expenditure report to OCTA each year in the template form provided by OCTA. This expenditure report is a detailed financial report used to track financial activity to account for M2 funds, developer/traffic impact fees, and funds expended by the jurisdiction to satisfy Maintenance of Effort (MOE) requirements. The report includes all M2 net revenue, fund balances and interest earned, and will identify expenditure by activity type and funding source.

The report is required six months after each jurisdiction's fiscal year end and must be adopted by Resolution before submittal to OCTA. The attached M2 Expenditure Report demonstrates the City is in compliance with the requirements of M2.

FISCAL IMPACT:

Historically, Measure M provides approximately $500,000 of annual revenues to the City for street maintenance purposes. Failure to submit the M2 Annual Expenditure Report could suspend or delay M2 funding.

ATTACHMENTS

- M2 Expenditure Report for the Fiscal Year Ended June 30, 2013.
- Resolution Concerning the Measure M2 Expenditure Report.

M2 Expenditure Report

Fiscal Year Ended June 30, 2013

Beginning and Ending Balances

Description	Line No.	Amount
Balances at Beginning of Fiscal Year		
M2 Fairshare	1	
M2 Fairshare Interest	2	
M2 CTFP	3	
M2 CTFP Interest	4	
Other M2 Funding	5	$ 21,324
Other M2 Interest	6	
Other*	7	
Balances at Beginning of Fiscal Year (Sum Lines 1 to 7)	8	$ 21,324
Monies Made Available During Fiscal Year	9	$ 705,937
Total Monies Available (Sum Lines 8 & 9)	10	$ 727,261
Expenditures During Fiscal Year	11	$ 684,635
Balances at End of Fiscal Year		
M2 Fairshare	12	$ -
M2 Fairshare Interest	13	$ -
M2 CTFP	14	$ -
M2 CTFP Interest	15	$ -
Other M2 Funding	16	$ 42,625
Other M2 Interest	17	$ -
Other*	18	$ -

* Please provide a specific description

CTFP - Combined Transportation Funding Program

M2 Expenditure Report

Fiscal Year Ended June 30, 2013

Sources and Uses

Description	Line No.	Amount
Revenues:		
M2 Fairshare	1	$ 478,648
M2 Fairshare Interest	2	$ 791
M2 CTFP	3	$ 196,982
M2 CTFP Interest	4	
Other M2 Funding	5	$ 29,421
Other M2 Interest	6	$ 95
Other*	7	
TOTAL REVENUES (Sum lines 1 to 7)	8	$ 705,937
Expenditures:		
M2 Fairshare	9	$ 478,648
M2 Fairshare Interest	10	$ 791
M2 CTFP	11	$ 196,982
M2 CTFP Interest	12	
Other M2 Funding	13	$ 8,120
Other M2 Interest	14	$ 95
Other*	15	
TOTAL EXPENDITURES (Sum lines 9 to 15)	16	$ 684,635
TOTAL BALANCE (Subtract line 16 from 8)	17	$ 21,301

* Please provide a specific description

M2 Expenditure Report

Fiscal Year Ended June 30, 2013

Streets and Roads Detailed Use of Funds

Type of Expenditure	Line No.	*MOE	+ Developer / Impact Fees	M2 Fairshare	M2 Fairshare Interest	M2 CTFP	M2 CTFP Interest	Other M2	Other M2 Interest	Other	TOTAL
Administration (Indirect & Overhead)	1	$ 320,295						$ 8,120	$ 95		$ 328,510
Construction & Right-of-Way											
New Street Construction	2										$ -
Street Reconstruction	3	$ 52,562				$ 196,982					$ 249,544
Signals, Safety Devices, & Street Lights	4	$ -									$ -
Pedestrian Ways & Bikepaths	5										$ -
Storm Drains	6	$ 133,164									$ 133,164
Storm Damage	7	$ -									$ -
Total Construction[1]	8	185,726	-	-	-	196,982	-	-	-	-	$ 382,708
Right of Way Acquisition	9										$ -
Total Construction & Right-of-Way	10	185,726	-	-	-	196,982	-	-	-	-	$ 382,708
Maintenance											
Patching	11	$ 80,091		$ 478,648	$ 791						$ 559,529
Overlay & Sealing	12										$ -
Street Lights & Traffic Signals	13	$ 564,866									$ 564,866
Storm Damage	14										$ -
Other Street Purpose Maintenance	15	$ 233,609									$ 233,609
Total Maintenance[1]	16	878,566	-	478,648	791	-	-	-	-	-	$ 1,358,004
Other	17	$ 26,054									$ 26,054
GRAND TOTALS (Sum Lines 1, 10, 16, 17)	18	$ 1,410,641	$ -	$ 478,648	$ 791	$ 196,982	$ -	$ 8,120	$ 95	$ -	$ 2,095,277

* Local funds used to satisfy maintenance of effort (MOE) requirements

\+ Transportation related only

[1] Includes direct charges for staff time

M2 Expenditure Report
Fiscal Year Ended June 30, 2013
Fairshare Project List

PROJECT NAME	AMOUNT EXPENDED
Street Maintenance	479,438.20
	$ 479,438.20

M2 Expenditure Report

Fiscal Year Ended June 30, 2013

I certify that the interest earned on Net Revenues allocated pursuant to the Ordinance shall be expended only for those purposes for which the Net Revenues were allocated and all the information attached herein is true and accurate to the best of my knowledge:

____
Director of Finance

RESOLUTION NO. 2013-12-10-X

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

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

WHEREAS, Local Transportation Authority Ordinance No. 3 requires local jurisdictions to adopt an annual Expenditure Report to account for Net Revenues, developer/traffic impact fees, and funds expended by local jurisdiction which satisfy the Maintenance of Effort requirements; and

WHEREAS, the Expenditure Report shall include all Net Revenue fund balances, interest earned and expenditures identified by type and program or project; and

WHEREAS, the Expenditure Report must be adopted and submitted to the Orange County Transportation Authority (OCTA) each year within six months of the end of the local jurisdiction's fiscal year to be eligible to receive Net Revenues as part of Measure M2.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DOES HEREBY INFORM OCTA THAT:

A. The M2 Expenditure Report is in conformance with the M2 Expenditure Report Template provided in the Renewed Measure M Eligibility Guidelines and accounts for Net Revenues including interest earned, expenditures during the fiscal year and balances at the end of fiscal year.

B. The M2 Expenditure Report is hereby adopted for the City of Laguna Hills.

C. The City of Laguna Hills' Finance Director is hereby authorized to sign and submit the Measure M2 Expenditure Report to OCTA for the fiscal year ending June 30, 2013.

PASSED, APPROVED, AND ADOPTED this 10th day of December 2013.

____

, MAYOR

ATTEST:

____
PEGGY J. JOHNS, CITY CLERK

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

I, Peggy J. Johns, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. 2013-12-10- x adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 10th day of December 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

____
PEGGY J. JOHNS, CITY CLERK

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: DECEMBER 10, 2013

TO: MAYOR AND COUNCIL MEMBERS

FROM: DONALD J. WHITE,
ASSISTANT CITY MANAGER

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

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DELEGATING INVESTMENT AUTHORITY TO THE CITY TREASURER AND APPROVING A POLICY FOR THE INVESTMENT OF SURPLUS CITY FUNDS AND RESCINDING RESOLUTION NO. 2012-12-11-7."

SUMMARY:

State law requires that the City Council annually review the City's written investment policies at a public meeting. It also allows the City Council to delegate its investment authority to the City Treasurer for up to one year at a time. Staff is proposing a minor revision to the existing policies, which are in accordance with the "Recommended Best Practices" promulgated by the Committee on Cash Management and Investment of the Government Finance Officers Association. A Resolution to adopt the revised policies and delegate the investment authority to the City Treasurer for the year 2014 is attached for your approval.

The single change proposed by Staff to the policies is non-substantive and is a revision to "Section VIII - Reporting" of the existing policies. The following is a red-line version of the proposed change by Staff:

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

The report shall ~~include an appendix that d~~discloses all transactions during the quarter."

Pursuant to Government Code Section 53646, the City Treasurer is required to render to the City Council an annual statement of investment policy. The current policies were reviewed by the City's independent auditors in connection with the audit of the City's financial statements for the fiscal year ended June 30, 2013. The revised "Investment and Portfolio Policies" for the City and the Public Improvement Corporation is contained in Exhibit A of the attached updated Resolution.

ATTACHMENTS:

- Investment Resolution including
  Exhibit A – Investment Policies

RESOLUTION NO. 2013-12-10-X

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DELEGATING INVESTMENT AUTHORITY TO THE CITY TREASURER AND APPROVING A POLICY FOR THE INVESTMENT OF SURPLUS CITY FUNDS AND RESCINDING RESOLUTION NO. 2012-12-11-7.

WHEREAS, pursuant to Laguna Hills Municipal Code Section 2-16.020, the City Council has appointed the City Manager as the City Treasurer; and

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

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

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

SECTION 1. This Resolution rescinds Resolution No 2012-12-11-7.

SECTION 2. The City Council hereby delegates investment authority to the City Treasurer.

SECTION 3. The City Council hereby adopts the investment policy, attached hereto as Exhibit “A” and incorporated herein by this reference.

SECTION 4. The effective date of this Resolution is January 1, 2014.

PASSED, APPROVED, AND ADOPTED this 10th day of December 2013.

______________________________, MAYOR

ATTEST:

____
PEGGY J. JOHNS, CITY CLERK

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

I, Peggy J. Johns, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. 2013-12-10-X adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 10th day of December, 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

PEGGY J. JOHNS, CITY CLERK

EXHIBIT A

CITY OF LAGUNA HILLS

2014

INVESTMENT POLICIES

Investment and Portfolio Policies
Calendar Year 2014

TABLE OF CONTENTS

I Policy

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

II Scope

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

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

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

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

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

III Objectives

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

1) Safety

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

a) Credit Risk

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

12/10/2013 ITEM NO. 3.9

i. limiting investments to the safest types of securities listed under Section VI herein, which shall be limited to those investments backed by the U.S. Government, or an agency thereof, overnight accounts managed by the City's primary bank, the Local Agency Investment Fund (LAIF), and other specific investments described in Section VI;

ii. diversifying the portfolio to avoid concentration of securities from a specific issuer, except issuers of U.S. Treasury securities, so that the failure of any one issuer will not place an undue financial burden on the City;

iii. monitoring all of the City's investments on a frequent basis to anticipate and respond accordingly to a significant reduction of creditworthiness of any of the depositories, including the City's primary bank; and

iv. performing appropriate due diligence to assure the credit worthiness of any portfolio investment made.

b) Interest Rate Risk

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

Interest rate risk may be mitigated by:

i. structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and

ii. investing operating funds primarily in shorter-term securities.

2) Liquidity

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

3) Yield

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

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

IV Standards of Care

1) Prudence

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

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

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

2) Ethics and Conflict of Interest

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

3) Delegation of Authority

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

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

V Safekeeping and Custody

1) Authorized Financial Institutions, Depositories and Brokers/Dealers

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

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

1) Audited financial statements demonstrating compliance with State and Federal capital adequacy guidelines. Audited financial statements will be submitted annually to the City.

2) Proof of National Association of Securities Dealers (NASD) certification, except for counterparties in Certificates of Deposits transactions.

3) Proof of State Registration

4) Completed broker/dealer questionnaire, except for Certificates of Deposits counterparties.

5) Certification of having read and understood and agreeing to comply with the City's Investment Policies, as well as to disclose potential conflicts or risks to public funds that might arise out of business transactions between the firm/depository and the City.

6) Evidence of adequate insurance coverage.

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

2) Internal Control

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

3) Delivery vs. Payment

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

VI Authorized and Suitable Investment

1) Investment Types

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

a) U.S. Treasury bills.

b) U.S. Treasury notes or bonds.

c) Insured or fully collateralized certificates of deposit issued by a qualified Public Depository Institution of the State of California.

d) Money market mutual funds whose portfolios consist entirely of U.S. government securities and are rated at the highest letter or numerical rating from at least two of the three largest nationally recognized rating services, or which retain an Investment advisor meeting requirements specified in Government Code Section 53601(k)(2).

e) State Treasurer's Local Agency Investment Fund.

f) Overnight Government Securities (U.S. Treasuries, Agencies, and Instrumentalities) Investment Account managed by the City's primary bank.

g) Overnight Commercial Paper Investment Account managed by the City's primary bank.

h) Overnight repurchase agreements managed by the City's primary bank where the market value of the securities underlying the repurchase agreement is 102 percent or greater than the value of funds borrowed.

i) Commercial Paper rated a minimum of "P-1" by Moody's and "A-1" by Standard and Poor's, or equivalent, as provided by a nationally recognized rating agency, maturing not more that 180 days after the date of purchase. The issuer is a corporation organized and operating in the United States with assets in excess of $500 million.

j) Prime Bankers' Acceptances with a maximum term of 270 days and a rating of "P-a" by Moody's and "A-1 +" by Standard and Poor's or equivalent as provided by a nationally recognized rating agency issued within the U.S. by depository institutions.

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

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

2) Portfolio Diversification

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

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	85%
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

3) Maximum Maturities

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

4) Collateralization

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

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

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

VII Competitive Selection of Investment Instruments

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

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

VIII Reporting

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

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

IX Annual Investment Policy and Adoption

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

* * * * * *

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: DECEMBER 10, 2013

TO: MAYOR AND COUNCIL MEMBERS

FROM: DONALD J. WHITE
ASSISTANT CITY MANAGER

ISSUE: PRESENTATION OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2013

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2013, TOGETHER WITH THE AUDIT LETTERS.

SUMMARY:

Staff is presenting to the City Council, the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. For the past twenty years, the City has operated with an Audit Committee to oversee the audit process and review the findings with the Auditor. For the audit of fiscal year 2012/13, the City's Auditors reported that there were no material weaknesses in the City's internal control structure. The certified public accounting firm of Moss, Levy and Hartzheim, LLP, who was engaged by the City to perform the audit of the City's financial statements and internal control policies and procedures, rendered an unqualified opinion on the City's FY2012/13 financial statements.

BACKGROUND:

I. Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2013

Included in your agenda packet, under separate cover, is the City's CAFR for the fiscal year ended June 30, 2013. The primary purpose of the CAFR is to provide the public and other interested parties with comprehensive disclosure concerning the City's financial position and activities. The general objectives of the CAFR include, but are not limited to: 1) fulfill the City's duty to be publicly accountable and enable users to assess that accountability, 2) assist users in evaluating the operating results of the City for the year ended June 30, 2013, and 3) enable the users to assess the level of services that are provided by the City and the City's ability to meet obligations as they become due.

Staff is confident that the CAFR satisfies these objectives. The “Independent Auditor’s Report” affords the City Council and other users reasonable assurance that the City’s basic financial statements are “free from material misstatement,” and that they “present fairly, in all material respects, the financial position of the City of Laguna Hills as of June 30, 2013.” The Auditor’s report is part of the CAFR, and can be found on page II-1 in the Financial Section.

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

Introductory Section

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

Financial Section

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

The Management’s Discussion and Analysis (MD&A) offers the readers of the City’s financial statements a narrative overview of the financial activities of the City. It provides an analysis of the overall financial position of the City and the results of its operations for FY 2012/13.

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

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

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

Statistical Section

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

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

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

Letter regarding Appropriations Limit Calculation

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

The City calculated the Limit using Article XIIIB Appropriations Limitation Uniform Guidelines prepared by the League of California Cities. The City's auditors have reviewed the calculation of the Appropriations Limit for FY 2013/14. As stated in the attached letter, the calculation was prepared in accordance with Article XIIIB of the California Constitution.

Independent Auditors' Report on the Internal Control Structure

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

Required Communications

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

- the general purpose of an audit.
- there are no significant audit adjustments resulting from the audit.

- there are no material weaknesses in internal control.
- there were no disagreements with management on financial accounting and reporting matters that occurred during the audit process of the City's 2012/13 financial statements.

For the past twenty years the City has received awards for excellence in financial reporting from the Government Finance Officers Association of USA and Canada (GFOA.) The GFOA award program was established in 1945 to encourage government units to produce and publish excellent CAFR's and to provide educational assistance and peer recognition. The award certificates are recognized as the highest distinction in government financial reporting. The Certificate of Achievement for Excellence in Financial Reporting for the preceding fiscal year 2011/12 can be found immediately following the Table of Contents of the attached CAFR for fiscal year ended June 30, 2013. Staff is confident that this CAFR will be recognized again for its excellence in financial reporting.

ATTACHMENTS:

- Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2013 (under separate cover).
- Audit letters by Moss, Levy and Hartzheim, L.L.P.

City of Laguna Hills
California

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2013

12/10/2013 ITEM NO. 3.10

CITY OF LAGUNA HILLS
California

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2013

City Manager
Bruce E. Channing

Assistant City Manager
Donald J. White

12/10/2013 ITEM NO. 3.10

INTRODUCTORY SECTION

12/10/2013 ITEM NO. 3.10

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Introductory Section

Financial Section

12/10/2013 ITEM NO. 3.10

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Statistical Section (Unaudited)

GFOA CERTIFICATE OF ACHEIVEMENT

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Laguna Hills
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

December 10, 2013

Honorable Mayor and
Members of the City Council:

The Comprehensive Annual Financial Report (CAFR) of the City of Laguna Hills for the fiscal year ended June 30, 2013, 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 Moss, Levy & Hartzheim, LLP, a public accounting firm fully licensed and qualified to perform audits of local government. The independent auditors concluded that there was a reasonable basis for rendering an unqualified opinion on the City's financial statements and that they present fairly, in all material respects, the financial condition of the City at the end of this fiscal year.

A narrative introduction, overview and analysis of the basic financial statements for the City for the fiscal year ended June 30, 2013, is discussed in the Management's Discussion and Analysis (MD&A), which immediately follows the independent auditors report. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY OF LAGUNA HILLS

The City of Laguna Hills is located in South Orange County approximately 60 miles south of Los Angeles and 70 miles north of San Diego. Incorporated in 1991 under the laws of the State of California, it enjoys all the rights and privileges pertaining to "General Law" cities. The City is home to approximately 30,703 residents and over 1,000 businesses.

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

LOCAL ECONOMY

Since its incorporation in 1991, Laguna Hills has had a strong and well-diversified tax base. The tax base has performed well in good economic times and has helped the City weather slower economic conditions and recessions. While the Great Recession officially ended four years ago, it is now apparent that the lingering effects have led to a structural correction in the economy and resulted into what many are calling a "new normal." Local government revenues in particular have been greatly impacted. Consequently, while no governmental agencies escaped the impact in revenues these past few years, some cities have certainly fared better than others. Total revenues in Laguna Hills increased in Fiscal Year 2012/2013 by $977,000, or 4%. Total expenditures have remained relatively flat, however a concerted effort to reduce operating expenditures has resulted in savings of $614,000 below the adopted budget. Going forward into this next year, we remain cautiously optimistic that the City will see stronger signs of recovery in the local tax base, especially as general economic activity in the City continues to increase and new businesses open. Coupled with the overall strengthening in the local housing market, this should translate to positive impacts for the City's General Fund.

Property taxes are expected to continue to make a rebound next year, given a positive consumer price index, the end to many of the temporary Proposition 8 reductions imposed by the County Assessor over the last few years, and the overall improvement that continues to occur in the local housing market.

The following forecasts for 2014, should they hold true, will positively impact revenues in Laguna Hills:

- General Inflation +2.81%
- Taxable Sales +4.05%
- Consumer Price Index +2.00%

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

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

CAPITAL ASSETS

Generally, only assets which cost $5,000 or more and which have a useful life of five years or more are considered capital assets. This designation is extensively discussed in the City's Internal Control Policies and Procedures for Capital Assets and Minor Equipment, which were developed for the City's compliance with the requirements of GASB 34.

MAJOR INITIATIVES

The following provides a sampling of some of the various initiatives of the City of Laguna Hills in 2012/2013:

LAGUNA HILLS MALL REDEVELOPMENT

In May 2013, Merlone-Geier Partners purchased the 68-acre Mall from the Simon Property Group. Built in 1973, the Laguna Hills Mall will soon undergo a major redevelopment plan that creates a modern pedestrian-friendly town center with more cafes, restaurants, an upscale movie theater, fitness center and public plaza. The Mall serves as the backbone of the Laguna Hills Urban Village Redevelopment plan to design a mixed-use downtown space that provides not only shopping, but also a pedestrian experience and public gathering space. Merlone-Geier Partners is a private real estate investment company that has a long-standing reputation of working closely with cities in the development and design of properties. City leaders have met frequently with the new owners and are confident the owners' vision matches that of the City. The company submitted an initial development concept plans for a remodel and expansion this past summer. The plans are expected to be discussed by the City Council in the first half of 2014. It is anticipated that the redevelopment plan for the mall will generate an increase in annual sales tax revenue to the City.

LAGUNA HILLS MOBILE APPLICATION

The prevalence of smartphones creates an opportunity to provide a new avenue for communication with residents. Consequently, in March 2013, City staff began researching the development of a customized mobile application for the purpose of providing news, events, and City contact information to residents, businesses, and visitors. At the April 9, 2013, City Council meeting, the City Council approved the development of a mobile device application. The mobile application includes five tabs on the home screen-"News", "City Hall", "Places", "Report An Issue", and "Shop and Dine". This simple-to-use mobile application allows residents to access the City's calendar, contact City departments and services, report day-to-day issues from graffiti removal to park and landscape maintenance, and find new places to eat and shop. The mobile application was officially launched in summer of 2013.The mobile application is available in both iPhone and Android formats by simply searching for "Laguna Hills" in the respective app stores.

THE VILLAGE AT NELLIE GAIL

This 11.3 acre area located on the north side of La Paz Road between Moulton Parkway to the west and Alameda to the east was identified as an Opportunity Area in the City's General Plan. Following the rezoning of a portion of this parcel from open space to commercial retail, staff processed a tentative parcel map essentially creating a 3.055 acre lot with a 50-foot-wide open space/trail easement along La Paz Road. Two years ago, the City Council authorized staff to file a quiet title action in court, giving the City clear title on the property. At the April 24, 2012, City Council meeting, the City Council approved the sale of the property to Vintage Real Estate, the owner of the adjacent shopping center, now branded as the Village at Nellie Gail, for $2.75 million. At that meeting, the City Council also approved the addition of 29,098 square feet of general commercial space. The approved purchase and sale agreement also included a creative and first-of-its-kind water quality easement over a portion of contiguous city-owned open space that allowed the project to move forward. Without this creative solution to the new water quality rules and regulations, it is highly likely that the project would have been abandoned, or the City would have had to specifically lower the purchase price on the property. The City negotiated an additional $211,416 in exchange for the use of these easements. The quiet title action was completed in June 2012 and escrow on the property closed in September 2012 in the amount of $2,963,093 (See Note 14 in *Notes to the Financial Statements*). Once construction is completed, the Center will be anchored by The Fresh Market. The Fresh Market in Laguna Hills will be the chain's first store in Southern California and the second in the State. Construction on the property began in June 2013 and is anticipated to be completed in the spring of 2014. The rehabilitation of the open space along La Paz Road between Alameda and Moulton Parkway broke ground on November 18, 2013 and will be completed in April 2014.

SALARY AND BENEFITS FOR MANAGEMENT EMPLOYEES

On November 27, 2012, the City Council approved a Memorandum of Understanding (MOU) with the Laguna Hills City Employees Association. This is the exclusive bargaining representative for all regular full-time, and extended part-time non-management and non-confidential employees. This three-year MOU does not apply to management, confidential and seasonal part-time employees. Therefore, it was necessary for the City Council to adopt a Salary and Benefits Resolution to cover all non-represented employees for the City in connection with the recently adopted 2013-15 Biennial Budget. Over the past few years, reductions in management compensation have saved the City a total of $347,000. Moving forward, it was the City Council's intention to have management staff begin sharing in the cost of retirement and also begin sharing in the cost of health insurance premiums. After three City Council meetings and multiple iterations of potential Salary and Benefits Resolution, the City Council adopted a resolution that set management salaries at 5% above the City's approved comparator agencies and set in motion a phase in of sharing in both retirement costs and health insurance premiums over the next two years.

LA PAZ WIDENING AT INTERSTATE 5

The La Paz Widening at Interstate 5 project was approved by the City Council on September 2010. This $7.6 million project includes a number of safety and traffic flow improvements such as the widening and addition of off- and on-ramp lanes, modifying traffic signals, and landscape improvements. The City successfully acquired $4.7 million in Federal funding for the project, in addition to $1.15 million of Measure M funds. Construction on the project began in April 2011 and was completed in November 2012. Landscape improvements for this project are scheduled for completion in November 2013.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

Over the past nine years, the City has been awarded Community Development Block Grant (CDBG) funds totaling over $2.4 million dollars. Approximately, $2,200,000 has been used for the partial rehabilitation of more than 140 affordable housing units for very low, low, and moderate income households in the City. In 2013, the City was awarded $ 80,000 to renovate homes in the 248-unit Aliso Meadows Condominium Association. The remaining $222,000 in grant monies have been used to complete a number of improvements and address deferred maintenance issues at the Florence Sylvester Memorial Senior Center. In Fiscal Year 2012/2013, the City was awarded $54,000 to expand the existing solar panel system.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Laguna Hills for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. This was the twentieth consecutive year the City has received this prestigious award. The certificate is a national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards, and must satisfy both generally accepted accounting principles and applicable legal requirements.

The City also received the GFOA Distinguished Budget Presentation Award for its 2011-13 biennial budget document. To qualify for the GFOA award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Administrative Services Department. Moreover, we truly depend upon and appreciate City Council's guidance, support and unwavering commitment to the adopted Financial Policies as the basis for achieving the favorable financial results of the past year.

Respectfully submitted,

Original signed	*Original signed*
Bruce E. Channing City Manager	Donald J. White Assistant City Manager

CITY OF LAGUNA HILLS

ORGANIZATIONAL CHART

June 30, 2013

- City Council / Planning Agency
  - Commissions
  - City Manager
    - City Clerk
      - Municipal Code
      - Records Management
      - Elections
      - Public Records Request
    - Assistant City Manager
      - Financial Services
      - Personnel
      - Risk Management
      - Economic Development
      - Public Information
      - Civic Center Management
      - Legislative Advocacy
      - Franchise Administration
    - Public Services Director
      - Engineering
      - Public Works
      - Parks
    - Community Development Director
      - Planning
      - Building & Safety
      - Code Enforcement
    - Deputy City Manager
      - Community Services
      - Information Technology
      - Solid Waste
    - Public Safety
      - Police Services
      - Fire Authority
      - Animal Services
      - Emergency Management
  - City Attorney

12/10/2013 ITEM NO. 3.10

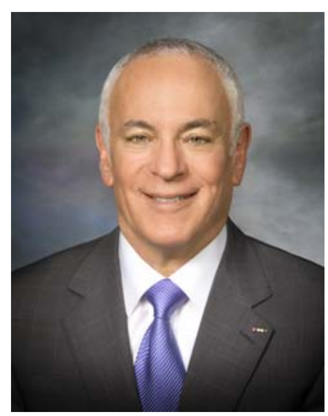
CITY COUNCIL
AS OF JUNE 30, 2013

Barbara Kogerman
Mayor

Andrew Blount
Mayor Pro Tempore

Randal Bressette
Council Member

Melody Carruth
Council Member



Dore Gilbert, M.D.
Council Member

MANAGEMENT STAFF
AS OF JUNE 30, 2013

Bruce E. Channing
City Manager

Donald J. White
Assistant City Manager

- **Kenneth H. Rosenfield** Director of Public Works/City Engineer
- **David Chantarangsu** Community Development Director
- **David T. Reynolds** Deputy City Manager
- **Peggy J. Johns** City Clerk
- **Gregory E. Simonian** City Attorney
- **Lt. Tom Behrens** Police Chief (O.C. Sheriff Department)
- **Bryan Brice** Division Chief (O.C. Fire Department)

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FINANCIAL SECTION

MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of thegovernmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Laguna Hills (City), as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements effective July 1, 2012, the City of Laguna Hills adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Agreements,* Statement No. 61, *The Financial Reporting Entity: Omnibus,* Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* and Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages II-5 and II-63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 introductory section, combining and individual non-major fund financial statements and schedules, major capital projects and debt service budgetary schedules, fiduciary changes in assets and liabilities, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and schedules, major capital projects and debt service budgetary schedules, fiduciary changes in assets and liabilities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 non-major fund financial statements and schedules, major capital projects and debt service budgetary schedules, fiduciary changes in assets and liabilities are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Moss, Levy & Hartzheim, LLP
Culver City, California
November 24, 2013

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Management's Discussion & Analysis

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, 2013**. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter on page I-1 and the basic financial statements in the appropriate section.

Financial Highlights

Government-Wide

- The assets of the City of Laguna Hills exceeded its liabilities at the close of the most recent fiscal year by $104,408,712. Of this amount, $8,388,332 may be used to meet the City's ongoing obligations to its citizens and creditors.
- After recording the value of the City's infrastructure assets, net of accumulated depreciation, the increase in the City's net position resulting from the most recent fiscal year's operation was $1,671,093, approximately 1.6%.
- Total revenues from all sources were $24,581,923.
- The total cost of all City programs and projects was $22,910,830. Approximately 19%, or $4,460,348, of this amount is attributable to depreciation on the City's capital assets.
- The net position of governmental activities was $93,958,072 as of June 30, 2013, after recording the value of the City's infrastructure assets, net of accumulated depreciation and long term debt.
- Governmental activities, which include certain capital projects and depreciation related to capital assets, increased the City's net position by $2,306,411.

Fund Based

- As of the close of the current fiscal year, the governmental funds reported combined ending fund balances of $10,937,927.
- Total non-spendable fund balances, amounts that are either not in spendable form or are legally or contractually required to be maintained, were $335,603.
- Total spendable fund balances were $10,602,324. Of this amount,

approximately 12% ($1,315,557 total assigned) is constrained by the City's intent to be used for a specific purpose and 26% ($2,813,802 total restricted) is restricted in their use by external restrictions, such as by creditors, debt covenants, grantors, contributors, or by laws and regulations.

- Total governmental fund balances increased by $514,546.
- At the end of the most recent fiscal year, the total fund balance for the general fund was $8,369,339; an increase of $1,623,767 over prior year.
- General fund reported revenues exceeded expenditures by $622,221.

Overview of the Financial Statements

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

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

a) *Statement of Net Position*. This report presents information on all the assets and liabilities, with the difference between the two reported as 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.; and

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 and intergovernmental revenues (referred to as *governmental activities*), from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as *business-type activities*).

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

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

The government-wide financial statements can be found on pages II-17 to II-19 of this report.

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

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

The City maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, capital projects fund, and debt service 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 nonmajor governmental fund is provided in the form of *combining statements* elsewhere in this report.

b) *Proprietary funds*. When the City charges for the services it provides, other than those services associated with the City's general governmental operations, these services are generally reported in proprietary funds. The proprietary fund is used to report the same function presented as *business-type activities* in the government-wide financial statements. The City uses the proprietary fund to account for its Civic Center leasing activity.

c) *Fiduciary funds*. These funds are used to account for resources held for the benefit of parties outside the government. They are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs.

The fund financial statements can be found on pages II-21 to II-28 of this report.

(3) **Notes to the basic financial statements**. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages II-29 to II-57 of this report.

(4) **Other Information**. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the budgetary comparisons for the general fund.

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

Government –Wide Financial Analysis

As noted earlier, net position may serve as a useful indicator over time of the City's financial position. The City's combined net position at the close of the most recent fiscal year ended June 30, 2013, was $104,408,712, as shown on Table 1, on the following page.

By far the largest portion of the City's net position (roughly $97 million, or 93% of total net position) reflects its investment in capital assets (land, building, machinery, and equipment) less accumulated depreciation and any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; Consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. There is $14,388,440 in debt outstanding related to the acquisition and construction of these capital assets.

Table 1
Condensed Statement of Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	$ 13,933	$ 13,891	$ 124	$ 146	$ 14,057	$ 14,037
Capital assets	96,960	96,542	10,403	10,989	107,363	107,531
Total assets	110,893	110,433	10,527	11,135	121,420	121,568
Long-term liabilities outstanding	14,820	16,081	31	34	14,851	16,115
Other liabilities	2,115	2,318	45	15	2,160	2,333
Total liabilities	16,935	18,399	76	49	17,011	18,448
Net assets:						
Net investment in capital assets	84,618	82,983	10,403	10,989	95,021	93,972
Restricted	999	2,107			999	2,107
Unrestricted	8,341	6,944	48	97	8,389	7,041
Total net position	$ 93,958	$ 92,034	$ 10,451	$ 11,086	$ 104,409	$ 103,120

Another portion of the City's net position, $998,727 (1% 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 $8,388,332, which may be used to meet the City's ongoing obligations to its citizens and creditors.

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

The City's business-type activity involves the leasing of rentable areas in the Civic Center building. This 3-story building complex was renovated to accommodate the City offices and to add leasable spaces. Since June 28, 2004, the City government has operated from this facility. The occupancy rate was approximately 74% on June 30, 2013.

During the fiscal year ended June 30, 2013, the total revenue from all sources was $24,581,923 and the cost of all activities was $22,910,830, resulting in an overall increase in net position of $1,671,093. The City's governmental activities increased total net position by $2,306,411 and the City's business-type activities decreased total net position by $635,318. The increase from governmental activities is primarily due to the sale of capital assets, as well as an increase in property tax, sales tax, and transient occupancy tax. The decrease from business-type activities is largely attributable to depreciation. Of the $1,163,305 of total operating expenses related to the City's property leasing activities, depreciation represents 60% ($702,527) of that total.

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

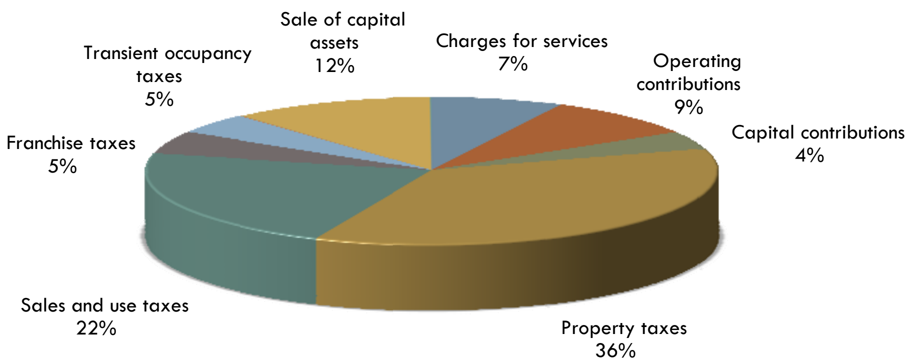
Table 2
Statement of Changes in Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Revenues:						
Program Revenues:						
Charges for services	$ 1,804	$ 1,709	$ 528	$ 613	$ 2,332	$ 2,322
Operating contributions	2,138	3,083			2,138	3,083
Capital contributions	945	3,040			945	3,040
General Revenues:						
Property taxes	8,722	8,223			8,722	8,223
Sales and use taxes	5,305	5,158			5,305	5,158
Franchise taxes	1,211	1,224			1,211	1,224
Transient occupancy taxes	1,108	1,004			1,108	1,004
Motor vehicle in lieu taxes	17	17			17	17
Interest earnings	12	16			12	16
Sale of capital assets	2,770				2,770	
Miscellaneous revenues	21	22			21	22
Total revenues	24,053	23,496	528	613	24,581	24,109
Expenses:						
Legislative/executive	1,546	1,565			1,546	1,565
Administrative services	1,976	1,756			1,976	1,756
Public services	6,151	6,000			6,151	6,000
Community development	1,138	1,127			1,138	1,127
Community services	3,777	3,643			3,777	3,643
Public safety	6,576	6,528			6,576	6,528
Property leasing			1,163	1,155	1,163	1,155
Interest	583	620			583	620
Total expenses	21,747	21,239	1,163	1,155	22,910	22,394
Change in net position before transfers	2,306	2,257	(635)	(542)	1,671	1,715
Change in net position	2,306	2,257	(635)	(542)	1,671	1,715
Net position, beginning, as restated	91,652	89,777	11,086	11,628	102,738	101,405
Net position, ending	$ 93,958	$ 92,034	$ 10,451	$ 11,086	$ 104,409	$ 103,120

Governmental Activities

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

Figure 1
Revenue by Sources – Governmental Activities
FY 2012/13



As shown in the above pie chart, roughly 68% 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 20% of the total resources, comprised of charges for services, operating and capital contributions. The sale of capital assets totaled 12% of the total funding resources from governmental activities.

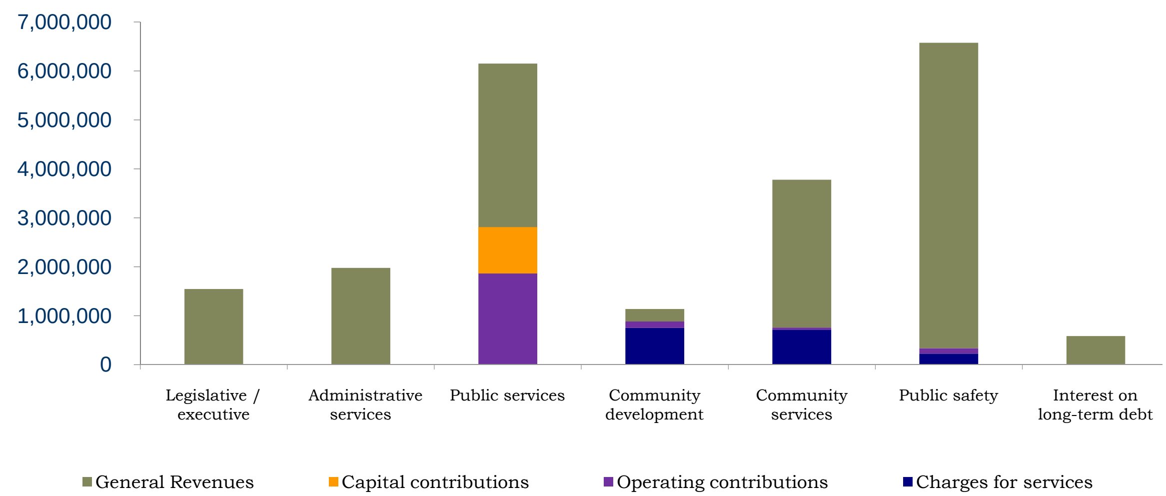
The City's expenses in connection with its governmental activities are categorized by function, namely: legislative/executive, administrative services, public services, community development, community services and public safety. The program revenues associated with these governmental activities are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

Expenses associated with governmental activities experienced only a slight increase of 2%, or $508,756, this past year, which is largely attributable to the lump sum payoff of the employer side fund with the California Public Retirement System, in the amount of $557,805 on June 21, 2013. Of the $21,747,525 of expenses, depreciation of capital assets accounts for $3,757,821 (17%) and the debt service interest payment on capital related items accounts for $583,461 (3%).

Program Revenues and Expenses:

Program revenues for the most recent fiscal year were $4,886,848. Expenses related to governmental activities were $21,747,525. The program revenues are generally not adequate to finance the governmental programs, so it is typical for governmental expenditures to be subsidized by general revenues. The City's expenditures for public services and public safety are comparatively higher than the other expense categories, as shown in **Figure 2** below. The interest on long-term debt was $583,461.

Figure 2
FUNDING OF GOVERNMENTAL ACTIVITIES
FY 2012/13



Business-type Activities

During the most recent fiscal year, the operating revenues of the Laguna Hills Civic Center were $527,931 and the operating expenses were $1,163,305, resulting in a net operating loss of $635,374, which includes a depreciation charge of $702,527. After interest earnings of $56, the change in net assets at fiscal year-end was $(635,318). The net cash provided by the leasing activities was $50,163. The contra rent revenue associated with the occupied spaces for City Hall was $591,844.

Analysis of Major Funds

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

Governmental funds:

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of $10,937,927, an increase of $514,546 from prior year's balance. Of the ending fund balance, $335,603 is non-spendable fund balance, which represents the portion of fund balance that is either not in spendable form or are legally or contractually required to be maintained. Of the remaining $10,602,324 in spendable fund balance, $2,813,802 is restricted fund balance, $1,315,557 is assigned fund balance and $6,472,965 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 $200,000 designated for Claims Liability and a total of $1,115,557 designated for equipment maintenance of the Civic Center, Community Center, Sports Complex, and various parks.

The fund balance of the City's general fund increased by $1,623,767 from the prior fiscal year's balance, which is largely attributable to the sale of capital assets. The fund balance of the non-major governmental funds decreased by $1,114,669, largely attributable to the transfers out to fund the capital outlay for certain capital projects in the capital projects fund. The fund balance in the Debt Service Fund increased by $5,448, as a result of interest income.

Proprietary funds:

The proprietary fund provides the same type of information found in the government-wide financial statements. The City's proprietary fund consists of owning a piece of commercial real estate and leasing it to various entities.

The total square footage of the building is 51,946. The City is a tenant using approximately 20,843 square feet of the building. The enterprise fund does not charge the City rent. The estimated annual rent for the space would be approximately $591,844.

The statement of revenues, expenses, and changes in net position shows a net operating loss of $635,374, before the interest earnings of $56. The net effect is a decrease in the ending net position of $635,318, which is attributable to depreciation. It should be noted that before accounting for depreciation the net operating income would be $67,153 from the City's leasing related activities.

General Fund Budgetary Highlights

At fiscal year-end, total revenues were below the budgeted amount by $1,339,875, as a result of the significant slowdown in California's economy. The slow economic recovery brought in revenues 7% lower than the original estimates in revenues for the fiscal year. The total operating expenditures came in lower than the budgeted amount by $48,732.

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, 2013 amounted to $107,363,314 net of accumulated depreciation. This investment includes land, land improvements, easements, right of ways, building, building improvements, equipment, machinery, construction in progress, and infrastructure. In accordance with the requirement of GASB 34, the value of the City's infrastructure assets are included in this report, which include streets, sidewalks, curbs, gutters, playground equipment, and similar assets that are considered public property. Equipment and machinery includes vehicles, furniture, computer hardware and software.

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

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

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land & improvements	$ 29,692	$ 30,881	$ 2,855	$ 2,855	$ 32,547	$ 33,943
Rights of ways/Easements	3,062	3,062			3,062	3,062
Building & improvements	6,197	6,603	7,547	8,134	13,745	14,737
Equipment and machinery	5,03	624			503	624
Construction in progress	696	6,133			696	6,133
Infrastructure						
Street signs	57	131			57	131
Storm drains	2,387	2,466			2,387	2,466
Streets	44,591	36,346			44,591	36,346
Parks inventory	1,414	1,599			1,414	1,599
Curbs, sidewalks, gutters	6,542	6,809			6,542	6,809
Bridges	1,819	1,887			1,819	1,887
Total capital assets net of accumulated depreciation	$ 96,960	$ 96,748	$ 10,403	$ 10,989	$ 107,363	$ 107,737

Additional information on the City's capital assets can be found in Note 5 on page II-47 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, 2013, the per capita liability of the City of Laguna Hills was $449.14. Additional information on the City's long-term debt can be found in Note 6 on pages II-48 to II-49 of this report.

Budget and Economic Factors

The City's most recent adopted biennial budget for fiscal years 2013/14 - 2014/15 shows that the City continues to live within its means. The major goals and issues that dominated the budgeting process for this biennial budget are discussed in the transmittal letter together with the measures adopted to address the prevailing issues.

Requests for Information

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

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Government-Wide Financial Statements

City of Laguna Hills

Statement of Net Position

June 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments (note 2)	$ 7,658,948	$ 5,769	$ 7,664,717
Taxes receivable	1,786,131		1,786,131
Accounts receivable, net of allowance	348,785	111,418	460,203
Interest receivable	5,915		5,915
Prepaid items	90,389	6,828	97,217
Deferred charges, net of accumulated amortization	232,805		232,805
Due from other governments	1,818,674		1,818,674
Restricted cash and investments (note 2)	1,991,224		1,991,224
Capital assets, not depreciated (note 5)	21,512,121	2,855,425	24,367,546
Capital assets, net of accumulated depreciation (note 5)	75,448,116	7,547,652	82,995,768
Total assets	110,893,108	10,527,092	121,420,200
LIABILITIES			
Accounts payable	823,959		823,959
Accrued liabilities	837,105	39,203	876,308
Interest payable	246,791		246,791
Due to other governments	206,928		206,928
Deposits		31,665	31,665
Prepaid rent & CAM		5,584	5,584
Noncurrent Liabilities (note 6):			
Due within one year	1,299,846		1,299,846
Due in more than one year	13,520,407		13,520,407
Total liabilities	16,935,036	76,452	17,011,488
NET POSITION			
Net investment in capital assets	84,618,576	10,403,077	95,021,653
Restricted for:			
Public services	908,012		908,012
Public safety	6,549		6,549
Community services	84,166		84,166
Unrestricted	8,340,769	47,563	8,388,332
Total net position	$ 93,958,072	$ 10,450,640	$ 104,408,712

See Accompanying Notes to the Basic Financial Statements

City of Laguna Hills
Statement of Activities
For the Fiscal Year Ended June 30, 2013

		Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Total Program Revenues
Governmental activities:					
Legislative/executive	$ 1,546,012	$ -	$ -	$ -	$ -
Administrative services	1,976,262				
Public services	6,150,553	112,629	1,854,358	945,068	2,912,055
Community development	1,138,280	750,626	131,622		882,248
Community services	3,777,102	714,634	42,580		757,214
Public safety	6,575,855	226,311	109,020		335,331
Interest expense	583,461				
Total governmental activities	21,747,525	1,804,200	2,137,580	945,068	4,886,848
Business-type activities:					
Property leasing	1,163,305	527,931			527,931
Total business-type activities	1,163,305	527,931			527,931
Total primary government	$ 22,910,830	$ 2,332,131	$ 2,137,580	$ 945,068	$ 5,414,779

General revenues:
- Taxes:
  - Property taxes
  - Sales and use tax
  - Franchise tax
  - Transient occupancy tax
- Intergovernmental, unrestricted:
  - Motor vehicle in lieu
- Investment earnings
- Sales of capital assets
- Miscellaneous revenue

Total general revenues

Changes in net position

Net position - beginning, as restated (note 13)

Net position - ending

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ (1,546,012)	$ -	$ (1,546,012)
(1,976,262)		(1,976,262)
(3,238,498)		(3,238,498)
(256,032)		(256,032)
(3,019,888)		(3,019,888)
(6,240,524)		(6,240,524)
(583,461)		(583,461)
(16,860,677)		(16,860,677)
	(635,374)	(635,374)
	(635,374)	(635,374)
(16,860,677)	(635,374)	(17,496,051)
8,722,406		8,722,406
5,305,487		5,305,487
1,210,837		1,210,837
1,108,290		1,108,290
17,332		17,332
12,216	56	12,272
2,769,504		2,769,504
21,016		21,016
19,167,088	56	19,167,144
2,306,411	(635,318)	1,671,093
91,651,661	11,085,958	102,737,619
$ 93,958,072	$ 10,450,640	$ 104,408,712

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Fund Financial Statements

CITY OF LAGUNA HILLS

Governmental Funds
Balance Sheet
As of June 30, 2013

	General	Capital Projects	Debt Service	Other Governmental Funds	Totals
Assets					
Cash and investments	$ 7,658,948	$ -	$ -	$ -	$ 7,658,948
Receivables:					
Taxes	1,786,131				1,786,131
Accounts	453,200				453,200
Interest	4,814		1,101		5,915
Prepaid items	90,389				90,389
Due from other funds (note 3)				998,727	998,727
Due from other governments	1,412,307			406,367	1,818,674
Advances to other funds (note 3)	245,214				245,214
Restricted assets:					
Cash and investments	177,250		1,813,974		1,991,224
Total assets	$ 11,828,253	$ -	$ 1,815,075	$ 1,405,094	$ 15,048,422
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 823,959	$ -	$ -	$ -	$ 823,959
Unearned revenues	592,195			406,367	998,562
Accrued liabilities	837,105				837,105
Due to other funds (note 3)	998,727				998,727
Due to other governments	206,928				206,928
Advances from other funds (note 3)				245,214	245,214
Total liabilities	3,458,914			651,581	4,110,495
Fund balances:					
Nonspendable	335,603				335,603
Restricted			1,815,075	998,727	2,813,802
Assigned	1,315,557				1,315,557
Unassigned	6,718,179			(245,214)	6,472,965
Total fund balances	8,369,339		1,815,075	753,513	10,937,927
Total liabilities and fund balances	$ 11,828,253	$ -	$ 1,815,075	$ 1,405,094	$ 15,048,422

See Accompanying Notes to the Basic Financial Statements

City of Laguna Hills
Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2013

Fund balances of governmental funds	$ 10,937,927
Amounts reported for governmental activities in the Statement of Net position are different because:	
Accounts receivable allowance for uncollectible accounts.	(104,415)
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	96,960,237
Long term debt, deferred charges, compensated absences, and claims and judgments that have not been included in the governmental fund activity.	(14,587,448)
Accrued interest payable for the current portion of interest due on the Certificates of Participation has not been reported in the governmental funds.	(246,791)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	998,562
Net position of governmental activities	$ 93,958,072

See Accompanying Notes to the Basic Financial Statements

CITY OF LAGUNA HILLS

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2013

	General	Capital Projects	Debt Service	Other Governmental Funds	Totals
Revenues:					
Taxes	$ 11,041,533	$ -	$ -	$ 20,000	$ 11,061,533
Licenses and permits	618,968			36,887	655,855
Intergovernmental revenues	5,209,250			3,388,270	8,597,520
Charges for current services	981,063				981,063
Fines and forfeitures	226,311				226,311
Investment income	10,845		5,449	9,634	25,928
Total revenues	18,087,970		5,449	3,454,791	21,548,210
Expenditures:					
Current:					
Legislative/executive	1,661,199				1,661,199
Administrative services	2,005,487				2,014,343
Public services	4,293,862			52,810	4,346,672
Community development	1,127,880			131,622	1,259,502
Community services	1,888,060			16,771	1,904,831
Public safety	6,489,261			102,471	6,591,732
Capital outlay		4,402,694			4,402,694
Debt service:					
Interest			625,043		625,043
Principal retirement			1,180,000		1,180,000
Total expenditures	17,465,749	4,402,694	1,805,043	312,530	23,986,016
Excess (deficiency) of revenues over expenditures	622,221	(4,402,694)	(1,799,594)	3,142,261	(2,437,806)
Other financing sources (uses):					
Sales of capital assets	2,952,352				2,952,352
Transfers in (note 4)	4,258,989	4,402,694	1,805,042	2,059	10,468,784
Transfers out (note 4)	(6,209,795)			(4,258,989)	(10,468,784)
Total other financing sources (uses)	1,001,546	4,402,694	1,805,042	(4,256,930)	2,952,352
Net change in fund balances	1,623,767		5,448	(1,114,669)	514,546
Fund balances, beginning of fiscal year	6,745,572		1,809,627	1,868,182	10,423,381
Fund balances, end of fiscal year	$ 8,369,339	$ -	$ 1,815,075	$ 753,513	$ 10,937,927

See Accompanying Notes to the Basic Financial Statements

City of Laguna Hills

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

For the Fiscal Year Ended June 30, 2013

Net change in fund balances - total governmental funds	$	514,546
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation & disposals in the current period.		210,945
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but in the Statement of Net Position, the costs are deferred and amortized throughout the period during which the related debt is outstanding. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.		1,211,565
Payments to PERS side fund are charged against the liability in the Government-Wide Statements. In the Fund Statements, payments to the PERS side fund are reported as an expense to the related activity.		589,913
To record as an expense the net change in compensated absences and claims and judgments in the Statement of Activities.		29,068
Accrued interest for Certificates of Participation. This is the net change in accrued interest for the current period.		10,017
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net change in unearned revenue for the current period.		(259,643)
Change in net position of governmental activities	$	2,306,411

See Accompanying Notes to the Basic Financial Statements

City of Laguna Hills
Proprietary Fund

Statement of Net Position
June 30, 2013

		Enterprise - Property Leasing
ASSETS		
Current assets:		
Cash and investments (note 2)	$	5,769
Accounts receivable		111,418
Prepaid items		6,828
Total current assets		124,015
Noncurrent assets:		
Capital assets not depreciated		2,855,425
Capital assets, net of accumulated depreciation		7,547,652
Total noncurrent assets		10,403,077
Total assets		10,527,092
LIABILITIES		
Current liabilities:		
Accrued liabilities		39,203
Deposits		31,665
Prepaid Rent & CAM		5,584
Total current liabilities		76,452
NET POSITION		
Net invested in capital assets		10,403,077
Unrestricted		47,563
Total net position	$	10,450,640

See Accompanying Notes to the Basic Financial Statements

CITY OF LAGUNA HILLS

Proprietary Fund

Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2013

	Enterprise - Property Leasing
Operating revenues:	
Rental fees	$ 519,570
CAM revenues	4,661
Other current service fees	3,700
Total operating revenues	527,931
Operating expenses:	
Direct operating expenses	428,479
Advertising and promotion	3,044
Administrative and professional fees	9,868
Legal fees	2,336
Repairs and maintenance	17,051
Depreciation expense	702,527
Total operating expenses	1,163,305
Operating income/(loss)	(635,374)
Nonoperating revenues (expenses):	
Interest income	56
Total nonoperating revenues (expenses)	56
Change in net position	(635,318)
Net position, beginning of fiscal year	11,085,958
Net position, end of fiscal year	$ 10,450,640

See Accompanying Notes to the Basic Financial Statements

CITY OF LAGUNA HILLS

Proprietary Fund

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2013

		Enterprise - Property Leasing
Cash flows from operating activities:		
Receipts from tenants	$	450,301
Payments to suppliers for goods and services		(400,138)
Net cash provided by operating activities		50,163
Cash flows from capital and related financing:		
Acquisition of capital assets		(116,157)
Net cash used for capital and related financing activities		(116,157)
Cash flows from investing activities:		
Interest on investments		56
Net cash provided by investing activities		56
Net increase (decrease) in cash and cash equivalents		(65,938)
Cash and cash equivalents at beginning of fiscal year		71,707
Cash and cash equivalents at end of fiscal year	$	5,769
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	$	(635,374)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense		702,527
Changes in assets and liabilities		
(Increase) decrease in accounts receivable		(44,747)
(Increase) decrease in prepaid items		206
Increase (decrease) in accrued liabilities		28,769
Increase (decrease) in prepaid rent & CAM revenue		1,457
Increase (decrease) in deposits payable		(34,340)
Total adjustments		685,537
Net cash provided by operating activities	$	50,163

Non-cash investing, capital, and financing activities:

During the fiscal year ending June 30, 2013, there were no non-cash investing, or financing items.

See Accompanying Notes to the Basic Financial Statements

City of Laguna Hills
Agency Fund
Statement of Fiduciary Assets and Liabilities
June 30, 2013

ASSETS	
Cash and investments	$ 233,280
Total assets	$ 233,280
LIABILITIES	
Deposits	$ 233,280
Total liabilities	$ 233,280

See Accompanying Notes to the Basic Financial Statements

Notes to the Financial Statements

(1) Reporting Entity and Summary of Significant Accounting Policies

a) Summary of Significant Accounting Policies

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

The Financial Reporting Entity

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

b) Basis of Accounting and Measurement Focus

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

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

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

Government-wide Financial Statements

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

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

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

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

<u>Fund Financial Statements</u>

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

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

<u>Governmental Funds</u>

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. For this purpose, the City considers its general revenue, with the exception of property taxes, to be available if they are collected within 90 days of the end of the fiscal year. The City uses a 180-day availability period for special revenue grants and contributions, in accordance with the provisions set forth in Governmental Accounting, Auditing, and Financial Reporting (GAFR), Chapter 9, page 131, paragraph 4.

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

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

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

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

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

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

Proprietary Funds and Fiduciary Funds

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

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

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

c) Major Funds and Fiduciary Fund Types

The City reports the following major governmental funds:

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

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

Capital Projects Fund

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

The City reports the following major proprietary fund:

Property Leasing

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

Additionally, the City reports the following fund types:

Special Revenue Funds

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

Fiduciary Fund Type

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

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

"Total fund balances" of the City's governmental funds, $10,937,927, differs from "net position" of governmental activities, $93,958,072 reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets.

Accounts Receivable Related Items

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

Traffic accidents reimbursement	$ (104,415)

Capital Related Items

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

Cost of capital assets	$150,154,175
Accumulated depreciation	(53,193,938)
	$ 96,930,237

Long-term Debt Transactions

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities and corresponding deferred charges and refunding gains or losses (both current and long-term) are reported in the statement of net position. Balances at June 30, 2013 were:

Certificates of Participation	$ (13,790,000)
COP deferred charges, net accumulated amortization of $68,672	232,805
COP deferred refunding loss, net accumulated amortization of $98,400	333,596
COP bond premium, net of accumulated amortization of $274,917	(932,036)
Claims and judgments	(103,517)
Compensated absences	(328,296)
	$ (14,587,448)

Accrued Interest

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

Accrued interest	$ (246,791)

Other Long-term Assets

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

Sales tax triple flip	$ 474,532
CalTrans reimbursement receivable	387,627
Housing fund deposits	18,739
Miscellaneous accounts receivable	117,664
	$ 998,562

Reclassifications and Eliminations

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

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

The "net change in fund balances" for governmental funds, 514,546, differs from the "change in net position" for governmental activities, $2,306,411, reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences are illustrated below.

Capital Related Items

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

Capital outlay	$ 4,402,694
Less amounts expensed	(251,080)
Less capital asset disposal cost	(182,848)
Depreciation expense	(3,757,821)
	$ 210,945

Long-term Debt Transactions

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

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

Repayment of debt principal	$1,180,000
Deferred loss, issuance costs and premium amortized	31,565
	$1,211,565

A prior period adjustment of $589,913 was made which effects the government-wide statement of activities under governmental activities. In prior years, the City did not record the PERS side fund liability as stated in Note 6. The related activities have been reduced for the current year adjustment.

Legislative/executive	$ 125,088
Administrative services	124,736
Public services	111,854
Community development	122,052
Community services	106,183
	$ 589,913

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

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

Claims and judgments	$ 13,421
Compensated absences	15,647
	$ 29,068

Accrued Interest

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

Accrued interest	$ 10,017

Other Long-term Assets

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

Sales tax triple flip	$113,569
Other government grants receivable	(376,221)
Accounts receivable allowance	4,135
Miscellaneous accounts receivable	(1,126)
	$(259,643)

Reclassification and Eliminations

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

f) Cash and Investments

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

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

The City pools cash and investments of all funds, except for amounts held by fiscal agents. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

g) Statement of Cash Flows

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

h) Capital Assets

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

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

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

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

i) Property Taxes

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

j) Claims and Judgments Payable

As of July 1, 2003, the City became a member of the Exclusive Risk Management Authority of California. The annual premium included estimates of amounts paid for reported claims and incurred-but-not-reported claims based upon past experience, modified for current trends and information. Premiums are recorded as expenditures when they become payable from expendable available resources. When it is probable that a claims liability has been incurred and the amount of the loss can be reasonably estimated through historical trends and calculation of incurred but not reported claims (IBNR), the City accrues the estimated liability for the expected claims and judgments. These amounts are recorded in the government-wide financial statements. A liability is reported in the governmental funds only if there is an amount due and payable at June 30.

k) Compensated Absences

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

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

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

l) Prepaid Items

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

m) Use of Estimates

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

n) Budgetary Information

Biennial budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except for certain special revenue funds and capital projects funds, which adopt project length budgets and debt service funds that are not budgeted, as effective budgetary control is achieved through debt indenture provisions. The Public Art fund, JAG ARRA fund, and Other Law Enforcement Grants fund other did not have adopted budgets during the current fiscal year.

o) Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

p) New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 60
For the fiscal year ended June 30, 2013, the City implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements." The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. Implementation of the GASB Statement No. 60 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 61
For the fiscal year ended June 30, 2013, the City implemented GASB Statement No. 61, "The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34". The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. Implementation of the GASB Statement No. 61 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 62
For the fiscal year ended June 30, 2013, the City implemented GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (1) Financial Accounting Standards

Board (FASB) Statements and Interpretations, (2) Accounting Principles Board Opinions, and (3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. Implementation of the GASB Statement No. 62 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 63
For the fiscal year ended June 30, 2013, the City implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to establish guidance for reporting deferred outflows or resources, deferred inflows of resources, and net position in a statement of financial position. This Statement sets forth framework that specifies where deferred outflows of resources and deferred inflows of resources, as well as assets and liabilities should be displayed. This Statement also specifies how net position, no longer referred to as net assets, should be displayed. Implementation of the Statement and the impact of the City's financial statements are explained in Note 1 (o) Net Position.

(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, 2013, are reported in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	$ 7,664,717
Restricted cash and investments	1,991,224
Statement of Fiduciary Assets and Liabilities:	
Cash and investments	233,280
Total cash and investments	$ 9,889,221

Cash and investments at June 30, 2013, consisted of the following:

Cash on hand		$ 2,250
Pooled deposits:		
Demand deposits	$853,806	
Certificates of deposit	820,503	
Total pooled deposits		1,674,309
Pooled investments:		
Local Agency Investment Fund		6,221,438
Restricted cash and investments:		
Demand deposits	$ 177,249	
Local Agency Investment Fund	1,813,975	
Total restricted cash and investments		1,991,224
Total cash and investments		$ 9,889,221

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

Deposits

At June 30, 2013, the carrying amount of the City's deposits was $853,806 and the bank balance was $1,681,231. The difference represents outstanding checks and other reconciling items.

Pooled Deposits	Carrying Amount
Demand Deposits:	
Bank Balance	$ 1,681,231
Plus: Deposits in transit	66
Less: Outstanding warrants	(827,491)
Book Balance	853,806
Restricted Demand Deposits	177,279
Certificates of Deposit	820,503
Total Pooled Deposits	$ 1,851,588

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

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

Authorized Investments

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

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

Investments Authorized by Debt Agreements

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

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

GASB Statement No. 31

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

GASB Statement No. 40

The issuance of GASB Statement No. 40, *Deposit and Investment Risk Disclosures,* established the existing standards for providing note disclosures about a government's deposits and investments. This statement is designed to inform the user about deposit and investment risk and how it affects the entity's ability to provide services and meet its obligations as they become due. It requires an entity to disclose custodial credit risk only if they have:

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

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

Credit Risk

The City's investment policy limits investments in commercial paper and banker's acceptance to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policies further limits its investment choices. As of June 30, 2013, the City's investment in the State Treasurer's Local Agency Investment Fund has not been rated by a nationally recognized statistical rating organization. Investments in money market mutual funds are unrated, as well.

Concentration of Credit Risk

The City does not place a limit on the amount that may be invested with any one institution, with the exception of certificates of deposits. According to GASB 40, there is potential concentration of credit risk if more than 5 percent of the entity's investments are in any one issuer. As of June 30, 2013, none of the City's deposits or investments had been exposed to concentration of credit risk.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of June 30, 2013, none of the City's deposits or investments had been exposed to custodial credit risk.

Interest Rate Risk

The City has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rates. The City limits the investment maturities for operating funds to be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures as well as considering sizable blocks of anticipated revenue. The City has elected the segment time distribution method to present the investment maturities as follows.

Investment Type	6 months or less	Fair Value
Local Agency Investment Funds	$ 6,221,438	$ 6,221,438
Investment with Fiscal Agent:		
Local Agency Investment Funds	1,813,975	1,813,975
Total	$ 8,035,413	$ 8,035,713

(3) Interfund Receivables and Payables

Interfund receivables and payables at June 30, 2013, were as follows.

Funds:	Interfund Receivables	Interfund Payables
Major Governmental:		
General	$ -	$ 998,727
Non-major Governmental:		
Special Revenue Funds:		
Measure M	88,640	
Grants and Contributions	126,391	
Senior Mobility Program	48,773	
CARITS	644,208	
Other Law Enforcement Grants	6,549	
Beverage Recycling	44,796	
CR&R Recycling Fee	26	
C & D Forfeited Deposits	36,453	
AB 939 Surcharge Grant	2,891	
Total	$ 998,727	$ 998,727

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

Advances to and from other funds at June 30, 2013, were as follows:

Funds:	Advances to other funds	Advances from other funds
Major Governmental:		
General	$ 245,214	$ -
Non-major Governmental:		
Special Revenue Funds:		
Public Art		245,214
Total	$ 245,214	$ 245,214

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

(4) Transfers In and Out

Transfers in and out for the fiscal year ended June 30, 2013 are as follows:

Paying Fund	Transfers Out	Receiving Fund	Transfers In
Major Governmental:		Major Governmental:	
General	$ 6,209,795	General	$ 4,258,989
		Capital Projects	4,402,694
		Debt Service	1,805,042
Non-major Governmental:		Non-major Governmental:	
Special Revenue Funds:		Special Revenue Funds:	
Measure M	891,546	Senior Mobility	2,059
AB 2766	36,970		
Proposition 1B	176,109		
Grants & Contributions	1,196,066		
Gas Tax	1,724,564		
CARITS	233,734		
Total	$ 10,468,784	Total	$ 10,468,784

Interfund transfers are principally used to 1) provide available funds to the Debt Service Fund for interest and principal payments on the City's long-term debt and 2) supply the Capital Projects Fund with funding necessary to accomplish those projects approved by the City Council. During the fiscal year ended June 30, 2013, there were no significant interfund transfers that were not expected, budgeted for, unusual, or of a non-routine nature.

(5) Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance at July 1, 2012	Prior Period Adjustment	Transfers	Additions	Deletions	Balance at June 30, 2013
Governmental activities:						
Buildings and improvements	$ 13,198,419	$ -	$ 26,551	$ 241,259	$ -	$ 13,466,229
Machinery and equipment	2,333,406			71,974	(24,761)	2,380,619
Land improvements	24,986,486					24,986,486
Infrastructure	78,596,196		5,813,132	3,399,392		87,808,720
Total cost of depreciable assets	119,114,507		5,839,683	3,712,625	(24,761)	128,642,054
Less accumulated depreciation for:						
Buildings and improvements	6,595,461			673,311		7,268,772
Machinery and equipment	1,708,915			193,664	(24,760)	1,877,819
Land improvements	11,799,308			1,249,324		13,048,632
Infrastructure	29,357,193			1,641,522		30,998,715
Total accumulated depreciation	49,460,877			3,757,821	(24,760)	53,193,938
Net depreciable assets	69,653,630		5,839,683	(45,196)	(1)	75,448,116
Land	17,693,529	207,345			(146,588)	17,754,286
Rights of way/Easements	3,061,528					3,061,528
Construction in progress	6,133,260		(5,839,683)	438,989	(36,259)	696,307
Total cost of non-depreciable assets	26,888,317	207,345	(5,839,683)	438,989	(182,847)	21,512,121
Total capital assets, net	$ 96,541,947	$ 207,345	$ -	$ 393,793	$ (182,848)	$ 96,960,237
Business-type activities:						
Buildings and improvements	$ 13,934,387	$ -	$ -	$ 116,157	$ -	$ 14,050,544
Total cost of depreciable assets	13,934,387			116,157		14,050,544
Less accumulated depreciation for:						
Buildings and improvements	5,800,365			702,527		6,502,892
Total accumulated depreciation	5,800,365			702,527		6,502,892
Net depreciable assets	8,134,022			(586,370)		7,547,652
Land	2,855,425					2,855,425
Total capital assets, net	$ 10,989,447	$ -	$ -	$ (586,370)	$ -	$ 10,403,077

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

Governmental activities:	
Legislative/executive	$ 9,901
Administrative services	140,306
Community development	830
Public services	1,617,583
Community services	1,978,454
Public safety	10,747
	3,757,821
Business-type activities:	
Property leasing	702,527
Total	$ 4,460,348

(6) Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

Governmental Activities :

	Balance at July 1, 2012	Prior Period Adjustments	Additions	Reductions	Balance at June 30, 2013	Amounts Due in One Year
Certificates of Participation:						
2010 COP	$ 14,970,000	$ -	$ -	$ 1,180,000	$ 13,790,000	$ 1,205,000
Deferred loss on refunding	(362,396)			(28,800)	(333,596)	(28,800)
Unamortized premium	1,012,500			80,464	932,036	80,464
Total Certificates of Participation	15,620,104			1,231,664	14,388,440	1,256,664
Other Liabilities:						
Compensated absences	343,943		194,283	209,930	328,296	32,830
Claims and judgments	116,938		24,967	38,388	103,517	10,352
PERS side fund		589,913	41,532	631,445		
Total Other Liabilities	460,881	589,913	260,782	879,763	431,813	43,182
Totals	$ 16,080,985	$ 589,913	$ 260,782	$ 2,111,427	$ 14,820,253	$ 1,299,846

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

2010 Certificates of Participation

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

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

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

The Serial bonds mature in annual installments ranging from $345,000 to $1,670,000, commencing February 1, 2011 and ending February 1, 2025. Interest accrues at rates between 2.00% and 5.00% and is payable semiannually. The annual requirements to amortize the certificates of participation as of June 30, 2013, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2014	$ 1,205,000	$599,586	$ 1,804,586
2015	1,250,000	551,386	1,801,386
2016	1,300,000	501,386	1,801,386
2017	1,350,000	449,386	1,799,386
2018	1,390,000	395,388	1,785,388
2019 - 2023	6,565,000	1,002,910	7,567,910
2024 - 2025	730,000	46,519	776,519
Totals	$13,790,000	$3,546,561	$17,336,561

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. The long-term portion of this liability, amounting to $295,466 at June 30, 2013 will be paid from fund balance.

PERS Side Fund

The City's policies relating to PERS side fund are described in Notes 1, 8 and 13. The outstanding liability at June 30, 2013 was $0.

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

The following is a list of the allocation of risk coverage for the City as of June 30, 2013, taking in to account the City's self-insurance portion, if any.

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

Area of Risk	City Self-Insurance	Carrier	Risk Coverage
Crime	• $2,500	CSAC-EIA	• $10M employee dishonesty • $10M forgery alterations • $10M money & securities theft, inside premises • $10M money & securities theft, outside premises • $10M computer fraud • $10M money order & counterfeit currency • $10M theft of other property, inside premises • $10M theft of other property, outside premises
Recreational Class & Officials Supplemental	• None	Scottsdale	• $1M per occurrence • $300,000 property damage • $1M personal injury, products and partial liability • $5,000 medical expense
Business Auto	• $500	Columbia Insurance Company	• $1M combined BI & PD • $1M uninsured, under-insured motorist • $5,000 medical payments • If any basis, non-owned or hired auto liability
Workers' Compensation & Employers' Liability	• None	SDRMA	• Statutory Workers' Compensation per occurrence • $5M Employer's Liability per occurrence

Claims Liability

GASB Statement No. 10 specifies that a liability of outstanding unallocated loss adjustment expenses (ULAE) needs to be established, which are primarily composed of future claims administration for open claims, typically at 5% to 10% of estimated outstanding losses. The total amount designated for the Claims Liability Loss Reserve Fund as of June 30, 2013 is $200,000.

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

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

	FY 2012/13	FY 2011/12
Claims payable, beginning	$ 116,938	$ 119,106
Payments/changes in estimate	(13,421)	(2,168)
Claims payable, ending	$ 103,517	$ 116,938

(8) Pension Plan

Plan Description

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

Funding Policy

Participants are required to contribute 7% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate. The current rate as of June 30, 2013 is 11.537% of annual covered payroll. The contribution requirements of plan members and the City are established by contract and may be amended by PERS.

Annual Pension Cost

For 2012-2013, the City's annual pension cost of $537,319 for PERS was equal to the City's required and actual contributions.

THREE YEAR TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	$475,185	100%	$0
6/30/2012	$494,848	100%	$0
6/30/2013	$537,319	100%	$0

For fiscal years 2003-2013, the City of Laguna Hills participated in risk pooling. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all rate plans with less than 100 active members. Mandated participation in risk pools was initially based on the active membership of each rate plan as of June 30, 2003. The implementation of risk pools was done in a way that minimizes the impact on employer contribution rates. The first year in the risk pools, the employer contribution rates are almost identical to what the rates would have been outside pools. Future rates will be based on the experience of each pool. Pooling will reduce the volatility of future employer rates. Mandated participation will occur on an annual basis. If on any valuation date, starting with the June 30, 2003 valuation, a rate plan has less than 100 active members, it will be mandated in one of the risk pools effective on that valuation date.

At the time of joining a risk pool, a side fund was created to account for the difference between the funded status of the pool and the funded status of the City's plan. On June 21, 2013, a lump sum payment of $557,805 was made by the City to PERS. This lump sum pay off was sufficient to eliminate the side fund that resulted from risk pooling.

(9) Deferred Compensation

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

One plan is created in accordance with Internal Revenue Code Section 457. This plan, available to all employees, permits them to defer annually up to a maximum of $17,000 for calendar year 2012 and $17,500 for calendar year 2013. This maximum deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Amounts accumulated by the City under the plan have been invested in several investment options administered by independent third-party administrators at the direction of the employee. The assets of the Plan are held in trust, with the City as trustee, for the exclusive benefit of the Plan participants and their beneficiaries, and the assets cannot be diverted to any other purpose. The Trustee's beneficial ownership of Plan assets held in the ICMA Retirement Trust is held for the further exclusive benefit of the Plan participants and their beneficiaries. The Plan permits loans, administered by the City, in accordance with approved loan guidelines.

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

(10) Fund Equity

GASB Statement Nos. 34 and 63 add the concept of Net Position, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

Net Position

Net Position is divided into three captions under GASB Statement Nos. 34 and 63. These captions apply only to Net Position as determined at the Government-wide level, and are 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. There were no net assets at June 30, 2013 that were restricted by enabling legislation.

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

Governmental activities restricted net position at June 30, 2013 is as follows:

Public Services	$ 908,012
Public Safety	6,549
Community Services	84,166
Total Restricted Net Position-Governmental Activities	$ 998,727

Fund Balances

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

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

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

Committed fund balances are those constrained to specific purposes by a government itself, using its highest level of decision-making authority. The City does not have any committed fund balances at June 30, 2013.

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.

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

Fund balances are presented in the following categories: spendable, restricted, assigned, and unassigned. A detailed schedule of fund balances at June 30, 2013 is as follows:

	General Fund	**Debt Service Fund**	**Other Governmental Funds**	**Total**
Nonspendable:				
Prepaid Items	$ 90,389	$ -	$ -	$ 90,389
Advances	245,214			245,214
Total	335,603			335,603
Restricted:				
Debt Service		1,815,075		1,815,075
Measure M			88,640	88,640
CR&R Recycling Fee			26	26
CARITS			644,208	644,208
Beverage Recycling			44,796	44,796
Senior Mobility Program			48,773	48,773
C & D Forfeited Deposits			36,453	36,453
AB 939 Surcharge Grant			2,891	2,891
Law Enforcement Grant			6,549	6,549
Grants & Contributions			126,391	126,391
Total		1,815,075	998,727	2,813,802
Assigned:				
Claims Liability	200,000			200,000
Community Center Mtnc	246,147			246,147
Parks Maintenance	201,000			201,000
Sports Complex Mtnc	279,275			279,275
Civic Center Eqpt Mtnc	288,176			288,176
Slopes/Storm Drain Mtnc	100,959			100,959
Total	1,315,557			1,315,557
Unassigned	6,718,179		(245,214)	6,472,965
Total Fund Balances	$ 8,369,339	$ 1,815,075	$ 753,513	$ 10,937,927

(11) Joint Venture

Orange County Fire Authority

In January 1995, the City of Laguna Hills entered into a Joint Powers Agreement with the Cities of Buena Park, Cypress, Dana Point, Irvine, Laguna Niguel, Lake Forest, La Palma, Los Alamitos, Mission Viejo, Placentia, San Clemente, San Juan Capistrano, Seal Beach, Stanton, Tustin, Villa Park, and Yorba Linda and the County of Orange to create the Orange County Fire Authority. Since the creation of the Authority, the cities of Aliso Viejo, Laguna Woods, Rancho Santa Margarita and Westminster have joined the Authority as members eligible for protection services. The purpose of the Authority is to provide for mutual fire protection, prevention and suppression services and related and incidental services including, but not limited to, emergency medical and transport services, as well as providing facilities and personnel for such services. The effective date of formation was March 1, 1995. The Authority's governing board consists of one representative from each City and two from the County. The operations of the Authority are funded with structural fire fees collected by the County through the property tax roll for the unincorporated area and on behalf of all member Cities except for the Cities of Stanton, Tustin, San Clemente, Buena Park, Placentia, Seal Beach and Westminster. The County pays all structural fire fees it collects to the Authority. The Cities of Stanton, Tustin, San Clemente, Buena Park, Placentia and Seal Beach are considered "cash contract cities" and accordingly make cash contributions based on the Authority's annual budget. No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2013. Upon dissolution of the Authority, all surplus money and property of the Authority will be conveyed or distributed to each member in proportion to all funds provided to the Authority by that member or by the County on behalf of that member during its membership.

Summarized information of the Authority for the fiscal year ended June 30, 2013, is as follows.

	Government-Wide
Total Assets	$ 393,616,414
Total Liabilities	(136,051,710)
Total Net Position	$ 257,564,704
Total Revenues	$ 311,135,730
Total Expenditures	(320,180,182)
Net Change in Net Position	$ (8,972,452)

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

(12) Related Party Transactions

The City's enterprise fund consists of owning a piece of commercial real estate and leasing it to various entities. The total square footage of the building is 51,946. The City is a tenant using approximately 20,843 square feet of the building. The enterprise fund does not charge the City rent. The estimated annual rent for the space would be approximately $591,844.

(13) Restatement of Net Position/Fund Balance

The accompanying financial statements reflect adjustments that resulted in the restatement of beginning net position and fund balances of the Governmental Funds as follows:

	Governmental Activities Net Position
Beginning balance, as previously reported	$ 92,034,229
Adjustment of prior year land cost	207,345
Adjustment for PERS side fund obligation	(589,913)
Beginning balance, as restated	$ 91,651,661

(14) 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.

(15) Subsequent Events

The City has evaluated subsequent events through November 24, 2013, the date these financial statements were available to be issued, and has determined there were no material events requiring disclosure.

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Required Supplementary Information

City of Laguna Hills

Notes to Required Supplementary Information

1. Budgets and Budgetary Accounting

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

2. Expenditures in Excess of Appropriations

Expenditures exceeded appropriations in the following General Fund departments:

	Appropriations	**Expenditures**	**Variance Positive (Negative)**
General Fund:			
Legislative/executive	$1,464,647	$1,661,199	$ (196,552)
Administrative services	$1,764,512	$2,005,487	$ (240,975)
Public services	$4,171,057	$4,293,862	$ (122,805)
Community services	$1,856,480	$1,888,060	$ (31,580)

The over-expenditures in the departments listed above are due, in part, by the lump-sum payoff of the City's employer side fund with CalPERS, in the amount of $557,805. This lump sum pay off was sufficient to eliminate the side fund that resulted from risk pooling. The over-expenditure in the Legislative/Executive Department is also attributable to legal services for general counsel and litigation. The over-expenditure in the Public Services Department is also attributable to higher costs for utilities, such as the increased water cost for landscape maintenance as a result of a change in the water rate structure.

Expenditures exceeded appropriations in the following non-major governmental funds:

	Appropriations	**Expenditures**	**Variance Positive (Negative)**
Non-major Governmental Funds:			
Debt service	$1,803,187	$1,805,042	$ (1,855)
AB 939 Surcharge Grant	$ 2,669	$ 4,731	$ (2,062)
Grants & Contributions		$ 8,856	$ (8,856)
SLESF/COPS Brulte	$ 100,000	$ 100,159	$ (159)

The over-expenditure in the Debt Service Fund is the annual cost of trustee services. The over-expenditure in the AB 939 Surcharge Grant Fund is related to the continuing implementation of the hazardous waste program. The over-expenditure in the Grants & Contributions Fund is the usage of grant funds restricted for capital improvement. The over-expenditure in the SLESF/COPS Brulte Fund is the usage of investment income restricted for front line law enforcement services under the State Supplemental Law Enforcement Fund (SLESF) program.

3. Deficit Fund Balance

A deficit fund balance of $245,214 exists in the Public Art Special Revenue Fund. The deficit is due to the General Fund for incurring costs in advance of receiving revenue related to the City's Public Art Program.

CITY OF LAGUNA HILLS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variances with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
Taxes	$ 11,102,998	$ 11,102,998	$ 11,041,533	$ (61,465)
Licenses and permits	910,000	910,000	618,968	(291,032)
Intergovernmental revenues	5,738,434	5,738,434	5,209,250	(529,184)
Charges for current services	1,125,413	1,125,413	981,063	(144,350)
Fines and forfeitures	500,000	500,000	226,311	(273,689)
Investment income	51,000	51,000	10,845	(40,155)
Total Revenues	19,427,845	19,427,845	18,087,970	(1,339,875)
Expenditures:				
Legislative/executive	1,466,647	1,464,647	1,661,199	(196,552)
Administrative services	1,670,335	1,764,512	2,005,487	(240,975)
Public services	4,172,557	4,171,057	4,293,862	(122,805)
Community development	1,370,580	1,366,580	1,127,880	238,700
Community services	1,844,180	1,856,480	1,888,060	(31,580)
Public safety	6,893,205	6,891,205	6,489,261	401,944
Total Expenditures	17,417,504	17,514,481	17,465,749	48,732
Excess (Deficiency) of Revenues over Expenditures	2,010,341	1,913,364	622,221	(1,291,143)
Other Financing Sources (Uses):				
Sales of capital assets			2,952,352	2,952,352
Transfers in	2,419,000	4,117,312	4,258,989	141,677
Transfers out	(4,793,424)	(7,092,033)	(6,209,795)	882,238
Total Other Financing Sources (Uses)	(2,374,424)	(2,974,721)	1,001,546	3,976,267
Net Change in Fund Balance	(364,083)	(1,061,357)	1,623,767	2,685,124
Fund Balance, Beginning	6,745,572	6,745,572	6,745,572	
Fund Balance, Ending	$ 6,381,489	$ 5,684,215	$ 8,369,339	$ 2,685,124

See Notes to Required Supplementary Information

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Supplementary Schedules

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 revenues and expenditures made for street improvement and transportation system maintenance financed through the Orange County Transportation Authority.

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

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

Senior Mobility Program 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.

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

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

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

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

Housing Set Aside Fund - Used to account for revenues required by law to be set-aside specifically for low and moderate income housing projects.

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

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

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.

JAG ARRA Fund - Used to account for revenues received and expenditures made for law enforcement services provided by funding through the American Recovery and Reinvestment Act - Justice Assistance Grant Funding program.

Other Law Enforcement Grant Fund - Used to account for revenues received and expenditures made for law enforcement services related to the allocations received through other State and local law enforcement programs, which are not part of the State Supplemental Law Enforcement Services Fund (SLESF)/COPS program.

City of Laguna Hills
Non-Major Governmental Funds
Combining Balance Sheet
As of June 30, 2013

	Special Revenue						
	Gas Tax	Measure M	AB 2766	Prop 1B	Senior Mobility Program	CARITS	CDBG
Assets							
Due from other funds	$ -	$ 88,640	$ -	$ -	$ 48,773	$ 644,208	$ -
Due from other governments							
Total Assets	$ -	$ 88,640	$ -	$ -	$ 48,773	$ 644,208	$ -
Liabilities and Fund Balances							
Liabilities:							
Unearned revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Advances from other funds							
Total Liabilities							
Fund Balances:							
Restricted		88,640			48,773	644,208	
Unassigned							
Total Fund Balance		88,640			48,773	644,208	
Total Liabilities and Fund Balance	$ -	$ 88,640	$ -	$ -	$ 48,773	$ 644,208	$ -

Special Revenue										Total
Beverage Recycling	CR&R Recycling Fee	C & D Forfeited Deposits	AB 939 Surcharge Grant	Housing Set Aside	Grants & Contributions	Public Art	SLEFS/COPS BRULTE	JAG ARRA	Other Law Enforcement	Nonmajor Governmental Funds
$ 44,796	$ 26	$ 36,453	$ 2,891	$ -	$ 126,391	$ -	$ -	$ -	$ 6,549	$ 998,727
				18,740	387,627					406,367
$ 44,796	$ 26	$ 36,453	$ 2,891	$ 18,740	$ 514,018	$ -	$ -	$ -	$ 6,549	$ 1,405,094
$ -	$ -	$ -	$ -	$ 18,740	$ 387,627	$ -	$ -	$ -	$ -	$ 406,367
						245,214				245,214
				18,740	387,627	245,214				651,581
44,796	26	36,453	2,891		126,391				6,549	998,727
						(245,214)				(245,214)
44,796	26	36,453	2,891		126,391	(245,214)			6,549	753,513
$ 44,796	$ 26	$ 36,453	$ 2,891	$ 18,740	$ 514,018	$ -	$ -	$ -	$ 6,549	$ 1,405,094

City of Laguna Hills

Non-Major Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2013

	Special Revenue							
	Gas Tax	Measure M	AB 2766	Prop 1B	Senior Mobility Program	CARITS	CDBG	Beverage Recycling
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits								
Intergovernmental	771,328	973,686	36,935		35,569		131,622	8,490
Investment income	4,216	791	35	565	115	2,818		120
Total Revenues	775,544	974,477	36,970	565	35,684	2,818	131,622	8,610
Expenditures:								
Current:								
Administrative services								
Public services								1,967
Community development							131,622	
Community services					10,294			
Public safety								
Total Expenditures					10,294		131,622	1,967
Excess (Deficiency) of Revenues over Expenditures	775,544	974,477	36,970	565	25,390	2,818		6,643
Other Financing Sources (Uses):								
Transfers in					2,059			
Transfers out	(1,724,563)	(891,546)	(36,970)	(176,109)		(233,734)		
Total Other Financing Sources (Uses)	(1,724,563)	(891,546)	(36,970)	(176,109)	2,059	(233,734)		
Net Change in Fund Balances	(949,019)	82,931		(175,544)	27,449	(230,916)		6,643
Fund Balances (Deficit), Beginning	949,019	5,709		175,544	21,324	875,124		38,153
Fund Balances (Deficit), Ending	$ -	$ 88,640	$ -	$ -	$ 48,773	$ 644,208	$ -	$ 44,796

Special Revenue									Total
CR&R Recycling Fee	C & D Forfeited Deposits	AB 939 Surcharge Grant	Housing Set Aside	Grants & Contributions	Public Art	SLEFS/COPS Brulte	JAG ARRA	Other Law Enforcement	Nonmajor Governmental Funds
$ 20,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 20,000
	36,887								36,887
				1,321,789		100,000	2,312	6,539	3,388,270
21	100	15		669		159		10	9,634
20,021	36,987	15		1,322,458		100,159	2,312	6,549	3,454,791
				8,856					8,856
20,000	26,112	4,731							52,810
									131,622
					6,477				16,771
						100,159	2,312		102,471
20,000	26,112	4,731		8,856	6,477	100,159	2,312		312,530
21	10,875	(4,716)		1,313,602	(6,477)			6,549	3,142,261
									2,059
				(1,196,067)					(4,258,989)
				(1,196,067)					(4,256,930)
21	10,875	(4,716)		117,535	(6,477)			6,549	(1,114,669)
5	25,578	7,607		8,856	(238,737)				1,868,182
$ 26	$ 36,453	$ 2,891	$ -	$ 126,391	$ (245,214)	$ -	$ -	$ 6,549	$ 753,513

City of Laguna Hills
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes In Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual	Positive(Negative)
Revenues:				
Investment income	$ -	$ -	$ -	$ -
Total Revenues				
Expenditures:				
Capital Outlay	2,889,000	5,187,609	4,402,694	784,915
Total Expenditures	2,889,000	5,187,609	4,402,694	784,915
Excess (Deficiency) of Revenues over Expenditures	(2,889,000)	(5,187,609)	(4,402,694)	784,915
Other Financing Sources (Uses):				
Transfers in	2,889,000	5,187,609	4,402,694	(784,915)
Total Other Financing Sources (Uses)	2,889,000	5,187,609	4,402,694	(784,915)
Net change in Fund Balance				
Fund Balance, Beginning				
Fund Balance, Ending	$ -	$ -	$ -	$ -

City of Laguna Hills
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes In Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual	Positive(Negative)
Revenues:				
Investment income	$ -	$ -	$ 5,449	$ 5,449
Total Revenues			5,449	5,449
Expenditures:				
Debt Service:				
Interest	623,187	623,187	625,043	(1,856)
Principal	1,180,000	1,180,000	1,180,000	
Total Expenditures	1,803,187	1,803,187	1,805,043	(1,856)
Excess (Deficiency) of Revenues over Expenditures	(1,803,187)	(1,803,187)	(1,799,594)	3,593
Other Financing Sources (Uses):				
Transfers in	1,803,187	1,803,187	1,805,042	1,855
Total Other Financing Sources (Uses)	1,803,187	1,803,187	1,805,042	1,855
Net Change in Fund Balance			5,448	5,448
Fund Balance, Beginning	1,809,627	1,809,627	1,809,627	
Fund Balance, Ending	$ 1,809,627	$ 1,809,627	$ 1,815,075	$ 5,448

City of Laguna Hills
Gas Tax Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental	$ 932,707	$ 932,707	$ 771,328	$ (161,379)
Investment income	53,550	53,550	4,216	(49,334)
Total Revenues	986,257	986,257	775,544	(210,713)
Other Financing Sources (Uses):				
Transfers out	(1,935,276)	(1,935,276)	(1,724,563)	210,713
Total Other Financing Sources (Uses)	(1,935,276)	(1,935,276)	(1,724,563)	210,713
Net Change in Fund Balance	(949,019)	(949,019)	(949,019)	
Fund Balance, Beginning	949,019	949,019	949,019	
Fund Balance, Ending	$ -	$ -	$ -	$ -

City of Laguna Hills
Measure M Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental	$ 622,908	$ 743,617	$ 973,686	$ 230,069
Investment income	23,800	23,800	791	(23,009)
Total Revenues	646,708	767,417	974,477	207,060
Other Financing Sources (Uses):				
Transfers out	(652,417)	(773,126)	(891,546)	(118,420)
Total Other Financing Sources (Uses)	(652,417)	(773,126)	(891,546)	(118,420)
Net Change in Fund Balance	(5,709)	(5,709)	82,931	88,640
Fund Balance, Beginning	5,709	5,709	5,709	
Fund Balance, Ending	$ -	$ -	$ 88,640	$ 88,640

City of Laguna Hills
AB2766 Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
Intergovernmental	$ 40,000	$ 40,000	$ 36,935	$ (3,065)
Investment income			35	35
Total Revenues	40,000	40,000	36,970	(3,030)
Other Financing Sources (Uses):				
Transfers out			(36,970)	(36,970)
Total Other Financing Sources (Uses)			(36,970)	(36,970)
Net Change in Fund Balance	40,000	40,000		(40,000)
Fund Balance, Beginning				
Fund Balance, Ending	$ 40,000	$ 40,000	$ -	$ (40,000)

CITY OF LAGUNA HILLS
PROPOSITION 1B SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Investment income	$ -	$ -	$ 565	$ 565
Total Revenues			565	565
Other Financing Sources (Uses):				
Transfers out		(175,544)	(176,109)	(565)
Total Other Financing Sources (Uses)		(175,544)	(176,109)	(565)
Net Change in Fund Balance		(175,544)	(175,544)	
Fund Balance, Beginning	175,544	175,544	175,544	
Fund Balance, Ending	$ 175,544	$ -	$ -	$ -

City of Laguna Hills
Senior Mobility Program Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental	$ 34,226	$ 34,226	$ 35,569	$ 1,343
Investment income			115	115
Total Revenues	34,226	34,226	35,684	1,458
Expenditures:				
Current:				
Community services	34,226	34,226	10,294	23,932
Total Expenditures	34,226	34,226	10,294	23,932
Excess (deficiency) of Revenues over Expenditures			25,390	25,390
Other Financing Sources (Uses):				
Transfers in			2,059	2,059
Total Other Financing Sources (Uses)			2,059	2,059
Net Change in Fund Balance			27,449	27,449
Fund Balance, Beginning	21,324	21,324	21,324	
Fund Balance, Ending	$ 21,324	$ 21,324	$ 48,773	$ 27,449

City of Laguna Hills
CARITS Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
Investment income	$ 41,650	$ 41,650	$ 2,818	$ (38,832)
Total Revenues	41,650	41,650	2,818	(38,832)
Other Financing Sources (Uses):				
Transfers out		(27,000)	(233,734)	(206,734)
Total Other Financing Sources (Uses)		(27,000)	(233,734)	(206,734)
Net Change in Fund Balance	41,650	14,650	(230,916)	(245,566)
Fund Balance, Beginning	875,124	875,124	875,124	
Fund Balance, Ending	$ 916,774	$ 889,774	$ 644,208	$ (245,566)

City of Laguna Hills
CDBG Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
Intergovernmental	$ 215,000	$ 215,000	$ 131,622	$ (83,378)
Total Revenues	215,000	215,000	131,622	(83,378)
Expenditures:				
Current:				
Community development	215,000	215,000	131,622	83,378
Total Expenditures	215,000	215,000	131,622	83,378
Net Change in Fund Balance				
Fund Balance, Beginning				
Fund Balance, Ending	$ -	$ -	$ -	$ -

City of Laguna Hills
Beverage Recycling Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental	$ 8,826	$ 8,826	$ 8,490	$ (336)
Investment income			120	120
Total Revenues	8,826	8,826	8,610	(216)
Expenditures:				
Current:				
Public Services	19,500	19,500	1,967	17,533
Total Expenditures	19,500	19,500	1,967	17,533
Net Change in Fund Balance	(10,674)	(10,674)	6,643	17,317
Fund Balance, Beginning	38,153	38,153	38,153	
Fund Balance, Ending	$ 27,479	$ 27,479	$ 44,796	$ 17,317

City of Laguna Hills
CR&R Recycling Fees Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Taxes	$ 20,000	$ 20,000	$ 20,000	$ -
Investment income			21	21
Total Revenues	20,000	20,000	20,021	21
Expenditures:				
Current:				
Public Services	20,000	20,000	20,000	
Total Expenditures	20,000	20,000	20,000	
Net Change in Fund Balance			21	21
Fund Balance, Beginning	5	5	5	
Fund Balance, Ending	$ 5	$ 5	$ 26	$ 21

City of Laguna Hills
C & D Forfeited Deposits Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Licenses and permits	$ 50,000	$ 50,000	$ 36,887	$ (13,113)
Investment income			100	(100)
Total Revenues	50,000	50,000	36,987	(13,213)
Expenditures:				
Current:				
Public Services	54,731	54,731	26,112	28,619
Total Expenditures	54,731	54,731	26,112	28,619
Net Change in Fund Balance	(4,731)	(4,731)	10,875	15,406
Fund Balance, Beginning	25,578	25,578	25,578	
Fund Balance, Ending	$ 20,847	$ 20,847	$ 36,453	$ 15,606

City of Laguna Hills
AB 939 Surcharge Grant Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Investment income	$ -	$ -	$ 15	$ 15
Total Revenues			15	15
Expenditures:				
Current:				
Public Services	2,669	2,669	4,731	(2,062)
Total Expenditures	2,669	2,669	4,731	(2,062)
Net Change in Fund Balance	(2,669)	(2,669)	(4,716)	(2,047)
Fund Balance, Beginning	7,607	7,607	7,607	
Fund Balance, Ending	$ 4,938	$ 4,938	$ 2,891	$ (2,047)

City of Laguna Hills
Housing Set-aside Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes In Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual	Positive(Negative)
Revenues:				
Intergovernmental	$ 22,850	$ 22,850	$ -	$ (22,850)
Total Revenues	22,850	22,850		(22,850)
Expenditures:				
Current:				
Community Development	22,850	22,850		22,850
Total Expenditures	22,850	22,850		22,850
Net Change in Fund Balance				
Fund Balance, Beginning				
Fund Balance, Ending	$ -	$ -	$ -	$ -

City of Laguna Hills
Grants and Contributions Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes In Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual	Positive(Negative)
Revenues:				
Intergovernmental	$ -	$ 1,630,967	$ 1,321,789	$ (309,178)
Investment income			669	669
Total Revenues		1,630,967	1,322,458	(308,509)
Expenditures:				
Current:				
Administrative services			8,856	(8,856)
Total Expenditures			8,856	(8,856)
Excess (Deficiency) of Revenues over Expenditures		1,630,967	1,313,602	(317,365)
Other Financing Sources (Uses):				
Transfers out		(1,630,967)	(1,196,067)	434,900
Total Other Financing Sources (Uses)		(1,630,967)	(1,196,067)	434,900
Net Change in Fund Balance			117,535	117,535
Fund Balance, Beginning	8,856	8,856	8,856	
Fund Balance, Ending	$ 8,856	$ 8,856	$ 126,391	$ 117,535

City of Laguna Hills
SLESF/COPS Brulte Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive(Negative)
Revenues:				
Intergovernmental	$ 100,000	$ 100,000	$ 100,000	$ -
Investment income			159	159
Total Revenues	100,000	100,000	100,159	159
Expenditures:				
Current:				
Public safety	100,000	100,000	100,159	(159)
Total Expenditures	100,000	100,000	100,159	(159)
Net Change in Fund Balance				
Fund Balance, Beginning				
Fund Balance, Ending	$ -	$ -	$ -	$ -

City of Laguna Hills
Agency Fund
Statement of Changes in Fiduciary Assets and Liabilities
For the Fiscal Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Assets				
Cash and investments	$ 371,927	$ -	$ (138,647)	$ 233,280
Total assets	$ 371,927	$ -	$ (138,647)	$ 233,280
Liabilities				
Deposits	$ 371,927	$ -	$ (138,647)	$ 233,280
Total liabilities	$ 371,927	$ -	$ (138,647)	$ 233,280

STATISTICAL SECTION

STATISTICAL SECTION

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

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual 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									
	2004 [(a)]	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net Investment in capital assets	$ 42,960,776	$ 44,165,410	$ 46,474,237	$ 50,728,980	$ 52,338,159	$ 56,606,677	$ 76,364,755	$ 78,797,985	$ 83,190,113	$ 86,219,252
Restricted	2,531,175	3,246,346	3,839,611	3,023,222	4,701,017	3,356,723	3,935,701	3,653,349	2,106,914	998,727
Unrestricted	10,050,219	9,308,718	9,377,131	10,606,335	10,230,570	7,858,499	7,501,713	7,325,428	6,354,634	6,740,093
Total government activities net position	$ 55,542,170	$ 56,720,474	$ 59,690,979	$ 64,358,537	$ 67,269,746	$ 67,821,899	$ 87,802,169	$ 89,776,762	$ 91,651,661	$ 93,958,072
Business-type activities										
Net Investment in capital assets	$ 12,744,792	$ 14,413,461	$ 14,163,874	$ 13,796,813	$ 13,292,252	$ 12,720,481	$ 12,206,656	$ 11,542,563	$ 10,989,447	$ 10,403,077
Restricted										
Unrestricted	298,992	169,956	540,017	359,254	195,703	134,998	150,668	85,344	96,511	47,563
Total business-type activities net position	$ 13,043,784	$ 14,583,417	$ 14,703,891	$ 14,156,067	$ 13,487,955	$ 12,855,479	$ 12,357,324	$ 11,627,907	$ 11,085,958	$ 10,450,640
Primary government										
Net Investment in capital assets	$ 55,705,568	$ 58,578,871	$ 60,638,111	$ 64,525,793	$ 65,630,411	$ 69,327,158	$ 88,571,411	$ 90,340,548	$ 94,179,560	$ 96,622,329
Restricted	2,531,175	3,246,346	3,839,611	3,023,222	4,701,017	3,356,723	3,935,701	3,653,349	2,106,914	998,727
Unrestricted	10,349,211	9,478,674	9,917,148	10,965,589	10,426,273	7,993,497	7,652,381	7,410,772	6,451,145	6,787,656
Total primary government net position	$ 68,585,954	$ 71,303,891	$ 74,394,870	$ 78,514,604	$ 80,757,701	$ 80,677,378	$ 100,159,493	$ 101,404,669	$ 102,737,619	$ 104,408,712

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

12/10/2013 ITEM NO. 3.10

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
Legislative/executive	$ 1,246,684	$ 1,299,424	$ 1,389,720	$ 1,441,763	$ 1,534,942	$ 1,542,082	$ 1,592,070	$ 1,537,287	$ 1,565,164	$ 1,546,012
Administrative services	1,795,147	2,593,403	2,357,409	1,928,022	1,785,896	1,719,314	1,724,356	1,771,910	1,755,500	1,976,262
Public services	6,970,973	6,650,188	7,360,168	9,507,357	6,814,629	8,318,347	7,389,564	5,781,123	5,999,412	6,150,553
Community development	785,278	1,060,418	1,247,350	1,541,295	1,775,552	1,523,476	1,595,670	1,404,624	1,127,036	1,138,280
Community services	1,892,812	3,225,589	1,554,514	1,651,779	1,771,671	1,776,257	1,769,589	3,702,911	3,642,792	3,777,102
Public safety	5,109,994	5,288,663	5,598,571	5,893,769	6,503,096	6,422,802	6,597,894	6,487,711	6,528,489	6,575,855
Interest expense	1,044,572	1,002,505	973,024	942,801	910,500	875,447	636,441	663,944	620,376	583,461
Total governmental activities expenses	18,845,460	21,120,190	20,480,756	22,906,786	21,096,286	22,177,725	21,305,584	21,349,510	21,238,769	21,747,525
Business-type activities:										
Property leasing	427,492	1,035,344	1,087,912	1,139,550	1,162,891	1,117,002	1,125,330	1,190,752	1,154,967	1,163,305
Total business-type activities expenses	427,492	1,035,344	1,087,912	1,139,550	1,162,891	1,117,002	1,125,330	1,190,752	1,154,967	1,163,305
Total primary government expenses	$ 19,272,952	$ 22,155,534	$ 21,568,668	$ 24,046,336	$ 22,259,177	$ 23,294,727	$ 22,430,914	$ 22,540,262	$ 22,393,736	$ 22,910,830
Program Revenues										
Government activities:										
Charges for Services:										
Legislative/executive	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,236	$ -	$ -
Administrative services								96,726	2,838	
Public services	56,665	48,696	38,683	59,584	58,539	98,818	86,176	155,373	83,989	112,629
Community development	924,056	552,029	535,973	672,168	616,819	544,227	514,162	653,918	669,936	750,626
Community services	468,773	511,766	540,369	562,584	683,911	687,987	703,099	701,040	657,129	714,634
Public safety	381,119	405,000	533,977	475,214	485,376	435,452	542,732	401,665	295,587	226,311
Operating Contributions	2,795,098	2,583,927	4,774,223	6,826,309	3,486,884	4,217,578	3,059,335	4,738,096	3,082,972	2,137,580
Capital Contributions	55,545	19,665	40,771	57,282	24,674			820,456	3,040,344	945,068
Total governmental activities program revenues	4,681,256	4,121,083	6,463,996	8,653,141	5,356,203	5,984,062	4,905,504	7,569,510	7,832,795	4,886,848
Business-type activities:										
Charges for Services:										
Property Leasing	455,298	406,721	588,842	688,215	790,817	591,665	649,270	535,455	527,530	527,931
Operating grants and contributions										
Capital grants and contributions		2,134,938							85,134	
Total business-type activities program revenues	455,298	2,541,659	588,842	688,215	790,817	591,665	649,270	535,455	612,664	527,931
Total primary government program revenues	$ 5,136,554	$ 6,662,742	$ 7,052,838	$ 9,341,356	$ 6,147,020	$ 6,575,727	$ 5,554,774	$ 8,104,965	$ 8,445,459	$ 5,414,779

(Continued)

(Continued)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	Fiscal Year									
Net (expense)/revenue										
Governmental activities	$ (14,164,204)	$ (16,999,107)	$ (14,016,760)	$ (14,253,645)	$ (15,740,083)	$ (16,193,663)	$ (16,400,080)	$ (13,780,000)	$ (13,405,974)	$ (16,860,677)
Business- type activities	27,806	1,506,315	(499,070)	(451,335)	(372,074)	(525,337)	(476,060)	(655,297)	(542,303)	(635,374)
	$ (14,136,398)	$ (15,492,792)	$ (14,515,830)	$ (14,704,980)	$ (16,112,157)	$ (16,719,000)	$ (16,876,140)	$ (14,435,297)	$ (13,948,277)	$ (17,496,051)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	$ 4,836,439	$ 4,892,577	$ 5,219,940	$ 6,000,932	$ 6,310,302	$ 8,624,076	$ 8,573,008	$ 8,186,735	$ 8,223,234	$ 8,722,406
Sales and use taxes	6,746,046	7,964,948	6,868,829	6,811,004	6,368,887	5,522,204	5,197,367	5,238,949	5,157,787	5,305,487
Motor vehicle in lieu taxes	1,546,339	2,724,783	2,591,236	2,575,919	2,690,646	114,895	99,167	154,787	16,727	17,332
Other State subvention	1,108	1,919	95,072	25,026						
Franchise taxes	888,821	920,778	1,006,109	1,218,116	1,202,702	1,237,335	1,217,595	1,199,882	1,223,523	1,210,837
Transient occupancy taxes	967,378	980,585	1,156,409	1,227,989	1,219,609	915,807	752,478	869,505	1,004,483	1,108,290
Investment earnings	120,274	134,912	210,046	325,266	469,876	119,006	29,205	25,267	15,736	12,216
Miscellaneous revenue	56,056	111,761	404,382	620,465	44,312	62,493	21,389	4,468	21,951	21,016
Lawsuit settlement	1,349,451									
Sale of capital assets										2,769,504
Transfers		(30,000)	(599,379)	100,000	300,000	150,000	24,790	75,000		
Total governmental activities	16,511,912	17,702,263	16,952,644	18,904,717	18,606,334	16,745,816	15,914,999	15,754,593	15,663,441	19,167,088
Business-type activities:										
Investment earnings	2,016	3,318	30	3,511	3,962	2,877	2,695	880	354	56
Transfers		30,000	599,379	(100,000)	(300,000)	(150,000)	(24,790)	(75,000)		
Total business-type activities	2,016	33,318	599,409	(96,489)	(296,038)	(147,123)	(22,095)	(74,120)	354	56
Total primary government	$ 16,513,928	$ 17,735,581	$ 17,552,053	$ 18,808,228	$ 18,310,296	$ 16,598,693	$ 15,892,904	$ 15,680,473	$ 15,663,795	$ 19,167,144
Change in Net Position										
Governmental activities	2,347,708	703,156	2,935,884	4,651,072	2,866,251	552,153	(485,081)	1,974,593	2,257,467	2,306,411
Business-type activities	29,822	1,539,633	100,339	(547,824)	(668,112)	(672,460)	(498,155)	(729,417)	(541,949)	(635,318)
Total primary government	$ 2,377,530	$ 2,242,789	$ 3,036,223	$ 4,103,248	$ 2,198,139	$ (120,307)	$ (983,236)	$ 1,245,176	$ 1,715,518	$ 1,671,093

12/10/2013 ITEM NO. 3.10

CITY OF LAGUNA HILLS

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

(accrual basis of accounting)

Fiscal Year	Property Tax	Sales & Use Tax	Motor Vehicle in Lieu Tax	Other State Subvention	Franchise Tax	Transient Occupancy Tax	Total
2004	4,836,439	6,746,046	1,546,339	1,108	888,821	967,378	14,986,131
2005	4,892,577	7,964,948	2,724,783	1,919	920,778	980,585	17,485,590
2006	5,219,940	6,868,829	2,591,236	95,072	1,006,109	1,156,409	16,937,595
2007	6,000,932	6,811,004	2,575,919	25,026	1,218,116	1,227,989	17,858,986
2008	6,310,302	6,368,887	2,690,646		1,202,702	1,219,609	17,792,146
2009	8,624,076	5,522,204	114,895		1,237,335	915,807	16,414,317
2010	8,573,008	5,197,367	99,167		1,217,595	752,478	15,839,615
2011	8,186,735	5,238,949	154,787		1,199,882	869,505	15,649,858
2012	8,223,234	5,157,787	16,727		1,223,523	1,004,483	15,625,754
2013	8,722,406	5,305,487	17,332		1,210,837	1,108,290	16,364,352

City of Laguna Hills
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Reserved	$ 127,613	$ 52,957	$ 40,016	$ 30,745	$ 186,524	$ 44,610	$ 15,624	$	$	$
Unreserved	10,556,528	9,252,463	10,074,573	11,019,918	10,313,093	8,582,945	8,611,931			
Nonspendable								305,302	311,223	335,603
Restricted										
Committed										
Assigned								1,318,164	1,284,939	1,315,557
Unassigned								4,716,361	5,149,410	6,718,179
Total general fund	$ 10,684,141	$ 9,305,420	$ 10,114,589	$ 11,050,663	$ 10,499,617	$ 8,627,555	$ 7,422,224	$ 6,339,827	$ 6,745,572	$ 8,369,339
All other governmental funds										
Reserved	$ 614,510	$ 628,258	$ 652,694	$ 419,790	$ 421,484	$ 415,078	$ 1,817,086	$	$	$
Unreserved, reported in:										
Special revenue funds	1,918,250	2,129,536	2,751,414	2,603,432	4,202,374	2,427,534	2,411,192			
Debt service funds	416,135	421,470	435,502							
Nonspendable										
Restricted								4,473,805	3,916,541	2,813,802
Committed										
Assigned										
Unassigned								(273,326)	(238,732)	(245,214)
Total all other governmental funds	$ 2,948,895	$ 3,179,264	$ 3,839,610	$ 3,023,222	$ 4,623,858	$ 2,842,612	$ 4,228,278	$ 4,200,479	$ 3,677,809	$ 2,568,588

12/10/2013 ITEM NO. 3.10

City of Laguna Hills
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of acounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Taxes	$ 6,803,566	$ 7,312,670	$ 7,412,442	$ 8,598,829	$ 8,843,272	$ 10,858,989	$ 10,553,196	$ 10,513,681	$ 10,533,542	$ 11,061,533
Licenses and permits	854,948	530,839	505,608	599,423	579,915	521,724	423,012	550,155	816,863	655,855
Intergovernmental	10,515,416	12,348,515	14,796,110	16,153,141	12,364,967	9,727,124	7,975,877	10,023,285	10,960,315	8,597,520
Charges for current services	1,111,839	743,414	828,054	815,148	951,289	909,504	946,119	1,047,727	887,126	981,063
Fines and forfeitures	333,119	357,000	485,977	426,060	437,376	435,452	542,732	401,665	295,587	226,311
Miscellaneous			25,914							
Investment income	224,829	222,313	363,044	552,887	494,550	223,846	45,732	36,906	30,129	25,928
Total revenues	19,843,717	21,514,751	24,417,149	27,145,488	23,671,369	22,676,639	20,486,668	22,573,419	23,523,562	21,548,210
Expenditures:										
Current:										
Legislative/executive	1,264,822	1,296,945	1,389,261	1,431,276	1,521,937	1,527,927	1,583,009	1,528,226	1,556,386	1,661,199
Administrative services	1,816,417	1,811,903	1,663,400	1,804,671	1,863,562	1,664,029	1,537,841	1,591,486	1,622,122	2,014,343
Public services	3,445,753	3,441,494	3,551,780	4,050,846	4,897,258	4,419,088	4,088,538	4,190,842	4,155,386	4,346,672
Community development	748,454	1,050,679	1,239,540	1,533,319	1,823,818	1,660,768	1,593,187	1,404,624	1,127,036	1,259,502
Community services	1,230,118	1,378,890	1,518,157	1,679,248	1,717,124	1,733,464	1,570,196	1,646,388	1,595,904	1,904,831
Public safety	4,883,141	5,303,888	5,630,812	5,915,809	6,524,289	6,427,542	6,585,639	6,475,456	6,494,020	6,591,732
Capital outlay	9,764,192	6,128,394	5,337,802	8,991,937	2,619,246	7,102,899	2,013,797	5,013,252	5,289,390	4,402,694
Debt service:										
Interest	1,048,504	1,004,910	975,512	945,372	913,325	878,480	427,854	712,976	670,243	625,043
Cost of bond issuance							301,477			
Payment to bond escrow agent										
Discount on bond										
Principal retirement	849,844	1,216,000	1,130,000	1,160,000	1,016,178	1,010,000	820,000	1,090,000	1,130,000	1,180,000
Total expenditures	25,051,245	22,633,103	22,436,264	27,512,478	22,896,737	26,424,197	20,521,538	23,653,250	23,640,487	23,986,016
Excess (deficiency) of revenues over expenditures	(5,207,528)	(1,118,352)	1,980,885	(366,990)	774,632	(3,747,558)	(34,870)	(1,079,831)	(116,925)	(2,437,806)

(Continued)

(Continued)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other financing sources (uses):										
Transfers in	$ 18,075,145	$ 10,035,905	$ 10,928,487	$ 17,968,939	$ 5,956,627	$ 13,800,602	$ 7,868,431	$ 12,431,918	$ 13,529,097	$ 10,468,784
Transfers out	(18,075,145)	(10,065,905)	(11,527,866)	(17,868,939)	(5,656,627)	(13,650,602)	(7,843,641)	(12,356,918)	(13,529,097)	(10,468,784)
Bond Proceeds							17,190,000			
Payment to bond escrow agent							(18,081,996)			
Premium on bond issue							1,206,953			
Sales tax repayment				(358,909)						
Lawsuit Settlement	1,349,451			550,000	(70,000)	(55,750)	(7,500)	(105,365)		
Sale of Capital Assets										2,952,352
Total other financing sources (uses)	1,349,451	(30,000)	(599,379)	291,091	230,000	94,250	332,247	(30,365)	-	2,952,352
Net change in fund balances	$ (3,858,077)	$ (1,148,352)	$ 1,381,506	$ (75,899)	$ 1,004,632	$ (3,653,308)	$ 297,377	$ (1,110,196)	$ (116,925)	$ 514,546
Debt service as a percentage of noncapital expenditures	9.63%	9.95%	10.01%	8.77%	8.67%	8.16%	5.63%	8.07%	8.03%	7.59%

12/10/2013 ITEM NO. 3.10

City of Laguna Hills

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year Ended June 30,	Secured Gross Value	Unsecured Gross Value	SBE Nonunitary	Exemptions	Total Taxable Assessed Value (1)	Percentage Increase	Total Direct Rate Applied (2)
2004	4,047,528	149,997	209	28,833	4,197,734		0.05108
2005	4,344,058	163,468	199	30,625	4,507,725	7.38%	0.05330
2006	4,764,453	144,816	203	30,616	4,909,472	8.91%	0.05319
2007	5,160,814	154,887	190	31,676	5,315,891	8.28%	0.05342
2008	5,520,202	215,240		34,477	5,735,442	7.89%	0.10611
2009	5,516,226	174,459		32,955	5,690,685	-0.78%	0.10630
2010	5,413,579	175,241		33,614	5,588,820	-1.79%	0.10708
2011	5,299,826	160,738		33,534	5,460,565	-2.29%	0.10796
2012	5,308,488	156,488		33,852	5,464,976	0.08%	0.10853
2013	5,371,901	143,351		34,825	5,515,252	0.92%	0.10840

Sources: *HdL Coren & Cone, Orange County Assessor 2003/04 - 2012/13 Combined Tax Rolls*

Note: *In 1978 the voters of the State of California passed Proposition 13 which limited property tax to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exception, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed valude is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.*

(1) *Exempt values are not included in Total*

(2) *Because basic and debt rates vary by tax rate area, individual rates cannot be summed. The Total Direct Rate is the weighted average of all individual direct rates applied.*

City of Laguna Hills

Property Tax Rates
Direct and Overlapping [a] Governments
(Rate per $100 of Taxable Value)
Last Ten Fiscal Years

	Fiscal Year									
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Overlapping and Direct Tax Rates [1]										
Overlapping Basic Rate [2] [3]	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Capistrano Union	0.01292	0.01191	0.01078	0.00947	0.01019	0.00971	0.01077	0.01105	0.01101	0.01171
Irvine Ranch Water	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.03870	0.03870	0.04860	0.04860
Metropolitan Water District	0.00610	0.00580	0.00520	0.00470	0.00450	0.00430	0.00430	0.00370	0.00370	0.00350
Moulton Niguel Water District	0.25155	0.21784	0.12923	0.11403	0.08830	0.11679	0.12104	0.12203	0.12936	0.14547
Saddleback Valley Unified	0.00000	0.03626	0.03079	0.03694	0.02668	0.02834	0.03043	0.03194	0.03163	0.03265
Total	**1.27057**	**1.27181**	**1.17600**	**1.16514**	**1.12967**	**1.15914**	**1.20524**	**1.20742**	**1.22430**	**1.24193**
City Direct Rates										
City Share of 1% Levy Per Prop13 [2] [3]	**0.05371**	**0.05371**	**0.05371**	**0.05371**	**0.05371**	**0.12228**	**0.12282**	**0.05371**	**0.05371**	**0.05371**
Redevelopment Rate [4]		**1.00580**	**1.00520**	**1.00470**	**1.00450**	**1.00430**	**1.00430**	**1.00370**	**1.00370**	
Total Direct Rate [5]	**0.05108**	**0.05330**	**0.05319**	**0.05342**	**0.10611**	**0.10630**	**0.10708**	**0.10796**	**0.10853**	**0.10840**

Source: HdL Coren & Cone, Orange County Assessor 2003/04 - 2012/13 Tax Rate Table

[1] *Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners.*

[2] *In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.0% fixed rate. This 1.0% is shared by all taxing agencies for which the subject property resides within. In addition, to the 1.0% fixed amount, property oweners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.*

[3] *City's Share of 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.*

[4] *Redevelopment Rate is based on the largest RDA tax rate area and only includes rates from indebtedness adopted prior to 1989 per California State staute. RDA direct and overlapping rates are applied only to incremental property values. The aprroval of ABX126 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.*

[5] *Because basic and debt rates vary by tax rate area, individual rates cannot be summed. The Total Direct Rate is the weighted average of all individual direct rates applied.*

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City of Laguna Hills
Principal Property Taxpayers
Current year and nine years ago
(amounts expressed in thousands)

Taxpayer	2013 Taxable Assessed Value	2013 Rank	2013 Percentage of Total Taxable Assessed Value	2004 Taxable Assessed Value	2004 Rank	2004 Percentage of Total Taxable Assessed Value
MGP Fund X Laguna Hills LLC	$ 111,652	1	2.02%	$ -		
Acquiport Three Corporation	75,376	2	1.37%	58,176	2	1.39%
TGM Prado LLC	53,078	3	0.96%			
SPRTMRT Properties Trust	39,987	4	0.73%	30,560	5	0.73%
LHT Saddleback LLC	36,340	5	0.66%	30,054	6	0.72%
Lakehills at Laguna LLC	34,680	6	0.63%			
La Paz Office Plaza LLC	30,986	7	0.56%			
Memorial Health Services	24,457	8	0.44%			
Moulton Plaza LLC	22,891	9	0.42%			
Laguna Hills Investment Co.	22,513	10	0.41%	20,846	10	0.50%
Shopping Center				87,378	1	2.08%
Landmark Laguna LP				39,743	3	0.95%
Pinebrook Apartments				35,727	4	0.85%
Frank N. Tomlinson Trust				26,652	7	0.63%
SPK- Oakbroak Plaza Laguna				21,940	8	0.52%
VV California				21,832	9	0.52%
Totals	$ 451,960		8.19%	$ 372,908		8.88%

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

City of Laguna Hills
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended June 30,	Secured	Unsecured	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2004	4,133	224	4,357	4,270	98.0%	58	4,328	99%
2005	4,488	230	4,718	4,631	98.2%	50	4,682	99%
2006	4,884	232	5,116	4,990	97.5%	54	5,044	99%
2007	5,266	267	5,533	5,325	96.2%	67	5,393	97%
2008	5,697	250	5,946	5,714	96.1%	116	5,830	98%
2009	5,675	250	5,925	5,685	96.0%	200	5,885	99%
2010	5,555	256	5,812	5,629	96.9%	203	5,832	100%
2011	5,489	248	5,737	5,577	97.2%	126	5,702	99%
2012	5,526	246	5,772	5,605	97.1%	87	5,693	99%
2013	5,587	239	5,827	5,694	97.7%	85	5,779	99%

Source: County of Orange 2012 Tax Ledger Detail & Summary Reports, A43 Laguna Hills City

City of Laguna Hills

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

(amounts expressed in thousands, except per capita amounts)

Fiscal Year	Total Government Certificates of Participation	Personal Income [b]	Per Capita Personal Income [b]	Percentage of Personal Income [b]	Per Capita [a]
2004	23,180	1,275,828	$ 38,677	1.82%	706.06
2005	22,300	1,321,554	$ 39,938	1.69%	676.02
2006	21,390	1,384,623	$ 41,813	1.54%	646.42
2007	20,450	1,425,961	$ 43,058	1.43%	617.54
2008	19,480	1,441,089	$ 43,346	1.35%	588.22
2009	18,470	1,417,282	$ 42,444	1.30%	555.56
2010	17,190	1,500,666	$ 44,672	1.15%	514.79
2011	16,100	1,445,996	$ 47,227	1.11%	479.27
2012	14,970	1,363,858	$ 44,421	1.10%	488.93
2013	13,790	-	-	-	449.14

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

Source: 2002-2009 Income Data: ESRI-Demographic Estimates are based on the lastest available Census

2010 and later -Income Data-US Census Bureau, most recent American Community Survey

[a] Population data can be found in the Schedule of Demographic and Economic Statistics on page III - 19.

[b] 2013 personal income data not available at time of print; Hence, table provides personal income history for years 2004-2012.

City of Laguna Hills
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

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

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

City of Laguna Hills
Direct and Overlapping Governmental Activities Debt
As of June 30, 2013

	Debt Outstanding	Estimated Percentage Applicable [a]		Estimated Share of Overlapping Debt
OVERLAPPING TAX AND ASSESSMENT DEBT:				
Metropolitan Water District	165,085,000	0.262%		432,523
Saddleback Valley Unified School District	121,645,000	18.229%		22,174,667
Capistrano Unified School District Facilities Improvement District No. 1	39,579,930	0.025%		9,895
Moulton-Niguel Water District and, I.D.'s 6 & 8	18,620,000	3.332%		620,418
Orange County Community Facilities District #88-2	334,569	100.000%		334,569
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			$	23,572,072
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		% Applicable		Debt
Orange County General Fund Obligations	190,546,000	1.289%	$	2,456,138
Orange County Pension Obligations	306,287,244	1.289%		3,948,043
Orange County Board of Education Certificates of Participation	15,770,000	1.289%		203,275
Municipal Water District of Orange County Water Facilities Corporation	10,035,000	1.545%		155,041
Capistrano Unified School District Certificates of Participation	19,635,000	0.017%		3,338
Moulton-Niguel Water District Certificates of Participation	83,535,000	13.699%		11,443,460
SUBTOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT			$	18,209,295
City of Laguna Hills Certificates of Participation, Direct Debt	**13,790,000**	**100.000%**		**13,790,000**
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT				31,999,295
Less: MWDOC Water Facilities Corporation (100% self-supporting)				155,041
TOTAL NET OVERLAPPING GENERAL FUND OBLIGATION DEBT			$	31,844,254
OVERLAPPING TAX INCREMENT DEBT (Successor Agency)	16,625,000	0.832%		138,320
GROSS COMBINED TOTAL DEBT			$	55,709,687 [b]
NET COMBINED TOTAL DEBT			$	55,554,646

(a) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

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

Source: California Municipal Statistics, Inc.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	$ 629,679	$ 676,321	$ 736,414	$ 797,096	$ 860,479	$ 853,897	$ 838,413	$ 819,070	$ 819,547	$ 832,512
Total net debt applicable to limit	23,180	22,300	21,390	20,450	19,480	18,470	17,190	16,100	14,970	13,790
Legal debt margin	$ 606,499	$ 654,021	$ 715,024	$ 776,646	$ 840,999	$ 835,427	$ 821,223	$ 802,970	$ 804,577	$ 818,722
Total net debt applicable to limit as a percentage of debt limit	3.68%	3.30%	2.90%	2.57%	2.26%	2.16%	2.05%	1.97%	1.83%	1.66%

Legal Debt Margin Calculation for Fiscal Year 2012/13

Assessed value	5,515,252
Add back: exempt real property	34,825
Total assessed value	5,550,077
Debt limit (15% of total assessed value)	832,512
Debt applicable to limit:	
Certificates of Participation	13,790
Total net debt applicable to limit	13,790
Legal debt margin	$ 818,722

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

12/10/2013 ITEM NO. 3.10

City of Laguna Hills
Pledged-Revenue Coverage
Last Ten Fiscal Years

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

City of Laguna Hills
Demographic & Economic Statistics

Calendar Year	Population [1]	Personal Income [2] (in thousands)	Per Capita Personal Income	Unemployment Rate [4]
2003	32,830	$ 1,226,811	$ 31,369	4.0%
2004	32,987	$ 1,275,828	$ 38,677	3.6%
2005	33,090	$ 1,321,554	$ 39,938	3.2%
2006	33,115	$ 1,384,623	$ 41,813	2.9%
2007	33,117	$ 142,961	$ 43,058	3.3%
2008	33,246	$ 1,441,089	$ 43,346	4.4%
2009	33,392	$ 1,417,282	$ 42,444	7.6%
2010	33,593	$ 1,500,666	$ 44,672	8.1%
2011	30,618	$ 1,445,996	$ 47,227	7.4%
2012	30,703	$ 1,363,858	$ 44,421	4.8%

Building Activity and Valuation *(in thousands)*

	2009	2010	2011
Residential			
New Single Family	0	2,905	0
New Multi-Family	0	0	0
Addition, alterations	5,626	12,608	6,939
Total Residential	5,626	15,513	6,939
Commercial			
New Commercial	0	0	0
New Industrial	0	0	0
Addition, alterations	5,111	5,949	11,578
Total Non-Residential	5,111	5,949	11,578
Total Valuation	10,737	21,462	18,517
No. of New Dwelling Units	0	3	3

2011 Housing Units

	Quantity	%
Total Housing Units	11,229	
Occupied	10,645	94.3%
Vacant	640	5.7%

2010 Population by Age [3]

Age	Population	%
0-4	1,563	5.2%
5-14	3,804	12.5%
15-24	4,012	13.2%
25-34	3,466	11.4%
35-54	9,319	30.7%
55-64	4,290	14.1%
65-74	2,106	6.90%
75+	1,784	5.9%

2010 Population by Race/Ethnicity [3]

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

Consumer Price Index

Year	CPI	% Change
2003	187.0	2.6%
2004	193.2	3.3%
2005	201.8	4.5%
2006	210.4	4.3%
2007	217.3	3.3%
2008	225.0	3.5%
2009	223.2	-0.8%
2010	225.8	1.2%
2011	231.9	2.7%
2012	236.7	2.1%

Sources: Cal State Fullerton Center for Demographic Research, HDL Reported City of Laguna Hills' Demographic and Economic Statistics,
US Census Bureau and Department of Labor and Statistics

[1] Population: California State Department of Finance
[2] Income 2003 - 2009: ESRI - Demographic Estimates are based on the last available Census. Projections are developed by incorporating all of the prior census data released to date.
[3] April Decennial Census of Population, U.S. Census Bureau
[4] Unemployment: California Employment Development Department

City of Laguna Hills
Principal Employers
Current Year and Nine Years Ago

	2013			2004		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Saddleback Memorial Medical	1,020	1	5.86%	1,020	1	4.81%
Hines Growers LLC	600	2	3.45%			
Professional Community Management	350	3	2.01%			
JC Penney Corp Inc.	250	4	1.44%			
Allied Business Schools, Inc.	235	5	1.35%	200	3	0.94%
Kennedy Pipeline				320	2	1.51%
Country Villa				200	4	0.94%
Saddlebck Coordinated Home				200	5	0.94%
Total	2,455		14.11%	1,940		9.15%

Source: California State University, Fullerton, Center for Demographic Research, Orange County Progress Report 2013 & 2004

City of Laguna Hills
Full-time Equivalent Personnel Allocation by Function
Last Ten Fiscal Years

Function	Full-time Equivalent Personnel at June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Legislative/executive	5.06	4.31	5.31	5.31	5.31	5.72	5.72	5.72	5.72	5.72
Administrative services	8.28	9.03	7.28	7.78	6.78	6.18	6.18	6.18	6.18	7.28
Public services	30.00	30.00	30.00	41.00	41.00	42.00	42.00	44.00	44.00	44.00
Community development	6.00	6.00	7.85	8.30	8.30	8.15	7.15	8.15	8.15	7.85
Community services	15.50	14.25	14.25	14.25	14.25	15.61	15.61	15.75	15.75	15.75
Public safety	30.10	30.17	30.07	31.19	31.24	29.19	29.19	29.20	29.20	28.89
Total	94.94	93.76	94.76	107.83	106.88	106.85	105.85	109.00	109.00	109.49

Source: City of Laguna Hills' Biennial Budget

12/10/2013 ITEM NO. 3.10

City of Laguna Hills
Operating Indicators by Function
For the Fiscal Year Ending June 30, 2013

Function	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Police [(b)]									
Physical arrests	468	487	579	460	740	721	684	468	362
Parking violations	897	1,799	3,162	2,757	3,636	2,662	2,087	1,107	885
Traffic violations	3,637	5,367	3,846	5,566	4,886	5,781	4,089	3,074	2,462
Fire [(c)]									
Number of calls answered	2,211	2,373	2,424	2,434	2,421	2,558	2,614	2,550	2,579
Inspections	651	586	549	309	387	439	393	308	273
Highways and Streets [(d)]									
Sidewalk replacement (sq. ft.)	10,190	7,610	3,450	1,850	4,660	22,266	8,592	13,482	13,610
Curb & gutter replacement (linear ft.)	1,678	626	90	110	2,374	1,030	1,727	3,990	1,141
Asphalt concrete placed (tons)	12,244	15,203	13,385	11,362	21,291	15,695	14,454	15,692	16,319
Street sweeping debris collected (tons)	315	922	546	265	449	294	290	374	432
New sign installations	23	37	65	37	64	92	102	28	42
Sign Replacements	102	161	304	238	277	168	173	161	378
Trees trimmed	1,493	2,370	1,815	1,763	1,774	2,273	1,872	1,474	1,568
Trees removed	349	247	265	207	214	81	114	166	215
Trees planted	90	67	108	262	82	43	39	649	39
Sanitation [(a)]									
Refuse collected (tons/day)	83	80	70	63	50	46	46	44	47
Recyclables collected (tons/day)	72	77	65	55	52	50	47	45	46
Culture and Recreation [(e)]									
Community center programs (participants)	7,877	8,215	8,650	8,173	9,538	7,262	6,876	5,682	5,633
Athletic permits	70	74	71	70	76	69	57	44	41
Waste Stream [(a)]									
Refuse collected (tons)	30,124	29,126	25,705	22,981	18,089	16,698	16,814	15,932	17,185
Recyclables collected (tons)	26,102	27,927	23,691	20,120	19,081	18,162	17,325	16,391	16,753

[(a)] *CR&R Monthly Tonnage Report, 6/30/13*

[(b)] *Orange County Sheriff's Department Deputy Statistics Report*

[(c)] *Orange County Fire Authority- Clerk of the Authority, Safety & Environmental Services, Planning & Development*

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

[(e)] *City of Laguna Hills, Community Center Department*

City of Laguna Hills
Capital Assets Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Highways and streets										
Streets (miles)	83	83	83	83	83	83	83	83	83	83
Traffic signals	45	45	45	45	45	45	45	45	45	45
Culture and recreation										
Parks acreage	83	83	83	83	83	83	83	83	83	83
Parks	15	15	15	15	15	15	15	15	15	15
Community centers	1	1	1	1	1	1	1	1	1	1
Civic Center		1	1	1	1	1	1	1	1	1

Source: Various City Departments

12/10/2013 ITEM NO. 3.10

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 30,703 people. Majority of the area in the City has a distinctive residential character. Yet, the City has a strong commercial base in its northern part. This commercial area, or “urban village”, is anchored by the regional Laguna Hills Mall, the Oakbrook Village Shopping Center, and the Saddleback Memorial Hospital. It includes approximately 2,000,000 square feet of retail, restaurant, professional office, and medical related building space. When the City annexed the “North Laguna Hills” area in July of 1996, the City acquired 1.2 square miles of primarily light industrial, professional office, specialty retail, hotel, and residential uses. This annexed area contains a furniture row, office headquarters, major electronics products, retailer, and the only light industrial/manufacturing establishments in the City. In September of 2000, the City grew by another 150 acres as a result of the annexation of residential properties identified as West Laguna Hills.

History

Laguna Hills is built on one of the major land grants developed during the rancho area. Following Mexico’s independence from Spain in 1821, those who had served in the government or who had friends in authority were given vast lands for cattle grazing. Rancho Lomas de Santiago, Rancho San Joaquin, and Rancho Niguel covered much of the western portion of the Saddleback Valley. Don Juan Avila was granted the 13,000-acre Rancho Niguel on which Laguna Hills is located.

In 1874, Lewis Moulton purchased Rancho Niguel from Don Juan Avila and increased the original grant to 22,000 acres. Moulton and his partner, Jean Piedrea Daguerre, used the ranch to raise sheep and cattle. The Moulton ranch was eventually subdivided in the early 1960s part of which is recognized as Laguna Hills.

Incorporation efforts began in 1987 and on March 5, 1991, the goal of incorporation was finally achieved with 86% of the residents voting in favor of forming the City of Laguna Hills. On December 20, 1991, Laguna Hills officially became a City.

City Government

The City of Laguna Hills is a General Law City that operates under the Council/Manager form of government. The voters elect five of their fellow citizens to the City Council for overlapping four-year terms. The Council, in turn, selects one of its members to serve as Mayor for a one-year term. The City Council holds regular public meetings on the second and fourth Tuesday of each month.

MOSS, LEVY & HARTZHEIM LLP
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INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES APPLIED TO APPROPRIATIONS LIMIT WORKSHEETS

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

We have applied the procedures enumerated below to the accompanying Appropriations Limit Worksheet (or other alternative computation) of the City of Laguna Hills (City) for the fiscal year ended June 30, 2014. These procedures, which were agreed to by the City and the League of California Cities and presented in their Article XIII-B Appropriations Limitation Uniform Guidelines, were performed solely to assist you in meeting the requirements of Section 1.5 of Article XIIIB of the California Constitution (the Gann Spending Limitation Initiative). The City's management is responsible for the Appropriations Limit Worksheet (or other alternative computation).

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

The procedures performed and our findings were as follows:

1. We obtained the completed Worksheets (or other alternative computation) used by the City to calculate its appropriations limit for the fiscal year ending June 30, 2014, and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the City Council.

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

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

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

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

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

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

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

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

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

Moss, Levy & Hartzheim

MOSS, LEVY & HARTZHEIM, LLP
Culver City, California
August 10, 2013

CITY OF LAGUNA HILLS
2013/2014
APPROPRIATIONS LIMIT CALCULATION

A.	2012/2013 APPROPRIATIONS LIMIT (Prior year)	$ 30,384,635
	2013/2014 CALCULATION FACTORS:	
B.	CHANGE IN PER CAPITA PERSONAL INCOME:	1.0512%
C.	CHANGE IN COUNTY POPULATION:	1.0078%
D.	RATIO OF CHANGE	1.0593994
E.	2013/2014 APPROPRIATIONS LIMIT	$ 32,189,463
	TOTAL FY 2013/2014 APPROPRIATIONS LIMIT	$ 32,189,463
	LESS: TOTAL SUBJECT TO APPROPRIATIONS LIMIT	10,473,797
	AMOUNT UNDER THE APPROPRIATIONS LIMIT	$ 21,715,666

CITY OF LAGUNA HILLS
NOTES TO APPROPRIATIONS LIMIT SCHEDULE
FOR THE FISCAL YEAR ENDING JUNE 30, 2014

1. PURPOSE OF LIMITED PROCEDURES REVIEW

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

2. METHOD OF CALCULATION

Under Section 10.5 of Article XIIIB, for fiscal years beginning on or after July 1, 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-87, adjusted for the inflation and population factors discussed in Notes 3 and 4 below.

3. POPULATION FACTORS

A California governmental agency may adjust its appropriations limit by either the annual percentage change of the jurisdiction's own population or the annual percentage change in population of the County in which the City is located. The factor adopted by the City of Laguna Hills for fiscal year 2013-14 represents the annual percentage change in population for the County of Orange of .78%.

4. INFLATION FACTORS

A California governmental agency may adjust its appropriations limit by either the annual percentage change in the 4th quarter per capita personal income (which percentage is supplied by the State of California Department of Finance) or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City of Laguna Hills for fiscal year 2013-14 represents the California per capita personal income increase of 5.12%.

5. OTHER ADJUSTMENTS

A California government agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another government agency or private entity. The City of Laguna Hills had no such adjustments for the calculation for the fiscal year ending June 30, 2014.

MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the 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, 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 (City), as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 24, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the City of Laguna Hills in a separate letter dated November 24, 2013.

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.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
November 24, 2013

MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
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November 24, 2013

City Council
City of Laguna Hills
Laguna Hills, California

We have audited the financial statements of the City of Laguna Hills (City) for the fiscal year ended June 30, 2013, and have issued our report thereon dated November 24, 2013. Professional standards require that we provide you with the information about our responsibilities under generally accepted auditing standards, Government Auditing Standards, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August5, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. New accounting policies and pronouncements that were adopted during the fiscal year are also described in Note 1. We noted no transactions entered into by the City during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the historical cost of land, easements, and right-of-ways and is based on management's and an independent third party appraiser's estimates. The liability for claims and judgments were also based on management's and an independent third party actuary's estimates.We evaluated the key factors and assumptions used to develop these two estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

> The disclosure of the historical cost and depreciation of capital assets in Note 5 to the financial statements were arrived at using the City's and the appraiser's information. The disclosure of the amount for claims and judgments payable in Note 7 to the financial statements was derived from reports issued by Arm Tech a third party actuary.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be a significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 24, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of management, the audit committee, the City Council, and others within the organization, and is not intended to be, and should not be, used by anyone other these specified parties.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: DECEMBER 10, 2013

TO: MAYOR AND COUNCIL MEMBERS

FROM: DAVID CHANTARANGSU, AICP
DIRECTOR OF COMMUNITY DEVELOPMENT

ISSUE: SECOND READING AND ADOPTION OF AN ORDINANCE APPROVING AND ADOPTING AMENDMENTS TO TITLE 9 OF THE LAGUNA HILLS MUNICIPAL CODE (ZONING AND SUBDIVISIONS) TO PROHIBIT MEDICAL MARIJUANA DISPENSARIES IN ALL ZONING DISTRICTS AND REVISE THE DEVELOPMENT CODE COMPLIANCE POLICY

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT AN ORDINANCE ENTITLED: "AN ORDINANCE OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AMENDING TITLE 9 OF THE LAGUNA HILLS MUNICIPAL CODE (ZONING AND SUBDIVISIONS) TO PROHIBIT MEDICAL MARIJUANA DISPENSARIES IN ALL ZONING DISTRICTS AND REVISE THE DEVELOPMENT CODE COMPLIANCE POLICY."

SUMMARY:

On November 26, 2013, the City Council introduced the above referenced Ordinance for first reading, a copy of which is included as Attachment 1 to this memo. The Ordinance confirms the City's existing zoning scheme, which prohibits Medical Marijuana Dispensaries in all zones. Adoption of the Ordinance ensures the City's medical marijuana regulations are consistent with the California Supreme Court's recent ruling in *City of Riverside vs. Inland Empire Patients Health and Wellness Center, Inc.,* which confirmed that local jurisdictions have the land use authority to ban medical marijuana facilities. The Ordinance also makes a technical revision to the City's Development Code Compliance Policy giving staff latitude in the code enforcement process.

Adoption of the proposed Ordinance completes the second reading process required under State law for new ordinances. The ordinance will become effective 30 days after adoption (January 10, 2014).

BACKGROUND:

A copy of staff's report prepared for the first reading of the Ordinance at the November 26, 2013, City Council meeting is attached for reference as Attachment 2.

FISCAL IMPACT:

Not applicable.

CEQA FINDINGS:

Environmental review is not required under the Environmental Quality Act (CEQA) pursuant to the California Code of Regulations, Title 14, Chapter 3, 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) because it has no potential for resulting in physical change to the environment, directly or indirectly. Zoning Code Text Amendment No. (ZTA-11-13-2720) does not authorize any changes to the environment but merely clarifies that medical marijuana dispensaries are prohibited in all zoning districts in the City and preserves the City's discretion over the means it employs to correct violations of the Development Code.

ATTACHMENTS:

- Attachment 1 – Ordinance
- Attachment 2 – November 26, 2013, Staff Report to City Council.

Attachment #1

Proposed Ordinance

ORDINANCE NO. 2013-___

AN ORDINANCE OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AMENDING TITLE 9 OF THE LAGUNA HILLS MUNICIPAL CODE (ZONING AND SUBDIVISIONS) TO PROHIBIT MEDICAL MARIJUANA DISPENSARIES IN ALL ZONING DISTRICTS AND REVISE THE DEVELOPMENT CODE COMPLIANCE POLICY

THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The City Council of the City of Laguna Hills hereby finds, determines, and declares as follows:

A. The federal Controlled Substance Act ("CSA"), codified at 21 U.S.C. Section 841 *et seq*., strictly prohibits the cultivation, distribution, possession or use of marijuana under any circumstance, including for medical purposes.

B. In 1996, California voters approved Proposition 215, entitled The Compassionate Use Act ("CUA"), codified at Health and Safety Code Section 11362.5 *et seq*. The CUA, which was intended to enable seriously ill persons to obtain and use marijuana for medical purposes, exempted qualified patients and their primary caregivers from criminal prosecution under state law for the cultivation, distribution, possession and use of marijuana under specified circumstances.

C. In 2003, the California Legislature enacted Senate Bill 420, known as the Medical Marijuana Program Act ("MMPA"), codified at Health and Safety Code Section 11362.7 *et seq*. The MMPA clarified the scope and application of the CUA, further defined the regulatory framework for the cultivation, distribution, possession, and use of medical marijuana, and recognized the right of cities to regulate the operation, location, and establishment of medical marijuana dispensaries.

D. In 2008, the California Attorney General published Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use ("Attorney General's Guidelines"), which, among other things, set forth suggested standards for the lawful operation of medical marijuana cooperatives and collectives, including medical marijuana dispensaries properly organized and operated as collectives or cooperatives.

E. Neither the CUA, the MMPA, nor the Attorney General's Guidelines obligate cities to allow or permit medical marijuana dispensaries within their local jurisdictional limits.

F. Since the enactment of the CUA, City Staff has researched, evaluated and monitored: (1) federal and state laws pertaining to medical marijuana; (2) litigation concerning the authority of cities to regulate and prohibit medical marijuana dispensaries; (3) medical marijuana dispensary ordinances enacted by other cities; and (4) reports and studies on the primary and secondary effects of marijuana dispensaries on local communities.

G. Several California cities and counties have experienced significant adverse impacts and negative secondary effects on the public health, safety, and welfare associated with and resulting from the establishment and operation of medical marijuana dispensaries. According to these communities, news stories widely reported, and medical marijuana advocates, medical marijuana dispensaries have resulted in and/or caused an increase in crime, including burglaries, robberies, violence, property damage, illegal sales of marijuana to, and use of marijuana by, minors and other persons without medical need, as well as nuisance conditions for adjacent businesses, in the areas immediately surrounding such medical marijuana dispensaries.

H. Significant adverse secondary effects arising from the operation of dispensaries throughout California have been chronicled in detail by a report prepared by the California Police Chiefs Association, dated April 22, 2009, as well as by a report prepared by the Orange County Chiefs of Police and Sheriff's Association, dated June 2, 2010. In these reports, various crimes consisting of armed robberies and murders, and burglary, arising from, or connected with, the operation of these establishments have been recorded by law enforcement agencies in, among numerous other communities, the California communities of Santa Barbara, Mendocino, San Leandro, Hayward, Laytonville, Bellflower, Claremont, and Willits, as well as various communities in Orange County.

I. The California Police Chiefs Association report further found: (a) that there have been reported poisonings from distribution of marijuana products due to contamination issues which are more likely because such products are not inspected by health agencies; (b) that adverse traffic, noise, and drug dealing impacts occur commonly outside marijuana dispensaries; and (c) that gang involvement in the ownership and operation of these dispensaries have been reported in some communities.

J. Numerous other media and agency reports have documented criminal and nuisance activities associated with medical marijuana dispensaries, such as burglaries, robberies, murders, property damage, negative secondary community impacts associated with an undue overconcentration of such uses, and adverse impacts to adjacent businesses.

K. On May 6, 2013, the California Supreme Court in the case of *City of Riverside v. Inland Empire Patient's Health and Wellness Center, Inc*., 2013 WL 1859214 (Cal.), affirmed the right of municipalities to ban medical marijuana dispensaries, holding that neither the CUA nor the MMPA preempted a zoning ordinance declaring medical marijuana dispensaries a prohibited use of land.

L. Medical marijuana dispensaries are not a "permitted use" in any zoning district in the City of Laguna Hills. The Laguna Hills Municipal Code ("LHMC") provides that (i) any land use that is not expressly allowed in a zoning district as a permitted use or as a conditionally permitted use shall be deemed a prohibited use, and (ii) any use or activity that is illegal under federal law shall be deemed a prohibited use in all zoning districts within the City. (LHMC §§ 9-10.050 and 9-10.060).

M. This Ordinance clarifies the status of medical marijuana dispensaries as an expressly prohibited land use, and shall not be construed to limit or affect the application of Sections 9-10.050 or 9-10.060 of the LHMC to medical marijuana dispensaries or any other land use or activity.

N. The City Council finds that the establishment and/or operation of, or the issuance or approval of any permit, certificate of use and occupancy, or other entitlement for the legal establishment of a medical marijuana dispensary in the City would result in a threat to the public health, safety and welfare of the City and that the experience of other California cities with medical marijuana dispensaries shows that negative effects on the public health, safety, and welfare occur in the vicinity of such uses. In addition, the cultivation, distribution, possession or use of marijuana under any circumstance, including for medical purposes, is illegal under federal law.

O. Section 9-100.020 of the LHMC provides that a violation of Title 9 of the LHMC ("Development Code") is a misdemeanor, unless specifically designated as an infraction, subject to criminal prosecution.

P. Section 9-100.020 of the LHMC further provides that a violation of the Development Code can constitute a public nuisance subject to administrative abatement and/or abatement by a civil action.

Q. Section 9-100.040 of the LHMC provides that it shall be the policy of the City to seek the rapid resolution and correction of all violations of the Development Code ("Enforcement Policy").

R. Section 9-98.030 of the LHMC provides that it shall be the policy of the City to obtain timely compliance and to correct deviations from standards and requirements of the Development Code ("Compliance Policy").

S. The City desires to continue to maintain full discretion over the means it employs to correct violations of the Development Code, whether criminal, administrative, or civil, as determined on a case-by-case basis.

T. Section 9-98.030 of the LHMC sets forth a general zoning and development code compliance policy statement by specifying the pursuit of "every administrative means available" prior to initiating criminal or civil proceedings to correct violations of or deviations from the Development Code. Further, by specifying pursuit of administrative remedies first, Section 9-98.030 conflicts with and hinders the Enforcement Policy (requiring rapid resolution and correction) and the Compliance Policy (City to obtain timely compliance with development code standards and requirements).

U. This Ordinance is a City-initiated zoning text amendment subject to Chapter 9-90 of the LHMC.

V. The City Council of the City of Laguna Hills has held a duly noticed public hearing and considered public comments and the written and oral information and testimony presented by City staff, community residents and other interested parties at a public hearing held on November 26, 2013.

SECTION 2. In accordance with Chapter 9-92 of the Laguna Hills Municipal Code, the following findings for approving the zoning text amendment set forth in this Ordinance are hereby made:

The City Council hereby finds this Ordinance is consistent with the goals, objectives, and policies of the General Plan as a whole and is not inconsistent with any element thereof in that medical marijuana dispensaries are not a contemplated land use in the General Plan and prohibiting the establishment and/or operation of medical marijuana dispensaries in all zoning districts of the City is necessary and appropriate to maintain and protect the public health, safety and general welfare of the City as a whole. This Ordinance clarifies that medical marijuana dispensaries are prohibited in all zoning districts in the City. Medical marijuana dispensary uses are not allowed by the current General Plan and Development Code. Adoption of this Ordinance maintains the current consistency with the General Plan and between the General Plan and the Development Code. This Ordinance promotes public health, safety, and general welfare and serves the goals and purposes of Title 9 by clarifying and confirming that medical marijuana dispensaries are prohibited in all zoning districts in the City. The continued prohibition of such uses in all zoning districts will ensure that none of the negative secondary effects of medical marijuana dispensaries will adversely impact the general welfare of the City as a whole.

SECTION 3. Title 9 of the City of Laguna Hills Municipal Code (Zoning and Subdivisions), Chapter 9-04 (Definitions), Section 9-04.130 ("M" definitions), is hereby amended to add a definition for "medical marijuana dispensary" to read as follows:

"Medical marijuana dispensary" means any association, business, facility, use, establishment, location, delivery service, cooperative, collective, or provider, whether fixed or mobile, that possesses, cultivates, distributes, makes available or otherwise facilitates the distribution of marijuana to any person including, but not limited to, a qualified patient, a person with an identification card, or a primary caregiver as those terms are defined in California Health and Safety Code Sections 11362.5 and 11362.7 *et seq*., as may be amended from time to time."

SECTION 4. Title 9 of the City of Laguna Hills Municipal Code (Zoning and Subdivisions), Chapter 9-10 (Zoning Districts Established), Table 9-10.050 (Land Use Matrix) is hereby amended to add the following land use category and designate the same as a prohibited use in all zoning districts:

Table 9-10.050
LAND USE MATRIX

A	Accessory Use
C	Conditional Use
SUP	Special Use Permit
P	Permitted Use

S	Site Development Permit Required
T	Temporary Use
♦	Special Requirements
•	Prohibited Use
U	See Urban Village Specific Plan
L	See Laguna Hills Planned Community Development Plan and Text

Land Use	Zones	Estate Residential (ER)	Low Density Residential (LDR)	Medium Low Density Residential (MLDR)	Medium Density Residential(MDR)	High Density Residential (HDR)	Office Professional (OP)	Village Commercial (VC)	Freeway Commerical (FC)	Community Commercial (CC)	Mixed Use (MXU)	Neighborhood Mixed Use (NMU)	Community/Private Institution (C/PI)	Open Space-1 (OS-1) Parks	Open Space-2 (OS-2)/ Drainage Facilities	Open Space-3 (OS-3)/Landscape Corridors	Planned Community (PC)	Planned Community Residential (PCR)	Reference
Medical marijuana dispensary		•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	

SECTION 5. Title 9 of the City of Laguna Hills Municipal Code (Zoning and Subdivisions), Chapter 9-98 (Code Compliance Process), Section 9-98.030 (Compliance policy), is hereby amended in its entirety to read as follows:

"9-98.030 Compliance policy.

It is the policy of the city to obtain timely compliance and to correct deviations from standards and requirements of the development code. The aesthetic values, safety, health, and welfare of the community as a whole depends upon the voluntary and cooperative efforts of citizens to respond to and to correct notice of violations. The city may elect to seek compliance by administrative means prior to or in lieu of prosecution through criminal or civil actions in accordance with Section 9-100.020 of this code."

SECTION 6. The City Council of the City of Laguna Hills hereby finds and determines that this Ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to California Code of Regulations, Title 14, Chapter 3, 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) because it has no potential for resulting in physical change to the environment, directly or indirectly.

SECTION 7. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance is, for any reason, held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more section, subsection, subdivision, sentence, clause, phrase, or portion thereof be declared invalid or unconstitutional.

SECTION 8. The City Clerk shall certify to the adoption of this Ordinance and cause the same to be posted at the duly designated posting places within the City and published once within fifteen days after passage and adoption as may be required by law; or, in the alternative, the City Clerk may cause to be published a summary of this Ordinance and a certified copy of the text of this Ordinance shall be posted in the Office of the City Clerk five days prior to the date of adoption of this Ordinance; and, within fifteen days after adoption, the City Clerk shall cause to be published, the aforementioned summary and shall post a certified copy of this Ordinance, together with the vote for and against the same, in the Office of the City Clerk.

PASSED, APPROVED, AND ADOPTED this 10th day of December 2013.

______________________________, MAYOR

ATTEST:

____
PEGGY J. JOHNS, CITY CLERK

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

I, Peggy J. Johns, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing Ordinance No. 2013-x was duly introduced and placed upon its first reading at a Regular Meeting of the City Council on the 26th day of November 2013, and that thereafter, said Ordinance was duly adopted and passed at a Regular Meeting of the City Council held on the 10th day of December 2013, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

PEGGY J. JOHNS, CITY CLERK

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

AFFIDAVIT OF POSTING
AND PUBLICATION

PEGGY J. JOHNS, being first duly sworn, deposes and says:

That she is the duly appointed and qualified City Clerk of the City of Laguna Hills;

That in compliance with State Laws of the State of California, ORDINANCE NO. 2013- x, being:

AN ORDINANCE OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AMENDING TITLE 9 OF THE LAGUNA HILLS MUNICIPAL CODE (ZONING AND SUBDIVISIONS) TO PROHIBIT MEDICAL MARIJUANA DISPENSARIES IN ALL ZONING DISTRICTS AND REVISE THE DEVELOPMENT CODE COMPLIANCE POLICY

on the 1st day of December 2013, was published in summary in The Register and on the 20th day of December 2013, was published in summary in the Saddleback Valley News; and was, in compliance with City Resolution No. 2004-05-25-2, on the 27th day of November 2013, and on the 11th day of December, 2013, caused to be posted in three places in the City of Laguna Hills, to wit:

Laguna Hills City Hall
Laguna Hills Community Center
Courtyard at La Paz Center

____
PEGGY J. JOHNS, CITY CLERK
Laguna Hills, California

927023.2

Attachment #2

November 26, 2013 Staff Report

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: NOVEMBER 26, 2013

TO: MAYOR AND COUNCIL MEMBERS

FROM: DAVID CHANTARANGSU, COMMUNITY DEVELOPMENT DIRECTOR
GREGORY E. SIMONIAN, CITY ATTORNEY

ISSUE: ZONING TEXT AMENDMENT NO. ZTA 11-13-2720, AN AMENDMENT TO TITLE 9 OF THE LAGUNA HILLS MUNICIPAL CODE (ZONING AND SUBDIVISIONS) TO PROHIBIT MEDICAL MARIJUANA DISPENSARIES IN ALL ZONING DISTRICTS AND REVISE THE DEVELOPMENT CODE COMPLIANCE POLICY

RECOMMENDATION: THAT THE CITY COUNCIL: (1) CONDUCT A PUBLIC HEARING; AND (2) INTRODUCE FOR FIRST READING, READ BY TITLE ONLY, AND WAIVE FURTHER READING, AN ORDINANCE ENTITLED: "AN ORDINANCE OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AMENDING TITLE 9 OF THE LAGUNA HILLS MUNICIPAL CODE (ZONING AND SUBDIVISIONS) TO PROHIBIT MEDICAL MARIJUANA DISPENSARIES IN ALL ZONING DISTRICTS AND REVISE THE DEVELOPMENT CODE COMPLIANCE POLICY."

SUMMARY:

The Laguna Hills Municipal Code ("LHMC") presently does not expressly address the establishment and operation of medical marijuana dispensaries, which is a unique land use arising out of the Compassionate Use Act, the Medical Marijuana Program Act, and related state actions, regulations, and policies. The California Supreme Court recently affirmed the authority of cities to ban medical marijuana dispensaries from all zoning districts. Consistent with this authority, the proposed ordinance would add a definition for "medical marijuana dispensary" to the Zoning and Development Code and prohibit such uses in all zoning districts of the City.

The LHMC provides for the enforcement of Title 9 ("Zoning and Development Code") standards and requirements through administrative, civil, and criminal proceedings. However, the Zoning and Development Code provides that the City pursues "every administrative means available" before initiating criminal or civil proceedings to remedy violations of the Development Code. Consistent with the City's policy and practice, the proposed ordinance would recognize that the City determines, on a case-by-case basis,

whether to first pursue administrative, criminal, or civil proceedings, thus preserving the City's discretion over the means it employs to correct violations of the Zoning and Development Code.

BACKGROUND:

Medical Marijuana Dispensaries

In 1996, California voters approved Proposition 215 (the "Compassionate Use Act"), codified at Health and Safety Code Section 11362.5 *et seq*., an initiative measure that exempted qualified patients and their primary caregivers from criminal liability under state law for the possession and cultivation of a limited amount of marijuana for personal medical use, where medical use is deemed appropriate and has been recommended by a physician. The stated purpose of this initiative was to allow patients suffering from a number of serious illnesses the opportunity to find relief through the use of doctor recommended medical marijuana.

In 2003, the State Legislature enacted Senate Bill 420, known as the Medical Marijuana Program Act ("MMPA"), codified at Health and Safety Code sections 11362.7 *et seq*. The MMPA clarified the scope and application of the Compassionate Use Act, further defined the regulatory framework for the cultivation, distribution, possession and use of medical marijuana, and recognized the right of cities to regulate the operation, location and establishment of medical marijuana dispensaries.

In 2008, the California Attorney General enacted Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use (the "Attorney General's Guidelines"), which, among other things, set forth suggested standards for the lawful operation of medical marijuana cooperatives and collectives, including medical marijuana dispensaries properly organized and operated as collectives or cooperatives.

Reactions to these state laws and policies by municipalities have varied. Some municipalities have adopted, or are currently considering, ordinances allowing, but regulating, medical marijuana dispensaries. Others have adopted ordinances specifically prohibiting medical marijuana dispensaries. Others maintain that medical marijuana dispensaries are barred under pre-existing zoning code provisions that prohibit any land use not specifically enumerated as a permitted use.

Significant adverse impacts associated with medical marijuana dispensaries have been chronicled in detail by the California Police Chiefs Association in its 2009 report entitled "White Paper on Medical Marijuana Dispensaries" and the Orange County Chiefs of Police and Sheriff's Association in its 2010 report entitled "Public Safety Issues Related to Medical Marijuana in Orange County." These reports include documented evidence that medical marijuana dispensaries pose a substantial threat to the public health, safety and welfare. According to the reports, medical marijuana dispensaries often result in increased crime and nuisance conditions, including: (1) armed robbery, murders and burglaries; (2) an increase in disturbance calls, pedestrian and vehicular traffic, loitering and noise; (3) organized crime, money laundering and firearm violations; and (4) illegal sales of marijuana to, and use of marijuana by, minors and other persons without medical need.

Since the enactment of the Compassionate Use Act, questions concerning the scope of local authority to regulate medical marijuana have been heavily litigated. Most recently, on May 6, 2013, in the case of *City of Riverside v. Inland Empire Patient's Health and Wellness Center, Inc.*, 2013 WL 1859214 (Cal.), the California Supreme Court affirmed the right of municipalities to ban medical marijuana dispensaries pursuant to the local police power, holding that neither the Compassionate Use Act nor the MMPA preempted a zoning ordinance declaring medical marijuana dispensaries a prohibited use of land.

As to the City, medical marijuana dispensaries are not a "permitted" use in any zoning district. The LHMC provides that any land use that is not expressly allowed in a zoning district as a permitted use or as a conditionally permitted use shall be deemed a prohibited use. Further, any use or activity that is illegal under federal law shall be deemed a prohibited use in all zoning districts within the City. (LHMC §§ 9-10.050 and 9-10.060.) Therefore, medical marijuana dispensaries are currently prohibited in all zoning districts. Nevertheless, the proposed ordinance would further clarify the status of medical marijuana dispensaries as a prohibited land use in all of the City's zoning districts, in accordance with the foregoing California Supreme Court decision.

<u>Code Compliance Policy</u>

LHMC Section 9-100.020 provides that a violation of Title 9 of the LHMC ("Development Code") is a misdemeanor, unless specifically designated as an infraction, subject to criminal prosecution. LHMC Section 9-100.020 further provides that a violation of the Development Code may also constitute a public nuisance subject to administrative abatement and/or to abatement by civil action.

LHMC Section 9-100.040 states that it shall be the policy of the City to seek the rapid resolution and correction of all violations of the Development Code ("Enforcement Policy"). The first sentence of LHMC Section 9-98.030 provides that it is the policy of the City "to obtain timely compliance and to correct deviations from [Development Code] standards and requirements ("Compliance Policy"). However, the final sentence of Section 9-98.030 contains a general policy statement that purports to limit the City's discretion over the means of enforcement by specifying the pursuit of "every administrative means available" before initiating criminal or civil proceedings to correct violations of the Development Code. Further, by specifying the pursuit of administrative remedies first, Section 9-98.030 conflicts with and hinders the Enforcement Policy (requiring rapid resolution and correction) and the Compliance Policy (City to obtain timely compliance with zoning and development code standards and requirements).

Consistent with the City's policy and practice, the proposed ordinance amends LHMC Section 9-98.030 to recognize that the City determines, on a case-by-case basis, whether to first pursue administrative, criminal, or civil proceedings, thus preserving the City's discretion over the means it employs to timely achieve code compliance and to correct Zoning and Development Code violations. As amended, LHMC Section 9-98.030 comports with the Enforcement Policy and the Compliance Policy, which collectively require prompt remediation of Development Code violations, and is a more accurate expression of the City's code enforcement compliance policy.

FISCAL IMPACT:

There is no fiscal impact to the City resulting from adoption of an ordinance to prohibit medical marijuana dispensaries in all zoning districts and revise the Development Code compliance policy.

CEQA FINDINGS:

Environmental review is not required under the Environmental Quality Act (CEQA) pursuant to the California Code of Regulations, Title 14, Chapter 3, 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) because it has no potential for resulting in physical change to the environment, directly or indirectly. Zoning Code Text Amendment No. 11-13-2720 does not authorize any changes to the environment but merely clarifies that medical marijuana dispensaries are prohibited in all zoning districts in the City and preserves the City's discretion over the means it employs to correct violations of the Development Code.

ATTACHMENTS:

- Attachment 1 - Proposed Ordinance
- Attachment 2 - White Paper on Marijuana Dispensaries (California Police Chiefs Association, 2009)
- Attachment 3 - Public Safety Issues Related to Medical Marijuana in Orange County (Orange County Chiefs of Police and Sheriff's Association, 2010)

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: DECEMBER 10, 2013

TO: MAYOR AND COUNCIL MEMBERS

FROM: PEGGY J. JOHNS
CITY CLERK

ISSUE: AGREEMENT WITH THE COUNTY OF ORANGE DISTRICT ATTORNEY'S OFFICE FOR PROSECUTION SERVICES

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE AGREEMENT WITH THE COUNTY OF ORANGE FOR PROSECUTION SERVICES AND AUTHORIZE THE MAYOR TO EXECUTE THE AGREEMENT.

SUMMARY:

The City of Laguna Hills has contracted with the County of Orange, District Attorney's Office for prosecuting municipal code violators. Most of the violations are prosecuted by the City Attorney's Office; however, the District Attorney is a viable alternative for some specific cases.

BACKGROUND:

The Agreement will allow the Orange County District Attorney's Office to prosecute violators of local Ordinances on behalf of the City. According to the Agreement, the County will provide all resources necessary to enforce the City's Ordinances and will retain the final authority regarding performance and services standards. The specific charges for referral, additional prosecution, and special costs are outlined in the Agreement.

FISCAL IMPACT:

Expenditures for prosecution efforts will either be charged to legal services or code enforcement. Sufficient funds have been budgeted in both of these accounts.

ATTACHMENTS:

- Agreement

AGREEMENT FOR PROSECUTION SERVICES

THIS AGREEMENT, made and entered into by and between the COUNTY OF ORANGE, CALIFORNIA, a political subdivision of the State of California and a body politic and corporate (hereinafter designated as "COUNTY"), and the City of ____________ _Laguna Hills_________, a municipal corporation, located in the County of Orange (hereinafter designated as "CITY").

WITNESSETH

In consideration of the terms, covenants, conditions, and promises to be kept, performed and observed by the parties, hereto, it is agreed as follows:

1. COUNTY, through its District Attorney and deputies, officers and employees of his department, shall render to CITY such services as may be required to prosecute violations of CITY's ordinances by persons 18 years of age or older in the courts.

2. For the purpose of performing said functions, COUNTY shall provide all staffing and supervision necessary to maintain the services to be rendered hereunder.

3. The final authority for rendition of services, standards of performance, and other matters incident to the performance of such services and the control of COUNTY personnel shall remain in COUNTY. The District Attorney shall have the sole exclusive authority to determine whether a criminal complaint shall be filed and the conduct of legal proceedings with respect to any suspected violations of CITY ordinances and with respect to any additional prosecutions handled by the District Attorney for CITY.

4. CITY shall not be called upon to assume any liability for the direct payment of any salaries, wages or other compensation to any COUNTY personnel performing services hereunder or any liability other than that provided for by this Agreement. Except as herein otherwise specified, CITY shall not be liable for compensation or indemnity to any COUNTY employee for any injury or sickness arising out of his employment.

5. COUNTY, its officers, agents and employees shall not be deemed to have assumed any liability for the negligence of CITY or any of its officers or employees; and CITY

shall hold COUNTY, its officers and employees harmless from any and all claims for damages resulting therefrom.

6. Both CITY and COUNTY shall hold each other harmless from liability for acts or omissions of the other.

7. (a) Referrals for Complaints. CITY may refer suspected violations of its ordinances by persons 18 years of age or older to the District Attorney for a determination as to whether a criminal complaint should be filed.

CITY agrees to pay COUNTY the sum of two hundred forty-six dollars ($246.00) for each referral, without regard to the issuance of a complaint. As used herein, a "referral" means an occurrence constituting an alleged violation of one or more CITY ordinances by one person. CITY will provide investigation, reports, copies of its ordinances, and additional evidence as requested by the District Attorney. In cases where prosecution is authorized by the District Attorney, the District Attorney will draft and prepare the complaint. When "not guilty" pleas are entered on such complaints, the District Attorney will prosecute such cases through trial without further charge, except as provided in Paragraph 7(c) herein.

(b) Additional Prosecution. Trials on CITY citations and trials on CITY complaints not issued pursuant to Paragraph 7(a) above will not be tried by the District Attorney without the consent of the Assistant District Attorney in charge of the branch serving the judicial district in which CITY is located. The District Attorney has the right to determine that special ordinances of exclusively local concern should be prosecuted by the city attorney. Except as provided in Paragraph 7 (c) below, CITY agrees to pay COUNTY two hundred forty-six dollars ($246.00) for each prosecution of a CITY citation and each prosecution of a CITY complaint not issued pursuant to Paragraph 7(a). As used herein, "prosecution "means the District Attorney's appearance in Court after witnesses are subpoenaed on the first setting for one Defendant's trial. Where CITY asks the District Attorney to request dismissal before subpoenas have been issued, no charge will be made. As prosecutor, the District Attorney has the right to control the disposition of all complaints, trials, and appeals herein described in accordance with the duties of his office. CITY will provide investigation, reports, citations, copies of its ordinances, and additional evidence necessary for trial as requested by the District Attorney.

(c) Special Costs. CITY may request the District Attorney to file, answer, and litigate appeals of convictions of violations of CITY's ordinances. CITY agrees to pay COUNTY for such services on appeals the sum of one hundred fifty seven dollars ($157.00) per hour of attorney time and eighty nine dollars ($89.00) per hour of clerical support's time. In addition to charges described in paragraphs 7(a) and 7(b) herein, CITY agrees to pay COUNTY for all time, including preparation spent in prosecutions in excess of one day, at the rate specified in this paragraph.

(d) The above rates shall be reviewed annually by COUNTY's Auditor-Controller and, if it is determined that a change in the rate is necessary to reflect change in costs to COUNTY, COUNTY shall notify CITY of such change prior to June 30th, and the change shall become effective the following July 1st.

8. Within ten (10) days following the end of each calendar quarter, COUNTY shall render to CITY a statement of the cost of services performed under this Agreement, and CITY shall pay COUNTY therefore within twenty (20) days after receipt of such statement. Such statement shall consist of the number of referrals for complaints, additional prosecution, and itemized special costs. If such payment is not received by COUNTY within thirty (30) days after rendition of billing, COUNTY may satisfy such indebtedness from any funds of CITY on deposit with COUNTY without giving further notice to CITY of COUNTY's intention to do so.

9. Upon execution of this Agreement, CITY shall provide two (2) copies of its municipal ordinances to the District Attorney. CITY will further provide the District Attorney with complete details on any additions, deletions, or corrections to the municipal ordinances that may occur during the term of this Agreement.

10. This Agreement shall continue in full force and effect for a five-year period, commencing March 1, 2014 and terminating on February 28, 2019, provided that either party may terminate upon thirty (30) days' written notice. All compensation for services rendered shall be paid regardless of termination or expiration of this Agreement. Termination of this Agreement shall not affect the duties of the parties already initiated that extend beyond the termination of this Agreement.

IN WITNESS WHEREOF, COUNTY has caused this Agreement to be executed by the Chairman of its Board of Supervisors and Attested by the Clerk of said Board, and CITY has caused this Agreement to be executed by its Mayor and attested by the City Clerk on the dates set opposite their respective signatures.

Dated: ____________________, 2014

"COUNTY"

COUNTY OF ORANGE, a political subdivision of the State of California

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF BOARD

By______________________________
Chairman of the Board of Supervisors

____
Susan Novak
Clerk of the Board of Supervisors
Of Orange County, California

APPROVED AS TO FORM:

NICHOLAS S. CHRISOS, COUNTY COUNSEL

By ______________________________

Dated: 11/26/13

"CITY"

______________________________,
A municipal corporation

By______________________________
Mayor

ATTEST:

Dated:______________________________

By______________________________
City Clerk

3.2 APPROVAL OF MINUTES FOR NOVEMBER 12, 2013

THE CITY COUNCIL APPROVED THE MINUTES OF THE NOVEMBER 12, 2013, REGULAR MEETING.

3.3 APPROVAL OF WARRANT REGISTER FOR PERIOD ENDED NOVEMBER 26, 2013

THE CITY COUNCIL APPROVED THE WARRANT REGISTER IN THE AMOUNT OF $1,024,171.17.

3.5 PARTICIPATION IN THE COUNTYWIDE PUBLIC MASS NOTIFICATION SYSTEM - "ALERTOC"

THE CITY COUNCIL APPROVED THE MEMORANDUM OF UNDERSTANDING BETWEEN THE COUNTY OF ORANGE AND THE CITY OF LAGUNA HILLS FOR USE OF THE COUNTYWIDE EMERGENCY PUBLIC MASS NOTIFICATION SYSTEM, "ALERTOC," AND AUTHORIZED THE CITY MANAGER TO EXECUTE THE MEMORANDUM OF UNDERSTANDING.

ITEMS REMOVED FROM THE CONSENT CALENDAR

3.4 PROGRESS PAYMENT NO. 28, FINAL, FOR LA PAZ ROAD WIDENING AT I-5 IMPROVEMENT PROJECT, CIP NO. 159

Mayor Kogerman removed this item from the Consent Calendar to acknowledge that this project was finally complete. Public Services Director Rosenfield gave a brief review of the process of completing this important improvement project over the past 2-1/2 years.

THE CITY COUNCIL APPROVED PROGRESS PAYMENT NO. 28, FINAL, IN THE NET AMOUNT OF $8,811.37, TO SEMA CONSTRUCTION, INC., FOR THE LA PAZ ROAD WIDENING AT I-5 IMPROVEMENT PROJECT, CIP NO. 159, AND AUTHORIZED THE FILING OF THE NOTICE OF COMPLETION AND SUBSEQUENT RELEASE OF RETENTION IN 35 DAYS, IF NO LIENS HAVE BEEN FILED, BY M/MAYOR KOGERMAN, S/COUNCIL MEMBER CARRUTH. APPROVED BY A VOTE OF 5-0.

4. PLANNING AGENCY

Mayor Kogerman recessed the City Council meeting and acting in the capacity of Chair, called the regular meeting of the Planning Agency of the City of Laguna Hills, California, to order at 7:36 PM.

4.1 ROLL CALL OF PLANNING AGENCY MEMBERS

Present: Chair Kogerman, Vice Chair Blount, Agency Member Bressette, Agency Member Carruth, and Agency Member Gilbert.

4.2 PUBLIC COMMENTS

There were no Public Comments.

4.3 APPROVAL OF MINUTES FOR NOVEMBER 12, 2013

THE PLANNING AGENCY APPROVED THE MINUTES OF THE NOVEMBER 12, 2013, REGULAR MEETING, BY M/VICE CHAIR BLOUNT, S/AGENCY MEMBER CARRUTH.
APPROVED BY A VOTE OF 5-0.

4.4 ADMINISTRATIVE REPORTS

There were no Administrative Reports.

4.5 PLANNING AGENCY PUBLIC HEARINGS

There were no Public Hearings.

PLANNING AGENCY ADJOURNMENT

Mayor Kogerman reconvened the City Council meeting at 7:37 PM. All Council Members were present.

5. CITY COUNCIL PUBLIC HEARINGS

5.1 ZONING TEXT AMENDMENT NO. ZTA 11-13-2720, AN AMENDMENT TO TITLE 9 OF THE LAGUNA HILLS MUNICIPAL CODE (ZONING AND SUBDIVISIONS) TO PROHIBIT MEDICAL MARIJUANA DISPENSARIES IN ALL ZONING DISTRICTS AND REVISE THE DEVELOPMENT CODE COMPLIANCE POLICY

THE CITY COUNCIL INTRODUCED FOR FIRST READING, READ BY TITLE ONLY, AND WAIVED FURTHER READING OF AN ORDINANCE OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AMENDING TITLE 9 OF THE LAGUNA HILLS MUNICIPAL CODE (ZONING AND SUBDIVISIONS) TO PROHIBIT MEDICAL MARIJUANA DISPENSARIES IN ALL ZONING DISTRICTS AND REVISE THE DEVELOPMENT CODE COMPLIANCE POLICY, BY M/COUNCIL MEMBER CARRUTH, S/COUNCIL MEMBER BRESSETTE.
APPROVED BY A VOTE OF 4-1 (MAYOR PRO TEMPORE BLOUNT VOTING NO.)

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: DECEMBER 10, 2013

TO: MAYOR AND COUNCIL MEMBERS

FROM: DAVID CHANTARANGSU, AICP
DIRECTOR OF COMMUNITY DEVELOPMENT

ISSUE: SECOND READING OF ORDINANCES ADOPTING BY REFERENCE AND AMENDING THE 2013 EDITION OF THE CALIFORNIA BUILDING STANDARDS CODE, CONSISTING OF THE CALIFORNIA BUILDING CODE, MECHANICAL CODE, ELECTRICAL CODE, PLUMBING CODE, RESIDENTIAL CODE, AND GREEN BUILDING STANDARDS CODE; ADOPTING BY REFERENCE AND AMENDING THE 2013 EDITION OF THE CALIFORNIA FIRE CODE; AND ADOPTING BY REFERENCE THE 2012 EDITION OF THE INTERNATIONAL SWIMMING POOL AND SPA CODE

RECOMMENDATION: THAT THE CITY COUNCIL: (1) CONDUCT A PUBLIC HEARING; AND (2) ADOPT ORDINANCES ENTITLED: "AN ORDINANCE OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AMENDING TITLE 10 OF THE LAGUNA HILLS MUNICIPAL CODE BY AMENDING CHAPTERS 10-28, 10-32, 10-36, 10-40, 10-48 AND 10-52 ADOPTING BY REFERENCE THE CALIFORNIA BUILDING STANDARDS CODE (CALIFORNIA CODE OF REGULATIONS, TITLE 24), CONSISTING OF THE CALIFORNIA BUILDING CODE (AS AMENDED), 2013 EDITION, BASED ON THE 2012 INTERNATIONAL BUILDING CODE AS PUBLISHED BY THE INTERNATIONAL CODE COUNCIL; THE CALIFORNIA MECHANICAL CODE, 2013 EDITION, BASED ON THE 2012 UNIFORM MECHANICAL CODE AS PUBLISHED BY THE INTERNATIONAL ASSOCIATION OF PLUMBING AND MECHANICAL OFFICIALS; THE CALIFORNIA ELECTRICAL CODE, 2013 EDITION, BASED ON THE 2011 NATIONAL ELECTRICAL CODE AS PUBLISHED BY THE NATIONAL FIRE PROTECTION ASSOCIATION; THE CALIFORNIA PLUMBING CODE, 2013 EDITION, BASED ON THE 2012 UNIFORM PLUMBING CODE AS PUBLISHED BY THE INTERNATIONAL ASSOCIATION OF PLUMBING AND MECHANICAL OFFICIALS; THE CALIFORNIA RESIDENTIAL CODE (AS AMENDED), 2013 EDITION, BASED ON THE 2012 INTERNATIONAL RESIDENTIAL CODE AS PUBLISHED BY THE INTERNATIONAL CODE COUNCIL; AND THE CALIFORNIA GREEN BUILDING STANDARDS CODE (AS AMENDED), 2013 EDITION; AND AMENDING TITLE 10, CHAPTER 10-44 OF THE LAGUNA HILLS MUNICIPAL CODE BY ADOPTING BY REFERENCE THE INTERNATIONAL SWIMMING POOL AND SPA CODE (AS

AMENDED), 2012 EDITION, AS PUBLISHED BY THE INTERNATIONAL CODE COUNCIL;"

AND

"AN ORDINANCE OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AMENDING TITLE 5 OF THE LAGUNA HILLS MUNICIPAL CODE BY AMENDING CHAPTER 5-16 ADOPTING BY REFERENCE THE 2013 EDITION OF THE CALIFORNIA FIRE CODE (CALIFORNIA CODE OF REGULATIONS, TITLE 24, PART 9) INCLUDING APPENDICES B, BB, C, AND CC, BASED ON THE 2012 INTERNATIONAL FIRE CODE AS PUBLISHED BY THE INTERNATIONAL CODE COUNCIL, FOR THE PURPOSE OF PRESCRIBING REGULATIONS GOVERNING CONDITIONS HAZARDOUS TO LIFE AND PROPERTY FROM FIRE OR EXPLOSION."

SUMMARY:

On November 12, 2013, the City Council held a public hearing and conducted the first reading of two Ordinances that would result in the City's adoption of the 2013 "Building Standards Code." These are the codes the City uses in its building plan check and inspection processes to ensure new construction is safe, energy efficient and sustainable. The 2013 codes consist of the following titles:

- California Fire Code
- California Building Code
- California Mechanical Code
- California Electrical Code
- California Plumbing Code
- California Residential Code
- California Green Building Code

Collectively these codes are generally known as the "Building Standards Code" and are contained in the California Code of Regulations, Title 24. At staff's recommendation, the City Council has also opted to adopt the International Swimming Pool and Spa Code (ISPSC) due to the added design measures for safety and energy efficiency that are not part of the standard building codes. The proposed codes represent the minimum requirements for new construction.

Orange County Fire Authority (OCFA) has also recommended that additional measures be added to the California Building Code, California Residential Code, and California Fire Code. These measures were added based on the City's unique physical characteristics including climatic, geological, and topographical features. A description of these unique characteristics is included in the proposed ordinances as well as the changes recommended by OCFA.

BACKGROUND:

Staff provided a background memo for the adoption of the Building Standards Code for the City Council meeting of November 12, 2013, which is provided as Attachment 3 for the City Council's reference.

FISCAL IMPACT:

The adoption of the 2013 Building Standards Code does not create any fiscal impacts for the City.

CEQA FINDINGS:

Environmental review is not required under the California Environmental Quality Act (CEQA) pursuant to the California Code of Regulations, Title 14, Chapter 3, 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) because it has no potential for resulting in physical change to the environment, directly or indirectly. Adoption of the Building Standards Code does not authorize any changes to the environment but merely adopts building code regulations.

ATTACHMENTS:

- Attachment 1 - Building Standards Code Ordinance
- Attachment 2 - Fire Code Ordinance
- Attachment 3 - City Council Report of November 12, 2013.

Attachment #1

Building Standards Ordinance

ORDINANCE NO. 2013-

AN ORDINANCE OF THE CITY OF LAGUNA HILLS, CALIFORNIA AMENDING TITLE 10 OF THE LAGUNA HILLS MUNICIPAL CODE BY AMENDING CHAPTERS 10-28, 10-32, 10-36, 10-40, 10-48 AND 10-52 ADOPTING BY REFERENCE THE CALIFORNIA BUILDING STANDARDS CODE (CALIFORNIA CODE OF REGULATIONS, TITLE 24), CONSISTING OF THE CALIFORNIA BUILDING CODE (AS AMENDED), 2013 EDITION, BASED ON THE 2012 INTERNATIONAL BUILDING CODE AS PUBLISHED BY THE INTERNATIONAL CODE COUNCIL; THE CALIFORNIA MECHANICAL CODE, 2013 EDITION, BASED ON THE 2012 UNIFORM MECHANICAL CODE AS PUBLISHED BY THE INTERNATIONAL ASSOCIATION OF PLUMBING AND MECHANICAL OFFICIALS; THE CALIFORNIA ELECTRICAL CODE, 2013 EDITION, BASED ON THE 2011 NATIONAL ELECTRICAL CODE AS PUBLISHED BY THE NATIONAL FIRE PROTECTION ASSOCIATION; THE CALIFORNIA PLUMBING CODE, 2013 EDITION, BASED ON THE 2012 UNIFORM PLUMBING CODE AS PUBLISHED BY THE INTERNATIONAL ASSOCIATION OF PLUMBING AND MECHANICAL OFFICIALS; THE CALIFORNIA RESIDENTIAL CODE (AS AMENDED), 2013 EDITION, BASED ON THE 2012 INTERNATIONAL RESIDENTIAL CODE AS PUBLISHED BY THE INTERNATIONAL CODE COUNCIL; AND THE CALIFORNIA GREEN BUILDING STANDARDS CODE (AS AMENDED), 2013 EDITION; AND AMENDING TITLE 10, CHAPTER 10-44 OF THE LAGUNA HILLS MUNICIPAL CODE BY ADOPTING BY REFERENCE THE INTERNATIONAL SWIMMING POOL AND SPA CODE (AS AMENDED), 2012 EDITION, AS PUBLISHED BY THE INTERNATIONAL CODE COUNCIL

WHEREAS, pursuant to California Government Code Section 50022.1 *et seq*., the City of Laguna Hills ("City") may adopt by reference the California Building Standards Code, 2013 Edition, as provided in Title 24 of the California Code of Regulations; and

WHEREAS, the California Building Standards Commission ("Commission") recently adopted new amendments to the California Building Standards Code; and

WHEREAS, California Health & Safety Code Section 17958.5 *et seq*., and 18941.5 authorizes cities to modify the California Building Standards Code by adopting more restrictive standards and modifications if such standards and modifications are accompanied by express findings that they are reasonably necessary because of local climatic, geological or topographical conditions; and

WHEREAS, based upon the recommendations of the Building Official, the City Council finds the proposed amendments to the 2013 California Building Standards Code (“amendments”) set forth in this ordinance, which are more restrictive than the standards adopted by the California Building Standards Commission, would decrease the potential incidence of property damage, injury, and death due to fires and earthquakes, and are reasonable and necessary to mitigate local climatic, geological or topographical conditions; and

WHEREAS, on November 12, 2013, the City introduced this Ordinance for first reading at a regular meeting of the City Council, and set a public hearing and second reading of the Ordinance for December 10, 2013; and

WHEREAS, the City held a public hearing on December 10, 2013, at which time all interested persons had the opportunity to appear and be heard on the matter of adopting the 2013 California Building Standards Code as amended herein, as well as, the adoption of the 2012 International Swimming Pool and Spa Code; and

WHEREAS, pursuant to California Government Code Section 6066, the City published notice of the aforementioned public hearing; and

WHEREAS, any and all other legal prerequisites relating to the adoption of this Ordinance have occurred;

THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DOES ORDAIN AS FOLLOWS**:**

SECTION 1. Findings. The City Council hereby finds that the amendments to the 2013 California Building Code and 2013 California Residential Code are reasonably necessary because of local climatic, geological or topographic conditions, and adopts the findings provided below to support the modifications to the 2013 California Building Code and 2013 California Residential Code.

1. Climatic Conditions

A. The jurisdiction of Laguna Hills is located in a semi-arid Mediterranean type climate. It annually experiences extended periods of high temperatures with little or no precipitation. Hot, dry (Santa Ana) winds, which may reach speeds of 70 M.P.H. or greater, are also common to the area. These climatic conditions cause extreme drying of vegetation and common building materials. Frequent periods of drought and low humidity add to the fire danger. This predisposes the area to large destructive fires (conflagration). In addition to directly damaging or destroying buildings, these fires are also prone to disrupt utility services throughout the County. Obstacles generated by a strong wind, such as fallen trees, street lights and utility poles, and the requirement to climb 75 feet vertically up flights of stairs will greatly impact the response time to reach an incident scene. Additionally, there is a significant increase in the amount of wind force at 60 feet above the ground. Use of aerial type fire fighting apparatus above this height would place rescue personnel at increased risk of injury.

B. The climate alternates between extended periods of drought and brief flooding conditions. Flood conditions may affect the Orange County Fire Authority's ability to respond to a fire or emergency condition. Floods also disrupt utility services to buildings and facilities within the County.

C. Water demand in this densely populated area far exceeds the quantity supplied by natural precipitation; and although the population continues to grow, the already-taxed water supply does not. California is projected to increase in population by nearly 10 million over the next quarter of a century with 50 percent of that growth centered in Southern California. Due to storage capacities and consumption, and a limited amount of rainfall future water allocation is not fully dependable. This necessitates the need for additional and on-site fire protection features. It would also leave tall buildings vulnerable to uncontrolled fires due to a lack of available water and an inability to pump sufficient quantities of available water to floors in a fire.

D. These dry climatic conditions and winds contribute to the rapid spread of even small fires originating in high-density housing or vegetation. These fires spread very quickly and create a need for increased levels of fire protection. The added protection of fire sprinkler systems and other fire protection features will supplement normal fire department response by providing immediate protection for the building occupants and by containing and controlling the fire spread to the area of origin. Fire sprinkler systems will also reduce the use of water for firefighting by as much as 50 to 75 percent.

2. Topographical conditions

A. Natural; slopes of 15 percent or greater generally occur throughout the foothills of Orange County. The elevation change cause by the hills creates the geological foundation on which communities with Orange County is built and will continue to build. With much of the populated flatlands already built upon, future growth will occur steeper slopes and greater constraints in terrain.

B. Traffic and circulation congestion is an artificially created, obstructive topographical condition, which is common throughout Orange County.

C. These topographical conditions combine to create a situation, which places fire department response time to fire occurrences at risk, and makes it necessary to provide automatic on-site fire-extinguishing systems and other protection measures to protect occupants and property.

3. Geological Conditions

The Orange County region is a densely populated area that has buildings constructed over and near a vast and complex network of faults that are believed to be capable of producing future earthquakes similar or greater in size that the 1994 Northridge and the 1971 Sylmar earthquakes. Earthquake faults run along the northeast and southwest boundaries of Orange County. The Newport-Inglewood Fault, located within Orange County was the source of the destructive 1933 Long Beach earthquake (6.3 magnitude) which took 120 lives and damaged buildings in an area from Laguna Beach to Marina Del Rey to Whittier. In December 1989, another earthquake occurred in the jurisdiction of Irvine at an unknown fault line. Regional planning for reoccurrence of earthquakes is recommended by the state of California, Department of Conservation.

A. Previous earthquakes have been accompanied by disruption of traffic flow and fires. A severe seismic event has the potential to negatively impact any rescue or fire suppression activities because it is likely to create obstacles similar to those indicated under the high wind section above. With the probability of strong aftershocks there exists a need to provide increased protection for anyone on upper floors of buildings. The October 17, 1989, Santa Cruz earthquake resulted in one major fire in the Marina District (San Francisco). When combined with the 34 other fires locally and over 500 responses, the department was taxed to its fullest capabilities. The Marina fire was difficult to contain because mains supplying water to the district burst during the earthquake. This situation creates the need for both additional fire protection and automatic on-site fire protection for building occupants. State Department of Conservation noted in their 1988 report (Planning Scenario on a Major Earthquake on the Newport-Inglewood Fault Zone, page 59), “unfortunately, barely meeting the minimum earthquake standards of building codes places a building on the verge of being legally unsafe.”

B. Road circulation features located throughout the County also make amendments reasonably necessary. Located through the County are major roadways, highways and flood control channels that create barriers and slow response times. Hills, slopes, street and storm drain design accompanies with occasional heavy rainfall, causes roadway flooding and landslides and at times may make an emergency access route impassable. There are areas in Orange County that naturally have extended emergency response times that exceed the 5 minute goal.

C. Soils throughout the County possess corrosive properties that reduce the expected usable life of water services when metallic pipes in contact with soils are utilized.

D. Portions of the County contain active or former oil production fields. These areas contain a variety of naturally occurring gasses, liquids and vapors. These compounds present toxicity or flammability hazards to building occupants. Evaluation of these hazards and the risks they pose to development is necessary implement appropriate mitigation.

Due to the topographical conditions of sprawling development separated by waterways and narrow and congested streets and the expected infrastructure damage inherent in seismic zone described above, it is prudent to rely on automatic fire sprinkler systems to mitigate extended fire department response time and keep fires manageable with reduced fire flow (water) requirements for a given structures. Additional fire protection is also justified to match the current resources of firefighting equipment and personnel within the Orange County Fire Authority.

Additional amendments have been made to the California codes and other supplementary codes. Such amendments are hereby found to be either administrative or procedural in nature or concern themselves with subjects not covered in such codes. The changes made include provisions making each of said codes compatible with other codes enforced by the City.

The findings above are applicable to those amendments proposed to the 2013 Building Standards Code related to the amendments pertaining to the 2013 California Building Code as follows:

CODE SECTION	**TITLE (Clarification)**	**FINDINGS I,II,III**
202	General definitions (High-rise, EHLF)	Admin
403.1	High-rise buildings Applicability	II & III-A
412.7.6 thru 412.7.6.13	Emergency Helicopter Landing Facility	II & III-A
710A.3.2	Detached accessory structures	I & II
710A.4	Accessory structure material	I & II
903.2	Where required (Sprinklers)	II & III-B
903.2.8	Group R (Sprinklers)	II-B & III-B

903.3.5.3	Hydraulically calculated systems	I & II
903.4	Sprinkler system supervision and alarms (of valves)	III-A
905.4	Location of Class I standpipe hose connections	III-A
907.2.13	High-rise buildings (Alarm Systems)	I, II-C & III-A
907.3.1	Duct smoke detectors	II & III-A
907.5.2.2	Emergency voice/alarm communication system	II &III-A
907.6.3.2	High-rise buildings	II & III-A
907.6.5	Monitoring	Admin
Chapter 35	Referenced Standards	
	2013 NFPA 13 (Sprinkler Systems)	Admin, II & III
	2013 NFPA 13-R (Multi-Family Sprinkler Systems)	II & III
	2013 NFPA 13-D (Single Family Sprinkler Systems)	II & III
	2013 NFPA 14 (Standpipe Systems)	II & III
	2013 NFPA 24 (Underground Water Supply Systems)	II & III

and;

The findings above are applicable to those amendments proposed to the 2013 Residential Code as follows:

CODE SECTION	**TITLE (Clarification)**	**FINDINGS I,II,III**
R202	Hazardous Fire Area	Admin
R301.9	Development on or near land containing or emitting toxic, combustible or flammable liquids, gases or vapors	III
R301.10	Fuel modification requirements for new construction	I & II
R309.6	Fire sprinkler attached garages, carports with habitable space above	III
R313.1	Townhouse automatic fire sprinkler systems	III
R313.2	One- and two-family dwellings automatic fire sprinkler system	III
R313.3.6.2.2	Calculation procedures	III
R319.1	Address numbers	II
R327.1.6	Fuel modification requirements for new construction	I & II
R1001.13	Chimney spark arrestors	I & II
Chapter 44	Referenced Standards	
	2013 NFPA 13 (Sprinkler Systems)	Admin, II & III
	2013 NFPA 13-R (Multi-Family Sprinkler Systems)	II & III
	2013 NFPA 13-D (Single Family Sprinkler Systems)	II & III

and;

The findings above are applicable to those amendments proposed to the 2013 Green Building Standards Code as follows:

CODE SECTION	TITLE (Clarification)	FINDINGS I,II,III
202	Definitions	Admin
4.304.1	Irrigation controllers	I-C

SECTION 2. Title 10, Chapter 10.28 of the Laguna Hills Municipal Code is hereby amended and restated in its entirety to read as follows:

Chapter 10-28 California Building Code

10-28-010 Adoption of the California Building Code.

The California Building Code, 2013 Edition, based on the 2012 Edition of the International Building Code as published by the International Code Council, together with the amendments provided in this chapter, is hereby adopted and incorporated by reference, as if set forth at length herein, as the Building Code of the City of Laguna Hills, regulating the erection, construction, enlargement, alteration, repair, moving, removal, demolition, conversion, occupancy, equipment, use, height, area and maintenance of all buildings and/or structures in the City. Not less than one copy of said code has been filed in the office of the City Clerk and shall be made available for public inspection.

10-28.030 Amendments to the California Building Code.

Section 202 Definitions is hereby amended by adding "Approach-Departure Path," "Emergency Helicopter Landing Facility (EHLF)," "Safety Area," and "Takeoff and Landing Area" and revising the definition of "High-Rise Structure" as follows:

APPROACH-DEPARTURE PATH. The flight path of the helicopter as it approaches or departs from the landing pad.

EMERGENCY HELICOPTER LANDING FACILITY (EHLF). A landing area on the roof of a building that is not intended to function as a heliport or helistop but is capable of accommodating fire or medical helicopters engaged in emergency operations.

High-Rise Structure. Every building of any type of construction or occupancy having floors used for human occupancy located more than 55 above the lowest floor level having building access (see Section 403), except buildings used as hospitals as defined in the Health and Safety Code Section 1250.

SAFETY AREA. A defined area surrounding the landing pad which is free of obstructions.

TAKEOFF AND LANDING AREA. The combination of the landing pad centered within the surrounding safety area.

Section 403 HIGH-RISE BUILDINGS AND GROUP I-2 OCCUPANCIES HAVING OCCUPIED FLOORS LOCATED MORE THAN 75 FEET ABOVE THE LOWEST LEVEL OF FIRE DEPARTMENT VEHICLE ACCESS is hereby revised as follows:

Section 403 HIGH-RISE BUILDINGS AND GROUP I-2 OCCUPANCIES HAVING OCCUPIED FLOORS LOCATED MORE THAN 55 FEET ABOVE THE LOWEST LEVEL OF FIRE DEPARTMENT VEHICLE ACCESS

Section 403.1 Applicability is hereby revised as follows:

403.1 Applicability. New high-rise buildings and Group I-2 having occupied floors located more than 55 feet above the lowest level of fire department vehicle access and new Group I-2 occupancies having occupied floors located more than 55 feet above the lowest level of fire department vehicle access shall comply with Sections 403.2 through 403.6.

Section 412.7 Heliports and helistops is hereby amended by adding Sections 412.7.6 through 412.7.6.13 as follows:

412.7.6. Emergency Helicopter Landing Facility. Emergency Helicopter Landing Facility (EHLF) shall be constructed as specified in Section 412.7.6.1 through 412.7.6.13.

412.7.6.1 General. Every building of any type of construction or occupancy having floors used for human occupancy located more than 75 ft above the lowest level of the fire department vehicle access shall have a rooftop emergency helicopter landing facility (EHLF) in a location approved by the fire code official for use by fire, police, and emergency medical helicopters only.

412.7.6.2 Rooftop Landing Pad. The landing pad shall be 50 ft. x 50 ft. or a 50 ft. diameter circle that is pitched or sloped to provide drainage away from access points and passenger holding areas at a slope of 0.5 percent to 2 percent. The landing pad surface shall be constructed of approved non-combustible, nonporous materials. It shall be capable of supporting a helicopter with a maximum gross weight of 15,000 lbs. For structural design requirements, see California Building Code.

412.7.6.3 Approach-Departure Path. The emergency helicopter landing facility shall have two approach-departure paths separated in plan from each other by at least 90 degrees. No objects shall penetrate above the approach-departure paths. The approach-departure path begins at the edge of the landing pad, with the same width or diameter as the landing pad and is a rising slope extending outward and upward at a ratio of eight feet horizontal distance for every one foot of vertical height.

412.7.6.4 Safety Area. The safety area is a horizontal plane level with the landing pad surface and shall extend 25 ft in all directions from the edge of the landing pad. No objects shall penetrate above the plane of the safety area.

412.7.6.5 Safety Net. If the rooftop landing pad is elevated more than 30 in. (2'-6") above the adjoining surfaces, a 6 ft in wide horizontal safety net capable of supporting 25 lbs/psf shall be provided around the perimeter of the landing pad. The inner edge of the safety net attached to the landing pad shall be slightly dropped (greater than 5 in. but less than 18 in.) below the pad elevation. The safety net shall slope upward but the outer safety net edge shall not be above the elevation of the landing pad.

412.7.6.6 Take-off and Landing Area. The takeoff and landing area shall be free of obstructions and 100 ft x 100 ft. or 100 ft. diameter.

412.7.6.7 Wind Indicating Device. An approved wind indicating device shall be provided but shall not extend into the safety area or the approach-departure paths.

412.7.6.8 Special Markings. The emergency helicopter landing facility shall be marked as indicated in Figure 412.7.6.8.

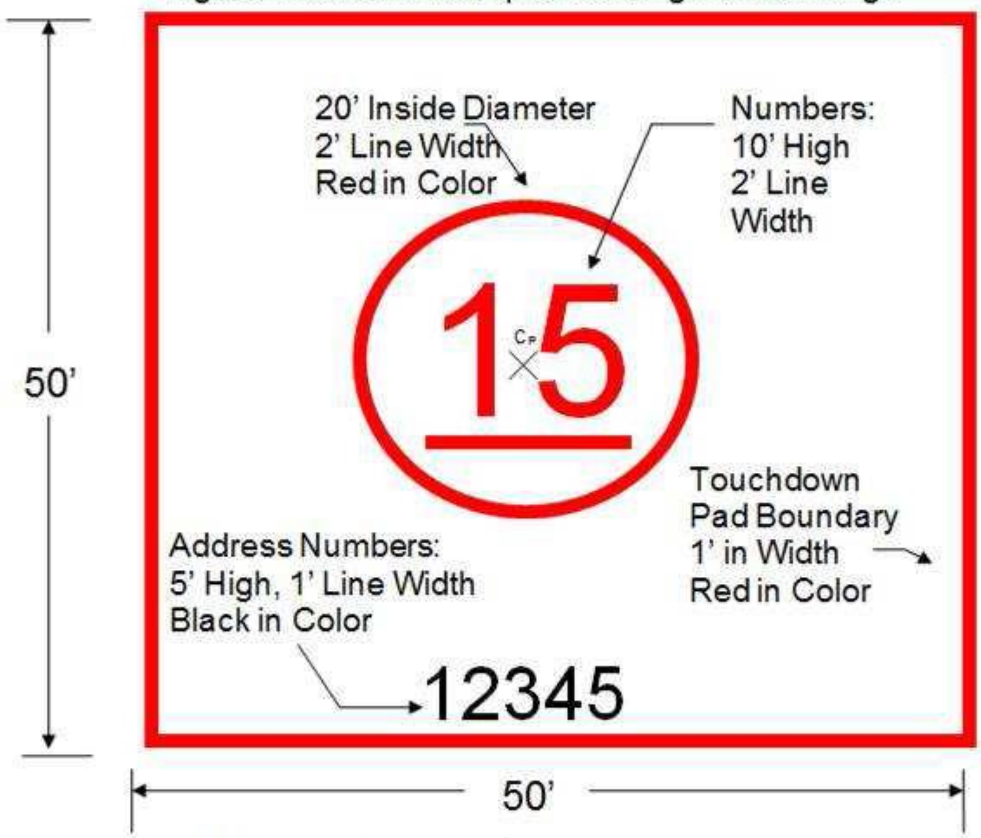
412.7.6.9 EHLF Exits. Two stairway exits shall be provided from the landing platform area to the roof surface. For landing areas less than 2,501 square feet in area, the second exit may be a fire escape or ladder leading to the roof surface below. The stairway from the landing facility platform to the floor below shall comply with Section 1009.7.2 for riser height and tread depth. Handrails shall be provided, but shall not extend above the platform surface.

412.7.6.10 Standpipe systems. The standpipe system shall be extended to the roof level on which the EHLF is located. All portions of the EHLF area shall be within 150 feet of a 2.5-inch outlet on a Class I or III standpipe.

412.7.6.11 Fire extinguishers. A minimum of one portable fire extinguisher having a minimum 80-B:C rating shall be provided and located near the stairways or ramp to the landing pad. The fire extinguisher cabinets shall not penetrate the approach-departure paths, or the safety area. Installation, inspection, and maintenance of extinguishers shall be in accordance with California Fire Code Section 906.

412.7.6.13 EHLF. Fueling, maintenance, repairs, or storage of helicopters shall not be permitted.

Figure 412.7.6.8 Helicopter Landing Pad Markings



1. The preferred background is white or tan.
2. The circled, red numbers indicate the allowable weight that the facility is capable of supporting in thousands of pounds.
3. The numbers shall be oriented towards the preferred flight (typically facing the prevailing wind).

Section 710A.3.2 is hereby revised as follows:

> **710A.3.2** Detached accessory structures within 50 feet of an applicable building shall comply with the requirements of this section.

Section 710A.4 Requirements is hereby revised as follows:

> **710A.4 Requirements.** Accessory structures shall be constructed of non-combustible or ignition-resistant materials.

Section 903.2 Where required is hereby revised as follows:

> **903.2 Where required.** Approved automatic sprinkler systems in buildings and structures shall be provided when one of the following conditions exists:
>
> 1. **New buildings:** Notwithstanding any applicable provisions of Sections 903.2.1 through 903.2.12, an automatic fire-extinguishing system shall

also be installed in all occupancies when the total building area exceeds 5,000 square feet (465 m^2) as defined in the CBC, regardless of fire areas or allowable area, or more than two stories in height.

2. **Existing buildings:** Notwithstanding any applicable provisions of this code, an automatic sprinkler system shall be provided in an existing building when an addition occurs and when one of the following conditions exists:

   a. When an addition is 33% or more of the existing building area, and the resulting building area exceeds 5000 square feet (465 m^2) as defined in Section 202; or
   b. When an addition exceeds 2000 square feet (186 m^2) and the resulting building area exceeds 5000 square feet (465 m^2) as defined in Section 202.
   c. An additional story is added above the second floor regardless of fire areas or allowable area.

   Exception: Group R-3 occupancies. Group R-3 occupancies shall comply with Section 903.2.8.

Section 903.2.8 Group R is hereby revised as follows:

903.2.8 Group R. An automatic sprinkler system installed in accordance with Section 902.1 shall be provided throughout all buildings with a Group R fire area as follows:

1. **New buildings:** An automatic sprinkler system shall be installed throughout all new buildings.

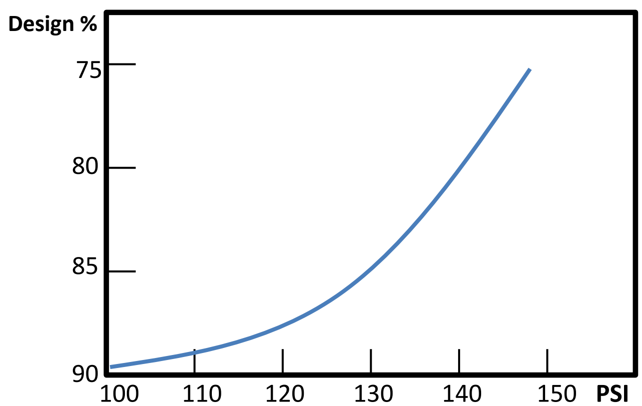
2. **Existing R-3 buildings:** An automatic sprinkler system shall be installed throughout when one of the following conditions exists:
   a. When an addition is 33% or more of the existing building area as defined in Section 202, and greater than 1000 square feet (93 m^2) within a two year period; or
   b. An addition when the existing building is already provided with automatic sprinklers; or.
   c. When an existing Group R Occupancy is being substantially renovated, and where the scope of the renovation is such that the Building Code Official determines that the complexity of installing a sprinkler system would be similar as in a new building.

Section 903.3.5.3 Hydraulically calculated systems is hereby added as follows:

903.3.5.3 Hydraulically calculated systems. The design of hydraulically calculated fire sprinkler systems shall not exceed 90% of the water supply capacity.

Exception: When static pressure exceeds 100 psi, and required by the Fire Code Official, the fire sprinkler system shall not exceed water supply capacity specified by Table 903.3.5.3

TABLE 903.3.5.3
Hydraulically Calculated Systems



Section 903.4 Sprinkler system supervision and alarms is hereby revised by deleting item 3 and 5 and renumbering the Exceptions as follows:

1. Automatic sprinkler systems protecting one- and two-family dwellings.
2. Limited area systems serving fewer than 20 sprinklers.
3. Jockey pump control valves that are sealed or locked in the open position.
4. Valves controlling the fuel supply to fire pump engines that are sealed or locked in the open position.
5. Trim valves to pressure switches in dry, preaction and deluge sprinkler systems that are sealed or locked in the open position.

Section 905.4 Location of Class I standpipe hose connections is hereby amended by adding item 7 as follows:

7. The centerline of the 2.5 inch (63.5 mm) outlet shall be no less than 18 inches (457.2 mm) and no more than 24 inches above the finished floor.

Section 907.2.13 High-rise buildings is hereby revised as follows:

907.2.13 High-rise buildings and Group I-2 occupancies having floors located more than 55 feet above the lowest level fire department vehicle access. High-rise buildings and Group I-2 occupancies having occupied floors located more than 55 feet above the lowest level of fire department vehicle access shall be provided with an automatic smoke detection in accordance with Section 907.2.13.1, a fire department communication system in accordance with Section 907.2.13.2 and an emergency voice/alarm communication system in accordance with Section 907.5.2.2.

Exceptions:

1. Airport traffic control towers in accordance with Section 907.2.22 and Section 412 of the California Building Code.
2. Open parking garages in accordance with Section 406.5 of the California Building Code.
3. Buildings with an occupancy in Group A-5 in accordance with Section 303.1 of the California Building Code.
4. Low-hazard special occupancies in accordance with Section 503.1.1 of the California Building Code.
5. In Group I-2 and R-2.1 occupancies, the alarm shall sound at a constantly attended location and general occupant notification shall be broadcast by the emergency voice/alarm communication system

Section 907.3.1 Duct smoke detectors is hereby amended as follows:

907.3.1 Duct smoke detectors. Smoke detectors installed in ducts shall be listed for the air velocity, temperature and humidity present in the duct. Duct smoke detectors shall be connected to the building's fire alarm control unit when a fire alarm system is installed. Activation of a duct smoke detector shall initiate a visible and audible supervisory signal at a constantly attended location and shall perform the intended fire safety function in accordance with this code and the California Mechanical Code. Duct smoke detectors shall not be used as a substitute for required open area detection.

Exception: In occupancies not required to be equipped with a fire alarm system, actuation of a smoke detector shall activate a visible and an audible signal in an approved location. Smoke detector trouble conditions shall activate a visible or audible signal in an approved location and shall be identified as air duct detector trouble.

Section 907.5.2.2 Emergency voice/alarm communication system is hereby revised as follows.

907.5.2.2 Emergency voice/alarm communication system. Emergency voice/alarm communication system required by this code shall be designed and installed in accordance with NFPA 72. The operation of any automatic fire detector, sprinkler water flow device or manual fire alarm box shall automatically sound an alert tone followed by voice instructions giving approved information and directions for a general or staged evacuation in accordance with the building's fire safety and evacuation plans required by Section 404. In high-rise buildings and Group I-2 occupancies having occupied floors located more than 55 feet above the lowest level of fire department vehicle access, the system shall operate on a minimum of the alarming floor, the floor above and the floor below. Speakers shall be provided throughout the building by paging zones. At a minimum, paging zones shall be provided as follows:

1. Elevator groups.
2. Exit stairways.
3. Each floor.
4. Areas of refuge as defined in Section 1002.1.
5. Dwelling Units in apartment houses.
6. Hotel guest rooms or suites.

Exception: In Group I-2 and R-2.1 occupancies, the alarm shall sound in a constantly attended area and a general occupant notification shall be broadcast over the overhead page.

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Section 907.6.3.2 High-rise buildings is hereby revised as follows.

907.6.3.2 High-rise buildings. High-rise buildings and Group I-2 occupancies having occupied floors located more than 55 feet above the lowest level of fire department vehicle access, a separate zone by floor shall be provided for all of the following types of alarm-initiating devices where provided:

1. Smoke detectors.
2. Sprinkler water-flow devices.
3. Manual fire alarm boxes
4. Other approved types of automatic detection devices or suppression systems.

Section 907.6.5 Monitoring is hereby revised as follows

907.6.5 Monitoring. Fire alarm systems required by this chapter or by the California Building Code shall be monitored by an approved supervising station in accordance with NFPA 72, this section, and per Orange County Fire Authority Guideline “New and Existing Fire Alarm & Signaling Systems.

Chapter 44 Referenced Standards is hereby revised as follows:

NFPA 13, 2013 Edition, Standard for the Installation of Sprinkler Systems is hereby amended as follows:

Section 6.8.3 is hereby revised as follows:

6.8.3 Fire department connections (FDC) shall be of an approved type. The FDC shall contain a minimum of two 2 ½” inlets. The location shall be approved and be no more than 150 feet from a public hydrant. The FDC may be located within 150 feet of a private fire hydrant when approved by the fire code official. The size of piping and the number of inlets shall be approved by the fire code official. If acceptable to the water authority, it may be installed on the backflow assembly. Fire department inlet connections shall be painted OSHA safety red. When the fire sprinkler density design requires 500 gpm (including inside hose stream demand) or greater, or a standpipe system is included, four 2 ½” inlets shall be provided.

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Section 8.3.3.1 is hereby revised as follows:

8.3.3.1. When fire sprinkler systems are installed in shell buildings of undetermined use (Spec Buildings) other than warehouses (S occupancies), fire sprinklers of the quick-response type shall be used. Use is considered undetermined if a specific tenant/occupant is not identified at the time the fire sprinkler plan is submitted. Sprinklers in light hazard occupancies shall be one of the following:

1. Quick-response type as defined in 3.6.4.7
2. Residential sprinklers in accordance with the requirements of 8.4.5
3. Standard-response sprinklers used for modifications or additions to existing light hazard systems equipped with standard-response sprinklers

4. Standard-response sprinklers used where individual standard-response sprinklers are replaced in existing light hazard systems

Section 8.17.1.1.1 is hereby added as follows:

8.17.1.1.1 Residential Water Flow Alarms. A local water-flow alarm shall be provided on all sprinkler systems and shall be connected to the building fire alarm or water-flow monitoring system, where provided. Group R occupancies not requiring a fire alarm system by the California Fire Code shall be provided with a minimum of one approved interior alarm device in each unit. Interior alarm devices shall be required to provide 55 dBA or 15 dBA above ambient, whichever is greater, throughout all living spaces within each unit. Sound levels in all sleeping areas with all intervening doors closed shall be a minimum of 15 dBA above the average ambient sound level but not less than 75 dBA, whichever is greater. When not connected to a fire alarm or water-flow monitoring system, audible devices shall be powered from an uninterruptible circuit (except for over-current protection) serving normally operated appliances in the residence.

Section 11.1.1.2 is hereby added as follows:

11.1.1.2 When fire sprinkler systems are required in buildings of undetermined use other than warehouses, they shall be designed and installed to have a fire sprinkler density of not less than that required for an Ordinary Hazard Group 2 use, with no reduction(s) in density or design area. Warehouse fire sprinkler systems shall be designed to Figure 16.2.1.3.2 (d) curve "G". Use is considered undetermined if a specific tenant/occupant is not identified at the time the sprinkler plan is submitted. Where a subsequent occupancy requires a system with greater capability, it shall be the responsibility of the occupant to upgrade the system to the required density for the new occupancy.

Section 11.2.3.1.1.1 is hereby added as follows:

11.2.3.1.1.1 The available water supply for fire sprinkler system design shall be determined by one of the following methods, as approved by the Fire Code Official:

1. Subtract the project site elevation from the low water level for the appropriate pressure zone and multiply the result by 0.433;
2. Use a maximum of 40 psi, if available;

3. Utilize the Orange County Fire Authority water-flow test form/directions to document a flow test conducted by the local water agency or an approved third party licensed in the State of California.

Section 23.2.1.1 is hereby revised as follows:

23.2.1.1 Where a water flow test is used for the purposes of system design, the test shall be conducted no more than 6 months prior to working plan submittal unless otherwise approved by the authority having jurisdiction.

NFPA 13R, 2013 Edition, Installation of Sprinkler System in Residential Occupancies up to and Including Four Stories in Height is hereby amended as follows:

Section 6.16.1 is hereby revised as follows:

6.16.1 A local water-flow alarms shall be provided on all sprinkler systems and shall be connected to the building fire alarm or water-flow monitoring system where provided. Group R occupancies containing less than the number of stories, dwelling units or occupant load specified in the California Fire Code as requiring a fire alarm system shall be provided with a minimum of one approved interior alarm device in each unit. Interior alarm devices shall be required to provide 55 dBA or 15 dBA above ambient, whichever is greater, throughout all living spaces within each dwelling unit. Sound levels in all sleeping areas with all intervening doors closed shall be a minimum of 15 dBA above the average ambient sound level but not less than 75 dBA, whichever is greater. When not connected to a fire alarm or water-flow monitoring system, audible devices shall be powered from an uninterruptible circuit (except for over-current protection) serving normally operated appliances in the residence.

There shall also be a minimum of one exterior alarm indicating device, listed for outside service and audible from the access roadway that serves that building.

NFPA 13D, 2013 Edition, Standard for the Installation of Sprinkler Systems in One- and Two-Family Dwellings and Manufactured Homes is hereby amended as follows:

Section 4.1.3 is hereby added as follows:

4.1.3 Stock of Spare Sprinklers. A supply of at least two sprinklers for each type shall be maintained on the premises so that any sprinklers that have operated or been damaged in any way can be promptly replaced.

Section 4.1.3.2 is hereby added as follows:

4.1.3.2 The sprinklers shall correspond to the types and temperature ratings of the sprinklers in the property.

Section 4.1.3.3 is hereby added as follows:

4.1.3.3 The sprinklers shall be kept in a cabinet located where the temperature to which they are subjected will at no time exceed 100 ^{o}F (38^{o}C).

Section 4.1.3.4 is hereby added as follows:

4.1.3.4 A special sprinkler wrench shall be provided and kept in the cabinet to be used in the removal and installation of sprinklers. One sprinkler wrench shall be provided for each type of sprinkler installed.

Section 7.1.2 is hereby revised as follows:

7.1.2 The system piping shall not have a separate control valve unless supervised by a central station, proprietary, or remote station alarm service.

Section 7.6 is hereby deleted in its entirety and replaced as follows:

7.6 Alarms. Exterior alarm indicating device shall be listed for outside service and audible from the street from which the house is addressed. Exterior audible devices shall be placed on the front or side of the structure and the location is subject to final approval by the fire code official. Additional interior alarm devices shall be required to provide 55 dBA or 15 dBA above ambient, whichever is greater, throughout all living spaces. Sound levels in all sleeping areas with all intervening doors closed shall be a minimum of 15 dBA above the average ambient sound level but not less than 75 dBA, whichever is greater. Audible devices shall be powered from an uninterruptible circuit (except for over-current protection) serving normally operated appliances in the residence.

Exceptions:

1. When an approved water flow monitoring system is installed, interior audible devices may be powered through the fire alarm control panel.
2. When smoke detectors specified under CBC Section 907.2.11 are used to sound an alarm upon water flow switch activation.

NFPA 14, 2013 Edition, Installation of Standpipe and Hose Systems is hereby amended as follows:

Section 7.3.1.1 is hereby is deleted in its entirety and replaced as follows:

7.3.1.1 Class I and III Standpipe hose connections shall be unobstructed and shall be located not less than 18 inches or more than 24 inches above the finished floor. Class II Standpipe hose connections shall be unobstructed and shall be located not less than 3 feet or more than 5 feet above the finished floor.

NFPA 24, 2013 Edition, Standard for the Installation of Private Fire Service Mains and Their Appurtenances is hereby amended as follows:

Section 6.2.1.1 is hereby added as follows:

6.2.1.1 The closest upstream indicating valve to the riser shall be painted OSHA red.

Section 6.2.11 (5) is hereby deleted without replacement and (6) and (7) renumbered:

(5) Control Valves installed in a fire-rated room accessible from the exterior.
(6) Control valves in a fire-rated stair enclosure accessible from the exterior as permitted by the authority having jurisdiction.

Section 6.3.3 is hereby added as follows:

6.3.3 All post indicator valves controlling fire suppression water supplies shall be painted OSHA red.

Section 10.1.6.3 is hereby added as follows:

10.1.6.3 All ferrous pipe shall be coated and wrapped. Joints shall be coated and wrapped after assembly. All fittings shall be protected with a loose 8-mil polyethylene tube. The ends of the tube shall extend past the joint by a minimum of 12 inches and be sealed with 2 inch wide tape approved for underground use. Galvanizing does not meet the requirements of this section.

Exception: 304 or 316 Stainless Steel pipe and fittings.

Section 10.3.6.2 is hereby revised as follows:

10.3.6.2 All bolted joint accessories shall be cleaned and thoroughly coated with asphalt or other corrosion-retarding material, prior to poly-tube, and after installation.

Exception: Bolted joint accessories made from 304 or 316 stainless steel.

Section 10.3.6.3 is hereby added as follows:

10.3.6.3 All bolts used in pipe-joint assembly shall be 316 stainless steel.

Section 10.6.3.1 is hereby deleted and replaced as follows:

10.6.3.1 Where fire service mains enter the building adjacent to the foundation, the pipe may run under a building to a maximum of 24 inches, as measured from the interior face of the exterior wall to the center of the vertical pipe. The pipe under the building or building foundation shall be 304 or 316 stainless steel and shall not contain mechanical joints or it shall comply with 10.6.2.

Section 10.6.4 is hereby revised as follows:

10.6.4 Pipe joints shall not be located under foundation footings. The pipe under the building or building foundation shall be 304 or 316 stainless steel and shall not contain mechanical joints.

SECTION 3. Chapter 10-32 of the Laguna Hills Municipal Code is hereby amended and restated in its entirety to read as follows:

Chapter 10-32 CALIFORNIA MECHANICAL CODE

10-32.010 Adoption of the California Mechanical Code.

The California Mechanical Code, 2013 Edition, based on the 2012 Uniform Mechanical Code as published by the International Association of Plumbing and Mechanical Officials, is hereby adopted and incorporated by reference, as if set forth at length herein, as the Mechanical Code of the City of Laguna Hills, regulating and controlling the design, construction, installation, quality of materials, location, operation and maintenance of heating, ventilating, cooling, refrigeration systems, incinerators and other miscellaneous heat producing appliances. Not less than one copy of said code has been filed in the office of the City Clerk and shall be made available for public inspection.

SECTION 4. Chapter 10-36 of the Laguna Hills Municipal Code is hereby amended and restated in its entirety to read as follows:

Chapter 10-36 CALIFORNIA ELECTRICAL CODE

10-36.010 Adoption of the California Electrical Code.

The California Electrical Code, 2013 Edition, based on the 2011 National Electrical Code as published by the National Fire Protection Association, is hereby adopted and incorporated by reference, as if set forth at length herein, as the Electrical Code of the City of Laguna Hills, regulating all installation, arrangement, alteration, repair, use and other operation of electrical wiring, connections, fixtures and other electrical appliances on premises within the City. Not less than one copy of said code has been filed in the office of the City Clerk and shall be made available for public inspection.

SECTION 5. Chapter 10-40 of the Laguna Hills Municipal Code is hereby amended and restated in its entirety to read as follows:

Chapter 10-40 CALIFORNIA PLUMBING CODE

10-40.010 Adoption of the California Plumbing Code.

The California Plumbing Code, 2013 Edition, based on the 2012 Uniform Plumbing Code as published by the International Association of Plumbing and Mechanical Officials, is hereby adopted and incorporated by reference, as if set forth at length herein, as the Plumbing Code of the City of Laguna Hills, regulating erection, installation, alteration, repair, relocation, replacement, maintenance or use of plumbing systems within the City. Not less than one copy of said code has been filed in the office of the City Clerk and shall be made available for public inspection.

SECTION 6. Chapter 10-48 of the Laguna Hills Municipal Code is hereby amended and restated in its entirety to read as follows:

Chapter 10-48 CALIFORNIA RESIDENTIAL CODE

10-48.010 Adoption of the California Residential Code.

The California Residential Code, 2013 Edition, based on the 2012 International Residential Code as published by the International Code Council together with the amendments provided in this chapter, is hereby adopted and incorporated by reference, as if set forth at length herein, as the Residential Code of the City of Laguna Hills regulating the erection, construction, enlargement, alteration, repair, moving, removal, demolition, conversion, occupancy, equipment, use, height, area and maintenance of all residential buildings and/or structures in the City. Not less than one copy of said code has been filed in the office of the City Clerk and shall be made available for public inspection.

10-48.020 Amendments to the Residential Code.

Section R202 Definitions is hereby revised by adding "Hazardous Fire Area" as follows:

> **HAZARDOUS FIRE AREA**. Includes all areas identified within California Fire Code Section 4906.2 and other areas as determined by the Fire Code Official as presenting a fire hazard due to the presence of combustible vegetation, or the proximity of the property to an area that contains combustible vegetation.

Section R301.9 Development on or Near Land Containing or Emitting Toxic, Combustible or Flammable Liquids, Gases or Vapors is hereby added as follows:

> **R301.9 Development On Or Near Land Containing Or Emitting Toxic, Combustible or Flammable Liquids, Gases or Vapors.** The fire code official may require the submittal for approval of geological studies, evaluations, reports, remedial recommendations and/or similar documentation from a state-licensed and department-approved individual or firm, on any parcel of land to be developed which has, or is adjacent to, or within 1,000 feet (304.8 m) of a parcel of land that has an active, inactive, or abandoned oil or gas well operation, petroleum or chemical refining facility, petroleum or chemical storage, or may contain or give off toxic, combustible or flammable liquids, gases or vapors.

Section R301.10 Fuel Modification Requirements for New Construction is hereby added as follows:

R301.10 Fuel Modification Requirements for New Construction. All new buildings to be built or installed in areas with or adjacent to land having hazardous combustible vegetation shall comply with the requirements in the edition of OCFA Vegetation Management Guidelines currently in use at the time.

Section R309.6 Fire sprinkler attached garages, and carports with habitable space above is hereby amended by modifying the Exception as follows:

Exception: An automatic residential fire sprinkler system shall not be required when additions or alterations are made to existing carports and/or garages that do not have an automatic fire sprinkler system installed unless a sprinkler system is required in accordance with California Fire Code Section 903.2.8.

Section R313.1 Townhouse automatic fire sprinkler systems is hereby amended by modifying the Exception as follows:

Exception: An automatic residential fire sprinkler system shall not be required when additions or alterations are made to existing townhouses that do not have an automatic fire sprinkler system installed unless a sprinkler system is required in accordance with California Fire Code Section 903.2.8.

Section R313.2 One- and two-family dwellings automatic fire sprinkler systems is hereby amended by modifying the Exception as follows:

Exception: An automatic residential fire sprinkler system shall not be required for additions or alterations to existing buildings that are not already provided with an automatic sprinkler system unless a sprinkler system is required in accordance with California Fire Code Section 903.2.8.

Section R313.3.6.2.2 Calculation procedure is hereby revised as follows:

R313.3.6.2.2 Calculation procedure. Determination of the required size for water distribution piping shall be in accordance with the following procedure and California Fire Code Section 903.3.5.3.

Section R319.1 Address numbers is hereby revised as follows:

R319.1 Address numbers. New and existing buildings shall have approved address numbers, building numbers or approved building identification placed in a position that is plainly legible and visible from the street or road fronting the property. These numbers shall contrast with their background. Where required by the fire code official, address numbers shall be provided in additional approved locations to facilitate emergency response. Address numbers shall be Arabic numbers or alphabetical letters. Numbers shall be a minimum of 4 inches (101.6 mm) high with a minimum stroke width of 0.5 inch (12.7 mm). Where access is by means of a private road and the building cannot be viewed from the public way, a monument, pole or other sign or means shall be used to identify the structure. Address numbers shall be maintained.

Section R327.1.6 Fuel Modification Requirements for New Construction is hereby added as follows:

R327.1.6 Fuel Modification Requirements for New Construction. All new buildings to be built or installed in hazardous fire areas shall comply with the following:

1. Preliminary fuel modification plans shall be submitted to and approved by the fire code official concurrent with the submittal for approval of any tentative map
2. Final fuel modification plans shall be submitted to and approved by the fire code official prior to the issuance of a grading permit.
3. The fuel modification plan shall include provisions for the maintenance of the fuel modification for perpetuity.
4. The fuel modification plans shall meet the criteria set forth in the Fuel Modification Section of the Orange County Fire Authority Vegetation Management Guidelines.
5. The fuel modification plan may be altered if conditions change. Any alterations to the fuel modification areas shall have prior approval from the fire code official.
6. All elements of the fuel modification plan shall be maintained in accordance with the approved plan and are subject to the enforcement process outlined in the Fire Code.

Section R1001.13 Chimney spark arresters is hereby added as follows:

R1001.13 Chimney spark arresters. All chimneys attached to any appliance or fireplace that burns solid fuel shall be equipped with an approved spark arrester. Chimneys serving outdoor appliances or fireplaces shall be equipped with a spark arrester. The spark arrester shall meet the requirements of Section 2113.9.2 of the California Building Code.

Chapter 44 Referenced Standards is revised as follows:

NFPA 13, 2013 Edition, Installation of Sprinkler Systems is hereby amended as follows:

Section 6.8.3 is hereby revised as follows:

6.8.3 Fire department connections (FDC) shall be of an approved type. The FDC shall contain a minimum of two 2 ½" inlets. The location shall be approved and be no more than 150 feet from a public hydrant. The FDC may be located within 150 feet of a private fire hydrant when approved by the fire code official. The size of piping and the number of inlets shall be approved by the fire code official. If acceptable to the water authority, it may be installed on the backflow assembly. Fire department inlet connections shall be painted OSHA safety red. When the fire sprinkler density design requires 500 gpm (including inside hose stream demand) or greater, or a standpipe system is included, four 2 ½" inlets shall be provided.

Section 8.3.3.1 is hereby revised as follows:

8.3.3.1 When fire sprinkler systems are installed in shell buildings of undetermined use (Spec Buildings) other than warehouses (S occupancies), fire sprinklers of the quick-response type shall be used. Use is considered undetermined if a specific tenant/occupant is not identified at the time the fire sprinkler plan is submitted. Sprinklers in light hazard occupancies shall be one of the following:

1. Quick-response type as defined in 3.6.4.7
2. Residential sprinklers in accordance with the requirements of 8.4.5
3. Standard-response sprinklers used for modifications or additions to existing light hazard systems equipped with standard-response sprinklers
4. Standard-response sprinklers used where individual standard-response sprinklers are replaced in existing light hazard systems

Section 8.17.1.1.1 is hereby added as follows:

8.17.1.1.1 Residential Water Flow Alarms. A local water-flow alarm shall be provided on all sprinkler systems and shall be connected to the building fire alarm or water-flow monitoring system, where provided. Group R occupancies not requiring a fire alarm system by the California Fire Code shall be provided with a minimum of one approved interior alarm device in each unit. Sound levels in all sleeping areas shall be minimum of 15 DBA above the average ambient sound or a minimum of 75 DBA with all intervening doors closed, whichever is greater. Alarms shall be audible within all other living areas within each dwelling unit. When not connected to a fire alarm or water-flow monitoring system, audible devices shall be powered from an uninterruptible circuit (except for over-current protection) serving normally operated appliances in the residence.

Section 11.1.1.2 is hereby added as follows:

11.1.1.2 When fire sprinkler systems are required in buildings of undetermined use other than warehouses, they shall be designed and installed to have a fire sprinkler density of not less than that required for an Ordinary Hazard Group 2 use, with no reduction(s) in density or design area. Warehouse fire sprinkler systems shall be designed to Figure 16.2.1.3.2 (d) curve "G". Use is considered undetermined if a specific tenant/occupant is not identified at the time the sprinkler plan is submitted. Where a subsequent occupancy requires a system with greater capability, it shall be the responsibility of the occupant to upgrade the system to the required density for the new occupancy.

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Section 11.2.3.1.1.1 is hereby added as follows:

11.2.3.1.1.1 The available water supply for fire sprinkler system design shall be determined by one of the following methods, as approved by the Fire Code Official:

1. Subtract the project site elevation from the low water level for the appropriate pressure zone and multiply the result by 0.433;
2. Use a maximum of 40 psi, if available;
3. Utilize the Orange County Fire Authority water-flow test form/directions to document a flow test conducted by the local water agency or an approved third party licensed in the State of California.

Section 23.2.1.1 is hereby revised as follows:

23.2.1.1 Where a water flow test is used for the purposes of system design, the test shall be conducted no more than 6 months prior to working plan submittal unless otherwise approved by the authority having jurisdiction.

NFPA 13R, 2013 Edition, Installation of Sprinkler System in Residential Occupancies up to and Including Four Stories in Height is hereby amended as follows:

Section 6.16.1 is hereby revised as follows:

6.16.1 A **l**ocal water-flow alarms shall be provided on all sprinkler systems and shall be connected to the building fire alarm or water-flow monitoring system where provided. Group R occupancies containing less than the number of stories, dwelling units or occupant load specified in Section 907.2.8 of the 2010 California Fire Code as requiring a fire alarm system shall be provided with a minimum of one approved interior alarm device in each unit. Sound levels in all sleeping areas shall be a minimum of 15 dBA above the average ambient sound or a minimum of 75 dBA with all intervening doors closed, whichever is greater. Alarms shall be audible within all other living areas within each dwelling unit. When not connected to a fire alarm or water-flow monitoring system, audible devices shall be powered from an uninterruptible circuit (except for over-current protection) serving normally operated appliances in the residence.

There shall also be a minimum of one exterior alarm indicating device, listed for outside service and audible from the access roadway that serves that building.

NFPA 13D 2013 Edition, Standard for the Installation of Sprinkler Systems in One- and Two-Family Dwellings and Manufactured Homes is hereby amended as follows:

Section 4.1.3 is hereby added as follows:

4.1.3 Stock of Spare Sprinklers

Section 4.1.3.1 is hereby added as follows:

4.1.3.1. A supply of at least two sprinklers for each type shall be maintained on the premises so that any sprinklers that have operated or been damaged in any way can be promptly replaced.

Section 4.1.5.2 is hereby added as follows:

4.1.3.2 The sprinklers shall correspond to the types and temperature ratings of the sprinklers in the property.

Section 4.1.3.3 is hereby added as follows:

4.1.3.3 The sprinklers shall be kept in a cabinet located where the temperature to which they are subjected will at no time exceed 100 ^{o}F (38^{o}C).

Section 4.1.3.4 is hereby added as follows:

4.1.3.4 A special sprinkler wrench shall be provided and kept in the cabinet to be used in the removal and installation of sprinklers. One sprinkler wrench shall be provided for each type of sprinkler installed.

Section 7.1.2 is hereby revised as follows:

7.1.2 The system piping shall not have a separate control valve unless supervised by a central station, or remote station alarm service

Section 7.6 is hereby deleted in its entirety and replaced as follows:

7.6 Alarms. Exterior alarm indicating device shall be listed for outside service and audible from the street from which the house is addressed. Exterior audible devices shall be placed on the front or side of the structure and the location is subject to final approval by the fire code official. Additional interior alarm devices shall be required to provide 55 dBA or 15 dBA above ambient, whichever is greater. Sound levels in all sleeping areas with all intervening doors closed shall be a minimum of 15 dBA above the average ambient sound level but not less than 75 dBA, whichever is greater. Audible devices shall be powered from an uninterruptible circuit (except for over-current protection) serving normally operated appliances in the residence.

Exceptions:

1. When an approved water flow monitoring system is installed, interior audible devices may be powered through the fire alarm control panel.
2. When smoke detectors specified under CBC Section 907.2.11 are used to sound an alarm upon water flow switch activation.

Section AO103.3 Vehicular gates or other barriers across required fire apparatus access roads is hereby added as follows:

> **AO103.3 Vehicular gates or other barriers across required fire apparatus access roads.** The installation of gates or other barriers across a required fire apparatus access road shall comply with the requirements set forth in the 2013 California Fire Code Section 503.6.

<u>SECTION 7</u>. Title 10, Chapter 10-52 of the Laguna Hills Municipal Code is hereby amended and restated in its entirety to read as follows:

Chapter 10-52 California Green Building Standards Code

10-52.010 Adoption of California Green Building Standards Code.

The California Green Building Standards Code, 2013 Edition, together with amendments provided in this chapter, is hereby adopted and incorporated by reference, as if set forth at length herein, as the green building standards code of the City of Laguna Hills regulating the erection, construction, enlargement, alteration, repair, moving, removal, demolition, conversion, occupancy, equipment, use, height, area and maintenance of all buildings and/or structures in the City. Not less than one copy of said code has been filed in the office of the City Clerk and shall be made available for public inspection.

10-52.020 Amendments to the Green Building Standards Code.

Section 202 Definitions is revised by adding "Sustainability" as follows:

> **SUSTAINABILITY.** Consideration of present development and construction impacts on the community, the economy, and the environment without compromising the needs of the future.

Section 4.304.1 Irrigation controllers is hereby deleted in its entirety and replaced as follows:

> **4.304.1** Irrigation controllers. Automatic irrigation system controllers for landscaping provided and installed at the time of final inspection and shall comply with the following:
>
> 1. Controllers shall be weather- or soil moisture-based irrigation controllers that automatically adjust irrigation in response to changes in plants' needs as weather conditions change.

2. Weather-based controllers without integral rain sensors or communication systems that account for local rainfall shall have a separate wired or wireless rain sensor which connects or communicates with the controller(s). Soil moisture-based controllers are not required to have rain sensor input.

SECTION 8. Title 10, Chapter 10-44 of the Laguna Hills Municipal Code is hereby amended and restated in its entirety to read as follows:

Chapter 10-44 Swimming Pool and Spa Code

10-44.010 Adoption of the International Swimming Pool and Spa Code.

The International Swimming Pool and Spa Code, 2012 Edition, published by the International Code Council, together with the amendments provided in this chapter, is hereby adopted and incorporated by reference, as if set forth at length herein, as the Swimming Pool and Spa Code of the City of Laguna Hills. Not less than one copy of said code has been filed in the office of the City Clerk and shall be made available for public inspection.

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10-44.020 Amendments to the Swimming Pool and Spa Code.

Section 301 is amended by adding a Subsections 301.3, 301.4, 301.5 and 301.6 as follows:

301.3 Waste water from any filter, scum filter, scum gutter, overflow, pool emptying line, or similar apparatus or appurtenance shall discharge into an approved type receptor and subsequently into a public sewer. The flood level rim of such receptor shall be at least six (6) inches (152 mm) above the flood level of the adjacent ground. Each such receptor when permitted to be connected to any part of a drainage system shall be provided with an approved trap with a minimum pipe size of three (3) inches (76 mm).

301.4 portions of Article 2.5, of the Swimming Pool Safety Act, Health and Safety Code are hereby adopted and repeated herein for convenience.

115920. Short title.

115921. Definitions.

115922. Construction permit; safety features required.

115923. Enclosure; required characteristics.

115924. Agreements to build; notice of provisions.

Article 2.5

THE SWIMMING POOL SAFETY ACT

115920. This act shall be known and may be cited as the Swimming Pool Safety Act.

115921. As used in this article the following terms have the following meanings:

(a) "Swimming pool" or "pool" means any structure intended for swimming or recreational bathing that contains water over 18 inches deep. "Swimming pool" includes in-ground and aboveground structures and includes, but is not limited to, hot tubs, spas, portable spas, and nonportable wading pools.

(b) "Public swimming pool" means a swimming pool operated for the use of the general public with or without charge, or for the use of the members and guests of a private club. Public swimming pool does not include a swimming pool located on the grounds of a private single-family home.

(c) "Enclosure" means a fence, wall, or other barrier that isolates a swimming pool from access to the home.

(d) "Approved safety pool cover" means a manually or power-operated safety pool cover that meets all of the performance standards of the American Society for Testing and Materials (ASTM), in compliance with standard F1346-91.

(e) "Exit alarms" means devices that make audible, continuous alarm sounds when any door or window, that permits access from the residence to the pool area that is without any intervening enclosure, is opened or is left ajar. Exit alarms may be battery operated or may be connected to the electrical wiring of the building.

(f) "ANSI/APSP performance standard" means a standard that is accredited by the American National Standards Institute (ANSI) and published by the Association of Pool and Spa Professionals (APSP).

(g) "Suction outlet" means a fitting or fixture typically located at the bottom or on the sides of a swimming pool that conducts water to a recirculating pump.

115922.

(a) Commencing January 1, 2007, except as provided in Section 115925, whenever a building permit is issued for construction of a new swimming pool or spa, or any building permit is issued for remodeling of an existing pool or spa, at a private, single-family home, it shall be equipped with at least one of the following seven drowning prevention safety features:

(1) The pool shall be isolated from access to a home by an enclosure that meets the requirements of Section 115923.
(2) The pool shall incorporate removable mesh pool fencing that meets American Society for Testing and Materials (ASTM) Specifications F 2286 standards in conjunction with a gate that is self-closing and self-latching and can accommodate a key lockable device.
(3) The pool shall be equipped with an approved safety pool cover that meets all requirements of the ASTM Specifications F 1346.
(4) The residence shall be equipped with exit alarms on those doors providing direct access to the pool.
(5) All doors providing direct access from the home to the swimming pool shall be equipped with a self-closing, self-latching device with a release mechanism placed no lower than 54 inches above the floor.
(6) Swimming pool alarms that, when placed in pools, will sound upon detection of accidental or unauthorized entrance into the water. These pool alarms shall meet and be independently certified to the ASTM Standard F 2208 "Standards Specification for Pool Alarms" which includes surface motion, pressure, sonar, laser, and infrared type alarms. For purposes of this article, "swimming pool alarms" shall not include swimming protection alarm devices designed for individual use, such as an alarm attached to a child that sounds when the child exceeds a certain distance or becomes submerged in water.
(7) Other means of protection, if the degree of protection afforded is equal to or greater than that afforded by any of the devices set forth above, and have been independently verified by an approved testing laboratory as meeting standards for those devices established by the ASTM or the American Society of Mechanical Engineers (ASME).

(b) Prior to the issuance of any final approval for the completion of permitted construction or remodeling work, the local building code official shall inspect the drowning safety prevention devices required by this act and if no violations are found, shall give final approval.

115923. An enclosure shall have all of the following characteristics:

(a) Any access gates through the enclosure open away from the swimming pool, and are self-closing with a self-latching device placed no lower than 60 inches above the ground.

(b) A minimum height of 60 inches.

(c) A maximum vertical clearance from the ground to the bottom of the enclosure of two inches.

(d) Gaps or voids, if any, do not allow passage of a sphere equal to or greater than four inches in diameter.

(e) An outside surface free of protrusions, cavities, or other physical characteristics that would serve as handholds or footholds that could enable a child below the age of five years to climb over.

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115924.

(a) Any person entering into an agreement to build a swimming pool or spa, or to engage in permitted work on a pool or spa covered by this article, shall give the consumer notice of the requirements of this article.

(b) Pursuant to existing law, the Department of Health Services shall have available on the department's Web site, commencing January 1, 2007, approved pool safety information available for consumers to download. Pool contractors are encouraged to share this information with consumers regarding the potential dangers a pool or spa poses to toddlers. Additionally, pool contractors may provide the consumer with swimming pool safety materials produced from organizations such as the United States Consumer Product Safety Commission, Drowning Prevention Foundation, California Coalition for Children's Safety & Health, Safe Kids Worldwide, Association of Pool and Spa Professionals, or the American Academy of Pediatrics.

115925. The requirements of this article shall not apply to any of the following:

(a) Public swimming pools.

(b) Hot tubs or spas with locking safety covers that comply with the American Society for Testing Materials-Emergency Performance Specification (ASTM-ES 13-89).

(c) Any pool within the jurisdiction of any political subdivision that adopts an ordinance for swimming pool safety that includes requirements that are at least as stringent as this article.

(d) An apartment complex, or any residential setting other than a single-family home.

115926. This article does not apply to any facility regulated by the State Department of Social Services even if the facility is also used as the private residence of the operator. Pool safety in those facilities shall be regulated pursuant to regulations adopted therefore by the State Department of Social Services.

115927. Notwithstanding any other provision of law, this article shall not be subject to further modification or interpretation by any regulatory agency of the state, this authority being reserved exclusively to local jurisdictions, as provided for in subdivision (e) of Section 115922 and subdivision (c) of Section 115924.

115928. Whenever a building permit is issued for the construction of a new swimming pool or spa, the pool or spa shall meet all of the following requirements:

(a)

(1) The suction outlets of the pool or spa for which the permit is issued shall be equipped to provide circulation throughout the pool or spa as prescribed in paragraphs (2) and (3).

(2) The swimming pool or spa shall either have at least two circulation suction outlets per pump that shall be hydraulically balanced and symmetrically plumbed through one or more "T" fittings, and that are separated by a distance of at least three feet in any dimension between the suction outlets, or be designed to use alternatives to suction outlets, including, but not limited to, skimmers or perimeter overflow systems to conduct water to the recirculation pump.

(3) The circulation system shall have the capacity to provide a complete turnover of pool water, as specified in Section 3124B of Chapter 31B of the California Building Standards Code (Title 24 of the California Code of Regulations).

(b) Suction outlets shall be covered with antientrapment grates as specified in the ANSI/APSP-16 performance standard or successor standard designated by the federal Consumer Product Safety Commission, that cannot be removed except with the use of tools. Slots or openings in the grates or similar protective devices shall be of a shape, area, and arrangement that would prevent physical entrapment and would not pose any suction hazard to bathers.

(c) Any backup safety system that an owner of a new swimming pool or spa may choose to install in addition to the requirements set forth in subdivisions (a) and (b) shall meet the standards as published in the document, "Guidelines for Entrapment Hazards: Making Pools and Spas Safer," Publication Number 363, March 2005, United States Consumer Product Safety Commission.

115928.5. Whenever a building permit is issued for the remodel or modification of an existing swimming pool, toddler pool, or spa, the permit shall require that the suction outlet or suction outlets of the existing swimming pool, toddler pool, or spa be upgraded so as to be equipped with antientrapment grates, as specified in the ANSI/APSP-16 performance standard or a successor standard designated by the federal Consumer Product Safety Commission.

301.5 Water Clarity. All swimming pool and spa water shall be maintained in a clear condition, which is free of algae, insects, debris, and in a sanitary condition. The floor of the pool shall be clearly visible.

301.6 Retroactivity. Subsection 301.4 shall not be enforced on a retroactive basis. Existing barriers required at the time of pool construction shall apply and be maintained.

Section 10-44.030 Interpretation

In the event of a conflict between the provisions of the Swimming Pool Safety Act, the International Swimming Pool and Spa Code, 2012 Edition, the 2013 California Building Code, or the 2013 California Residential Code, the Building Official shall implement the most restrictive measures cited.

SECTION 9. The City Council finds that this Ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to California Code of Regulations Title 14, Chapter 3, 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 15371), because it has no potential for resulting in physical change to the environment, directly or indirectly.

SECTION 10. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance is, for any reason, held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more section, subsection, subdivision, sentence, clause, phrase, or portion thereof be declared invalid or unconstitutional.

<u>SECTION 11</u>. The City Clerk shall certify as to the adoption of this Ordinance and cause a summary thereof to be published within (15) days of the adoption and shall post a Certified copy of this Ordinance, including the vote for and against the same, in the Office of the City Clerk, in accordance with Government Code Section 36933.

PASSED, APPROVED, AND ADOPTED this 10TH DAY OF DECEMBER, 2013.

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, MAYOR

ATTEST:

____
PEGGY J. JOHNS, CITY CLERK

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

I, Peggy J. Johns, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing Ordinance No. 2013-x was duly introduced and placed upon its first reading at a Regular Meeting of the City Council on the 12th day of November, 2013, and that thereafter, said Ordinance was duly adopted and passed at a Regular Meeting of the City Council held on the 10th day of December, 2013, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

____
PEGGY J. JOHNS, CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss AFFIDAVIT OF POSTING
CITY OF LAGUNA HILLS) AND PUBLICATION

PEGGY J. JOHNS, being first duly sworn, deposes and says:

That she is the duly appointed and qualified City Clerk of the City of Laguna Hills;

That in compliance with State Laws of the State of California, ORDINANCE NO. 2013-x, being:

AN ORDINANCE OF THE CITY OF LAGUNA HILLS, CALIFORNIA AMENDING TITLE 10 OF THE LAGUNA HILLS MUNICIPAL CODE BY AMENDING CHAPTERS 10-28, 10-32, 10-36, 10-40, 10-48 AND 10-52 ADOPTING BY REFERENCE THE CALIFORNIA BUILDING STANDARDS CODE (CALIFORNIA CODE OF REGULATIONS, TITLE 24), CONSISTING OF THE CALIFORNIA BUILDING CODE (AS AMENDED), 2013 EDITION, BASED ON THE 2012 INTERNATIONAL BUILDING CODE AS PUBLISHED BY THE INTERNATIONAL CODE COUNCIL; THE CALIFORNIA MECHANICAL CODE, 2013 EDITION, BASED ON THE 2012 UNIFORM MECHANICAL CODE AS PUBLISHED BY THE INTERNATIONAL ASSOCIATION OF PLUMBING AND MECHANICAL OFFICIALS; THE CALIFORNIA ELECTRICAL CODE, 2013 EDITION, BASED ON THE 2011 NATIONAL ELECTRICAL CODE AS PUBLISHED BY THE NATIONAL FIRE PROTECTION ASSOCIATION; THE CALIFORNIA PLUMBING CODE, 2013 EDITION, BASED ON THE 2012 UNIFORM PLUMBING CODE AS PUBLISHED BY THE INTERNATIONAL ASSOCIATION OF PLUMBING AND MECHANICAL OFFICIALS; THE CALIFORNIA RESIDENTIAL CODE (AS AMENDED), 2013 EDITION, BASED ON THE 2012 INTERNATIONAL RESIDENTIAL CODE AS PUBLISHED BY THE INTERNATIONAL CODE COUNCIL; AND THE CALIFORNIA GREEN BUILDING STANDARDS CODE (AS AMENDED), 2013 EDITION; AND AMENDING TITLE 10, CHAPTER 10-44 OF THE LAGUNA HILLS MUNICIPAL CODE BY ADOPTING BY REFERENCE THE INTERNATIONAL SWIMMING POOL AND SPA CODE (AS AMENDED), 2012 EDITION, AS PUBLISHED BY THE INTERNATIONAL CODE COUNCIL on the 15th day of November, 2013, was published in summary in The Register and on the 20th day of December 2013, was published in summary in the Saddleback Valley News; and was, in compliance with City Resolution No. 2004-05-25-2, on the 13th day of November, 2013, and on the 11th day of December, 2013, caused to be posted in summary in three places in the City of Laguna Hills, to wit:

Laguna Hills City Hall
Laguna Hills Community Center
Courtyard at La Paz Center

PEGGY J. JOHNS, CITY CLERK
Laguna Hills, California

Attachment #2

Fire Code Ordinance

ORDINANCE NO. 2013-

AN ORDINANCE OF THE CITY OF LAGUNA HILLS, CALIFORNIA AMENDING TITLE 5 OF THE LAGUNA HILLS MUNICIPAL CODE BY AMENDING CHAPTER 5-16 ADOPTING BY REFERENCE THE 2013 EDITION OF THE CALIFORNIA FIRE CODE (CALIFORNIA CODE OF REGULATIONS, TITLE 24, PART 9) INCLUDING APPENDICES B, BB, C, AND CC, BASED ON THE 2012 INTERNATIONAL FIRE CODE AS PUBLISHED BY THE INTERNATIONAL CODE COUNCIL, FOR THE PURPOSE OF PRESCRIBING REGULATIONS GOVERNING CONDITIONS HAZARDOUS TO LIFE AND PROPERTY FROM FIRE OR EXPLOSION

WHEREAS, pursuant to California Government Code Section 50022.1 *et seq*., the City of Laguna Hills ("City") may adopt by reference the California Fire Code, 2013 Edition, as provided in Title 24, Part 9, of the California Code of Regulations; and

WHEREAS, the California Building Standards Commission ("Commission") recently adopted new amendments to the California Fire Code; and

WHEREAS, California Health & Safety Code Section 17958.5 *et seq*., and 18941.5 authorizes cities to modify the California Fire Code by adopting more restrictive standards and modifications if such standards and modifications are accompanied by express findings that they are reasonably necessary because of local climatic, geological or topographical conditions; and

WHEREAS, based upon the recommendations of the Fire Official and the Building Official, the City Council finds the proposed amendments to the 2013 California Fire Code ("amendments") set forth in this Ordinance, which are more restrictive than the standards adopted by the California Building Standards Commission, would decrease the potential incidence of property damage, injury, and death due to fires, and are reasonable and necessary to mitigate local climatic, geological or topographical conditions; and

WHEREAS, on November 12, 2013, the City introduced this Ordinance for first reading at a regular meeting of the City Council, and set a public hearing and second reading of the Ordinance for December 10, 2013; and

WHEREAS, the City held a public hearing on December 10, 2013, at which time all interested persons had the opportunity to appear and be heard on the matter of adopting the 2013 California Fire Code as amended herein; and

WHEREAS, pursuant to California Government Code Section 6066, the City published notice of the aforementioned public hearing; and

WHEREAS, any and all other legal prerequisites relating to the adoption of this Ordinance have occurred;

THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DOES ORDAIN AS FOLLOWS**:**

SECTION 1. Findings. The City Council hereby finds that the proposed amendments to the 2013 California Fire Code are reasonably necessary because of local climatic, geological or topographical conditions, and adopts the findings provided below to support the modifications to the 2013 California Fire Code.

I. Climatic Conditions

A. The jurisdiction of Laguna Hills is located in a semi-arid Mediterranean type climate. It annually experiences extended periods of high temperatures with little or no precipitation. Hot, dry (Santa Ana) winds, which may reach speeds of 70 M.P.H. or greater, are also common to the area. These climatic conditions cause extreme drying of vegetation and common building materials. Frequent periods of drought and low humidity add to the fire danger. This predisposes the area to large destructive fires (conflagration). In addition to directly damaging or destroying buildings, these fires are also prone to disrupt utility services throughout the County. Obstacles generated by a strong wind, such as fallen trees, street lights and utility poles, and the requirement to climb 75 feet vertically up flights of stairs will greatly impact the response time to reach an incident scene. Additionally, there is a significant increase in the amount of wind force at 60 feet above the ground. Use of aerial type fire fighting apparatus above this height would place rescue personnel at increased risk of injury.

B. The climate alternates between extended periods of drought and brief flooding conditions. Flood conditions may affect the Orange County fire Authority's ability to respond to a fire or emergency condition. Floods also disrupt utility services to buildings and facilities within the County.

C. Water demand in this densely populated area far exceeds the quantity supplied by natural precipitation; and although the population continues to grow, the already-taxed water supply does not. California is projected to increase in population by nearly 10 million over the next quarter of a century with 50 percent of that growth centered in Southern California. Due to storage capacities and consumption, and a limited amount of rainfall future water allocation is not fully dependable. This necessitates the need for additional and on-site fire protection features. It would also leave tall buildings vulnerable to uncontrolled fires due to a lack of available water and an inability to pump sufficient quantities of available water to floors in a fire.

D. These dry climatic conditions and winds contribute to the rapid spread of even small fires originating in high-density housing or vegetation. These fires spread very quickly and create a need for increased levels of fire protection. The added protection of fire sprinkler systems and other fire protection features will supplement normal fire department response by providing immediate protection for the building occupants and by containing and controlling the fire spread to the area of origin. Fire sprinkler systems will also reduce the use of water for firefighting by as much as 50 to 75 percent.

II. Topographical conditions

A. Natural; slopes of 15 percent or greater generally occur throughout the foothills of Orange County. The elevation change cause by the hills creates the geological foundation on which communities with Orange County is built and will continue to build. With much of the populated flatlands already built upon, with future growth, steeper slopes will occur and greater constraints in terrain.

B. Traffic and circulation congestion is an artificially created, obstructive topographical condition, which is common throughout Orange County.

C. These topographical conditions combine to create a situation, which places fire department response time to fire occurrences at risk, and makes it necessary to provide automatic on-site fire-extinguishing systems and other protection measures to protect occupants and property.

III. Geological Conditions

The Orange County region is a densely populated area that has buildings constructed over and near a vast and complex network of faults that are believed to be capable of producing future earthquakes similar or greater in size that the 1994 Northridge and the 1971 Sylmar earthquakes. Earthquake faults run along the northeast and southwest boundaries of Orange County. The Newport-Inglewood Fault, located within Orange County was the source of the destructive 1933 Long Beach earthquake (6.3 magnitude) which took 120 lives and damaged buildings in an area from Laguna Beach to Marina Del Rey to Whittier. In December 1989, another earthquake occurred in the jurisdiction of Irvine at an unknown fault line. Regional planning for reoccurrence of earthquakes is recommended by the state of California, Department of Conservation.

A. Previous earthquakes have been accompanied by disruption of traffic flow and fires. A severe seismic event has the potential to negatively impact any rescue or fire suppression activities because it is likely to create obstacles similar to those indicated under the high wind section above. With the probability of strong aftershocks there exists a need to provide increased protection for anyone on upper floors of buildings. The October 17, 1989, Santa Cruz earthquake resulted in one major fire in the Marina District (San Francisco). When combined with the 34 other fires locally and over 500 responses, the department was taxed to its fullest capabilities. The Marina fire was difficult to contain because mains supplying water to the district burst during the earthquake. This situation creates the need for both additional fire protection and automatic on-site fire protection for building occupants. State Department of Conservation noted in their 1988 report (Planning Scenario on a Major Earthquake on the Newport-Inglewood Fault Zone, page 59), “unfortunately, barely meeting the minimum earthquake standards of building codes places a building on the verge of being legally unsafe.”

B. Road circulation features located throughout the County also make amendments reasonably necessary. Located through the County are major roadways, highways and flood control channels that create barriers and slow response times. Hills, slopes, street and storm drain design accompanies with occasional heavy rainfall, causes roadway flooding and landslides and at times may make an emergency access route impassable. There are areas in Orange County that naturally have extended emergency response times that exceed the 5 minute goal.

C. Soils throughout the County possess corrosive properties that reduce the expected usable life of water services when metallic pipes in contact with soils are utilized.

D. Portions of the County contain active or former oil production fields. These areas contain a variety of naturally occurring gasses, liquids and vapors. These compounds present toxicity or flammability hazards to building occupants. Evaluation of these hazards and the risks they pose to development is necessary implement appropriate mitigation.

Due to the topographical conditions of sprawling development separated by waterways and narrow and congested streets and the expected infrastructure damage inherent in seismic zone described above, it is prudent to rely on automatic fire sprinkler systems to mitigate extended fire department response time and keep fires manageable with reduced fire flow (water) requirements for a given structures. Additional fire protection is also justified to match the current resources of firefighting equipment and personnel within the Orange County Fire Authority.

Additional amendments have been made to the Code and other supplementary codes. Such amendments are hereby found to be either administrative or procedural in nature or concern themselves with subjects not covered in such codes. The changes made include provisions making each of said codes compatible with other codes enforced by the City.

The findings above are applicable to amendments to the 2013 California Fire Code as follows:

CODE SECTION	**TITLE (Clarification)**	**FINDINGS I,II,III**
109.4	Violation penalties	Admin
109.4.2	Infraction	Admin
109.4.3	Misdemeanor	Admin
202	General definitions (Flow-Line, Hazardous Fire Area, EHLF)	Admin
305.5	Chimney spark arrestors	I & II
305.6	Outdoor fires	I & II
305.6.1	Where prohibited	I & II
305.6.1.1	Fuel Modification Area	I & II
305.6.1.2	Supervision	I & II
305.6.2	Hazardous conditions	I & II
305.6.3	Disposal of rubbish	I & II
307.6	Outdoor Fireplaces, Fire Pits, Fire Rings, and Outdoor Fireplaces	I & II
307.6.1	Gas-fueled devices	I & II
307.6.2	Devices using wood or fuels other than natural gas or LPG	I & II
307.6.2.1	Where prohibited	I & II

319	Development on or near land containing or emitting toxic, combustible or flammable liquids, gases or vapors	III
320	Fuel modification requirements for new construction	N/A
321	Clearance of brush or vegetation growth from roadways	N/A
322	Unusual circumstances	N/A
323	Use of equipment	N/A
323.1	Spark arrestors	N/A
324	Restricted entry (In hazardous area)	N/A
325	Trespassing on posted property	N/A
326	Sky Lanterns or similar devices	I & II
503.2.1 Clarity to VHFSZ	Dimensions (Fire Lanes)	N/A
505.1	Address identification	N/A
510.1	Emergency responder radio coverage in new buildings	Admin
510.2	Emergency responder radio coverage in existing buildings	Admin
510.3	Permit Required	Admin
510.4	Technical requirements	Admin
510.5	Installation requirements	Admin
510.6	Maintenance	Admin
608.1	Scope (Battery Systems)	Admin

608.10	Indoor charging of electric carts/cars	III-A
903.2	Where required (Sprinklers)	II & III-B
903.2.8	Group R (Sprinklers)	II-B & III-B
903.3.5.3	Hydraulically calculated systems	I & II
903.4	Sprinkler system supervision and alarms (of valves)	III-A
905.4	Location of Class I standpipe hose connections	III-A
907.2.13	High-rise buildings (Alarm Systems)	Admin
907.3.1	Duct smoke detectors	III-A
907.5.2.2	Emergency voice/alarm communication system	II &III-A
2008.1. thru 2008.1.11	Emergency Helicopter Landing Facility	II & III-A
2801.2	Permit (Miscellaneous combustible storage)	Admin
2808.2	Storage site	N/A
2808.3	Size of piles	N/A
2808.7	Pile fire protection	N/A
2808.9	Material-handling equipment	N/A
2808.11	Temperature control	N/A
2808.11.2	New material temperature control	N/A
4906.3	Vegetation	N/A
4908	Fuel modification requirements for new construction	N/A
4909	Explosions and blasting	N/A
5001.5.2	Hazardous materials inventory statement (HMIS)	Admin

5003.1.1(1)	Maximum allowable quantity per control area	I & III
5003.1.1.1	Extremely hazardous substances	III
5003.5	Hazard identification signs	Admin
5503.4.1	Identification signs (Cryogenic Fluid)	Admin
5610	Firing (Fireworks)	Admin
5611	Seizure of fireworks	Admin
5612	Displays (Fireworks)	
5613	Retail fireworks	
5704.2.3.2	Label or placard (Flammable/Combustible liquid)	Admin
6004.2.2.7	Treatment systems (Highly toxic & toxic material)	II & III
Chapter 50	Reference Standards	
	2010 NFPA 13 (Sprinkler Systems)	Admin, II & III
	2010 NFPA 13-R (Multi-Family Sprinkler Systems)	II & III
	2010 NFPA 13-D (Single Family Sprinkler Systems)	II & III
	2007 NFPA 14 (Standpipe Systems)	II & III
	2010 NFPA 24 (Underground Water Supply Systems)	II & III
	2010 NFPA 72 (Fire Alarm Systems)	Admin & II

SECTION 2. Chapter 5-16 of the Laguna Hills Municipal Code is hereby amended by repealing Section 5-16.010 in its entirety, and replacing it with a new Section 5-16.010 to read as follows:

5-16.010 Adoption of the California Fire Code and International Fire Code.

The California Fire Code, 2013 Edition, including Appendices B, BB, C, and CC, based on the 2012 Edition of the International Fire Code as published by the International Code Council, together with the amendments provided in this chapter, is hereby adopted and incorporated by reference, as if set forth at length herein, as the Fire Code of the City of Laguna Hills for the purpose of prescribing regulations governing conditions hazardous to life and property from fire and explosions. Not less than one copy of said code has been filed in the office of the City Clerk and shall be made available for public inspection.

SECTION 3. Chapter 5-16 of the Laguna Hills Municipal Code is hereby amended by repealing Section 5-16.030 in its entirety, and replacing it with a new Section 5-16.030 to read as follows:

Chapter 1 Scope and Administration is adopted in entirety with the following amendments:

Section 109.4 Violation penalties is hereby revised as follows:

109.4 Violation penalties. Persons who shall violate a provision of this code or shall fail to comply with any of the requirements thereof or who shall erect, install, alter, repair or do work in violation of the approved construction documents or directive of the fire code official, or of a permit or certificate used under provisions of this code, shall be guilty of either a misdemeanor, infraction or both as prescribed in Section 109.4.2 and 109.4.3. Penalties shall be as prescribed in local ordinance. Each day that a violation continues after due notice has been served shall be deemed a separate offense.

Section 109.4.2 Infraction is hereby added as follows:

109.4.2 Infraction. Except as provided in Section 109.4.3, persons operating or maintaining any occupancy, premises or vehicle subject to this code that shall permit any fire or life safety hazard to exist on premises under their control shall be guilty of an infraction.

Section 109.4.3 Misdemeanor is hereby added as follows:

109.4.3 Misdemeanor. Persons who fail to take immediate action to abate a fire or life safety hazard when ordered or notified to do so by the chief or a duly authorized representative, or who violate the following sections of this code, shall be guilty of a misdemeanor:

104.11.2	Obstructing operations
104.11.3	Systems and Devices
107.5	Overcrowding
109.3.2	Compliance with Orders and Notices
111.4	Failure to comply
305.4	Deliberate or negligent burning
308.1.2	Throwing or placing sources of ignition
310.7	Burning Objects
3104.7	Open or exposed flames

Chapter 2 Definitions is adopted in its entirety with the following amendments:

Section 202 General Definitions is hereby revised by adding "Approach-Departure Path," "Emergency Helicopter Landing Facility (EHLF)," "Flow-line," "Hazardous Fire Area," "Safety Area," and "Takeoff and Landing Area" and revising "High-Rise Building" as follows:

APPROACH-DEPARTURE PATH. The flight path of the helicopter as it approaches or departs from the landing pad.

EMERGENCY HELICOPTER LANDING FACILITY (EHLF). A landing area on the roof of a high rise building that is not intended to function as a heliport or helistop but is capable of accommodating fire, police, or medical helicopters engaged in emergency operations.

FLOW-LINE. The lowest continuous elevation on a curb defined by the path traced by a particle in a moving body of water at the bottom of the rolled curb.

HAZARDOUS FIRE AREA. Includes all areas identified within Section 4906.2 and other areas as determined by the Fire Code Official as presenting a fire hazard due to the presence of combustible vegetation, or the proximity of the property to an area that contains combustible vegetation.

HIGH-RISE BUILDING. In other than Group I-2 occupancies, "high-rise buildings" as used in this Code:

Existing high-rise structure. A high-rise structure, the construction of which is commenced or completed prior to July 1, 1974.

High-rise structure. Every building of any type of construction or occupancy having floors used for human occupancy located more than 55 feet above the lowest floor level having building access, except buildings used as hospitals as defined in Health and Safety Code Section 1250.

New high-rise building. A high-rise structure, the construction of which is commenced on or after July 1, 1974. For the purpose of this section, construction shall be deemed to have commenced when plans and specifications are more than 50 percent complete and have been presented to the local jurisdiction prior to July 1, 1974. Unless all provisions of this section have been met, the construction of such buildings shall commence on or before January 1, 1976.

New high-rise structure. means a high-rise structure, the construction of which commenced on or after July 1, 1974.

SAFETY AREA. A defined area surrounding the landing pad that is free of obstructions.

SKY LANTERN. An airborne lantern typically made of paper, Mylar, or other lightweight material with a wood, plastic, or metal frame containing a candle, fuel cell, or other heat source that provides buoyancy.

TAKEOFF AND LANDING AREA. The combination of the landing pad centered within the surrounding safety area.

Chapter 3 General Requirements is adopted in its entirety with the following amendments:

Section 304.1.2 Vegetation is hereby revised as follows:

304.1.2 Vegetation. Weeds, grass, vines or other growth that is capable of being ignited and endangering property, shall be cut down and removed by the owner or occupant of the premises. Vegetation clearance requirement in urban-wildland interface areas shall be in accordance with Chapter 49 and OCFA vegetation management guidelines.

Section 305.5 Chimney spark arresters is hereby added as follows:

305.5 Chimney spark arresters. All chimneys attached to any appliance or fireplace that burns solid fuel shall be equipped with an approved spark arrester. Chimneys serving outdoor appliances or fireplaces shall be equipped with a spark arrester. The spark arrester shall meet the requirements of Section 2113.9.2 of the California Building Code.

Section 305.6 Outdoor fires is hereby added as follows:

305.6 Outdoor fires. Outdoor fires shall be in accordance with Sections 305, 307, and 308 and with other applicable sections of this code.

305.6.1 Where prohibited. Outdoor fires shall not be built, ignited or maintained in fuel modification areas, Wildfire Risk Areas (WRA) and adopted Fire Hazard Severity Zones (FHSZ) or Special Fire Protection Areas (SFPA) or other locations where conditions could cause the spread of fire to the WRA, SFPA or FHSZ, except by permit from the fire code official.

Exceptions: A permit is not required for the following:

1. Fires in approved outdoor or portable fireplaces, fire pits, fire rings and similar devices at Group R occupancies that are installed and used in accordance with this code.

2. Outdoor fires at inhabited premises or official organized campsites or parks when located in a permanent or portable barbeque or grill, incinerator, or outdoor fireplace located at least 30 feet from combustible vegetation.

3. Installations or uses approved by the fire code official.

305.6.1.1 Fuel Modification Areas. Outdoor fires using wood or other solid fuel shall not be built, ignited or maintained in a fuel modification area.

305.6.1.2 Supervision. Where a permit is issued or when allowed under the exceptions to Section 305.6.1, such fires shall be supervised by a person 18 years of age or older.

305.6.2 Hazardous conditions. Outdoor fires are not allowed when predicted sustained winds exceed 8 MPH during periods when relative humidity is less than 25%, or a red flag condition has been declared or public announcement is made, when an official sign was caused to be posted by the fire code official, or when such fires present a hazard as determined by the fire code official.

305.6.3 Disposal of rubbish. Rubbish, trash or combustible waste material shall be burned only within an approved incinerator and in accordance with Section 307.2.1.

Section 307 OPEN BURNING, RECREATIONAL FIRES AND PORTABLE OUTDOOR FIREPLACES is hereby amended as follows:

SECTION 307 OPEN BURNING, RECREATIONAL FIRES, FIRE PITS, FIRE RINGS, AND OUTDOOR FIREPLACES

307.6 Outdoor Fireplaces, Fire Pits, Fire Rings, or similar devices used at Group R Occupancies. Outdoor fireplaces, fire pits, fire rings, or similar exterior devices used at Group R shall comply with this section.

Exception: Barbeques, grills, and other portable devices intended for cooking.

307.6.1 Gas-fueled devices. Outdoor fireplaces, fire pits and similar devices fueled by natural gas or liquefied-petroleum gas are allowed when approved by the Building Department and the device is designed to only burn a gas flame and not wood or other solid fuel. At R-3 occupancies, combustible construction shall not be located within three feet of an atmospheric column that extends vertically from the perimeter of the device. At other R occupancies, the minimum distance shall be ten feet. Where a permanent Building Department approved hood and vent is installed, combustible construction may encroach upon this column between the bottom of the hood and the vent opening. Where chimneys or vents are installed, they shall have a spark arrester in accordance with Section 305.5.

307.6.2 Devices using wood or fuels other than natural gas or liquefied-petroleum gas. Fireplaces burning wood or other solid fuel shall be constructed in accordance with the California Building Code and Section 305.5. Fires in a fireplace shall be contained within a firebox with an attached chimney. The opening in the face of the firebox shall have an installed and maintained method of arresting sparks. The burning of wood or other solid fuel in a device is not allowed within 15 feet of combustible structures, unless within a permanent or portable fireplace. Conditions which could cause a fire to spread within 25 feet of a structure or to vegetation shall be eliminated prior to ignition. Fires in devices burning wood or solid fuel shall be managed per Section 307.5.

307.6.2.1 Where prohibited. The burning of wood and other solid fuels shall not be conducted within a fuel modification zone. Wood and other solid fuel burning fires in devices other than permanent fireplaces are not allowed within Wildfire Risk Areas (WRA) and adopted Fire Hazard Severity Zones (FHSZ) and Special Fire Protection Areas (SFPA) or in locations where conditions could cause the spread of fire to the WRA or FHSZ, unless determined by the Fire Code Official that the location or design of the device should reasonably prevent the start of a wildfire.

Section 319 Development on or Near Land Containing or Emitting Toxic, Combustible or Flammable Liquids, Gases or Vapors is hereby added as follows:

319 Development On Or Near Land Containing Or Emitting Toxic, Combustible or Flammable Liquids, Gases or Vapors. The fire code official may require the submittal for approval of geological studies, evaluations, reports, remedial recommendations and/or similar documentation from a state-licensed and department-approved individual or firm, on any parcel of land to be developed which has, or is adjacent to, or within 1,000 feet (304.8 m) of a parcel of land that has an active, inactive, or abandoned oil or gas well operation, petroleum or chemical refining facility, petroleum or chemical storage, or may contain or give off toxic, combustible or flammable liquids, gases or vapors.

Section 320 Fuel Modification Requirements for New Construction is hereby added as follows:

320 Fuel Modification Requirements for New Construction. All new buildings to be built or installed in areas with or adjacent to land having hazardous combustible vegetation shall comply with the requirements in the edition of OCFA Vegetation Management Guidelines currently in use at the time of plan submittal.

Section 321 Clearance of brush or vegetation growth from roadways is hereby added as follows:

321 Clearance of brush or vegetation growth from roadways. The fire code official is authorized to cause areas within 10 feet (3048 mm) on each side of portions of highways and private streets which are improved, designed or ordinarily used for vehicular traffic, to be cleared of flammable vegetation and other combustible growth. Measurement shall be from the flow-line or the end of the improved edge of the roadway surfaces.

Exception: Single specimens of trees, ornamental shrubbery or cultivated ground cover such as green grass, ivy, succulents or similar plants used as ground covers, provided that they do not form a means of readily transmitting fire.

Section 322 Unusual Circumstances is hereby added as follows:

322 Unusual circumstances. The fire code official may suspend enforcement of the vegetation management requirements and require reasonable alternative measures designed to advance the purpose of this code if determined that in any specific case that any of the following conditions exist:

1. Difficult terrain.
2. Danger of erosion.
3. Presence of plants included in any state and federal resources agencies, California Native Plant Society and county-approved list of wildlife, plants, rare, endangered and/or threatened species.
4. Stands or groves of trees or heritage trees.
5. Other unusual circumstances that make strict compliance with the clearance of vegetation provisions undesirable or impractical.

Section 323 Use of Equipment is hereby added as follows:

323 Use of equipment. Except as otherwise provided in this section, no person shall use, operate, or cause to be operated in, upon or adjoining any hazardous fire area any internal combustion engine which uses hydrocarbon fuels, unless the engine is equipped with a spark arrester as defined in Section 323.1 maintained in effective working order, or the engine is constructed, equipped and maintained for the prevention of fire.

Exceptions:

1. Engines used to provide motor power for trucks, truck tractors, buses, and passenger vehicles, except motorcycles, are not subject to this section if the exhaust system is equipped with a muffler as defined in the Vehicle Code of the State of California.

2. Turbocharged engines are not subject to this section if all exhausted gases pass through the rotating turbine wheel, there is no exhaust bypass to the atmosphere, and the turbocharger is in good mechanical condition

Section 323.1 Spark Arresters is hereby added as follows:

323.1 Spark arresters. Spark arresters shall comply with the following:

1. A spark arrester is a device constructed of nonflammable material specifically for the purpose of removing and retaining carbon and other flammable particles over 0.0232 of an inch (0.58 mm) in size from the exhaust flow of an internal combustion engine that uses hydrocarbon fuels or which is qualified and rated by the United States Forest Service.

2. Spark arresters affixed to the exhaust system of engines or vehicles subject to Section 322 shall not be placed or mounted in such a manner as to allow flames or heat from the exhaust system to ignite any flammable material.

Section 324 Restricted Entry is hereby added as follows:

324 Restricted entry. The fire code official shall determine and publicly announce when hazardous fire areas shall be closed to entry and when such areas shall again be opened to entry. Entry on and occupation of hazardous fire areas, except public roadways, inhabited areas or established trails and camp sites which have not been closed during such time when the hazardous fire area is closed to entry, is prohibited.

Exceptions:

1. Residents and owners of private property within hazardous fire areas and their invitees and guests going to or being upon their lands.
2. Entry, in the course of duty, by peace or police officers, and other duly authorized public officers, members of a fire department and members of the United States Forest Service.

Section 325 Trespassing on posted property is hereby added as follows:

325 Trespassing on posted property. When the fire code official determines that a specific area within a hazardous fire area presents an exceptional and continuing fire danger because of the density of natural growth, difficulty of terrain, proximity to structures or accessibility to the public, such areas shall be closed until changed conditions warrant termination of closure. Such areas shall be posted as hereinafter provided**.**

1. Signs. Approved signs prohibiting entry by unauthorized persons and referring to applicable fire code chapters shall be placed on every closed area.
2. Trespassing. Entering and remaining within areas closed and posted is prohibited.

Exception: Owners and occupiers of private or public property within closed and posted areas, their guests or invitees, and local, state and federal public officers and their authorized agents acting in the course of duty.

Section 326 Sky Lanterns or similar devices is hereby added as follows:

326 Sky Lanterns or similar devices. The ignition and/or launching of a Sky Lantern or similar device is prohibited.

Exception: Upon approval of the fire code official, sky lanterns may be used as necessary for religious or cultural ceremonies providing that adequate safeguards have been taken as approved by the fire code official. Sky Lanterns must be tethered in a safe manner to prevent them from leaving the area and must be constantly attended until extinguished.

Chapter 4 Emergency Planning and Preparedness. The following sections are hereby adopted:

1. **401**
2. **401.3.4**
3. **401.9**
4. **402**
5. **403**
6. **404.6 – 404.7.6**
7. **407**
8. **408.3.1 – 408.3.2**
9. **408.12 – 408.12.3**

Chapter 5 Fire Service Features is adopted in its entirety with the following amendments:

Section 503.2.1 Dimensions is revised as follows:

503.2.1 Dimensions. Fire apparatus access roads shall have an unobstructed width of not less than 20 feet (6096 mm), exclusive of shoulders, except for approved security gates in accordance with Section 503.6, and an unobstructed vertical clearance of not less than 13 feet 6 inches (4115 mm). Street widths are to be measured from top face of curb to top face of curb, on streets with curb and gutter, and from flow-line to flow-line on streets with rolled curbs.

Section 503.2.1.1 Hazardous Fire Area is added as follows:

503.2.1.1 Hazardous Fire Areas. In Hazardous Fire Areas the minimum fire apparatus road width shall be 28 feet (8530 mm). The width shall be maintained to an approved point outside of the Hazardous Fire Area.

Exception: When the road serves no more than three dwelling units and the road does not exceed 150 feet in length, the road width may be 24 feet (7300 mm). This length may be increased to 400 feet where serving no more than three dwelling units and all structures accessed from the roadway are protected by automatic fire sprinklers.

Section 505.1 Address Identification is revised as follows:

505.1 Address identification. New and existing buildings shall have approved address numbers, building numbers or approved building identification placed in a position that is plainly legible and visible from the street or road fronting the property. These numbers shall contrast with their background. Where required by the fire code official, address numbers shall be provided in additional approved locations to facilitate emergency response. Address numbers shall be Arabic numbers or alphabetical letters. Numbers shall be a minimum of 4 inches (101.6 mm) high with a minimum stroke width of 0.5 inch (12.7 mm) for R-3 occupancies, for all other occupancies the numbers shall be a minimum of 6 inches high with a minimum stroke width of 1 inch. Where access is by means of a private road and the building cannot be viewed from the public way, a monument, pole or other sign or means shall be used to identify the structure. Address numbers shall be maintained.

Section 510.1 Emergency responder radio coverage is revised as follows:

510.1 Emergency responder radio coverage in new buildings. All new buildings shall have approved radio coverage for emergency responders within the building based upon the existing coverage levels of the public safety communication systems of the jurisdiction at the exterior of the building. This section shall not require improvement of the existing public safety communication systems. The Emergency responder radio coverage system shall comply with one of the following:

1. An emergency radio system installed in accordance with the local authority having jurisdiction's ordinance.

2. An emergency radio coverage system installed in accordance with Orange County Fire Authority's Emergency Responder Digital Radio Guideline.

Exceptions:

1. Where it is determined by the fire code official that the radio coverage system is not needed.

2. In facilities where emergency responder radio coverage is required and such systems, components or equipment could have a negative impact on normal operations of the facility, the fire code official shall have the authority to accept an automatically activated emergency responder radio coverage system.

Sections 510.2; 510.3; 510.4; 510.5; 510.6 are hereby deleted without replacement;

Chapter 6 Building Services and Systems is adopted in its entirety with the following amendments

Section 608.1 Scope is hereby amended as follows:

608.1 Scope. Stationary storage battery systems having an electrolyte capacity of more than 50 gallons (189 L) for flooded lead acid, nickel cadmium (Ni-Cd) and valve-regulated lead acid (VRLA), or 1,000 pounds (454 kg) for lithium-ion and lithium metal polymer, used for facility standby power, emergency power or uninterruptible power supplies shall comply with this section and Table 608.1. Indoor charging systems for electric carts/cars with more than 50 gallons (189 L) aggregate quantity shall comply with Section 608.10.

Section 608.10 Indoor charging of electric carts/cars is hereby added as follows:

608.10 Indoor charging of electric carts/cars. Indoor charging of electric carts/cars where the combined volume of all battery electrolyte exceeds 50 gallons shall comply with following:

1. Spill control and neutralization shall be provided and comply with Section 608.5.

2. Room ventilation shall be provided and comply with Section 608.6.1

3. Signage shall be provided and comply with Section 608.7.1

4. Smoke detection shall be provided and comply with Section 907.2

Chapter 7 Fire-Resistance-Rated Construction is adopted in its entirety without amendments.

Chapter 8 Interior Finish, Decorative Materials and Furnishings is adopted in its entirety without amendments.

Chapter 9 Fire Protection Systems is adopted in its entirety with the following amendments:

Section 903.2 Where required is hereby revised as follows:

903.2 Where required. Approved automatic sprinkler systems in buildings and structures shall be provided when one of the following conditions exists:

1. **New buildings**: Notwithstanding any applicable provisions of Sections 903.2.1 through 903.2.19, an automatic fire-extinguishing system shall also be installed in all occupancies when the total building area exceeds 5,000 square feet (465 m^2) as defined in Section 202, regardless of fire areas or allowable area, or is more than two stories in height.

2. **Existing buildings:** Notwithstanding any applicable provisions of this code, an automatic sprinkler system shall be provided in an existing building when an addition occurs and one of the following conditions exists:

   a. When an addition is 33% or more of the existing building area, and the resulting building area exceeds 5000 square feet (465 m^2) as defined in Section 202; or

   b. When an addition exceeds 2000 square feet (186 m^2) and the resulting building area exceeds 5000 square feet (465 m^2) as defined in Section 202; or

   c. An additional story is added above the second floor regardless of fire areas or allowable area.

Exception: Group R-3 occupancies shall comply with Section 903.2.8.

Section 903.2.8 Group R is hereby revised as follows:

903.2.8 Group R. An automatic sprinkler system installed in accordance with Section 903.3 shall be provided throughout all buildings with a Group R fire area as follows:

1. **New buildings:** An automatic sprinkler system shall be installed throughout all new buildings.

2. **Existing buildings:** An automatic sprinkler system shall be installed throughout when one of the following conditions exists:

    a. When an addition is 33% or more of the existing building area as defined in Section 202, and greater than 1000 square feet (93 m^2) within a two year period; or

    b. An addition when the existing building is already provided with automatic sprinklers; or

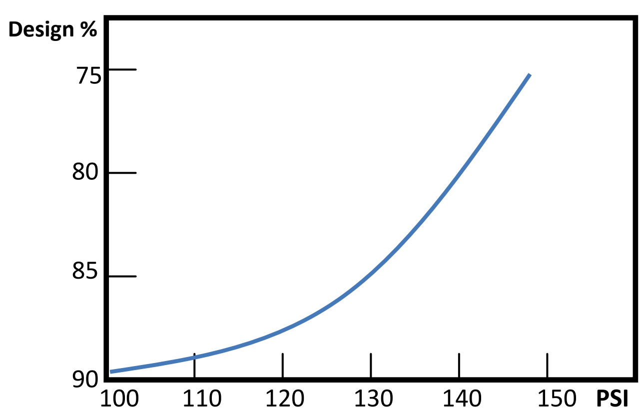
    c. When an existing Group R Occupancy is being substantially renovated, and where the scope of the renovation is such that the Building Code Official determines that the complexity of installing a sprinkler system would be similar as in a new building.

Section 903.3.5.3 Hydraulically calculated systems is hereby added as follows:

903.3.5.3 Hydraulically calculated systems. The design of hydraulically calculated fire sprinkler systems shall not exceed 90% of the water supply capacity.

Exception: When static pressure exceeds 100 psi, and required by the Fire Code Official, the fire sprinkler system shall not exceed water supply capacity specified by Table 903.3.5.3

TABLE 903.3.5.3
Hydraulically Calculated Systems



Section 903.4 Sprinkler system supervision and alarms is hereby revised by deleting item 3 and 5, and renumbering the Exceptions as follows:

1. Automatic sprinkler systems protecting one- and two-family dwellings.

2. Limited area systems serving fewer than 20 sprinklers.

3. Jockey pump control valves that are sealed or locked in the open position.

4. Valves controlling the fuel supply to fire pump engines that are sealed or locked in the open position.

5. Trim valves to pressure switches in dry, preaction and deluge sprinkler systems that are sealed or locked in the open position.

Section 905.4 Location of Class I standpipe hose connections is hereby amended by adding item 7 as follows:

7. The centerline of the 2.5 inch (63.5 mm) outlet shall be no less than 18 inches (457.2 mm) and no more than 24 inches above the finished floor.

Section 907.2.13 High-rise buildings is hereby revised as follows:

907.2.13 High-rise buildings and Group I-2 occupancies having occupied floors located more than 55 feet above the lowest level of fire department vehicle access. High-rise buildings and Group I-2 occupancies having occupied floors located more than 55 feet above the lowest level of fire department vehicle access shall be provided with an automatic smoke detection system in accordance with Section 907.2.13.1, a fire department communication system in accordance with Section 907.2.13.2 and an emergency voice/alarm communication system in accordance with Section 907.6.2.2.

Exceptions:

1. Airport traffic control towers in accordance with Section 907.2.22 and Section 412 of the California Building Code.

2. Open parking garages in accordance with Section 406.5 of the California Building Code.

3. Buildings with an occupancy in Group A-5 in accordance with Section 303.1 of the California Building Code.

4. Low-hazard special occupancies in accordance with Section 503.1.1 of the California Building Code.

5. In Group I-2 and R-2.1 occupancies, the alarm shall sound at a constantly attended location and occupant notification shall be broadcast by the emergency voice/alarm communication system

Section 907.3.1 Duct smoke detectors is hereby amended as follows:

907.3.1 Duct smoke detectors. Smoke detectors installed in ducts shall be listed for the air velocity, temperature and humidity present in the duct. Duct smoke detectors shall be connected to the building's fire alarm control unit when a fire alarm system is installed. Activation of a duct smoke detector shall initiate a visible and audible supervisory signal at a constantly attended location and shall perform the intended fire safety function in accordance with this code and the California Mechanical Code. Duct smoke detectors shall not be used as a substitute for required open area detection.

Exception: In occupancies not required to be equipped with a fire alarm system, actuation of a smoke detector shall activate a visible and an audible signal in an approved location. Smoke detector trouble conditions shall activate a visible or audible signal in an approved location and shall be identified as air duct detector trouble.

Section 907.5.2.2 Emergency voice/alarm communication systems is revised as follows.

907.5.2.2 Emergency voice/alarm communication systems. Emergency voice/alarm communication systems required by this code shall be designed and installed in accordance with NFPA 72. The operation of any automatic fire detector, sprinkler waterflow device or manual fire alarm box shall automatically sound an alert tone followed by voice instructions giving approved information and directions for a general or staged evacuation in accordance with the building's fire safety and evacuation plans required by Section 404. In high-rise buildings and Group I-2 occupancies having occupied floors located more than 55 feet above the lowest level of fire department vehicle access, the system shall operate on a minimum of the alarming floor, the floor above and the floor below. Speakers shall be provided throughout the building by paging zones. At a minimum, paging zones shall be provided as follows:

1. Elevator groups.
2. Exit stairways.

3. Each floor.
4. Areas of refuge as defined in Chapter 2.
5. Dwelling units in apartment houses.
6. Hotel guest rooms or suites.

Exception: In Group I-2 and R-2.1occupancies, the alarm shall sound in a constantly attended area and a general occupant notification shall be broadcast over the overhead page.

Section 907.6.3.2 High-rise buildings is revised as follows.

907.6.3.2 High-rise buildings. High-rise buildings and Group I-2 occupancies having occupied floors located more than 55 feet above the lowest level of fire department vehicle access, a separate zone by floor shall be provided for all of the following types of alarm-initiating devices where provided:

1. Smoke detectors.
2. Sprinkler water-flow devices.
3. Manual fire alarm boxes
4. Other approved types of automatic detection devices or suppression systems.

Section 907.6.5 Monitoring is revised as follows:

907.6.5 Monitoring. Fire alarm systems required by this chapter or by the California Building Code shall be monitored by an approved supervising station in accordance with NFPA 72, this section, and per Orange County Fire Authority Guideline "New and Existing Fire Alarm & Signaling Systems."

Chapter 10 Means of Egress is adopted in its entirety without amendments

Chapter 11 Construction Requirements for Existing Buildings. The following sections are hereby adopted:

1. **1103.7**
2. **1103.7.3**
3. **1103.7.3.1**
4. **1103.7.8 – 1103.7.8.2**
5. **1103.7.9 – 1103.7.9.10**
6. **1103.8 – 1103.8.5.3**
7. **1106**

Chapter 20 Aviation Facilities is adopted in its entirety with the following amendments:

Section 2008 Emergency Helicopter Landing Facility (EHLF) and its subsections are hereby added as follows:**2008 Emergency Helicopter Landing Facility (EHLF)**

2008.1 General. Every building of any type of construction or occupancy having floors used for human occupancy located more than 75 ft above the lowest level of fire department vehicle access shall have a rooftop emergency helicopter landing facility (EHLF) in a location approved by the fire code official for use by fire, police, and emergency medical helicopters only.

2008.1.1 Rooftop Landing Pad. The landing pad shall be 50 ft. x 50 ft. or a 50 ft. diameter circle that is pitched or sloped to provide drainage away from access points and passenger holding areas at a slope of 0.5 percent to 2 percent. The landing pad surface shall be constructed of approved non-combustible, nonporous materials. It shall be capable of supporting a helicopter with a maximum gross weight of 15,000 lbs. For structural design requirements, see California Building Code.

2008.1.2 Approach-Departure Path. The emergency helicopter landing facility shall have two approach-departure paths separated from each other by at least 90 degrees. No objects shall penetrate above the approach-departure paths. The approach-departure path begins at the edge of the landing pad, with the same width or diameter as the landing pad and rises outward and upward at a ratio of eight feet horizontal distance for every one foot of vertical height.

2008.1.3 Safety Area. The safety area is a horizontal plane level with the landing pad surface and shall extend 25 ft in all directions from the edge of the landing pad. No objects shall penetrate above the plane of the safety area.

2008.1.4 Safety Net. If the rooftop landing pad is elevated more than 30 in. (2'-6") above the adjoining surfaces, a 6 ft in wide horizontal safety net capable of supporting 25 lbs/sf shall be provided around the perimeter of the landing pad. The inner edge of the safety net attached to the landing pad shall be slightly dropped (greater than 5 in. but less than 18 in.) below the pad elevation. The safety net shall slope upward but the outer safety net edge shall not be above the elevation of the landing pad.

2008.1.5 Take-off and Landing Area. The takeoff and landing area shall be free of obstructions and 100 ft x 100 ft. or 100 ft. diameter.

2008.1.6 Wind Indicating Device. An approved wind indicating device shall be provided but shall not extend into the safety area or the approach-departure paths.

2008.1.7 Special Markings. The emergency helicopter landing facility shall be marked as indicated in Figure 2008.1.7.

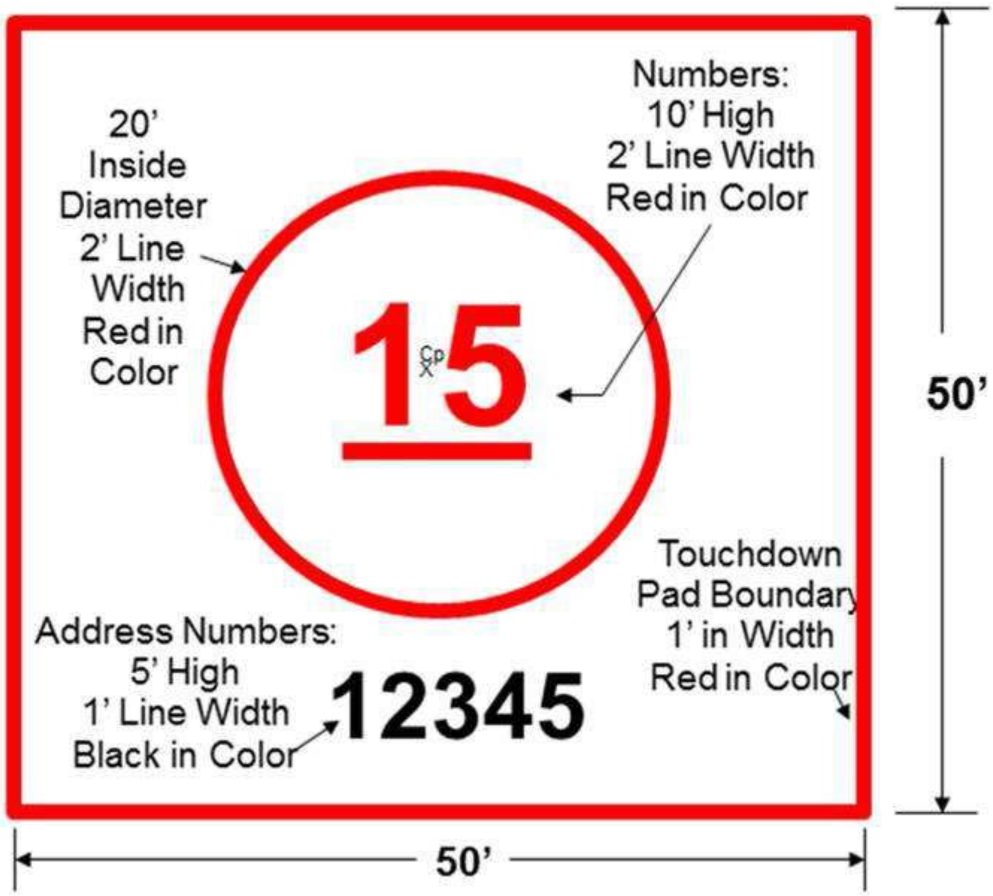
2008.1.8 EHLF Exits. Two stairway exits shall be provided from the landing platform area to the roof surface. For landing areas less than 2,501 square feet in area, the second exit may be a fire escape or ladder leading to the roof surface below. The stairway from the landing facility platform to the floor below shall comply with Section 1009.7.2 for riser height and tread depth. Handrails shall be provided, but shall not extend above the platform surface.

2008.1.9 Standpipe systems. The standpipe system shall be extended to the roof level on which the EHLF is located. All portions of the EHLF area shall be within 150 feet of a 2.5-inch outlet on a Class I or III standpipe.

2008.1.10 Fire extinguishers. A minimum of one portable fire extinguisher having a minimum 80-B:C rating shall be provided and located near the stairway or ramp to the landing pad. The fire extinguisher cabinets shall not penetrate the approach-departure paths, or the safety area. Installation, inspection, and maintenance of extinguishers shall be in accordance with the CFC, Section 906.

2008.1.11 EHLF. Fueling, maintenance, repairs, or storage of helicopters is prohibited.

Figure 2008.1.7 Helicopter Landing Pad Markings



1. The preferred background is white or tan.
2. The circled center number indicates the allowable weight that the facility is capable of supporting in thousands of pounds.
3. The numbers shall be orientated towards the preferred flight (typically facing the prevailing wind

Chapter 21 Dry Cleaning is adopted in its entirety without amendments.

Chapter 22 Combustible Dust-Producing Operations is adopted in its entirety without amendments.

Chapter 23 Motor Fuel-Dispensing Facilities and Repair Garages is adopted in its entirety without amendments.

Chapter 24 Flammable Finishes is adopted in its entirety without amendments.

Chapter 25 Fruit and Crop Ripening is adopted in its entirety without amendments.

Chapter 26 Fumigation and Thermal Insecticidal Fogging is adopted in its entirety without amendments.

Chapter 27 Semiconductor Fabrication Facilities is adopted in its entirety without amendments.

Chapter 28 Lumber Yards and Woodworking Facilities is adopted in its entirety with the following amendments:

Section 2801.2 Permit is hereby revised by adding the following statement to the last sentence:

> **2801.2 Permit**. Permits shall be required as set forth in Section 105.6. For Miscellaneous Combustible Storage Permit, see Section 105.6.29.

Section 2808.2 Storage site is hereby revised as follows:

> **2808.2 Storage site.** Storage sites shall be level and on solid ground or other all-weather surface. Sites shall be thoroughly cleaned and approval from the fire code official obtained before transferring products to the site.

Section 2808.3 Size of piles is hereby revised as follows:

> **2808.3 Size of piles**. Piles shall not exceed 15 feet (4572 mm) in height, 50 feet (15 240 mm) in width and 100 feet (30 480 mm) in length.

Section 2808.7 Pile fire protection is hereby revised by adding the following statement to the last sentence:

> **2808.7 Pile fire protection**. Automatic sprinkler protection shall be provided in conveyor tunnels and combustible enclosures that pass under a pile. Combustible conveyor systems and enclosed conveyor systems shall be equipped with an approved automatic sprinkler system. Oscillating sprinklers with a sufficient projectile reach are required to maintain a 40% to 60% moisture content and wet down burning/smoldering areas.

Section 2808.9 Material-handling equipment is hereby revised by adding the following sentence at the beginning of the section:

> **2808.9 Material-handling equipment.** All material handling equipment operated by an internal combustion engine shall be provided and maintained with an

approved spark arrester. Approved material-handling equipment shall be available for moving wood chips, hogged material, wood fines and raw product during fire-fighting operations.

Section 2808.11 Temperature control is hereby added as follows:

2808.11 Temperature control. The temperature shall be monitored and maintained as specified in Sections 2808.11.1 and 2808.11.2.

Section 2808.11.1 Pile temperature control is hereby added as follows:

2808.11.1 Pile temperature control. Piles shall be rotated when the internal temperature readings are in excess of 165 degrees Fahrenheit.

Section 2808.11.2 New material temperature control is hereby added as follows:

2808.11.2 New material temperature control. New loads delivered to the facility shall be inspected and tested at the facility entry prior to taking delivery. Material with temperature exceeding 165 degrees Fahrenheit shall not be accepted on the site. New loads shall be monitored to verify that the temperature remains stable.

Chapter 29 Manufacture of Organic Coatings is adopted in its entirety without amendments.

Chapter 30 Industrial Ovens is adopted in its entirety without amendments.

Chapter 31 Tents and Other Membrane Structures is adopted in its entirety without amendments.

Chapter 32 High-Piled Combustible Storage is adopted in its entirety without amendments.

Chapter 33 Fire Safety During Construction and Demolition is adopted in its entirety without amendments.

Chapter 34 Tire Rebuilding and Tire Storage is adopted in its entirety without amendments.

Chapter 35 Welding and Other Hot Work is adopted in its entirety without amendments.

Chapter 36 Marinas is adopted in its entirety without amendments.

Chapter 48 Motion Picture and Television Production Studio Sound Stages, Approved Production Facilities and Production Locations is adopted in its entirety without amendments.

Chapter 49 Requirements for Wildland-Urban Interface Fire Areas is adopted in its entirety with the following amendments:

Section 4906.3 Vegetation is hereby revised by adding Section “(5)” as follows:

(5) OCFA Vegetation Management Guidelines.

Section 4908 Fuel Modification Requirements for New Construction is hereby added as follows:

4908 Fuel Modification Requirements for New Construction. All new buildings to be built or installed in hazardous fire areas shall comply with the following:

1. Preliminary fuel modification plans shall be submitted to and approved by the fire code official concurrent with the submittal for approval of any tentative map.

2. Final fuel modification plans shall be submitted to and approved by the fire code official prior to the issuance of a grading permit.

   2.1 The fuel modification plan shall include provisions for the maintenance of the fuel modification for perpetuity.

3. The fuel modification plans shall meet the criteria set forth in the Fuel Modification Section of the Orange County Fire Authority Vegetation Management Guidelines.

4. The fuel modification plan may be altered if conditions change. Any alterations to the fuel modification areas shall have prior approval from the fire code official.

5. All elements of the fuel modification plan shall be maintained in accordance with the approved plan and are subject to the enforcement process outlined in the Fire Code.

Chapter 50 Hazardous Materials – General Provisions is adopted in its entirely with the following amendments.

Section 5001.5.2 Hazardous Materials Inventory Statement (HMIS) is hereby amended by modifying the starting paragraph as follows:

5001.5.2 Hazardous Materials Inventory Statement (HMIS). Where required by the fire code official, an application for a permit shall include Orange County Fire Authority's Chemical Classification Packet, which shall be completed and approved prior to approval of plans, and/or the storage, use or handling of chemicals on the premises. The Chemical Classification Packet shall include the following information:

1. Product Name
2. Component
3. Chemical Abstract Service (CAS) number
4. Location where stored or used.
5. Container size
6. Hazard classification
7. Amount in storage
8. Amount in use-closed systems
9. Amount in use-open systems.

Table 5003.1.1(1) Maximum Allowable Quantity per Control Area of Hazardous Materials Posing a Physical Hazard is hereby amended by deleting Footnote K without replacement.

Section 5003.1.1.1 Extremely Hazardous Substances is hereby added as follows:

5003.1.1.1 Extremely Hazardous Substances. No person shall use or store any amount of extremely hazardous substances (EHS) in excess of the disclosable amounts (see Health and Safety Code Section 25500 et al) in a residential zoned or any residentially developed property.

Section 5003.5 Hazard identification signs is hereby amended by modifying the NFPA standard as follows:

5003.5 Hazard identification signs. Unless otherwise exempted by the fire code official, visible hazard identification signs as specified in the Orange County Fire Authority Signage Guidelines for the specific material contained shall be placed on stationary containers and above-ground tanks and at entrances to locations where hazardous materials are stored, dispensed, used or handled in quantities requiring a permit and at specific entrances and locations designated by the fire code official.

Chapter 51 Aerosols is adopted in its entirety without amendments.

Chapter 52 Combustible Fibers is adopted in its entirety without amendments.

Chapter 53 Compressed Gases is adopted in its entirety without amendments.

Chapter 54 Corrosive materials is adopted in its entirety without amendments.

Chapter 55 Cryogenic Fluids is adopted in its entirety with the following amendment:

Section 5503.4.1 Identification signs is hereby revised as follows:

> **5503.4.1 Identification signs.** Visible hazard identification signs in accordance with the Orange County Fire Authority Signage Guidelines shall be provided at entrances to buildings or areas in which cryogenic fluids are stored, handled or used.

Chapter 56 Explosives and Fireworks California Fire Code Chapter 56 is adopted in its entirety with the following amendments:

Section 5601.2 Retail Fireworks is hereby added as follows:

> **5601.2 Retail Fireworks.** The storage, use, sale, possession, and handling of fireworks 1.4G (commonly referred to as Safe & Sane) and fireworks 1.3G is prohibited.
>
> **Exception:** Fireworks 1.4G and fireworks 1.3G may be part of an electrically fired public display when permitted and conducted by a licensed pyrotechnic operator.

Section 5601.3 Seizure of Fireworks is hereby added as follows:

> **5601.3 Seizure of Fireworks.** The fire code official shall have the authority to seize, take, remove all fireworks stored, sold, offered for sale, used or handled in violation of the provisions of Title 19 CCR, Chapter 6. Any seizure or removal pursuant to this section shall be in compliance with all applicable statutory, constitutional, and decisional law.

Section 5602 Explosives and blasting is hereby added as follows:

> **5602 Explosives and blasting.** Explosives shall not be possessed, kept, stored, sold, offered for sale, given away, used, discharged, transported or disposed of

within wildland-urban interface areas, or hazardous fire areas except by permit from the fire code official.

Section 5608.1 General is hereby revised as follows:

5608.1 General. Outdoor fireworks displays, use of pyrotechnics before a proximate audience and pyrotechnic special effects in theatrical and group entertainment productions shall comply with California Code of Regulations, Title 19, Division 1, Chapter 6 Fireworks, the Orange County Fire Authority Guidelines for Public Fireworks Displays, and with the conditions of the permit as approved by the fire code official.

Section 5608.2 Firing is hereby added as follows:

5608.2 Firing. All fireworks displays shall be electrically fired.

Chapter 57 Flammable and Combustible Liquids is adopted in its entirety with the following amendment:

Section 5704.2.3.2 Label or placard is hereby amended by modifying the NFPA standard as follows:

5704.2.3.2 Label or placard. Tanks more than 100 gallons (379 L) in capacity, which are permanently installed or mounted and used for the storage of Class I, II or III liquids, shall bear a label and placard identifying the material therein. Placards shall be in accordance with the Orange County Fire Authority Signage Guidelines.

Chapter 58 Flammable Gases and Flammable Cryogenic Fluids is adopted in its entirety without amendments.

Chapter 59 Flammable Solids is adopted in its entirety without amendments.

Chapter 60 Highly Toxic and Toxic Materials is adopted in its entirety with the following amendments:

Section 6004.2.2.7 Treatment system is hereby amended by modifying the Exceptions as follows:

Exceptions:

1. Toxic gases – storage/use. Treatment systems are not required for toxic gases supplied by cylinders or portable tanks not exceeding 1,700 pounds (772 kg) water capacity when the following are provided:

    1.1 A listed or approved gas detection system with a sensing interval not exceeding 5 minutes.

    1.2. For storage, valve outlets are equipped with gas-tight outlet plugs or caps.

    1.3 For use, a listed and approved automatic-closing fail-safe valve located immediately adjacent to cylinder valves. The fail-safe valve shall close when gas is detected at the permissible exposure limit (PEL) by a gas detection system monitoring the exhaust system at the point of discharge from the gas cabinet, exhausted enclosure, ventilated enclosure or gas room. The gas detection system shall comply with Section 6004.2.2.10.

Chapter 61 Liquefied Petroleum Gases is adopted in its entirety without amendments.

Chapter 62 Organic Peroxides is adopted in its entirety without amendments.

Chapter 63 Oxidizers, Oxidizing Gases, and Oxiding Cryogenic Fluids is adopted in its entirety without amendments.

Chapter 64 Pyrophoric Materials is adopted in its entirety without amendments.

Chapter 65 Pyroxylin (Cellulose Nitrate) Plastics is adopted in its entirety without amendments.

Chapter 66 Unstable (Reactive) Materials is adopted in its entirety without amendments.

Chapter 67 Water-Reactive Solids and Liquids is adopted in its entirety without amendments.

Chapter 80 Referenced Standards is adopted in its entirety with the following amendments:

> **NFPA 13, 2013 Edition, Standard for the Installation of Sprinkler Systems** is hereby amended as follows:

Section 6.8.3 is hereby revised as follows:

6.8.3 Fire department connections (FDC) shall be of an approved type. The FDC shall contain a minimum of two 2 ½" inlets. The location shall be approved and be no more than 150 feet from a public hydrant. The FDC may be located within 150 feet of a private fire hydrant when approved by the fire code official. The size of piping and the number of inlets shall be approved by the fire code official. If acceptable to the water authority, it may be installed on the backflow assembly. Fire department inlet connections shall be painted OSHA safety red. When the fire sprinkler density design requires 500 gpm (including inside hose stream demand) or greater, or a standpipe system is included, four 2 ½" inlets shall be provided.

Section 8.3.3.1 is hereby revised as follows:

8.3.3.1. When fire sprinkler systems are installed in shell buildings of undetermined use (Spec Buildings) other than warehouses (S occupancies), fire sprinklers of the quick-response type shall be used. Use is considered undetermined if a specific tenant/occupant is not identified at the time the fire sprinkler plan is submitted. Sprinklers in light hazard occupancies shall be one of the following:

1. Quick-response type as defined in 3.6.4.7
2. Residential sprinklers in accordance with the requirements of 8.4.5
3. Standard-response sprinklers used for modifications or additions to existing light hazard systems equipped with standard-response sprinklers
4. Standard-response sprinklers used where individual standard-response sprinklers are replaced in existing light hazard systems

Section 8.17.1.1.1 is hereby added as follows:

8.17.1.1.1 Residential Waterflow Alarms. A local water-flow alarm shall be provided on all sprinkler systems and shall be connected to the building fire alarm or water-flow monitoring system, where provided. Group R occupancies not requiring a fire alarm system by the California Fire Code shall be provided with a minimum of one approved interior alarm device in each unit. Interior alarm devices shall be required to provide 55 dBA or 15 dBA above ambient, whichever is greater, throughout all living spaces within each unit. Sound levels in all sleeping areas with all intervening doors closed shall be a minimum of 15 dBA above the average ambient sound level but not less than 75 dBA, whichever is greater. When not connected to a fire alarm or water-flow monitoring system, audible devices shall be powered from an uninterruptible circuit (except for over-current protection) serving normally operated appliances in the residence.

Section 11.1.1.2 is hereby added as follows:

11.1.1.2 When fire sprinkler systems are required in buildings of undetermined use other than warehouses, they shall be designed and installed to have a fire sprinkler density of not less than that required for an Ordinary Hazard Group 2 use, with no reduction(s) in density or design area. Warehouse fire sprinkler systems shall be designed to Figure 16.2.1.3.2 (d) curve "G". Use is considered undetermined if a specific tenant/occupant is not identified at the time the sprinkler plan is submitted. Where a subsequent occupancy requires a system with greater capability, it shall be the responsibility of the occupant to upgrade the system to the required density for the new occupancy.

Section 11.2.3.1.1.1 is hereby added as follows:

11.2.3.1.1.1 The available water supply for fire sprinkler system design shall be determined by one of the following methods, as approved by the Fire Code Official:

1. Subtract the project site elevation from the low water level for the appropriate pressure zone and multiply the result by 0.433;

2. Use a maximum of 40 psi, if available;

3. Utilize the Orange County Fire Authority water-flow test form/directions to document a flow test conducted by the local water agency or an approved third party licensed in the State of California.

Section 23.2.1.1 is hereby revised as follows:

23.2.1.1 Where a waterflow test is used for the purposes of system design, the test shall be conducted no more than 6 months prior to working plan submittal unless otherwise approved by the authority having jurisdiction.

NFPA 13R, 2013 Edition, Installation of Sprinkler System in Residential Occupancies up to and Including Four Stories in Height is hereby amended as follows:

Section 6.16.1 is hereby revised as follows:

6.16.1 A local water-flow alarms shall be provided on all sprinkler systems and shall be connected to the building fire alarm or water-flow monitoring system where provided. Group R occupancies containing less than the number of stories, dwelling units or occupant load specified in the California Fire Code as requiring a fire alarm system shall be provided with a minimum of one approved interior alarm device in each unit. Interior alarm devices shall be required to provide 55 dBA or 15 dBA above ambient, whichever is greater, throughout all living spaces within each dwelling unit. Sound levels in all sleeping areas with all intervening doors closed shall be a minimum of 15 dBA above the average ambient sound level but not less than 75 dBA, whichever is greater. When not connected to a fire alarm or water-flow monitoring system, audible devices shall be powered from an uninterruptible circuit (except for over-current protection) serving normally operated appliances in the residence.

There shall also be a minimum of one exterior alarm indicating device, listed for outside service and audible from the access roadway that serves that building.

NFPA 13D, 2013 Edition, Standard for the Installation of Sprinkler Systems in One- and Two-Family Dwellings and Manufactured Homes is hereby amended as follows:

Section 4.1.3 is hereby added as follows:

4.1.3 Stock of Spare Sprinklers

Section 4.1.3.1 is hereby added as follows:

4.1.3.1. A supply of at least two sprinklers for each type shall be maintained on the premises so that any sprinklers that have operated or been damaged in any way can be promptly replaced.

Section 4.1.3.2 is hereby added as follows:

4.1.3.2 The sprinklers shall correspond to the types and temperature ratings of the sprinklers in the property.

Section 4.1.3.3 is hereby added as follows:

4.1.3.3 The sprinklers shall be kept in a cabinet located where the temperature to which they are subjected will at no time exceed 100 ^{o}F (38^{o}C).

Section 4.1.3.4 is hereby added as follows:

4.1.3.4 A special sprinkler wrench shall be provided and kept in the cabinet to be used in the removal and installation of sprinklers. One sprinkler wrench shall be provided for each type of sprinkler installed.

Section 7.1.2 is hereby revised as follows:

7.1.2 The system piping shall not have a separate control valve unless supervised by a central station, proprietary, or remote station alarm service.

Section 7.6 is hereby deleted in its entirety and replaced as follows:

7.6 Alarms. Exterior alarm indicating device shall be listed for outside service and audible from the street from which the house is addressed. Exterior audible devices shall be placed on the front or side of the structure and the location is subject to final approval by the fire code official. Additional interior alarm devices shall be required to provide 55 dBA or 15 dBA above ambient, whichever is greater, throughout all living spaces. Sound levels in all sleeping areas with all intervening doors closed shall be a minimum of 15 dBA above the average ambient sound level but not less than 75 dBA, whichever is greater. Audible devices shall be powered from an uninterruptible circuit (except for over-current protection) serving normally operated appliances in the residence.

Exceptions:

1. When an approved water flow monitoring system is installed, interior audible devices may be powered through the fire alarm control panel.

2. When smoke detectors specified under CBC Section 907.2.11 are used to sound an alarm upon waterflow switch activation.

NFPA 14, 2013 Edition, Installation of Standpipe and Hose Systems is hereby amended as follows:

Section 7.3.1.1 is hereby is deleted in its entirety and replaced as follows:

7.3.1.1 Class I and III Standpipe hose connections shall be unobstructed and shall be located not less than 18 inches or more than 24 inches above the finished floor. Class II Standpipe hose connections shall be unobstructed and shall be located not less than 3 feet or more than 5 feet above the finished floor.

NFPA 24, 2013 Edition, Standard for the Installation of Private Fire Service Mains and Their Appurtenances is hereby amended as follows:

Section 6.2.1.1 is hereby added as follows:

6.2.1.1 The closest upstream indicating valve to the riser shall be painted OSHA red.

Section 6.2.11 (5) is hereby deleted without replacement and (6) and (7) renumbered:

(5) Control Valves installed in a fire-rated room accessible from the exterior.
(6) Control valves in a fire-rated stair enclosure accessible from the exterior as permitted by the authority having jurisdiction.

Section 6.3.3 is hereby added as follows:

> **Section 6.3.3** All post indicator valves controlling fire suppression water supplies shall be painted OSHA red.

Section 10.1.6.3 is hereby added as follows:

> **10.1.6.3** All ferrous pipe shall be coated and wrapped. Joints shall be coated and wrapped after assembly. All fittings shall be protected with a loose 8-mil polyethylene tube. The ends of the tube shall extend past the joint by a minimum of 12 inches and be sealed with 2 inch wide tape approved for underground use. Galvanizing does not meet the requirements of this section.
>
> **Exception:** 304 or 316 Stainless Steel pipe and fittings

Section 10.3.6.2 is hereby revised as follows:

> **10.3.6.2** All bolted joint accessories shall be cleaned and thoroughly coated with asphalt or other corrosion-retarding material, prior to poly-tube, and after installation.
>
> **Exception:** Bolted joint accessories made from 304 or 316 stainless steel.

Section 10.3.6.3 is hereby added as follows:

> **10.3.6.3** All bolts used in pipe-joint assembly shall be 316 stainless steel.

Section 10.6.3.1 is hereby deleted and replaced as follows:

> **10.6.3.1** Where fire service mains enter the building adjacent to the foundation, the pipe may run under a building to a maximum of 24 inches, as measured from the interior face of the exterior wall to the center of the vertical pipe. The pipe under the building or building foundation shall be 304 or 316 stainless steel and shall not contain mechanical joints or it shall comply with 10.6.2.

Section 10.6.4 is hereby revised as follows:

> **10.6.4** Pipe joints shall not be located under foundation footings. The pipe under the building or building foundation shall be 304 or 316 stainless steel and shall not contain mechanical joints.

SECTION 4. The City Council finds that this Ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to California Code of Regulations Title 14, Chapter 3, 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 15371), because it has no potential for resulting in physical change to the environment, directly or indirectly.

SECTION 5. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance is, for any reason, held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more section, subsection, subdivision, sentence, clause, phrase, or portion thereof be declared invalid or unconstitutional.

SECTION 6. The City Clerk shall certify as to the adoption of this Ordinance and cause a summary thereof to be published within (15) days of the adoption and shall post a Certified copy of this Ordinance, including the vote for and against the same, in the Office of the City Clerk, in accordance with Government Code Section 36933.

PASSED, APPROVED, AND ADOPTED this 10TH DAY OF DECEMBER 2013.

____
, MAYOR

ATTEST:

____
PEGGY J. JOHNS, CITY CLERK

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

I, Peggy J. Johns, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing Ordinance No. 2013-x was duly introduced and placed upon its first reading at a Regular Meeting of the City Council on the 12th day of November, 2013, and that thereafter, said Ordinance was duly adopted and passed at a Regular Meeting of the City Council held on the 10th day of December, 2013, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

PEGGY J. JOHNS, CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss AFFIDAVIT OF POSTING
CITY OF LAGUNA HILLS) AND PUBLICATION

PEGGY J. JOHNS, being first duly sworn, deposes and says:

That she is the duly appointed and qualified City Clerk of the City of Laguna Hills; That in compliance with State Laws of the State of California, ORDINANCE NO. 2013-x, being:

AN ORDINANCE OF THE CITY OF LAGUNA HILLS, CALIFORNIA AMENDING TITLE 5 OF THE LAGUNA HILLS MUNICIPAL CODE BY AMENDING CHAPTER 5-16 ADOPTING BY REFERENCE THE 2013 EDITION OF THE CALIFORNIA FIRE CODE (CALIFORNIA CODE OF REGULATIONS, TITLE 24, PART 9) INCLUDING APPENDICES B, BB, C, AND CC, BASED ON THE 2012 INTERNATIONAL FIRE CODE AS PUBLISHED BY THE INTERNATIONAL CODE COUNCIL, FOR THE PURPOSE OF PRESCRIBING REGULATIONS GOVERNING CONDITIONS HAZARDOUS TO LIFE AND PROPERTY FROM FIRE OR EXPLOSION

on the 15th day of November , 2013, was published in summary in The Register and on the 20th day of December 2013, was published in summary in the Saddleback Valley News; and was, in compliance with City Resolution No. 2004-05-25-2, on the 13th day of November , 2013 and on the 11th day of December , 2013, caused to be posted in summary in three places in the City of Laguna Hills, to wit:

Laguna Hills City Hall
Laguna Hills Community Center
Courtyard at La Paz Center

____
PEGGY J. JOHNS, CITY CLERK
Laguna Hills, California

Attachment #3

November 12, 2013 Staff Report

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: NOVEMBER 12, 2013

TO: MAYOR AND COUNCIL MEMBERS

FROM: DAVID CHANTARANGSU, AICP
DIRECTOR OF COMMUNITY DEVELOPMENT

ISSUE: ORDINANCES ADOPTING BY REFERENCE AND AMENDING THE 2013 EDITION OF THE CALIFORNIA BUILDING STANDARDS CODE, CONSISTING OF THE CALIFORNIA BUILDING CODE, MECHANICAL CODE, ELECTRICAL CODE, PLUMBING CODE, RESIDENTIAL CODE, AND GREEN BUILDING STANDARDS CODE; ADOPTING BY REFERENCE AND AMENDING THE 2013 EDITION OF THE CALIFORNIA FIRE CODE; AND ADOPTING BY REFERENCE THE 2012 EDITION OF THE INTERNATIONAL SWIMMING POOL AND SPA CODE.

RECOMMENDATION: THAT THE CITY COUNCIL: (1) CONDUCT A PUBLIC HEARING; (2) INTRODUCE FOR FIRST READING, READ BY TITLE ONLY, AND WAIVE FURTHER READING OF THE ORDINANCES ENTITLED: "AN ORDINANCE OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AMENDING TITLE 10 OF THE LAGUNA HILLS MUNICIPAL CODE BY AMENDING CHAPTERS 10-28, 10-32, 10-36, 10-40, 10-48 AND 10-52 ADOPTING BY REFERENCE THE CALIFORNIA BUILDING STANDARDS CODE (CALIFORNIA CODE OF REGULATIONS, TITLE 24), CONSISTING OF THE CALIFORNIA BUILDING CODE (AS AMENDED), 2013 EDITION, BASED ON THE 2012 INTERNATIONAL BUILDING CODE AS PUBLISHED BY THE INTERNATIONAL CODE COUNCIL; THE CALIFORNIA MECHANICAL CODE, 2013 EDITION, BASED ON THE 2012 UNIFORM MECHANICAL CODE AS PUBLISHED BY THE INTERNATIONAL ASSOCIATION OF PLUMBING AND MECHANICAL OFFICIALS; THE CALIFORNIA ELECTRICAL CODE, 2013 EDITION, BASED ON THE 2011 NATIONAL ELECTRICAL CODE AS PUBLISHED BY THE NATIONAL FIRE PROTECTION ASSOCIATION; THE CALIFORNIA PLUMBING CODE, 2013 EDITION, BASED ON THE 2012 UNIFORM PLUMBING CODE AS PUBLISHED BY THE INTERNATIONAL ASSOCIATION OF PLUMBING AND MECHANICAL OFFICIALS; THE CALIFORNIA RESIDENTIAL CODE (AS AMENDED), 2013 EDITION, BASED ON THE 2012 INTERNATIONAL RESIDENTIAL CODE AS PUBLISHED BY THE INTERNATIONAL CODE COUNCIL; AND THE CALIFORNIA GREEN BUILDING STANDARDS CODE (AS AMENDED), 2013 EDITION; AND AMENDING TITLE 10, CHAPTER 10-44 OF THE

LAGUNA HILLS MUNICIPAL CODE BY ADOPTING BY REFERENCE THE INTERNATIONAL SWIMMING POOL AND SPA CODE (AS AMENDED), 2012 EDITION, AS PUBLISHED BY THE INTERNATIONAL CODE COUNCIL," AND "AN ORDINANCE OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AMENDING TITLE 5 OF THE LAGUNA HILLS MUNICIPAL CODE BY AMENDING CHAPTER 5-16 ADOPTING BY REFERENCE THE 2013 EDITION OF THE CALIFORNIA FIRE CODE (CALIFORNIA CODE OF REGULATIONS, TITLE 24, PART 9) INCLUDING APPENDICES B, BB, C, AND CC, BASED ON THE 2012 INTERNATIONAL FIRE CODE AS PUBLISHED BY THE INTERNATIONAL CODE COUNCIL, FOR THE PURPOSE OF PRESCRIBING REGULATIONS GOVERNING CONDITIONS HAZARDOUS TO LIFE AND PROPERTY FROM FIRE OR EXPLOSION;" (3) DIRECT THAT THE ORDINANCES BE PLACED ON THE DECEMBER 10, 2013 MEETING AGENDA FOR A PUBLIC HEARING AND SECOND READING; AND (4) DIRECT STAFF TO PREPARE AND PUBLISH THE APPROPRIATE HEARING NOTICES.

SUMMARY:

Every three years the State of California updates its building codes for the purpose of promoting safe building construction, energy efficiency, and sustainability. For 2013 the code update encompasses the following codes:

- California Fire Code
- California Building Code
- California Mechanical Code
- California Electrical Code
- California Plumbing Code
- California Residential Code
- California Green Building Code

Collectively these codes are generally known as the “Building Standards Code” and are contained in the California Code of Regulations, Title 24. In addition, the City can adopt other codes which serve specific purposes in the construction of new improvements in the City. For this code adoption cycle, staff is recommending the City Council also adopt the International Swimming Pool and Spa Code (ISPSC) due to the added design measures for safety and energy that are not part of the standard codes.

The proposed codes represent the minimum requirements for new construction and the City has the ability to adopt more restrictive measures based on unique physical circumstances that a community may be subject to including climate, topography, and geology. Based on these conditions, the Orange County Fire Authority (OCFA) has recommended several modifications to the California Building Code, California Residential Code, and California Fire Code for the City Council’s consideration.

For the current update cycle, there are hundreds of technical changes that have been made to the various building codes. They address a broad range of topics including life safety, fire safety, energy efficiency, and construction techniques. The referenced codes are available in the Community Development Department for review as needed.

BACKGROUND:

The City is required by state law to adopt the 2013 Building Standards Code which can be found in Title 24 of the California Code of Regulations. In addition staff is recommending the City Council adopt the International Swimming Pool and Spa Code (ISPSC) which works in harmony with the Building Standards Code to enhance swimming pool and spa safety. The ISPSC was developed with input from a wide range of industry experts, including the Association of Pool & Spa Professionals (APSP). Safety aspects of the ISPSC include barrier, decking, lighting, circulation system, pump, accessibility, diving, sanitizing equipment, filter, and suction fitting provisions. The ISPSC is the first swimming pool and spa code to address aquatic recreation facilities, and the first to include an energy standard for residential portable electric spas and for residential in-ground swimming pools and spas. Given the enhanced safety and design features, and cross-collaboration with other codes the City uses, staff is recommending that the City Council also adopt the ISPSC.

<u>OCFA AMENDMENTS</u>
In conjunction with the adoption of the Building Standards Code, OCFA also recommends the City Council adopt additional changes to enhance the design of building construction. The modifications recommended by OCFA are included in the proposed ordinances. Almost all amendments are technical in nature with the exception of an amended definition for “Hazardous Fire Area” under the Residential Code amendment. The existing definition would be revised to give the City’s Fire Official the authority to require a “Fuel Modification Plan” for new construction due to the presence of combustible vegetation. The plan essentially establishes landscaping restrictions around new development, such as a single-family residence, for the purpose of keeping combustible vegetation away from the structure. Only one vacant lot exists where the requirement would be applicable. However, the Fuel Modification Requirements could also be imposed if activity equivalent to new development was taking place.

The City Council is authorized to adopt the additional, more restrictive, codes proposed by OCFA in accordance with the authority granted to the City Council in the California Health and Safety Code provided the changes are deemed necessary based on climatic, geological, or topographical conditions. The proposed ordinances identify which criteria are being used to support the adoption of the more restrictive measures.

<u>ADOPTION PROCESS</u>
Due to the manner in which state law mandates the adoption of the Building Standards Code, the public hearing process is slightly different than if the City was adopting an ordinance. While the City’s process for adopting an ordinance typically consists of

conducting the public hearing, the first reading of the ordinance, and then conducting a second reading two weeks from the first reading of the proposed ordinance, the Building Standards Code adoption process is somewhat reversed where the public hearing is conducted at the second reading. However, because notice of a public hearing was advertised for the November 12, 2013 City Council meeting, staff recommends that a public hearing be conducted with the first reading in addition to conducting a public hearing with the second reading of the proposed ordinances at the December 10, 2013 City Council Meeting.

FISCAL IMPACT:

None

CEQA FINDINGS:

The conduct of the first reading of the ordinances is not a project under CEQA. A CEQA determination will be made by the City Council at the December 10, 2013 meeting.

ATTACHMENTS:

- Attachment 1 – Building Standards Code Ordinance
- Attachment 2 – California Fire Code Ordinance

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: DECEMBER 10, 2013

TO: MAYOR AND COUNCIL MEMBERS

FROM: BRUCE E. CHANNING
CITY MANAGER

ISSUE: 2013 CITY MANAGER'S YEAR END REPORT

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THE 2013 CITY MANAGER'S YEAR END REPORT.

SUMMARY:

It is the practice of the City Manager to present the City Council with a Year End Report summarizing noteworthy accomplishments of the past year and identifying selected projects and work activity awaiting the City in the coming year.

Included with this report, under separate cover, is the 2013 City Manager's Year End Report. The report highlights a number of accomplishments, including the completion of the La Paz Widening at Interstate 5, the sale of the Laguna Hills Mall, the approval of redevelopment projects in several centers such as Oakbrook Village and the Village at Nellie Gail, the economic revitalization occurring throughout the City, and numerous community development projects.

During 2014, the City will embark on a number of new projects including the completion of the Moulton-La Paz Open Space renovation, the 2014 General Municipal Election, Police Services Study and facilitating the redevelopment of several existing shopping centers.

ATTACHMENTS:

- 2013 City Manager's Year End Report (under separate cover)

CITY OF LAGUNA HILLS
California

CITY MANAGER'S 2013 YEAR END REPORT

Bruce E. Channing, City Manager

City Manager's 2013 Year End Report

December 10, 2013

Honorable Mayor and Council Members,

At the end of every year, it is my pleasure to submit to you the City Manager's Annual Report. As the City enters its 23rd year since incorporation, I am once again honored to have the opportunity to highlight the major accomplishments of 2013 and to provide a glimpse into what we have to look forward to in the year ahead.

In the aftermath of the Great Recession, a structural correction has taken place in the economy resulting in what many are now calling a "new normal." While a recovery appears to be working its way through the economy, much of the State and region is still plagued by high unemployment and economic uncertainties that continue to limit the recovery. Mindful of these factors playing out in the economy, State and local governments must continue to adjust to the realities of this "new normal". Even so, some cities have certainly continued to fare better than others. We believe Laguna Hills to be one of those cities. Going forward into this next year, we believe we will continue to see signs of recovery in the local tax base, especially given the depth and breadth of economic activity occurring throughout the City.

To that effect, much of the focus these past few years has been on maintaining and strengthening the City's economic development efforts. In particular, this last year has seen the sale of the Laguna Hills Mall and the approvals for the redevelopment of Oakbrook Village and the Village at Nellie Gail. We believe these efforts have laid the groundwork for more positive changes to come in the year ahead.

As has continued to be the case, our strong financial position remains a byproduct of hard work, sound decision-making, and an unwavering commitment to our conservative financial policies.

The accomplishments recited on the following pages demonstrate our determination to respond successfully to the economic climate, maintain high service levels, and position ourselves to move forward when it is clear that it is safe to do so. For the sake of organization, we have assembled the list of achievements under seven major headings that generally align with our departmental structure. I hope you share with me the same sense of pride I have for all of our 2013 accomplishments.

Administration, Finance and City Clerk

FINANCIAL HIGHLIGHTS

While a recovery appears to be working its way through the economy, much of the State and region is plagued by challenging economic conditions and uncertainties. Mindful of these factors, we continue to adjust to the realities of a "new normal." Total revenues in Laguna Hills increased in Fiscal Year 2012/2013 by $977,000, or 4%. This includes the one-time revenue received from the sale of the City-owned parcel at Moulton/La Paz. General Fund revenues also increased by 4% or $762,239. Additionally, a concerted effort was made to reduce operating expenditures below the adopted budget amount of $17,514,481. General Fund revenues exceeded expenditures by $622,221. However, it should be noted that these savings were achieved even after a lump sum payoff of the City's sidefund to CalPERS in the amount of $557,805. Given the continued depth and breadth of new economic activity throughout the City; the increased number of new businesses coming on-line and; the general improvements in the local housing market; we expect to see stronger signs of recovery in the local tax base this coming year that will positively impact the City's General Fund.

BIENNIAL BUDGET

The budget process lasted from January through June this year and, given the tenuous condition of the economic climate, it dominated staff's time and resources. The lengthy budget process included two public study sessions, including a strategic planning budget session, and a public hearing. The City Council was ultimately presented with and adopted a budget that accomplished the following.

- Budgeted revenues and expenditures totaling $ 45.7 million.
- Reduced operating expenditures for FY 2013/2014 to $17,327,545, representing a 0.8% decrease, or $136,936, from the FY 2012/2013 amended budget.
- Approved 14 capital projects totaling $6,622,000. Of this amount, $4,478,000, or 68% of the funding will come from Special Revenue Funds. The balance of $ 2,144,000 will be supported by the General Fund.

FINANCIAL AWARDS

For the twenty-first consecutive year, the City was awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for the year ending June 30, 2012.

SENIOR CENTER FACILITY GRANT

The City successfully competed for an award of 2012/2013 Community Development Block Grant (CDBG) funding for Public Facilities and Improvement monies to be used at the Florence Sylvester Senior Center. This past year, the City utilized $54,000 in grant monies to fund energy efficiency upgrades that included the expansion of the existing solar panel electrical system. Construction on this two-phased project was completed in June 2013.

COYOTE RESPONSE EFFORTS

In response to a number of coyote sightings and aggressive behavior in the region, staff conducted one successful trapping operation this past year. Additionally, staff has continued its efforts to coordinate with the various homeowners' associations throughout the City, as needed. The City has maintained its featured link on the home page entitled "Living with Coyotes" that details the City's reporting procedures, public information and links those interested to other organizations.

CITY OF LAGUNA HILLS MOBILE APPLICATION

The prevalence of smartphones creates an opportunity to provide a new avenue for communication with residents. In March 2013, City staff began researching the development of a customized mobile application for the purpose of providing news, events, and City contact information to residents, businesses and visitors. At the April 9, 2013, City Council meeting, the City Council approved the development of a mobile device application and, consequently, the City officially launched its mobile application in Summer 2013. The mobile application includes five tabs on the home screen: "News", "City Hall", "Places", "Report An Issue", and "Shop and Dine". In many ways, it is anticipated that this simple-to-use mobile application will keep residents desiring to do so more connected to their community by allowing them to easily and quickly access the City's calendar, contact City departments and services, report day-to-day issues from graffiti removal to park and landscape maintenance and find new places to eat and shop. The mobile application is available in both iPhone and Android formats by simply searching for "Laguna Hills" in the respective app stores.

SALARY AND BENEFITS RESOLUTION FOR MANAGEMENT EMPLOYEES

On November 27, 2012, the City Council approved a Memorandum of Understanding (MOU) with the Laguna Hills City Employees Association. This is the exclusive bargaining representative for all regular full-time and extended part-time non-management and non-confidential employees. This three-year MOU does not apply to management, confidential and seasonal part-time employees. Therefore, it was necessary for the City Council to adopt a Salary and Benefits Resolution to cover all non-represented employees of the City in connection with the recently adopted 2013-15 Biennial Budget. Over the past few years, the City Council and City Manager have taken a number of measures to reduce total management costs. Over the past three years, reductions in management compensation have saved the City a total of $ 347,000. Moving forward, it was the City Council's intention to have management staff begin sharing the cost of retirement and also begin sharing in the cost of health insurance premiums. After three City Council meetings and multiple iterations of a potential Salary and Benefits Resolution, the City Council adopted a resolution that set management salaries at 5% above the City's approved comparator agencies and set in motion a phase in of sharing in both retirement costs and health insurance premiums over the next two years.

Economic Development

ORANGE COUNTY BUSINESS COUNCIL "RED CARPET" AWARD

Last year, the City was the recipient of the Orange County Business Council's "Turning Red Tape into Red Carpet" award under the Real Estate Redevelopment and Reuse category for the Moulton-La Paz Commercial/Open Space Redevelopment Project. This year, the City was given the same award for the Oakbrook Village Redevelopment Project. The City was recognized for the Oakbrook Village Development Agreement that was approved by the City Council in November of 2012. Specifically, the OC Business Council recognized the innovative and first of its kind retail loss impact fee component, which afforded the owner of Oakbrook Village maximum flexibility in responding to market conditions as they develop their mixed-use project over two phases and up to fifteen years, while at the same time, ensuring the protection of the City's tax base.

THE VILLAGE AT NELLIE GAIL

This 11.3 acre area located on the north side of La Paz Road between Moulton Parkway to the west and Alameda to the east was identified as an Opportunity Area in the City's General Plan. Following the rezoning of this parcel from open space to commercial retail, staff processed a tentative parcel map essentially creating a 3.055 acre lot with a 50-foot-wide open space/trail easement along La Paz Road. In addition, the City filed a quiet title action in court, giving the City clear title on the property.

In April 2012, the City Council approved the sale of the property to Vintage Real Estate, the owner of the adjacent shopping center for $2.75 million. At that time, the City Council also approved the addition of 29,098 square feet of general commercial space. The approved purchase and sale agreement included a creative and first-of-its-kind water quality easement over a portion of contiguous city-owned open space that allowed the project to move forward. Without this creative solution to the new water quality rules and regulations, it is highly likely that the project would have been abandoned or the City would have had to significantly lower the purchase price on the property. This creative solution resulted in the City being awarded its first Orange County Business Council "Red Carpet" Award. City staff negotiated an additional $211,416 in exchange for the use of these easements. The quiet title action was completed in June 2012 and escrow on the property closed in September 2012 in the amount of $2,963,093. The Center is being re-branded as "The Village at Nellie Gail" and will be anchored by The Fresh Market. The Fresh Market in Laguna Hills will be the chain's first store in Southern California and the second in the State. Construction on the property began in January 2013 and is scheduled to be completed by Spring 2014. The rehabilitation of the open space along the La Paz Road between Alameda and Moulton Parkway began this past summer and is anticipated to be completed by June 2014.

ICSC CONVENTIONS AND SHOWS

The City has periodically attended the International Council of Shopping Centers (ICSC) conventions and shows since 2004. Given the development opportunities at the Moulton-La Paz Shopping Center, Oakbrook Village, the former Circuit City site, and the Laguna Hills Mall, the City began sponsoring a booth at the 2010 ICSC Western Division Conference in San Diego. The City has subsequently sponsored a booth at the 2011, 2012, and 2013 ICSC Western Division Conference, as well as the annual national ICSC RECon Convention for all those years as well. The ICSC conventions and shows have provided staff with the opportunity to easily meet with prospective businesses; market development opportunities to developers, hoteliers, and retailers; and distribute leasing information on behalf of various retail centers throughout the City.

LAGUNA HILLS MALL

In May 2013, Merlone Geier Partners, a private real estate investment company with a long standing reputation of working closely with cities in the development and design of properties, purchased the 68-acre mall from the Simon Property Group. Built in 1973, the Laguna Hills Mall is in dire need of a major redevelopment. Furthermore, the Mall serves as the backbone of the Laguna Hills Urban Village Specific Plan which will ultimately guide the area toward a mixed-use downtown space that provides not only shopping, but also a pedestrian experience and public gathering space. The company has submitted initial development concept plans for a remodel and expansion that creates a modern pedestrian-friendly town center with more cafes, restaurants, an upscale movie theater, fitness center and public plaza. The plans are currently being evaluated by staff. The redevelopment plan for the Mall is anticipated to generate an increase in annual sales tax revenue to the City.

Presently, staff is working to process the zoning application and review all environmental studies filed by Merlone Geier Partners in order to obtain the necessary City approvals to begin renovation work. It is anticipated this project will go to the City Council for approval in the first quarter of 2014. The project has suffered slight delays due to the re-design of the sign program as well as delays in the completion of the required environmental studies. However, Merlone Geier Partners has used the additional time to reach out to the Golden Rain Foundation, (which in the past has expressed concern over projects in the Urban Village Specific Plan area) with positive results. It is now evident that the City's foresight in studying environmental impacts from redevelopment of the Urban Village Specific Plan area during the 2009 General Plan Update is reducing the timeframe for the project's environmental process by six months and saving the applicant several hundred thousand dollars in costs.

Community Development

OAKBROOK VILLAGE

The owner of Oakbrook Village (Fritz Duda Company) received approval from the City Council at its November 13, 2012, City Council meeting to create a mixed-use development with new retail and residential units. This project intends to turn the aging shopping center into the City's first urban village by demolishing 148,530 square feet of the existing 200,000 square-foot center and replacing it with 489 homes in multistory residential buildings and up to 82,574 square feet of new retail space. This project will be broken up in two phases. Phase One will include the demolition of 82,730 square feet of retail uses and development of 289 dwelling units and 23,974 square feet of new retail space. The new retail square footage will include 9,000 square feet of ground-level retail integrated into the proposed residential building. Construction on Phase One is anticipated to begin in June 2014 and be completed in fall 2016.

Phase Two is anticipated to include the demolition of 65,800 square feet of retail uses and development of up to 200 dwelling units and 58,600 square feet of new retail space. The design and layout of the proposed residential and retail buildings have not been determined at this time for Phase Two. In addition to the project approvals, the City Council entered into a Development Agreement with the owner that provides development rights for up to 15 years to complete the project in exchange for a number of public improvements that must be made by the developer. The Development Agreement also establishes a Retail Loss Impact Fee in Phase Two for retail revenue lost as a result of demolition of retail buildings that are not replaced. Also included in the Development Agreement, is a Public Park and Community Facilities Enhancement Fee of

$7,392 per residential unit. The total payment of approximately $2,136,000 is expected to be paid to the City in 2014 for Phase One.

Fritz Duda Company is completing the preparation of plans for their Building Department submittal by the end of December. In addition, staff has had several meetings with the property owner since the project's approval in order to work out a critical technical issue which had to be cleared before the project could be scheduled to begin construction. As promised, Fritz Duda Company has been working to relocate existing tenants such as Break of Dawn and Kotobuki out of the building demolition area. The plans for those tenant relocations have already been submitted for plan check.

The City was recently notified that this project is being recognized by the Orange County Business Council for eliminating barriers to private sector jobs creation and contributing to the economic growth of the County.

CHASE BANK

At the June 12, 2012, City Council meeting, the City Council approved the development of a new 4,415 square foot Chase bank at the northwest corner of Hon Avenue and Alicia Parkway. Construction on this project was completed October 2013. The bank was built to reflect a Spanish Revival architectural style and includes a dedicated drive-thru lane with a drive-thru ATM. The new bank replaced the self-service gas station and the underground fuel tanks were removed. The new building now provides an attractive anchor at this important intersection in the City.

AFFORDABLE HOUSING INITIATIVES

In 2013, the City of Laguna Hills was awarded $80,000 in Community Development Block Grant (CDBG) funds, which are being used to renovate homes in the 248-unit Aliso Meadows Condominium Association. Over the past nine (9) years, the City has been awarded CDBG Funds totaling over $2,200,000, which has resulted in the rehabilitation of more than 140 affordable housing units for very low, low, and moderate income households in the City. Staff may apply for available CDBG funds in the upcoming year to continue its rehabilitation work in the neighborhood.

BUILDING AND SAFTEY DEPARTMENT ACTIVITY

With one month left in the calendar year, the Building and Safety Division is on track to issue nearly 1700 permits, which is a 25 percent increase over 2012. Revenues are also projected to increase around 30 percent. The 2013 building and code updates were adopted this year to comply with State Law. The City also included amendments proposed by the Orange County Fire Authority (OCFA). The division is projected to provide approximately 5,000 inspections by the end of the year.

EL TORO ROAD/RIDGE ROUTE DRIVE REHABILITATION

In June 2013, the City Council awarded a construction contract to All American Asphalt for the El Toro Road Pavement Rehabilitation project and the Ridge Route Drive Rehabilitation project in the combined amount of $953,953. This project entails pavement rehabilitation along El Toro Road from Paseo De Valencia to Bridger Road, and along Ridge Route Drive from Avenida de la Carlota to Moulton Parkway, to include ADA ramps, concrete repairs, asphalt repairs, roadway resurfacing and lane striping. Construction on the Ridge Route project began in November 2013 and the El Toro Road work is anticipated to begin in spring 2014.

COMMUNITY CENTER RENOVATION

The City issued a contract to Nick Stavrianopouilos Construction and Painting to refurbish the Community Center Building on November 13, 2012. Renovation work began in December 2012 and has been substantially completed over the past year. The work included painting both inside and outside of the Community Center, replacement of wall paper, new carpet throughout the building and miscellaneous building repairs. The total project cost was approximately $190,000.

LA PAZ WIDENING AT INTERSTATE 5

The La Paz Widening at Interstate 5 project received final approval from the City Council in September 2010. This project includes a number of safety and traffic flow improvements, such as the widening and addition of off- and on-ramp lanes, modifying traffic signals, and landscape improvements. Favorable bid conditions allowed the City to anticipate the completion of the project below its original estimated cost of $7.6 million. The City successfully acquired $4.7 million in Federal funding for the project, in addition to $1.15 million of Measure M funds. The remaining funding was acquired from various special revenue fund sources, resulting in no General Fund impact for this project. Construction on the project began in April 2011 and was completed in November 2012. The landscape maintenance work for the project was substantially completed in November 2013.

WATER QUALITY IMPROVEMENTS

The City has continued its efforts on a multi-year project to install catch basin debris gates on all of the approximately 550 inlets in the City in order to reduce litter and other debris from entering the storm drain system and downstream drainage courses. In June 2013, the second phase of the project resulted in the installation of gates at 50 locations utilizing a Measure M-2 grant of $65,000. A third phase has also received similar grant funds and will begin work in early 2014. Approximately 50% of all of the City inlets are now protected by debris gates.

LA PAZ OPEN SPACE

In September 2013, the City Council awarded a construction contract to Environmental Construction, Inc., for the La Paz Open Space Improvements from Moulton Parkway to Alameda Avenue. This $1.1 million project is slated to begin work in mid-November 2013 and be completed by May 2014. These improvements include landscaping the eight-acre open space area, as well as creating a dual trail system. The project is being closely coordinated with the development of the newly re-branded Village at Nellie Gail.

Community Services

SENIOR TRANSPORTATION

Utilizing funds provided by OCTA's Senior Mobility Program, the City continues to provide transportation for seniors through the Dial-A-Taxi program. In April of last year, the program was modified to allow all seniors who are 60 years of age or older to use the Dial-A-Taxi service. The program was additionally modified to allow those seniors who also qualify for the OCTA ACCESS program to use the senior transportation program. By the end of 2012, 69 seniors were approved to use the service. Of these 69 seniors, 19 had scheduled a Dial-A-Taxi trip, with approximately 5 actively using the program on a routine basis.

In an effort to increase participation in the program, earlier this year the service area of the program was expanded to include the City of Laguna Woods. Seniors can travel to any destination within the service area which includes Laguna Hills, Mission Viejo, and Laguna Woods. Also, new satellite destinations were added to the program. These new destinations include Irvine Spectrum, Hoag Hospital, Kaiser Hospital, John Wayne Airport, Long Beach Airport, and

LAX Airport. Staff continues to advertise the program by passing out informational flyers at our senior living centers. The Willows Senior Center in northern Laguna Hills has recently shown an interest in the program. These efforts have produced positive results. Currently there are 177 seniors enrolled in the City of Laguna Hills' Senior Dial-A-Taxi program and an average of 93 trips per month. Of the 177 seniors enrolled in the program, there are 26 seniors who are actively using this service.

SPECIAL EVENTS

The City hosted two signature events this past year. The 2013 Memorial Day Half Marathon, 5K, and 10K, honoring the USMC Dark Horse Battalion, was held on May 27, 2013, with 3,400 runners participating. This is an increase of 640 runners when compared to last year's event. The City collected a total of $177,229 in revenues from this event. Direct expenses (not including staff costs) totaled $149,649. Donating $12,000 towards the event, Irvine Fladeboe Automotive Group was a new title sponsor for this year's race. A number of the 3/5 Battalion Marines ran in the half marathon, which, along with the 5K and 10K, was led from the start line by our Grand Marshall, Cpl. Josue Barron. Prior to the race, the City Council approved a pledge formula of $3 per paid participant for the continued funding of the 3/5 Marine Support Committee. Based on this formula, $9,456 was awarded to the 3/5 Marine Support Committee by City Council Resolution on August 27, 2013. Furthermore, South County Outreach benefited from the event by collecting 140 pounds of canned food and receiving a donation of $2,530 from the sale of beer garden tickets.

The second signature event was the City's annual 4th of July celebration. It is estimated that more than 11,000 people attended the City of Laguna Hills 2013 Fourth of July event. Total expenditures for this event were $24,535 (not including staff time). Net costs totaled $18,809, which accounts for $4,426 in ride ticket sales and $1,300 in vendor booth rentals. A firework malfunction occurred with this year's show which reduced the length of the show to approximately five minutes. Fortunately, no one was injured as a result of this incident. The City subsequently received a full refund for the cost of the show.

EMERITUS AND RECREATION PROGRAMS

Since 2003, the City of Laguna Hills has offered the use of the gymnasium to the Saddleback College Emeritus Institute for senior physical activity classes. On an annual basis, approximately 1,500 Emeritus program individuals participate in physical activities such as yoga, pilates, Tai Chi, and aerobics. This year, City staff worked with the Saddleback College Emeritus Institute to include additional Emeritus cultural and education classes such as Spanish, Art Appreciation, Watercolor, and Sketching in our recreation program offerings.

Additionally, during the summer, a new cultural arts program was introduced to our recreation program offerings. Working with On the Edge Theater Production, staff held a Shakespeare in the Hills performance of Much Ado About Nothing in the Community Center gazebo and town green area. This performance was well received by the 359 spectators in attendance. Another performance will be scheduled in winter 2014.

A drop-in ping pong program was started this year that provides an opportunity for individuals to participate in pick-up ping pong games in the gymnasium. This program currently has 54 participants and the majority of these ping pong players are senior citizens. This program mostly caters to seniors since the time of play is from 12pm-2pm, Monday through Thursday.

Environment and Conservation

LANDFILL DIVERSION

The 2012 Annual Disposal Report using the per capita disposal figures was submitted to the State Department of Resource Recycling and Recovery (CalRecycle) on July 30, 2013. This detailed report summarizes all the many recycling programs that the City has in place such as residential curbside, commercial and multi-family, outreach and educational efforts, greenwaste recycling, electronic waste recycling, and material recover processing centers, etc. For 2012, the City achieved a per capita disposal rate (pounds/person/day) of 3.4 which is well below the per capita disposal target of 5.8 pounds per day. Because the City is below the target figure, the City is in compliance with the State's recycling and diversion mandates. The City's 2012 Annual Disposal Report was accepted and approved by CalRecycle on September 12, 2013.

The total disposal tons reported to the State for 2012 was 19,449 tons. This figure represents the amount of waste that was transferred to and deposited into our local landfills not only by CR&R but by other self-haul entities. Although, the City does not have current tonnage figures for all the private recycling programs, such as internal business recycling programs and self-hauler recycling initiatives, CR&R's annual reports to the City can provide an idea of the total waste generation of the Laguna Hills community. For example, in 2012, CR&R collected a total of 33,202 tons of waste in Laguna Hills. After processing the majority of this waste at its material recovery facilities and other facilities, CR&R transported a total of 16,545 tons to local landfills. Of the total waste collected, CR&R achieved a diversion rate of 50.2% by diverting 16,657 tons of recyclable material from landfills.

WATER QUALITY

- City staff implemented the Fourth Term NPDES permits issued by both the Santa Ana Regional Water Quality Control Board and the San Diego Regional Water Quality Control Board.

- The City participated in the 17th Annual Inner Coastal Watershed Cleanup Day on September 21, 2013. This was the tenth year the City has participated in this event where volunteers worked together and cleaned a portion of the Aliso Hills Channel. The event was a great success as 21 volunteers collected 240 pounds of trash and 225 pounds of recyclable material from the adjacent trail and channel.

- The City installed debris gates on 59 catch basins throughout the City by utilizing a grant received from the Orange County Transportation Authority.

EARTH DAY LAGUNA HILLS & SHREDDING EVENT

The City held its annual Earth Day Laguna Hills (formerly Volunteer Connection Day) on Saturday, April 20, 2013. Sixty-three (63) volunteers participated in this year's Earth Day event. The City hosted a "Green Expo" as part of the event. Event participants then broke off into coordinated groups to assist in trail clean-up projects throughout the City, along with the planting of 15 Crepe Myrtle trees along Aliso Creek Trail, Veeh Ranch Trail, and Juan Avila Trail. CR&R reported that 1,480 lbs. of debris was collected and 50% of that amount was recycled. Volunteers also planted 12 Mondale Pine trees in recognition of the Arbor Day along Paseo De Valencia between Stockport and Kennington. As part of this event, the City re-qualified for its designation as a Tree City USA by the national Arbor Day Foundation.

A document shredding event was integrated into the Earth Day Laguna Hills event hosted by the City in the Community Center parking lot. A total of 248 cars dropped off documents during the event. Two trucks were stationed in the parking lot and 11,855 pounds of documents were destroyed on behalf of Laguna Hills residents.

Police Services

PUBLIC SAFETY

There were 7,447 total incidents reported in the first three quarters of 2013, which represents a decrease of 11.4% in reported incidents when compared to the same period in 2012.

The total number of Part I crimes also experienced an overall decrease of 8.9% when compared to last year. This decrease is largely attributed to a sharp decline in the number of reported Thefts and Burglaries.

Part II crimes are generally considered proactive, deputy initiated activities carried out while a deputy is on patrol and not responding to a call. Part II crimes, which include driving under the influence (DUI), narcotics, and vandalism incidents, have decreased significantly by 14.5% when compared to the same time period last year.

RESPONSE TIMES IMPROVE

Response times continue to remain within the expected parameters for all four levels of priority calls. The average response time for 2013 are 4:17 for Priority 1 calls, 8:29 for Priority 2 calls, 12:39 for Priority 3 calls, and 22:30 for Priority 4 calls. It remains the goal of Laguna Hills Police Services to respond to all Priority 1 calls within five minutes from the time of dispatch to arrival, twelve minutes for Priority 2 calls, and twenty minutes for Priority 3 calls. There is no standard response time goal for Priority 4 calls but rather deputies are dispatched as they become available.

NEIGHBORHOOD WATCH GROWS

The Neighborhood Watch Program continues to prosper this year with the revitalization of two inactive groups and one new group. In addition, Police Services has participated in various community events such as National Take Back Day, Earth Day Laguna Hills, 4th of July Expo, National Night Out and, Valencia Elementary's Boo Bash Carnival. In addition, Police Services' staff have performed over 55 child car safety inspections to reduce the misuse rate of child car seats that are installed or used incorrectly.

COMMUNITY EMERGENCY PREPAREDNESS ACADEMY

Police Services annually conducts a Community Emergency Preparedness Academy (CEPA) where residents complete eight weeks of disaster preparedness training. The training included information on fire safety, search and rescue, utility and water safety procedures, disaster/terrorism overview, CPR, first aid and AED certification. The final class consists of a mock disaster drill spanning five different scenarios allowing the participants to practice the disaster training skills learned over the course of the Academy. The Academy was postponed until February 2014 due to requests from the community.

2014 Outlook

As we head into 2014, we will continue to focus on objectives that manage costs; invest in job-creating infrastructure; make economic development a priority; and improve the quality of life in Laguna Hills.

2014 GENERAL MUNICIPAL ELECTION

General Municipal Elections are held in the City of Laguna Hills on the first Tuesday in November every two years in even numbered years. The next General Municipal Election will be held Tuesday, November 4, 2014. The City Council consists of a Mayor and four Council Members, for a total of five members. The positions are elected by Laguna Hills citizens at large. Council members each serve a term of four years, and may serve no more than two full consecutive terms. At the first City Council meeting in December each year, the City Council selects a Mayor among its members, and he/she serves in that capacity for one year. The November 4, 2014, Election will be held to elect three members of the City Council. The nomination period will be from 8:00 am July 14, 2014, through 5:00 pm August 8, 2014. Between these days (both days included) voters may nominate candidates for election by signing a nomination paper. Each candidate shall obtain the signature of not less than 20 or more than 30 voters registered in the City of Laguna Hills. Citizens that may be interested to run for office should contact the City Clerk's office at (949) 707-2630 for additional information.

THE VILLAGE AT NELLIE GAIL (MOULTON-LA PAZ CENTER)

With the sale of the property completed in 2012, this upcoming year will see the grand opening of the newly re-branded Village at Nellie Gail shopping center (formerly the Moulton La Paz Shopping Center). In 2013, the center began construction on its renovations as new facades, new storefronts and refreshed landscaping transform the center and provide a contemporary look. The center will be anchored by The Fresh Market, a boutique grocery store patterned after open-air European markets. Staff continues to work with the owners to facilitate the development of the center. The center is anticipated to hold its Grand Opening in the second quarter of 2014.

SOLID WASTE & RECYCLING AGREEMENT

The City's 10-year franchise agreement with CR&R will expire in June 2016. Although this is more than 2 years away, there is a considerable amount of work effort involved in preparing for another contract term. Next year, it is anticipated that time will be spent determining the contract requirements that will need to be included in a new service agreement in order to adequately address new State recycling requirements. Additional time will also be spent determining whether a procurement process for the next term of service should be pursued. In the event a procurement process is pursued, an RFP document, which includes a sample contract, will be drafted with the expectation that the bid documents will be released to the public a year or more before the new contract commences. This work program is a major plan identified in the City's budget.

LA PAZ OPEN SPACE

Following the rezoning of the 11.3 acre area located on the north side of La Paz Road between Moulton Parkway to the west and Alameda to the east, staff processed a tentative parcel map essentially creating a 3.055 acre lot and a 8.25 acre lot. The smaller parcel was sold to the owner of the adjacent shopping center for redevelopment. Approximately $1.5 million of the monies from the sale of the smaller parcel will be utilized to rehabilitate the remaining 8.25 acre open space area along La Paz Road and west of Alameda. Construction on the open space began mid-November of 2013 and is scheduled to be completed by May 2014. This project is being closely coordinated with the construction of the adjacent Village at Nellie Gail shopping center.

URBAN VILLAGE

For the upcoming year, projects within the Urban Village Specific Plan will include the start of construction for the first phase of Oakbrook Village. This project entails demolition of 88,000 square feet of mostly vacant retail space to make way for a new residential mixed-use project, which was approved by the City Council in 2012. Construction of the first phase will be completed in 2015 and entails 289 new units. The entire Oakbrook Plaza shopping center will also be renovated with the exception of El Torito and Lone Star restaurants. As the first major private project to be developed under the requirements of the Urban Village Specific Plan, components of the first phase include many pedestrian amenities such as walkways and paseos which link the residential project to the rest of the shopping center, as well as other nearby properties like the Laguna Hills Mall. The center piece of the pedestrian amenities will be the "Village Green" which will provide a gathering place for residents of the project and the community. The project will also include a public art component, which has yet to be submitted to the City, as well as payment of over $2.0 million in park development fees.

In 2014, the Laguna Hills Mall is expected to receive the necessary approvals to begin moving forward on its much anticipated renovation program. With the sale of the mall from Simon Properties to Merlone Geier Partners earlier in 2013, the new property owner began to aggressively pursue the redevelopment of the property by submitting a zoning application, plans and environmental studies to staff to begin the project approval process. The new plan will include a new exterior look for most of the mall (excluding major anchors for now), the creation of a new outdoor courtyard created by pulling the roof off the mall between JC Penney and Sears, and the introduction of new "attractions" to the mall such as several new restaurant spaces, an upscale movie theater and a fitness anchor. New opportunities for outdoor dining will be created with the renovations, along with re-orientating a number of storefronts to the mall's exterior which will begin the process of creating the "mainstreet" that the Urban Village Specific Plan envisions on the west side of the mall. Merlone Geier Partners has also begun a new marketing campaign to raise the awareness of the City's strong economic profile and the mall's strategic location within the South Orange County retail market.

PHILLIPS SITE

In 2009, the City Council adopted an update to the City's General Plan which identified several key areas within the City that were likely to experience significant development activity over the next 10 to 20 years. One of the areas identified was the Alicia Gateway, which encompasses approximately 40 acres of retail and commercial land uses adjacent to the I-5 freeway. The General Plan anticipates an additional 194,000 square feet of commercial development in the area and up to 110 dwelling units. One of the properties in the Alicia Gateway is a 5-acre parcel which is the present site of the Phillips Mazda car dealership.

Staff has been told by the property owner that the dealership is looking to discontinue its operations at the property at some time in the near future, and is investigating other opportunities for the site. With the property owner's consent, staff has marketed the site at several shopping center conferences and even commissioned a site study of the property focused on hotel and retail development. The level of interest in the site has been strong and recent activity has resulted in the evaluation of a development concept which provides for a hotel development on the Alicia Parkway frontage and a medium density residential product to the rear, adjacent to an existing single-family neighborhood. While this development approach is not completely consistent with the General Plan vision adopted in 2009, the City Council has the authority to amend the plan to support a project that is appropriate for the community.

Staff anticipates that the Phillips Mazda site will be a property of significant interest with the development community during 2014, and staff will continue to support and guide the redevelopment efforts of the property owner.

WEBSITE UPGRADE

As part of the 2013-2015 Biennial Budget deliberations, one of the identified Major Plans for the Administrative Services Department is to overhaul and update the City's website so as to improve its efficiency and effectiveness from the public's perspective. The City currently uses a number of public outreach tools to electronically interface and communicate with members of the public. The City website represents the most basic form of online interaction with the public. In addition to providing general information about the City, the City website provides access to news and announcements; staff contact information; public notices; a service directory providing contact information for county, State and federal agencies; calendar of City events and meetings; notices for Request for Proposals (RFP); employment opportunities; and access to the City's municipal code. In spring 2014, staff will begin efforts for a complete redesign of the entire website. This $25,000 website redesign project represents several design and technology changes intended to improve navigation, offer better organization of content, and provide improved interactive communication functions incorporating current web technologies.

CITYWIDE PAVEMENT MAINTENANCE

The next phase of the City's residential street maintenance project is scheduled to occur in the summer of 2014 and will continue the work of resurfacing the oldest residential streets, adding ADA ramps, performing concrete and pavement repairs, and resurfacing a limited number of bicycle trail segments. This project will focus upon the completion of streets in Zone A, southerly of Oso Parkway in both Moulton Ranch and Nellie Gail Ranch, and in zone D, easterly of Paseo de Valencia and southerly of Alicia Parkway. A slurry seal project will follow this work for maintenance of the remaining streets in Zones A and D.

CABOT PARK RENOVATION

This park refurbishment project will focus on completing the amenity enhancements for spectator enjoyment of baseball games, repainting the restroom building and hand rails, replacing damaged concrete, resurfacing the parking lot and completing other minor miscellaneous repairs. This project is scheduled for completion in the summer of 2014.

STOCKPORT PARK RENOVATION

The Stockport Park Renovation Project consists of a number of improvements, including the refurbishment of the playground equipment, the addition of rubberized playground surfacing, concrete repairs, the addition of slope fencing, new landscaping on the slopes and miscellaneous site repairs. It is anticipated construction on this project will occur in the summer of 2014.

SPORTS COMPLEX RENOVATIONS

The Sports Complex facilities at the Community Center and Sports Complex were originally constructed in 1999 and are now ready for refurbishment as a result of normal wear and tear due to constant use. This planned renovation will include: repainting the restrooms, picnic shelters and gazebo; replacement of the barbeque equipment; repairing and replacing damaged concrete; parking lot resurfacing; and miscellaneous repairs to the facilities. The project construction schedule is estimated for the summer of 2014.

POLICE SERVICES STUDY

At the November 12, 2013 City Council Meeting, the Council awarded a contract to Matrix Consulting Group to conduct a comprehensive evaluation of police services in Laguna Hills. This is part of a major plan in the 2013-15 budget to, “Review current Police Services contract, including recommendations regarding any possible modifications or reallocation of resources…including a study of the possible elimination or reallocation of motor positions and the impact on traffic safety.” Since the contract for police services represents 39-40% of the City’s budget, and given the prospect that higher pension rates may cause significant increases in the cost of law enforcement services over the next five years, it is prudent for the City to conduct a study to determine if the public safety complement in Laguna Hills is optimal; balancing budgetary and public safety concerns. The study commissioned by the City Council is expected to do just that. A final report is expected in March of 2014.

MOULTON-NIGUEL WATER DISTRICT RATE STUDY

Another major plan in the 2013-15 Biennial Budget is to "research and identify strategies to lower water rates for Laguna Hills residents and businesses." Specifically, this major plan was to focus on the budget based rate system adopted by the Moulton-Niguel Water District (MNWD) two years ago. Over the last few months, staff has analyzed this rate structure and its impact on various water customers in Laguna Hills. Preliminary staff has found that this rate system appears to penalize owners of large properties and subsidize owners of smaller properties. Staff and Mayor Pro Tem Blount have met with the representatives of MNWD to review these findings. We have found MNWD to be receptive to our concerns. In order for MNWD to make any changes to their rate system, they first need to conduct a comprehensive rate study. It is our understanding that they plan on issuing a Request for Proposals for said rate study by the end of the calendar year. Staff will actively monitor this rate study and participate in any public meetings to represent the interests of the City, its residents and businesses.

DOMESTIC VIOLENCE COLLABORATIVE SERVICE MODEL

The City Council has also tasked staff with the following major plan: "Develop a Business Plan for establishing a South County Family Justice Center in Laguna Hills for the City Council's consideration." Over the past several months, staff has researched the effort and steps involved in establishing a Family Justice Center. Staff has also discussed this issue with the national Family Justice Center Alliance. Their knowledge and expertise has been invaluable and they have recommended that we focus on a collaborative services model for South Orange County. Staff also met with the Orange County Sheriff's Domestic Violence detail and Community Services Programs. Staff, along with Mayor Pro Tem Blount, met with the primary non-profit group in South Orange County that is addressing domestic violence and assisting victims; Laura's House. Moving forward, it would be appropriate for the City to meet with the Orange County Sheriff, the 5th District Supervisor and the District Attorney to ascertain interest in improving a collaborative service model that could be a step in the direction toward a fully functional Family Justice Center. After meeting with these and other key stakeholders, if the interest level is there, the City could entertain co-hosting a community forum for all current and potential stakeholders. The National Family Justice Center Alliance is available to coordinate and facilitate such a forum.

Conclusion

The pages of this report are filled with each Department's major achievements in 2013, and provide ample evidence of hard work and highly competent performance by your dedicated City staff. I for one, am very pleased by everything that has been accomplished. As I stated in my introductory comments to this report, we continue to be challenged by the structural correction that has taken place in the economy in the aftermath of the Great Recession. Similarly, we continue to vigilantly monitor new legislation and related proposals, especially at the State level, that may impact local governments and limit our ability to manage our own affairs.

We are encouraged by the economic revitalization taking place throughout the City and believe it reflects positively on our City. It is reasonable to assume that private property owners invest in new construction or the redevelopment of their property and assets when they have confidence in the future, and in the community where their property is located. Clearly, the business and property owners that have a stake in the economic future of Laguna Hills have demonstrated a willingness to invest their money to improve their business and their property in the hope of a prosperous future.

With the direction of this City Council, I am confident that we will be able to successfully deal with the challenges ahead and maintain our strong financial condition, provided we remain committed to the prudent management practices and policies that have enabled us to be so successful over these past 22 years.

To that end, I believe that the on-going success of our organization is premised upon staying true to our mission, maintaining shared values and vision as well as being dedicated to principle-centered leadership. As I reflect on our many accomplishments in 2013, as well as our accomplishments over the prior twenty-one years, I am mindful that this was all possible because of the City Council's effective leadership and support. I look forward to working with you on the challenges ahead.

Sincerely,

Original signed

BRUCE E. CHANNING
City Manager

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: DECEMBER 10, 2013

TO: MAYOR AND COUNCIL MEMBERS

FROM: PEGGY J. JOHNS
CITY CLERK

ISSUE: CITY COUNCIL "OTHER AGENCIES" APPOINTED REPRESENTATIVES

RECOMMENDATION: THAT THE CITY COUNCIL TAKE THE FOLLOWING ACTIONS:

(1) REVIEW THE CITY OF LAGUNA HILLS CITY COUNCIL "OTHER AGENCIES" APPOINTED REPRESENTATIVES LIST, PROVIDE DIRECTION TO STAFF REGARDING ANY NECESSARY CHANGES FOR APPOINTMENTS ON THE LIST, AND BY MOTION, APPROVE THE CITY COUNCIL "OTHER AGENCIES" APPOINTED REPRESENTATIVES LIST, AS REVISED BY THE CITY COUNCIL;

(2) IF ANY CHANGES ARE DESIRED TO THE REPRESENTATIVE OR ALTERNATE TO THE ORANGE COUNTY FIRE AUTHORITY'S BOARD OF DIRECTORS, ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DESIGNATING AND APPOINTING ITS REPRESENTATIVE AND/OR ALTERNATE TO THE ORANGE COUNTY FIRE AUTHORITY'S BOARD OF DIRECTORS;"

(3) APPOINT A BOARD OF TRUSTEE MEMBER TO SERVE EITHER A TWO- OR FOUR-YEAR TERM ON THE ORANGE COUNTY VECTOR CONTROL DISTRICT;

(4) APPROVE AND DIRECT THE CITY CLERK TO PREPARE AND POST AN UPDATED FPPC DISCLOSURE FORM 806 TO REFLECT ALL PAID APPOINTMENTS TO "OTHER AGENCIES" BOARDS, COMMITTEES, AND/OR COMMISSIONS IN ACCORDANCE WITH STATE LAW.

SUMMARY:

As a regular practice during the December City Council meeting, the City Council reviews the “Other Agencies” list of Commissions, Boards, Committees, etc., to which it appoints individuals to represent the City during the forthcoming year.

ORANGE COUNTY FIRE AUTHORITY

This past year, Council Member Bressette has served as Director and Council Member Gilbert has served as the Alternate Director to the Fire Authority's Board of Directors. If the City Council chooses not to make any changes to these appointments, then no further action is necessary. However, should the City Council choose to make a change to either the Director or Alternate Director, then that action will need to be formalized by a Resolution, which approval will require a recorded majority vote of the total membership of the City Council. Attached to this report is the Resolution which would formalize City Council's change in designated positions.

ORANGE COUNTY VECTOR CONTROL DISTRICT

This year, there is a need to appoint an individual to serve either a two or four-year term on the Orange County Vector Control District. Last year at this time, Barbara Kogerman was appointed to complete the unexpired term of Joel Lautenschleger who was then the City's Vector Control District representative. That term will expire on December 31, 2013. Therefore, it will be necessary to either reappoint Barbara Kogerman or select a successor for the next term. Please see attached letter from the Orange County Vector Control District.

The Fair Political Practices Commission has mandated that Form 806 be used to report additional compensation that officials receive when appointing themselves to positions on committees, boards, or commissions of a public agency, special district and joint powers agency or authority. Each agency must post on its website a single Form 806 which lists all the paid appointed positions. When there is a change in compensation or a new appointment, Form 806 must be updated to reflect the change. Form 806 must be updated promptly as changes occur. Attached to this report is a copy of the currently posted Form 806.

ATTACHMENTS:

- "Other Agencies" Appointed Representatives List
- OCFA Resolution
- Vector Control District Letter
- Current Form 806

CITY OF LAGUNA HILLS
CITY REPRESENTATIVES

NAME OF AGENCY/COMMITTEE	REPRESENTATIVES	DATE APPOINTED
Association of California Cities - OC	Delegate: Mayor	01/14/1992
	Alternate: Mayor Pro Tempore	12/12/1995
Audit Committee	Channing	03/14/1995
	Bressette	03/14/1995
	Blount	12/11/2012
Civic Center Management Committee	Kogerman	12/14/2010
	Gilbert	12/11/2012
	Channing	12/13/2005
	White	12/13/2005
Coastal Greenbelt Authority	Representative: Carruth	12/10/2002
Laguna Canyon Foundation Advisory Council	Representative: Blount	12/11/2012
League of California Cities Voting Delegate to Annual Conference	Delegate: Current Mayor	12/10/2002
	Alternate: Current Mayor Pro Tempore	12/10/2002
Operational Area Council (Emergency)	Representative: Current Mayor	12/10/1996
	Alternate: Current Mayor Pro Tempore	12/14/1999
Orange County Fire Authority	Director : Bressette	12/13/2011
	Alternate Director: Gilbert	12/11/2012
OC Public Libraries Library Advisory Board	Representative: Blount	12/11/2012
	Alternate: Gilbert	12/11/2012
Orange County Vector Control District	Trustee Member: Kogerman	12/11/2012

List of City Representatives

NAME OF AGENCY/COMMITTEE	**REPRESENTATIVES**	**DATE APPOINTED**
South Orange County Watershed Management Area Executive Committee	Member: Carruth Alternate: Mayor	02/22/2011
Southern California Association of Governments (SCAG)	Delegate: Blount Alternate: Gilbert	12/11/2012
Transportation Corridor Agency -San Joaquin Hills Transportation Corridor Agency	Director: Carruth Alternate Director: Bressette	12/13/2011 12/11/2012

December 11, 2012
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RESOLUTION NO. 2013-12-10-X

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

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

WHEREAS, the City as a "member" of the Orange County Fire Authority Joint Powers Authority (JPA) is entitled to appoint a representative director ("Director") and alternate to the Orange County Fire Authority's Board of Directors; and

WHEREAS, each member agency, by Resolution of its governing body, shall designate and appoint one representative to act as its Director on the Authority Board of Directors, except the County whose Board of Supervisors shall appoint two representatives to act as its Directors; and

WHEREAS, each Director shall be a current elected member of the governing body; and

WHEREAS, each Director shall hold office until the selection of a successor by the appointing body; and

WHEREAS, each member agency shall also appoint an alternate representative to act in each Director's absence; and

WHEREAS, each alternate shall be a current elected member of the member agency's governing body, and

WHEREAS, each Director and alternate is to serve at the pleasure of his or her appointing body and may be removed at any time, with or without cause, at the sole direction of that appointing body; and

WHEREAS, any vacancy shall be filled in the same manner as the original appointment of a Director and/or alternate.

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

SECTION 1. Designate and appoint _____________ as Director to the Orange County Fire Authority Board of Directors.

SECTION 2. Designate and appoint ____________________ as alternate to the Orange County Fire Authority Board of Directors.

SECTION 3. That the City Clerk shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 10th day of December 2013.

____
, MAYOR

ATTEST:

____
PEGGY J. JOHNS, CITY CLERK

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

I, Peggy J. Johns, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. 2013-12-10-x adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 10th day of October 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

____
PEGGY J. JOHNS, CITY CLERK

ORANGE COUNTY VECTOR CONTROL District Est. 1947

13001 GARDEN GROVE BOULEVARD
GARDEN GROVE, CA 92843-2102
PHONE: (714) 971-2421 · (949) 654-2421

FAX: (714) 971-3940
E-MAIL: ocvcd@ocvcd.org
WEBSITE: www.ocvcd.org

October 29, 2013

RECEIVED
OCT 30 2013
CITY OF LAGUNA HILLS

Laguna Hills City Council
City of Laguna Hills
24035 El Toro Road
Laguna Hills, CA 92653

Dear Mayor and Council Members:

The term of office of your representative, Ms. Barbara Kogerman, will expire on December 31, 2013. As you know, Ms. Kogerman was first appointed in January 2013, complete the unexpired term of Joel Lautenschleger and since her appointment she has attended 7 of the 10 meetings held for a 70 percent record of attendance.

The qualifications for your representative on the Board of Trustees are stated in Section 2022 of the California Health and Safety Code as follows:

> "Section 2022. (b) Each person appointed by a city council to be a member of a board of trustees shall be a voter in that city and a resident of that portion of the city that is within the district."

Your representative is appointed to a two or four year term of office (Section 2024 of the Health and Safety Code) and cannot be replaced except for cause.

> "Section 2024. (a) Except as provided in Section 2023, the term of office for a member of the board of trustees shall be for a term of two or four years, at the discretion of the appointing authority. Terms of office commence at noon on the first Monday in January."

It is the Board's request that you reappoint Ms. Kogerman, or a successor to her, for the next term of office, either two or four years. Once the appointment is made, please send notification to the District by mail or e-mail to: tpett@ocvcd.org.

Sincerely,

Tawnia Pett
Executive Assistant/Clerk of the Board

tep
cc: Ms. Barbara Kogerman

Agency Report of: Public Official Appointments

A Public Document

California Form **806**

For Official Use Only

1. Agency Name

City of Laguna Hills

Division, Department, or Region *(If Applicable)*

Designated Agency Contact *(Name, Title)*

Peggy J. Johns, City Clerk

Area Code/Phone Number	E-mail	Page	Date Posted: *(Month, Day, Year)*
949-707-2635	pjohns@ci.laguna-hills.ca.us	Page 1 of 1	01/07/2013

2. Appointments

Agency Boards and Commissions	Name of Appointed Person	Appt Date and Length of Term	Per Meeting/Annual Salary/Stipend
Orange County Fire Authority	Name (Last, First): Bressette, Randal Alternate, if any (Last, First): Gilbert, Dore	Appt Date: 12 / 13 / 11 Length of Term: undefined	Per Meeting: $ 100.00 Estimated Annual: ☐ \$0-\$1,000 ☐ \$2,001-\$3,000 ☒ \$1,001-\$2,000 ☐ ____ Other
Orange County Vector Control District	Name (Last, First): Kogerman, Barbara Alternate, if any (Last, First): None	Appt Date: 12 / 11 / 12 Length of Term: 2 years	Per Meeting: $ 100.00 Estimated Annual: ☐ \$0-\$1,000 ☐ \$2,001-\$3,000 ☒ \$1,001-\$2,000 ☐ ____ Other
Southern California Association of Governments	Name (Last, First): Blount, Andrew Alternate, if any (Last, First):	Appt Date: 12 / 11 / 12 Length of Term: 1 year	Per Meeting: $ 120.00 Estimated Annual: ☒ \$0-\$1,000 ☐ \$2,001-\$3,000 ☐ \$1,001-\$2,000 ☐ ____ Other
Transportation Corridor Agency (San Joaquin Hills Transportation Corridor Agency)	Name (Last, First): Carruth, Melody Alternate, if any (Last, First): Bressette, Randal	Appt Date: 12 / 13 / 11 Length of Term: 1 year	Per Meeting: $ 120.00 Estimated Annual: ☐ \$0-\$1,000 ☐ \$2,001-\$3,000 ☒ \$1,001-\$2,000 ☐ ____ Other

3. Verification

I have read and understand FPPC Regulation 18705.5. I have verified that the appointment and information identified above is true to the best of my information and belief.

Signature of Agency Head or Designee	Print Name	Title	(Month, Day, Year)
[signature]	Bruce E. Channing	City Manager	01/07/2013

Comment: ____

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: DECEMBER 10, 2013

TO: MAYOR AND COUNCIL MEMBERS

FROM: DAVID CHANTARANGSU, AICP
DIRECTOR OF COMMUNITY DEVELOPMENT

ISSUE: NOISE CONSULTANT CONTRACT FOR PEER REVIEW SERVICES REGARDING THE APRIL 2013 NOISE STUDY REPORT FOR THE INTERSTATE 5 (I-5) WIDENING PROJECT FROM STATE ROUTE 73 (SR-73) TO EL TORO ROAD

RECOMMENDATION: THAT THE CITY COUNCIL DIRECT STAFF TO HIRE A NOISE CONSULTANT CONTINGENT UPON THE CITY COUNCIL'S DECISION TO APPROVE RETENTION OF OUTSIDE LEGAL COUNSEL TO PURSUE A LEGAL CHALLENGE TO THE I-5 WIDENING PROJECT.

SUMMARY:

At its meeting of November 26, 2013, the City Council directed staff to facilitate interviews with outside legal counsel for the purpose of considering a legal challenge to the I-5 widening project between SR-73 and El Toro Road (the “Project”). As a related item, staff has brought this item back before the City Council to enable the selection of a noise consultant to provide peer review of the Project’s Noise Study Report (NSR) should the City Council decide to move forward in pursuing a legal challenge to the Project’s environmental analysis. As identified in staff’s memo for the November 26, 2013, City Council meeting (Attachment 1), retaining a noise consultant could provide the City with an even stronger basis for challenging the Project’s environmental review process.

Proposals were received from the following two firms:

- RECON - $10,076
- AGI - $7,200

AGI also submitted an optional task, at a cost of $35,000, to re-survey existing noise levels to identify additional impacts the CalTrans’ NSR may have missed. The proposals are provided as Attachment 2.

BACKGROUND:

Staff's report to the City Council from the November 26, 2013 meeting concerning the selection of a noise consultant to review the Project NSR is provided as Attachment 1 for the City Council's reference.

FISCAL IMPACT:

The cost to proceed with hiring a Noise Consultant to peer review the CalTrans NSR would be at least $7,200, however after analyzing the two proposals received, staff would suggest that an additional $5,000 be added to the budget for this limited effort. Should the City Council wish to undertake our own analysis of the noise impacts, essentially for the purpose of supporting a future legal challenge to the project itself, then an additional $35,000 should be added to the budget. The decision on which consultant to select could be influenced by input from outside legal counsel since there may be benefit in obtaining additional noise readings, as opposed to having a noise consultant perform a peer review of the study.

If this process continues, staff would come back to the City Council to request a budget amendment to fund this work.

CEQA FINDINGS:

Environmental review is not required under the Environmental Quality Act (CEQA) pursuant to the California Code of Regulations, Title 14, Chapter 3, 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) because it has no potential for resulting in physical change to the environment, directly or indirectly.

ATTACHMENTS:

- Attachment 1 – Report to City Council of November 26, 2013
- Attachment 2 – Noise Consultant Peer Review Proposals

Attachment #1

Staff Report of November 26, 2013

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: NOVEMBER 26, 2013

TO: CITY COUNCIL

FROM: DAVID CHANTARANGSU, AICP
DIRECTOR OF COMMUNITY DEVELOPMENT

ISSUE: INFORMATION CONCERNING THE HIRING OF A NOISE CONSULTANT TO PROVIDE PEER REVIEW SERVICES REGARDING THE APRIL 2013 NOISE STUDY REPORT FOR THE INTERSTATE 5 (I-5) WIDENING PROJECT FROM STATE ROUTE 73 (SR-73) TO EL TORO ROAD

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

SUMMARY:

At the City Council meeting of October 8, 2013, staff was directed to gather costs associated with retaining a noise consultant for the purpose of reviewing the CalTrans Noise Study Report (NSR) for the I-5 widening project between El Toro Road and SR-73 (the "Project"). The purpose of retaining the consultant is to ensure the City and its residents are being treated fairly with respect to the Project's use of sound walls to mitigate noise impacts due to the widening of Interstate 5, as well as identify any flaws in the Project's noise analysis. Staff has already identified and commented on what it believes are deficiencies in the Project's approach to the environmental analysis and in the proposed mitigation of noise impacts.

After contacting several consultants, two proposals were solicited from environmental firms which specialize in noise analysis for transportation projects – RECON and Acoustics Group Inc., (AGI). The cost to evaluate the NSR was $10,076 by RECON and $7,200 by AGI. AGI included several optional tasks which involved performing independent sound measurements and analysis at an additional expense of $35,000.

The City Council should also note that the City would need to retain special outside legal counsel for any legal services needed in this matter because the City's legal services firm (Woodruff, Spradlin & Smart) has a conflict of interest due to their also representing OCTA, which is also participating in the Project. Outside legal counsel would be necessary should the City Council decide to pursue a legal challenge to the Project's environmental

review process. Proposals from two outside legal services firms were obtained with general cost estimates as low as $60,000 but as high as over $250,000.

In addition to hiring a Noise Consultant, there will be a significant cost associated with retaining outside legal counsel ranging from $60,000 to $250,000, should the Council wish to challenge the environmental analysis through a court action. The costs associated with hiring consultants to undertake the aforementioned work are not included in the City's approved budget.

BACKGROUND:

The Project is subject to state and federal regulations that require the completion of an environmental evaluation process. Under state law, the project must comply with the requirements of the California Environmental Quality Act (CEQA) and under federal law, the National Environmental Protection Act (NEPA). In the context of the Project, CalTrans is required by law to disclose all environmental impacts the Project may have on the environment and determine whether or not impacts are significant. CalTrans is proposing to complete the Project's environmental review process by approving a Mitigated Negative Declaration, which signifies that all project impacts will be mitigated below a level of significance.

Based on noise criteria used by CalTrans to evaluate noise impacts, a significant impact on the environment results when properties will experience an exposure to noise levels which either, (1) result in an increase of 12 A-weighted decibels (dBA) or more over existing noise levels, or; (2) result in a continuous exterior sound level of 67dBA for certain uses such as residences, active open space areas, and certain commercial uses. For Laguna Hills, no property is predicted to be exposed to a noise level increase of more than 12dBA as a result of the Project. However 17 properties (14 residences, the Aliso Creek bikeway, St. George's Episcopal Church and Academy, and a portion of the Laguna Hills Mall) will experience noise impacts which exceed the noise threshold of 67dBA for continuous noise exposure.

Proposed mitigation does not commit CalTrans to making any sound barrier improvements since property owner cooperation is required to build the improvements, or the construction of improvements has been deemed too costly. Staff believes it is reasonable to assume that CalTrans will not mitigate the Project's significant noise impacts based on their approach to the Project's environmental review process. In fact, the Project's own studies point to the potential for significant noise impacts to remain. Under the requirements of CEQA, where a mitigated negative declaration process is used, significant impacts <u>cannot</u> remain. When a project causes significant impacts that cannot be mitigated, CEQA requires the use of an Environmental Impact Report (EIR). Ironically, the EIR process allows significant impacts to remain in place under certain circumstances.
Should Caltrans opt to prepare an EIR for the Project, it's unlikely that all impacts could be mitigated at each property. The CEQA process recognizes that excessive costs and the uncertainty of providing mitigation beyond project boundaries (in this instance outside the

CalTrans right-of-way) can be acceptable circumstances for excusing the implementation of mitigation to avoid or reduce significant impacts. Both of these conditions are present under the Project. However, it does not excuse CalTrans from following the requirements of CEQA or NEPA.

While CalTrans has the opportunity to correct procedural errors and conduct more analysis before taking final action on the Project's environmental process and documentation, it is staff's opinion that CalTrans may not address all of the issues raised by the City in a manner consistent with the requirements of CEQA. However, that won't become evident until February 2014 which is staff's understanding as to when CalTrans will have completed its responses to the comments the City provided on the Project.

Once CalTrans has prepared responses to comments by the City, the City will have approximately two weeks to review the responses to determine if revisions to the environmental documentation address the concerns identified above. Assuming Caltrans continues down the path of project approval without addressing all of the issues raised by the City, the City Council will generally have 30-days, following CalTrans' approval of the project, to determine if the Project should be challenged in court to bring about revisions to the analysis and/or mitigation.

Should the City Council wish to avail itself of all options for this issue, it should direct staff to retain a noise consultant to complete a peer review of the CalTrans NSR for the Project and determine whether or not additional noise measurements should be taken for the purpose of submitting a competing noise analysis that would challenge the validity of CalTrans' Project NSR. Should noise readings and analysis be conducted which reveal additional noise impacts, it would provide the City with an even stronger basis for challenging the Project's environmental review process.

As the City Council considers its options in this matter, the City Attorney has obtained cost information from other legal services firms that have identified significant costs in pursuing litigation over the Project. These costs range from $60,000 to over $200,000. However, these costs would not have to be incurred until CalTrans approves the project and the Mitigated Negative Declaration.

FISCAL IMPACT:

The cost to proceed with the hiring of a Noise Consultant to peer review the CalTrans NSR would be at least $7,200, however after analyzing the two proposals received, staff would suggest that an additional $5,000 be added to the budget for this limited effort. Should the City Council wish to undertake our own analysis of the noise impacts, essentially for the purpose of filing a future legal challenge to the project itself, then an additional $35,000 should be added to the budget. Finally and depending on the response to our comments by CalTrans and the Project NSR that is ultimately approved by them, the City Council may wish to consider filing a legal challenge. Staff estimates that the pursuit of a legal challenge related to the project's environmental review document could cost well over

$200,000. To that end, it is important to recognize that the City has not budgeted any money to perform any of the previously identified tasks. Therefore, a budget amendment would be required in order to proceed with the incurrence of these costs.

CEQA FINDINGS:

This activity is not a project and therefore not subject to the requirements of CEQA.

ATTACHMENTS:

- Attachment 1 - Letter to CalTrans Dated October 4, 2013
- Attachment 2 – Proposed Scopes of Work from AGI & RECON for noise consultant services.

Attachment #2

AGI & RECON Scopes of Work

ACOUSTICS GROUP, INC.
Consultants in Acoustics, Noise & Vibration

October 17, 2013

Mr. David Chantarangsu
CITY OF LAGUNA HILLS
24035 El Toro Road
Laguna Hills, CA 92653

Subject: Proposal to provide Traffic Noise Peer Review for the City of Laguna Hills, CA.

Reference: "Noise Study Report Interstate 5 Widening Project From State Route 73 to El Toro Road", Prepared by LSA Associates, Inc., April 2013.

Dear Mr. Chantarangsu:

Acoustics Group, Inc., (AGI) is pleased to submit our proposal to provide a noise study report peer review for the City of Laguna Hills (CLH). Based on our correspondence, Caltrans is proposing to widen Interstate 5 from State Route 73 to El Toro Road. AGI's approach to this project is to review the Noise Study Report and as an option provide a detailed analysis of the areas within the City, if requested. Our proposal for providing the noise study peer review for the City of Laguna Hills follows:

Task 1 –Initialization and Document Review

- Conduct a meeting with CLH to identify specific noise sensitive receptors, noise monitoring and test locations, criteria, and study areas of concern.
- Review the Caltrans Noise Abatement Criteria and Noise Study Protocol to determine applicability to the project.
- Conduct a site visit to observe the study area and to gain an understanding of noise sensitive areas within the I-5 corridor.

- Perform a General Level Review of the Referenced Noise Study Report to evaluate consistency with the Caltrans Criteria and Protocol. No detailed modeling analysis will be performed.
- Prepare a letter that summarizes our findings.

Optional Task 2 – Traffic Noise Monitoring

- Conduct short term limited (15- to 60-minute) and 24-hour noise measurements at select exterior locations to document existing traffic noise levels as determined necessary. Spot measurements will be conducted at unprotected locations and will be performed simultaneously with the 24-hour survey. Some of these spot measurements will include second and third row receptors located further away from the roadway as well as second story receptors.
- The number of acoustical measurements will be determined after the initial site meeting with CLH.
- A field technician will attend portions of the exterior traffic noise measurements to observe and document events that contribute to the measurement data. A field data sheet will be kept by the field engineers to document traffic and other noise sources along I-5. One or more field staff will be involved with the field noise surveys.
- The measurement data from the instruments will be downloaded into electronic files, processed into a usable spreadsheet format (Excel), and field observations will be correlated with the measurement results. Field data will be made available to CLH.
- Vehicle speeds will be monitored by radar or driver to correlate the baseline data to the traffic counts.

Optional Task 3 – Traffic Noise Analysis & Modeling

- The FHWA's Traffic Noise Model (TNM) will be used to predict and verify future traffic noise levels at the project site.
- The Project's Future Design Drawings will be marked up for preparation of traffic noise modeling input files. Roadway design drawings including but not limited to grading plans, topo maps, landscape plans, local zoning/tract maps, applicable Project environmental documents, and boundary maps will be provided by CLH. This information is assumed to be available immediately upon the issuance of an authorization to proceed. Additional Project information may be requested by

AGI to supplement the analysis. If TNM input and output files from the referenced noise study are provided to AGI, then this effort can be minimized. AGI can provide assistance in requesting roadway design information from Caltrans or LSA. However, our experience with working with public agencies indicates that information is more easily obtained when requested by council.

- Use traffic flow data measured as part of Task 2 to calibrate the traffic model when determined appropriate given the existing roadway configuration and future design. This process is consistent with industry standard practice.
- The future exterior traffic noise level at the project site will be analyzed and predicted using forecast future traffic volumes as provided in the referenced noise study.

Optional Task 4 – Noise Impact Assessment & Abatement

- All predicted future exterior traffic noise levels will be verified and assessed with respect to the Caltrans NAC.
- Where exterior noise impacts are identified, barriers will be analyzed to determine and verify the location, height, and lengths needed for abatement. Results of the barrier analysis will be provided in both tables and figures (e.g. the locations of soundwalls will be shown on Project layout maps).
- Abatement/Soundwalls located along the right-of-way and private property will be evaluated if determined necessary.
- A Barrier Abatement Summary Table will be prepared that includes all barrier heights, and lengths for consideration by CLH.
- AGI will meet with CLH to present the preliminary results and abatement recommendations.

Optional Task 5 – Report

- A Draft report of findings will be prepared that summarizes the results of the baseline noise measurements and acoustical tests, presents the predicted traffic noise levels, discusses noise impacts, and presents appropriate noise abatement measures to meet the criteria. The Report will be written in a format that is readable and understandable by the lay person.
- A Final Report will be prepared that incorporates the comments from CLH. This report will be intended for public release.

ACOUSTICS GROUP, INC.
2102 Business Center Drive, Suite 130, Irvine, CA 92612
877.595.9988 - Voice
877.595.9989 - Fax
www.AcousticsGroupInc.com

Optional Task 6 – Meetings and Teleconferences, etc.

Meetings will be attended and supported by Mr. Robert Woo of AGI. Meetings, telephone conferences, etc. will be provided, as requested by CLH, on a time-and-materials (T&M) basis and with prior Staff approval. Interaction with local Project, City, and/or regulatory personnel is assumed to be led by or coordinated by CLH.

Optional Task 7 – Direct Costs (Travel, Field Expenses, Printing, Courier, Telecom, etc.)

Other Direct Costs (ODC's) for AGI services will be accounted for under this task. These job related expenses can include courier services, telephone, fax, reproduction (including presentation hand-outs and display graphics), hotel expenses, travel, fuel, meals, transportation, etc. A detailed invoice and expense report will document each charge under this task.

Optional Task 8 – Depositions, Testimony, Trial, etc.

Depositions, testimony, trail and court appearances will be provided, as requested by CLH, on a time-and-materials (T&M) basis and with prior Staff approval.

DELIVERABLES

Acoustics Group, Inc. proposes to furnish the following deliverables:

Task 1: A letter report that summarizes the Peer Review findings.

Optional Tasks 2 through 5: One Draft Results Table and Figure for CLH Review and Comment. Two copies of the Draft Report will be submitted to CLH for review. Two copies of the Final Report will be provided to CLH. An electronic copy of each report will also be provided in the deliverable.

Optional Tasks 6 through 8: No deliverables.

FEES & COSTS

Acoustics Group, Inc. proposes to furnish consulting services under the following terms:

Task 1: on a time-and-material (T&M) basis, per the attached fee schedule, with an initial not-to-exceed budget of Seven Thousand Two Hundred Dollars ($7,200).

Optional Tasks 2 through 5: on a time-and-material (T&M) basis, per the attached fee schedule, with an initial not-to-exceed budget of Thirty Five Thousand Dollars ($35,000). The availability of electronic files and TNM modeling files will minimize AGI charges under these tasks.

Optional Tasks 6 through 7: on a time-and-material (T&M) basis, per the attached fee schedule.

Other Direct Costs (ODC's) for travel, mileage, field-related expendables, reproduction, graphics, communications, fax, courier services, equipment rental, etc. will be invoiced at cost plus 10-percent.

Optional Task 8: on a time-and-material (T&M) basis, per the attached fee schedule. ***All Legal proceedings, including mediation, depositions, trail, testimony, and associated preparatory meetings will be billed at twice the rates shown above. AGI will not perform any work under Task 8 without a budget estimate and prior written approval from the client.***

Payment terms are net 30 days.

Contacts and Authorizations

Mr. Robert Woo, as company principal, will supervise the AGI effort, with potential technical and office assistance from AGI-network technicians. The analyses and reporting will be performed by these engineers to ensure continuity, compatibility, and consistency with previous noise control engineering preparation efforts performed for similar endeavors.

Deviations from this technical scope or the budgetary allotment will be coordinated through Mr. David Chantarangsu or his designee(s). Mr. Chantarangsu's phone number is 949-707-2675.

AGI's contact person and key person for this project is:

Name:	Robert Woo
Title:	Principal Consultant
Offertory's Name:	Acoustics Group, Inc.
Corporate Address:	2102 Business Center Dr., Suite 130 Irvine, CA 92612
Telephone Numbers:	Phone 877-595-9988

Fax 877-595-9989
E-mail address: RobertWoo@acousticsgroupinc.com

Additional Stipulations and Assumptions

1. Delays due to conditions, forces, or circumstances beyond AGI's control (such as, but not limited to CLH scheduling/accessibility delays or cancellations, inclement weather, competing noise sources, etc.) may incur additional costs beyond the indicated fee. These additional costs will be billed per the attached rate schedule on a time-and-materials (T&M) basis.
2. Interaction with Client representatives and/or local authorities is assumed to be led by or coordinated by CLH project personnel.
3. Pertinent engineering information, plot plans, and/or site drawings will be furnished, as needed, by CLH staff. It is assumed that this material will be available at or shortly after the time of ATP.
4. Noise Assessment will be performed in AGI's Irvine location. Interaction with other CLH offices, the Client, and the job site will be performed via telephone, video conference, e-mail, and/or land mail. No trips to other CLH offices, other sub-contractors' office(s), the Client's office(s), or the job site are included, except as specifically denoted above.
5. The exact distribution of personnel for the Noise Assessment function is subject to change to best meet the needs and schedule of this and other projects. Additional personnel may be used on this project on a contracted basis to supplement the AGI capability. The costs of these personnel, if used, are included in the indicated AGI fees.
6. In the event that legal action is necessary to enforce the provisions of this agreement, the parties agree that the prevailing party in said legal action shall be entitled to recover attorney's fees from the opposing party in any amount determined by the Court to be reasonable.
7. The terms of this proposed scope of work are valid for 45 calendar days from the date of issuance.

AGI looks forward to supporting CLH on this Project. Given the project's timeline, we can begin work on this Project immediately.

Please contact Mr. Robert Woo at 877-595-9988 if you have any questions regarding this proposal. Please return a signed original to our corporate office in Irvine to begin work. We look forward to working with you and your staff on this project.

Sincerely,
ACOUSTICS GROUP, INC.

Robert Woo
Principal Consultant

AGREED TO AND AUTHORIZED BY:

____________________________ ____________
(Signature) (Date)

Name:_______________________ ____________ ____________
(Print) (Title) (Company)

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ACOUSTICS GROUP, INC.
Consultants in Acoustics, Noise & Vibration

Rate Schedule – 2013

Staff Classification	Hourly Billing Rate
Principal	$ 195.00
Associate Principal	$ 175.00
Senior Acoustical Engineer/Scientist	$ 160.00
Acoustical Engineer/Scientist III	$ 150.00
Acoustical Engineer/Scientist II	$ 125.00
Acoustical Engineer/Scientist I	$ 115.00
Engineering Intern	$ 90.00
Graphics Staff II	$ 90.00
Graphics Staff I	$ 80.00
Word Processing Staff II	$ 75.00
Word Processing Staff I	$ 65.00
Production Assistant	$ 60.00

Notes on Labor Rates:
1. *Legal proceedings, including mediation, depositions, testimony, and associated preparatory meetings will be billed at twice the rates shown above.*
2. *Project-related travel time will be billed at the basic hourly rate.*

Expenses

Expense Type	Billing Rate
Contract photocopying & plotting	At cost + 10%
Postage / shipment / overnight delivery / courier	At cost + 10%
Travel / lodging / meals / field incidentals	At cost + 10%
Mileage (for reimbursable car usage)	Current Fed. Rate
Telephone / fax	At cost + 10%
Other direct costs (ODC's)	At cost + 10%

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San Diego, CA 92101
P 619.308.9333
F 619.308.9334
www.reconenvironmental.com

2033 East Grant Road
Tucson, AZ 85719
P 520.325.9977
F 520.293.3051

2027 Preisker Lane, Ste. G
Santa Maria, CA 93454
P 619.308.9333
F 619.308.9334

RECON

An Employee-Owned Company

November 1, 2013

David Chantarangsu
Community Development Director
City of Laguna Hills
24035 El Toro Rd.
Laguna Hills, CA 92653

Reference: **3rd Party Review; I-5 Widening from SR-78 to El Toro Road Project – Noise Study Report** (RECON Number P7313)

Dear Mr. Chantarangsu:

RECON Environmental, Inc. (RECON) is pleased to submit the enclosed scope of work and cost proposal to provide third party review services for the noise study report and noise abatement decision report for the I-5 Widening from SR-78 to El Toro Road Project.

The estimated total cost to complete these tasks is **$10,076**. This does not include expenses such as printing or reproduction. If you would like us to proceed with the work please send appropriate authorization to the attention of Diem Tran, dtran@reconenvironmental.com. Thank you and please call me or Bill Maddux at 619-308-9333, if you have any questions.

Sincerely,

Bobbi Herdes

Bobbi Herdes
Principal

BAH: dnt

Enclosure
P7313/CoverLtr.docx

Scope of Work

Noise Report – 3rd Party Review

The following steps will be completed as part of the third party review of the Noise Study Report (NSR) and accompanying Noise abatement Decision Report (NADR) prepared by the California Department of Transportation (Caltrans) for the I-5 Widening from State Route 73 to El Toro Road Project:

1. Obtain copies of the project NSR and NADR (electronic or otherwise) from the City. In addition to the NSR and NADR, RECON will also require a copy (electronic or otherwise) of the project traffic report and associated environmental studies prior to initiating the review of the reports. Review of these additional documents will be limited to verifying that the traffic assumptions used in the noise report match the data from these documents.

2. Upon receipt of the report RECON will discuss with staff any special concerns, constraints, or unique considerations that may pertain to the issue at hand or the response to a previous document. Clarification of these issues, prior to completion of the review, allows for an efficient review that is focused on specific concerns.

3. Submitted materials will be reviewed and a response letter prepared. The review will focus on the adequacy of the analysis and soundness of the conclusions. The process involves the following points:

   a. Evaluate the adequacy and appropriateness of the models employed in forecasting future conditions.

   b. Review the assumptions used in the modeling to assure that they appropriately reflect the proposed project as described in the project reports.

   c. RECON will confirm that assumptions used in the NSR and NADR are consistent with the federal and State standards and other technical reports previously prepared by Caltrans and other agencies, as appropriate.

   d. Review the noise impact conclusions based on state and federal standards.

   e. Evaluate the accuracy of the noise abatement feasibility analysis and confirm that proposed measures adequately address all direct and indirect traffic noise impacts.

   f. Assess the accuracy of the calculations and data used in the noise abatement allowance calculations.

   g. Assess the reasonableness conclusions and data used to support the NADR.

4. A second technical specialist will review and confirm that the report review and assessment letter adequately address the issues important for project processing. This step provides assurance that the revisions and amendments requested are reasonable and appropriate for the needs of the City.

5. Submit the draft evaluation letter to the City.

6. Prepare and submit a final evaluation letter based on City comments.

For any requested subsequent reviews, RECON would receive the amended report and follow the process outlined above to either confirm that requested modifications were made or provide additional comments as needed. It is anticipated that a single review will be completed for the technical report. Additional reviews will be completed with an additional authorization.

Total Cost: $10,076

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: DECEMBER 10, 2013

TO: MAYOR AND COUNCIL MEMBERS

FROM: DAVID CHANTARANGSU, AICP
DIRECTOR OF COMMUNITY DEVELOPMENT

ISSUE: APPROVAL OF A PROPOSED LEGAL SERVICES RETAINER AGREEMENT WITH THE LAW FIRM OF COX, CASTLE & NICHOLSON, LLP, FOR THE PURPOSE OF INITIATING LITIGATION AGAINST THE CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS) AND THE ORANGE COUNTY TRANSPORTATION AUTHORITY (OCTA) FOR MATTERS RELATED TO COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) CONCERNING THE PROPOSED INTERSTATE 5 (I-5) WIDENING PROJECT FROM STATE ROUTE 73 (SR-73) TO EL TORO ROAD, AND APPROVING AN INITIAL BUDGET TRANSFER OF $250,000 FROM THE CAPITAL PROJECTS FUND FOR LITIGATION EXPENSES

RECOMMENDATION: THAT THE CITY COUNCIL, CONTINGENT UPON THE OUTCOME OF THE CITY COUNCIL'S VOTE TO INITIATE LITIGATION, APPROVE THE STAFF RECOMMENDATION THAT THE CITY COUNCIL APPROVE A LEGAL SERVICES RETAINER AGREEMENT WITH THE LAW FIRM OF COX, CASTLE & NICHOLSON, LLP, AND AUTHORIZE THE MAYOR TO EXECUTE THE RETAINER AGREEMENT FOR THE PURPOSE OF INITIATING LITIGATION AGAINST CALTRANS AND OCTA REGARDING THE PROPOSED I-5 WIDENING PROJECT FROM SR-73 TO EL TORO ROAD, AND AUTHORIZE STAFF TO TRANSFER $250,000 FROM THE CAPITAL PROJECTS FUND FOR LITIGATION EXPENSES.

SUMMARY:

At the City Council meeting of September 24, 2013, City Council directed staff to submit written comments on the environmental review document for the proposed I-5 Widening Project between SR-73 and El Toro Road (the “Project”). Staff provided a seven page written comment letter identifying a number of concerns that primarily focused on noise impacts the Project failed to address. The comment letter was provided to CalTrans prior

to the close of the public comment period for the Project's environmental review process. Staff identified 17 properties in the community, including the Aliso Creek Open Space Trail, that would experience higher noise levels classified as significant increases by CalTrans' standards. Should CalTrans decide to not mitigate these significant impacts, the City Council's only recourse would be to litigate the environmental review process to bring about the implementation of proper mitigation, or delay the project by forcing CalTrans to prepare an environmental impact report (EIR).

The City's legal services firm (Woodruff, Spradlin and Smart) has a conflict of interest in the matter. Therefore, staff has obtained proposals from two outside legal firms to represent the City should litigation proceed. After reviewing the proposals, based on lower hourly rates, staff recommends the firm of Cox, Castle & Nicholson, LLP ("Cox Castle"). Cox Castle has provided an estimate of over $250,000 to litigate the matter at trial. A budget amendment would be required to fund the litigation. Staff recommends the Capital Project's Fund be reduced to fund the litigation should the City Council choose to move forward.

BACKGROUND:

At the City Council meeting of November 26, 2013, staff provided a report on relevant topics associated with bringing a legal challenge to the Project's environmental review. In response to City Council's request for information regarding the Project's public outreach efforts, staff determined that the following activities were conducted by OCTA:

<u>Public Outreach for Individuals/ Groups - One on One Meetings with:</u>

- State Senator Mimi Walter's Office
- Saddleback Memorial Medical Center
- Oakbrook Village
- Nellie Gail Ranch HOA
- Laguna Hills Mall Ownership
- Laguna Hills City Council on January 8, 2013 and July 09, 2013

<u>Public Outreach for the General Public</u>

- Public Informational Meetings on February 27, 2013 in Mission Viejo and February 28, 2013 in Laguna Hills
- Newspaper advertisements in the OC Register, local weekly papers and La Opinion
- Direct mail to 12,000 residents and businesses within 1,500 feet of the I-5.
- Radio advertisements
- Social media updates (including e-blast, Facebook, Twitter, OCTA/ CalTrans/ City websites)
- A "Corridor walk" where personal contact was made with business owners.

OCTA staff also provided a summary of the OCTA outreach efforts confirming the information described above, as well as providing additional context of the public participation process. This information is provided as Attachment 3. After submitting this information, OCTA staff also confirmed that one resident on Christina Court, Caia Maglinao of 24461 Christina Court, signed into the February 2013 information meeting, and two other residents of Christina Court attended the same information meeting. It is staff's assessment that sufficient and appropriate public outreach has been conducted on this matter. However, for this meeting, staff has notified 12 residents on Christina Court, within 750 feet of the I-5.

FISCAL IMPACT:

Based on the proposal submitted by Cox Castle, litigation related to the project's environmental review document could exceed $250,000, in addition to funds expended for providing peer review of the Project noise study (potentially $300,000 total). To that end, it is important to recognize that the City has not budgeted any money to pursue the litigation or the Project noise study peer review. Therefore, a budget amendment would be required in order to proceed with the incurrence of unanticipated litigation costs. Should the City Council vote to pursue litigation, staff has identified the Capital Projects Fund as a source of funding the litigation and noise study peer review. At a subsequent City Council meeting, staff will identify Capital Projects that could be deferred until the 2015/2016 budget cycle for the City Council's consideration.

CEQA FINDINGS:

Not applicable

ATTACHMENTS:

- Attachment 1 – Legal Services Proposal dated October 22, 2013
- Attachemnt 2 – Engagement Letter
- Attachment 3 - OCTA Public Outreach Summary

Attachment #1

Cox, Castle & Nicholson, LLP Proposal
October 22, 2013

COX CASTLE NICHOLSON

Cox, Castle & Nicholson LLP
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Tim Paone
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October 22, 2013

PRIVILEGED & CONFIDENTIAL
ATTORNEY-CLIENT COMMUNICATION

Via Email (GSimonian@wss-law.com)

Gregory E. Simonian, City Attorney
City of Laguna Hills
Woodruff, Spradlin & Smart
555 Anton Blvd., Suite 1200
Costa Mesa, California 92626

Re: Laguna Hills CEQA Engagement

Dear Mr. Simonian:

Cox, Castle & Nicholson LLP ("Cox Castle") is pleased to submit this proposal in response to the City's request to provide legal services related to a potential action against the California Department of Transportation ("Caltrans") and the Orange County Transportation Authority ("OCTA") for matters related to compliance with the California Environmental Quality Act (the "CEQA Claim").[1] The CEQA Claim will address the adequacy of the environmental analysis prepared by Caltrans and OCTA for the widening of the I-5 from State Route 73 to El Toro Road.

For starters, we want to express our appreciation for being given the opportunity to submit this proposal. We are confident that we can provide the City with the depth of substantive, focused experience that is needed to provide a practical evaluation of the costs and benefits of the potential litigation, as well as to implement any litigation strategy that the City Council might decide to pursue.

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1 Our understanding and intent is that this engagement is solely to pursue the CEQA Claim and not to file any action or proceeding with respect to the proposed project's evaluation under the National Environmental Protection Act ("NEPA").

This letter will provide general information regarding the Firm's qualifications for this assignment, summarize our understanding of the scope of legal representation, provide our recommendations as to how to most efficiently and cost-effectively support the City Council's decision making process with respect to the CEQA Claim, and, finally, address the actual conduct of the litigation. After reviewing our proposal, please feel free to contact either of us for further information or clarification. We look forward to the opportunity to continue a dialogue regarding the CEQA Claim.

ABOUT COX, CASTLE & NICHOLSON

Cox Castle is an approximately 120-attorney firm with offices in Los Angeles, Irvine, and San Francisco. Our entire firm focuses on issues related to the ownership, development, and use of land. As a result, we have within our firm deeply experienced and capable "teams" which address specific subject matter areas. Our "team" members do not randomly move from team-to-team for marketing purposes, but rather focus principally in one or two substantive practice areas, resulting in better coordination, deeper expertise, and all-around better service to the client. Our land use team, which includes several experienced CEQA litigators, has more than twenty-five members statewide, each of whom is a true land use lawyer. Members of our land use team from different offices work seamlessly together as part of the Firm's "geographically neutral" service approach,[2] which provides the client with the most appropriate team for each project without additional expense related to travel between our offices.

OUR QUALIFICATIONS FOR THIS ASSIGNMENT

Cox Castle is recognized as having one of the premier land use practice groups in the state. We have extensive experience in dealing with all aspects of the entitlement process, and very specifically with matters related to CEQA compliance. A critical factor in selecting CEQA litigation counsel is finding an attorney with not just *litigation* experience or *CEQA* experience or even *CEQA litigation* experience, but rather with *both* extensive experience in the preparation of CEQA documentation *and* strong *CEQA litigation* experience. Michael Zischke and Tim Paone, who would share the lead on the City's CEQA Claim, each possess the background needed to best fulfill the City's needs. Mike and Tim each have decades of experience in (i) the preparation and evaluation of CEQA documents, such as Mitigated Negative Declarations and Environmental Impact Reports, and (ii) both the filing and defense of CEQA challenges to project approvals.

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2 For example, if an attorney from our San Francisco office is part of a team handling this potential litigation matter in Orange County, if the SF attorney appears at a court hearing in Orange County, the SF attorney will not bill his or her time travelling to or from Orange County except for the time that is actually spent in file review and preparation during travel.

Mike Zischke's reputation as one of the State's leading CEQA experts has been earned not merely by his work with and before public agencies and the courts, but also by his co-authorship of the leading treatise for attorneys on CEQA, *Practice Under the California Environmental Quality Act.* This treatise is published in two volumes by the California Continuing Education of the Bar and is often cited by the courts. In 2012, Mike was named the San Francisco Environmental Litigator of the Year for his courtroom work. He has been regularly recognized as one of California's top land use attorneys in the State by *Best Lawyers in America* (U.S. News & World Report), Chambers & Partners, and *Northern California Super Lawyers*.

Tim Paone has extensive CEQA experience, both in the preparation of CEQA analysis and in CEQA litigation. He has litigated CEQA cases in Orange, Los Angeles, San Diego, San Francisco, Riverside, Ventura, and San Bernardino Counties. Named by California's leading daily legal publication, the *Daily Journal*, as one of "California's Top 30 Real Estate Lawyers for 2012," Tim also has been recognized in the highly respected *"Best Lawyers in America"* every year since 2007 and named by his peers as a *"Southern California Super Lawyer"* for ten consecutive years.

For your consideration, attached to this letter are (i) a list of representative CEQA and land use litigation matters handled by members of our land use practice group (note: those handled by Mike Zischke or Tim Paone are noted with an asterisk*) and (ii) the resumes of Mike Zischke, Tim Paone, and Alex DeGood, an experienced land use associate who would assist in the handling of this matter.

EXPERIENCE WORKING WITH PUBLIC ENTITIES

Given the depth and breadth of our land use and natural resources practice group, Cox Castle attorneys have considerable experience working both with and for public entities on land use and environmental issues, including CEQA compliance. Our daily interaction with public agencies throughout the State provides us with the perspective to offer balanced and thoughtful insight to both our public and private clients. Our representation of public agencies typically focuses on assignments with a limited scope, such as the CEQA Claim. It has never been our intent to seek extended "City Attorney" roles, but rather to provide specialized support to agencies where either the City Attorney has a conflict of interest or the specialized work is beyond the expertise or capacity of the City Attorney. As a result, we have provided land use counsel and environmental counsel to many public agencies throughout the State, including (i) the Cities of Dana Point, Burbank, Huntington Beach, La Habra, Lynwood, Glendale, Santa Clarita, Richmond, Emeryville, Freemont, Napa, and Oakland, (ii) the Counties of San Bernardino, Madera, and San Diego, and (iii) other agencies such as the University of California, the Lawrence Berkeley National Laboratory, and the Tahoe Regional Planning Authority.

GENERAL SCOPE OF LEGAL REPRESENTATION

In our view, the City's best interests will be served if the engagement is viewed as a three-phase process, rather than an immediate entry into litigation. Those proposed phases would be:

- **Phase 1: The Administrative Process.** The first phase would be to recommend the steps, if any, that the City should take during the remainder of the administrative process to (i) make a record of its objections to the adequacy of the environmental document and (ii) better position itself for any potential litigation. We would then implement those recommended actions which the City directs us to take.

- **Phase 2: Evaluation of the CEQA Claim.** The second phase would follow that point in the administrative process which starts the running of the applicable statute of limitations for the filing of the CEQA Claim. Presumably, more information regarding the merits of the CEQA Claim will be known at that time than is presently available. At that time, we will evaluate the relative strengths and weaknesses of the CEQA Claim, its potential costs and benefits, and the likelihood of ultimate success if the City Council elects to pursue the CEQA Claim.

- **Phase 3: The Litigation.** If, after considering the Phase 2 Evaluation and other factors relevant to its decision, the City Council directs us to pursue litigation, our team will prepare and file a Petition for Writ of Mandate addressing those specific issues which the City Council has elected to pursue. During the litigation phase, we will report regularly to the City Council on the status of the litigation, including any (i) changes in our evaluation of the case, (ii) opportunities for resolution, and (iii) other information relevant to the ongoing prosecution of the CEQA Claim.

OUR FEES

We recognize that our hourly rates are not typical of the rates charged by firms whose practice is focused on the representation of public agencies. However, as you compare the quality and cost of services, we ask that you keep in mind that billing rate is not the most critical component of the ultimate amount of legal fees in any matter. Rather, cost containment and potential for success are best predicted not by hourly rates, but by experience, efficiency, and effectiveness. For this engagement, we are offering "preferred" public agency rates to the City which we believe will produce a "bottom line" cost which, given the experience level of our team, will be competitive even with firms whose individual hourly rates may be lower. Those hourly rates are $540 for Michael Zischke, $450 for Tim Paone, and $395 for Alex DeGood. To the extent that it is necessary to involve other partners or associates in the work of this case, they will be billed at comparable rates.

FEE ESTIMATE

The course of any litigation can be unpredictable. Counsel for one party cannot determine the pace, complexity, or intensity of any particular case as it proceeds through the courts. With that cautionary note and emphasizing that this estimate could more accurately be described as an educated "guesstimate," our experience indicates that the range of fees for a CEQA case of this magnitude should be expected to be no less than $150,000 and could exceed $250,000 for the trial court proceedings. If a decision is appealed, an additional $100,000 to $150,000 or more should be anticipated at the appellate court level.

PROPOSED FORM OF ENGAGEMENT LETTER

Should the City wish to further discuss our possible engagement with respect to the CEQA Claim, we will be happy to provide you with a draft engagement letter which will propose the contractual terms of our engagement for discussion with the City.

We appreciate the opportunity to be considered for this engagement and look forward to further discussions.

Sincerely,

Michael H. Zischke

Tim Paone

Representative Sampling of Southern California CEQA and Other Land Use Cases
Cox Castle & Nicholson LLP

(Note: Those matters noted with an asterisk* are matters handled by Michael Zischke or Tim Paone)

8767 Wilshire Boulevard, L.P. v. City of Beverly Hills. Represented developer seeking to overturn City's denial of medical office use. Key issue concerns interplay of CEQA analysis with findings.

Baldwin v. City of Los Angeles. Represented the developer in defending negative declaration for a housing project against CEQA challenge.

Braude v. City of Los Angeles. Represented developer of an office/R&D project against CEQA challenge brought by a dissenting councilmember.

Build Barstow Smart v. City of Barstow.* Represented major national retailer in defense of CEQA challenge to approval of retail store.

Building an Economically Sound Torrance v. City of Torrance.* Represented major national retailer in defense of CEQA challenge to approval of retail store.

Burbank-Glendale-Pasadena-Airport Authority v. Hensler. Represented property owner in defense of condemnation proceedings based on Authority's failure to comply with CEQA prior to adoption of resolution of necessity.

California Oak Foundation v. City of Santa Clarita. Represented the developer of an industrial park in CEQA litigation challenging the water supply assessment for the project.

California Water Impact Network v. Newhall County Water District. Represented industrial developer in defending challenge to water supply assessment prepare for the project EIR.

Center for Biological Diversity v. City of Perris.* Represented major national retailer in defense of CEQA challenge to approval of retail store.

Centinela Hospital Association v. City of Inglewood. Represented hospital developer in litigation asserting that hospital approval was exempt from CEQA review.

Citizens Coalition to Preserve Telegraph Road v. City of Commerce Community Development Commission. Represented the City in defending this certified EIR for a 350-acre corridor revitalization project.

CREED v. City of San Bernardino.* Represented major national retailer in defense of CEQA challenge to approval of retail store.

Deep Creek Agricultural Association v. County of San Bernardino.* Represented developer of 300-unit residential project near Town of Apple Valley in defending CEQA challenge to project approvals in both trial and appellate courts.

***Forest Lawn Memorial Park-Association v. Department of Transportation*.** Representing the cemetery in challenge to Caltrans EIR, primary issue is geotechnical studies and determinations.

Fort Mojave Indian Tribe v. Department of Health Services.* Represented the State Department of Health Services in defending the EIR for the Ward Valley low-level radioactive waste facility.

Four Sided Properties, LLC v. City of Los Angeles. Represented developer seeking to overturn City's denial of restaurant's alcohol conditional use, turning primarily on sufficiency of traffic study and CEQA review.

Friends of Sierra Madre v. City of Sierra Madre.* Represented the city in defending a CEQA and Elections Code challenge to a ballot measure governing historical resources.

Friends of Westwood v. City of Los Angeles. Represented the developer of an office tower against a CEQA challenge to issuance of the tower's building permit.

General Growth v. City of Glendale*. Represented the City of Glendale in defending EIR for Americana at Brand lifestyle retail center against challenge by competing mall owner.

Grow Victorville Smart v. City of Victorville.* Represented major national retailer in defense of CEQA challenge to approval of retail store.

Hollywood & Vine Development v. Los Angeles Community Redevelopment Agency. Represented owner of commercial office buildings in legal challenge to neighboring project based on inadequate parking analysis in EIR.

Inglewood Oil Field Community Standards District Litigation*. Represented Plains Exploration and Production (PXP) as co-counsel in defending Los Angeles County EIR for a land use regulatory ordinance prepared by the County in response to community and adjoining city complaints about oil field operation.

Kiko v. California Coastal Commission.* Represented Carlsbad beachfront homeowner in action against California Coastal Commission to compel issuance of Coastal Development Permit.

La Brea Willoughby Coalition v. City of Los Angeles. Represented landowner in defending variance to allow operation of a retail store in the City's restricted manufacturing zone.

League for Coastal Protection v. City of Newport Beach.* Represented hospital in defending its approved long-term master plan of expansion against challenges brought under CEQA and the Coastal Act.

Long Beach Unified School District v. Los Angeles Harbor Department.* Representing the school district in challenge to Port EIR for Southern California International Gateway project located across the street from District schools.

Malibu Community Alliance et al. v. City of Malibu et al. Representing community organization challenging City approval of school district project on the grounds that the City failed to engage in subsequent CEQA review of the project.

Molano v. City of Glendale.* Represented the City of Glendale in defending EIR for downtown specific plan against "grudge match" challenge by a competing developer.

Natural Resources Defense Council v. City of Los Angeles.* Represented the Port of Los Angeles in litigation defending the decision to approve the China Shipping terminal based on prior EIRs.

Ontario Mountain Village Association v. City of Ontario.* Represented major national retailer in defense of CEQA challenge to approval of retail store.

Orellano v. City of Los Angeles.* Represented Urban Ventures in defending EIR for residential development project, against a competing developer challenge.

Residents Against Chandler Ranch v. City of Rolling Hills Estates. Represented the developer on defending a challenge to an EIR for a project to decommission an existing landfill, reconfigure and modernize the existing Rolling Hills Country Club and create a new 114 home subdivision in the City of Rolling Hills Estates.

San Bernardino County General Plan Climate Change Litigation & EIR.* Represented San Bernardino County in defending their general plan update against challenges from environmental groups and the Attorney General's office, based on greenhouse gas emissions and habitat impacts.

San Bernardino County General Plan.* Represented San Bernardino County in preparing and defending the environmental impact report for their new countywide general plan, the first general plan EIR to deal with climate change legal issues following passage of AB 32.

San Diego County CEQA Advice.* Ongoing representation of San Diego County as special counsel advising on CEQA litigation and compliance questions.

Santa Clarita Organization for Planning the Environment v. City of Santa Clarita. Represented the Henry Mayo Newhall Memorial Hospital in defending EIR against climate change, air quality, and other CEQA challenges.

Save Irreplaceable Landforms Coalition v. City of Newport Beach.* Represented developer of seven-unit blufftop condominium in defending against CEQA challenge.

Seven Fortune Partners v. County of Riverside.* Represent landowners in CEQA challenge to approval of wind farms on adjacent property.

Sierra Club v. City of Oxnard.* Represent developer in CEQA action challenging approval of 1,500 unit residential project in the City of Oxnard.

Traphagen v. City of Dana Point.* Represented developer in Orange County Superior Court in defending CEQA claims related to closure of mobile home park.

Valdez/CBE v. South Coast Air Quality Management District.* Co-counsel for ConocoPhillips in defending negative declaration for oil refinery pollution control upgrade against a CEQA challenge based on environmental baseline issues.

Wetlands Action Network v. California Coastal Commission and City of Newport Beach.* Represented developer of seniors affordable housing project in defending action challenging approvals of the project by the City of Newport Beach and the California Coastal Commission.

COX CASTLE NICHOLSON

PROFESSIONAL BIOGRAPHY FOR

MICHAEL H. ZISCHKE

Mike Zischke is a partner in the San Francisco office of Cox Castle & Nicholson, and he practices throughout the state. Mike has practiced land use and environmental law for 31 years, and is a recognized expert in California Environmental Quality Act litigation and compliance, having co-authored the two-volume treatise Practice Under the California Environmental Quality Act, first published in 1993, now in its second edition, and updated every calendar year. He is recognized in numerous publications as one of the leading environmental and land use lawyers in California, and he has been named as one of the top 100 Northern California lawyers for the last five years.

Unparalleled Experience in Land Use and Environmental Law

Mike represents businesses and public agencies which are navigating California's permitting and environmental impact review processes with the goal of obtaining approval of development projects and plans, and associated environmental impact reports. He also represents businesses and agencies in defending project approvals land use and environmental lawsuits challenging those approval decisions.

Supreme Court, Appellate & Trial Court Litigation Throughout California

Mike has represented clients in land use and environmental cases at all levels of the California courts, and throughout the state. He has defended projects approvals against challenges under the California Environmental Quality Act, the Planning and Zoning Law, and the initiative and referendum provisions of the Elections Code. He has litigated projects from the North Coast redwood forests to the Sierras to the Colorado River and desert highlands, in addition to downtown and suburban development.

Mike also has substantial experience in negotiating and settling land use disputes, and has reached favorable settlements in numerous matters, including port developments, aggregate and hard rock mines, planned residential communities, and environmental cleanups. He regularly represents clients in both mediations and in private settlement negotiations.

Environmental Impact Compliance & Litigation

Mike has a particular specialty in environmental impact reviews under the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). He is co-author of the CEQA treatise most often cited by California courts, and frequently handles cutting edge CEQA cases. He defended and successfully settled the first CEQA lawsuit over greenhouse gas emissions, the California Attorney General's challenge to the San Bernardino County general plan. He later worked with the County in formulating the greenhouse gas reduction plan and associated environmental impact report pursuant to that settlement.

State Agency Expertise

In addition to handling entitlement and environmental impact issues in numerous local jurisdictions, Mike has a broad range of experience in handling matters before specialized state agencies. Mike has handled matters before the State Lands Commission, the California Energy Commission, the California Public Utilities Commission, regional water boards, the California Building Standards Commission, the Coastal Commission, the California Historical Resources Commission, and the California Native American Heritage Commission.

Land Use Ballot Measures & Litigation

Mike also frequently advises clients and litigates in the area of land use ballot measures. This includes both the substantive validity of initiatives and referenda, as well as legal issues relating to ballot arguments and signature-gathering. Mike co-authored the Solano Press 1990 text, Land Use Initiatives and Referenda in California.

<u>REPRESENTATIVE MATTERS</u>

<u>University Research Campus</u>. For a national research campus, represented university in formulating and defending environmental impact report for 20-year long range development plan. Legal advice on specific development projects. Prevailed in every California Environmental Quality Act challenge filed over 15 year period.

<u>Alternative Energy Projects</u>. Defended several wind and solar projects in the central valley and desert regions against environmental impact challenges in federal and state court. Assisted project developers with completion of EIR and EIS documents under NEPA and CEQA.

<u>Transmission Lines & Pipelines</u>. Represented proponents of new transmission lines and pipelines in permitting and CEQA review, and in subsequent CEQA litigation successfully defending project approval.

<u>Downtown Master Plans & Projects</u>. Represented public agencies and project applications in permitting and defending urban master planned projects, including substantial downtown retail and mixed-use projects in Northern and Southern California.

<u>Public Agency CEQA Compliance & Litigation</u>. Represent a variety of cities, counties, and special districts in California Environmental Quality Act compliance and litigation regarding general plans, specific plans, and agency-sponsored projects, including trial and appellate litigation. Projects include airport and port expansions, rail transit projects, master planned residential projects, and downtown development and redevelopment projects.

<u>Mining Projects.</u> Represented mining clients in valley, foothill and North Coast regions in permitting and defending hard rock, terrace and instream mining projects. Successfully settled CEQA litigation challenges, and prevailed in trial and appellate decisions on other projects.

Homebuilders. Represented a variety of homebuilders throughout the state in the permitting and CEQA review for residential development projects. Resolved tribal claims relating to implementation of approved projects. Represent homebuilding organizations in CEQA legislation in Sacramento, and amicus advocacy in appellate courts throughout the state.

In-fill Housing Developments. Advised a number of developers regarding in-fill development, including CEQA review, use of CEQA exemptions, and traffic mitigation and related issues.

Transportation Projects. Represented tribal government in completing the approval, environmental review, and construction of a new interchange to serve tribal lands. Represented local rail authority in preparing EIR for new rail line, and defending EIR at California Public Utilities Commission against legal challenges.

Solid Waste. Represented a variety of landfills and solid waste facilities in local and state permitting for expansions, additional waste streams, and proposed new landfills.

Hospitals and Medical Campus Development. Successfully permitted and defended EIR for new hospital campus in Sonoma County, including defense of land use and CEQA claims. Advised both public and private developers on hospital projects.

Environmental Cleanups. Advised client on environmental impact reports for major environmental cleanups, including resolution of environmental mitigation claims.

AWARDS, PUBLICATIONS & SPEAKING ENGAGEMENTS

Awards & Recognitions

Top 100 Northern California Super Lawyers (2007-2012)

San Francisco Environmental Litigator of the Year (2012)

Selected as Best Lawyers "Lawyers of the Year" (2012)

Best Lawyers, in Environmental Law, Land Use and Zoning Law, Litigation – Land Use & Zoning and Real Estate Law (2008-2013)

Listed as one of California's leading attorneys in both environmental law and real estate/land use by Chambers & Partners (2003-2013)

Northern California Super Lawyers (2004 – 2012)

Selected Publications

Co-author, *Practice Under the California Environmental Quality Act*, California Continuing Education of the Bar (two volumes, First Edition 1993, Second Edition 2008, updated annually)

Co-author, *Land Use Initiatives and Referenda*, Solano Press (1990)

Co-author, annual supplements to *California Subdivision Map Act Practice*, California Continuing Education of the Bar (1987-1992)

Co-author, "CEQA Must be Modernized", *The Recorder* (January 4, 2013)

Co-author, "Another View: CEQA Reform Bill Leaves Safeguards in Place", *Sacramento Bee* (September 9, 2012)

"Much Ado About Nothing Much: A Summary and Analysis of 2011 California Environmental Quality Act Legislation", *California Land Use Law & Policy Reporter* (January 2012)

Co-author, "California Supreme Court Sets New Rules on Standing to Bring CEQA Lawsuits", *California State Bar Real Property Section E-Bulletin*

Reported Land Use and Environmental Decisions

Tomlinson v. County of Alameda, 54 Cal.4th 281 (2012)

Communities for a Better Environment v. South Coast Air Quality Management District, 48 Cal.4th 310 (2010)

Sunnyvale West Neighborhood Association v. City of Sunnyvale City Council, 190 Cal.App.4th 1351 (2010)

Jones v. Regents of University of California, 183 Cal.App.4th 818 (2010)

Stockton Citizens for Sensible Planning v. City of Stockton, 48 Cal.4th 481 (2010)

Friends of Riverside's Hills v. City of Riverside, 168 Cal.App.4th 743 (2008)

Shea Homes Ltd. Partnership v. County of Alameda, 110 Cal.App.4th 1246 (2003)

Natural Resources Defense Council v. City of Los Angeles, 103 Cal.App.4th 268 (2002)

San Franciscans Upholding the Downtown Plan v. City & County of San Francisco, 102 Cal.App.4th 656 (2002)

Placer Ranch Partners v. County of Placer, 91 Cal.App.4th 1336 (2001)

Merritt v. City of Pleasanton, 89 Cal.App.4th 1032 (2001)

Friends of Sierra Madre v. City of Sierra Madre, 25 Cal.4th 165 (2001)

Waste Management of Alameda County v. County of Alameda, 79 Cal.App.4th 1223 (2000)

Selected Speaking Engagements

"The California Environmental Quality Act: What's Happening in the Courts and the Legislature", Lambda Alpha Los Angeles Chapter (February 2013)

"CEQA Update", UCLA Extension, 27th Annual Land Use Law & Planning Conference (January 2013)

"CEQA Case Law Update 2011-2012", CLE International CEQA Conference (December 2012)

Conference co-chair and CEQA Update, Law Seminars International CEQA Conference (April 2012)

"Greenhouse Gas Reduction Plans: Lessons Learned – The San Bernardino County Experience", County Counsels Association of California (May 2012)

"The Future of CEQA" at UC Davis Law School "CEQA at 40: A Look Back, and Ahead" (November 2011)

PROFESSIONAL AFFILIATIONS

Center for Law, Energy & Environment, Berkeley Law, Founding Member of Advisory Board

Member, Executive Committee, Environmental Law Section of the State Bar of California, 1996-1999 (Advisor, 1999-2004)

Lambda Alpha (honorary land economics society)

American College of Real Estate Lawyers

San Francisco Lawyers Club, Board of Directors, 2001-2003

Founding Member & Secretary, Ecology Law Research Institute

Community Activities

Boys & Girls Clubs of Oakland, Director, 1986-1996; Board of Advisors, 1997-present

Child Care Law Center, Board of Directors, 1999-2008

EDUCATION

J.D., University of California at Berkeley, School of Law, 1982

- *Articles Editor, Ecology Law Quarterly*

B.A., Dartmouth College, *magna cum laude*, 1977

BAR & COURT ADMISSIONS

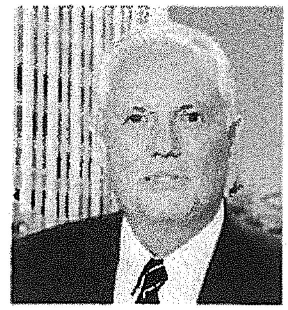
State Bar of California

Mr. Michael Zischke can be reached at (415) 262-5109

COX CASTLE NICHOLSON

PROFESSIONAL BIOGRAPHY FOR

TIM PAONE



Insight Beyond the Basics

The true measure of a land use lawyer's value is found not merely in the technical expertise common to most land use lawyers, but in broad experience, knowledge, and creativity that are far less common. Mix in an understanding of the client's business goals and values, and the attorney with these uncommon traits can make a positive difference in the efficiency, cost, and success of the entitlement effort. Tim's diverse experience and distinct approach to his craft allow him to recognize and strategically pursue his clients' objectives.

Named by California's leading daily legal publication, the Daily Journal, as one of "California's Top 30 Real Estate Lawyers for 2012," Tim also has been recognized in the highly respected "Best Lawyers in America" every year since 2007 and named by his peers as a "Southern California Super Lawyer" for ten consecutive years.

Experience that Matters

Tim's insight comes not only from his entitlement background, but also from experience in private land development, his early years as a business and real estate litigator, and public service. He has managed entitlement for The Irvine Company's projects in Newport Beach, Anaheim, and Orange, served as a Planning Commission Chairman and a Governor's appointee to the California Law Revision Commission, and taught Environmental Law Practice as an Adjunct Professor at Chapman University School of Law.

Entitlement Throughout California

Known for his thoughtful strategic approach, Tim guides his clients through the often frustrating crush of governmental regulation. His practice emphasizes CEQA, the Coastal Act, development agreements, and the local planning process. He has worked on projects across California, most often in Orange, Riverside, San Bernardino, Los Angeles, and San Diego Counties.

Courtroom Success

Tim's safeguarding of his clients' interests extends to courtrooms throughout the State. Whether defending against a CEQA challenge or reversing a Coastal Commission project denial, his entitlement expertise and practical business perspective have produced an excellent success rate.

COX CASTLE NICHOLSON

REPRESENTATIVE MATTERS:

Residential Communities: Bolsa Chica (County of Orange), Newport Coast (County of Orange, Newport Beach), Shea-Baker Ranch (Lake Forest), Mountain Park (Anaheim), SouthShore (Oxnard), Eagle Crest (Escondido), Sunnymead Ranch (Moreno Valley), Ladera Ranch (County of Orange), One Ford Road (Newport Beach).

Residential Infill: Projects of varying sizes in Anaheim, Orange, Lancaster, Temecula, Fountain Valley, Apple Valley, Los Angeles, Santa Clarita.

Shopping Malls: Santa Monica Place (Santa Monica), Fashion Island (Newport Beach).

Large Multi-Family Projects: Villa Venetia (240 waterfront units, Marina del Rey), Alexan Orangewood (1000 units, Platinum Triangle, Anaheim), Bayview Landing (seniors affordable housing, Newport Beach).

Oil Operations: Newport Banning Ranch, a coastal oil field in Orange County/Newport Beach.

Blufftop Development: Aerie (Newport Beach).

Hotels: A five-star resort in Dana Point and a proposed boutique hotel and tennis club in Newport Beach.

Oceanfront Homes: Homes in Carlsbad and Laguna Beach.

Health Care Facilities: Major hospital campus expansion in Coastal Zone (Newport Beach); 80-bed acute psychiatric care facility (Mission Viejo).

Schools and Churches: A private school in Orange and a Cathedral in Santa Ana; school mitigation agreements in many communities.

Mixed Use: Gene Autry Experience (Platinum Triangle, Anaheim), Alexan Pacific Grove (278 units, Orange), Vantis (Aliso Viejo).

Retail: Shopping centers in Newport Beach, Vista, San Clemente, Milpitas, and Anaheim; "Big Box" entitlement and litigation in Anaheim, Torrance, Perris, Ontario.

Commercial / Industrial: Pacific Commercentre (County of Orange), Baker Ranch (County of Orange, Lake Forest)

Open Space / Recreational: County Regional Park dedications (Upper Newport Bay, Back Bay, Upper Peters Canyon), Bayview Park (Newport Beach).

PROFESSIONAL AND COMMUNITY AFFILIATIONS:

Building Industry Association of Orange County, Board of Directors, 1994-2006. Executive Committee, 1995, 1996. Co-Chair, Housing Committee: 2000-2009.

California Land Use Law & Policy Reporter, Advisory Board, 1995-1999.

California Law Revision Commission, 1985-1989. Appointee of Governor George Deukmejian.

Chapman University School of Law, Adjunct Professor (Environmental Law Practice)

Community Foundation of Orange, Board of Directors, 2001-2009. President: 2006-2008.

Foundation for the Great Park, Board of Directors, 2005-2013.

Home Aid Orange County, 1998-present, Board of Directors, Executive Committee: 2006-2009, 2011-present.

Huntington Beach Planning Commission, 1978-1980, 1981-1983; Chairman: 1979, 1982-1983.

Orange County Forum, Board of Directors, 1995-2005.

Orange County Youth Sports Foundation, Board of Directors, 1977-Present; President: 1981-1982.

Servite High School, Anaheim, President's Advisory Board, 1998-2010.

AWARDS, PUBLICATIONS & SPEAKING ENGAGEMENTS

Awards

Best Lawyers in America, Land Use & Zoning (2007-2013)

Southern California Super Lawyer (2004-2013)

California's Top 30 Real Estate Lawyers for 2012, The Daily Journal

Publications

Interviewed by Smart Business Magazine, November 2009

"The American Dream or An Orange County Nightmare?" Orange County Lawyer (an official publication of the Orange County Bar Association), April, 2005

"Litigating a Takings Case: What Do You Tell The Client?" California Land Use Law & Policy Reporter, Volume 5, Number 3, P.43, November, 1995

COX CASTLE
NICHOLSON

Speaking Engagements

Instructor, California Continuing Education of the Bar (CEB), Land Use Regulation and Development, October 2006

Guest Lecturer, "Land Use Controls," Roger C. Hobbs Institute for Real Estate, Law, and Environmental Studies, Spring 2006; Fall 2006

Speaker, "Green Collar Crime: Dealing with a More Radical Environmental Movement," Pacific Coast Builders Conference, 2004

Guest Lecturer, "Bolsa Chica: A Land Use Case Study," Chapman University School of Law, 2000

Speaker, "The Future of Real Estate in Orange County," California Society of CPA's (Orange County/Long Beach Chapter), 1998

Guest Lecturer, "Orange County Land Issues," Chapman University Forum, Chapman University School of Law, 1996

Speaker, "What Do You Tell The Client?" CLE International, Regulatory Takings Conference, 1995

Speaker, "The Myth of Mira, Hart, and Murrietta," Building Industry Association of Southern California, Orange County Chapter School Financing Seminar, 1995

Speaker, "Keys to a Fair EIR," Commercial Industrial Development Association, 1995

Speaker, "The Bankruptcy's Impact on Orange County Real Estate," Deloitte & Touche Real Estate Forum, 1995

EDUCATION

J.D., University of Southern California, Gould School of Law (1975)

B.A., University of California, Santa Barbara (1972)

BAR & COURT ADMISSIONS

State Bar of California

Mr. Paone can be reached at (949) 260-4655 or tpaone@coxcastle.com.

COX CASTLE NICHOLSON

PROFESSIONAL BIOGRAPHY FOR

ALEXANDER DEGOOD

Alex is a land use attorney who handles zoning matters, environmental compliance and litigation. He represents real estate developers before planning commissions and city councils, advises on permits and regulations as well as works with public agency staff and elected officials.

Alex has litigated land use cases on behalf of developers and property owners, negotiated settlements in environmental matters and structured complex land use entitlement projects for industrial, commercial and educational clients.

A Rich Legislative Background

Before becoming an attorney, Alex was director of legislative affairs for a Washington, D.C.-based government affairs firm. In that capacity, he represented local governments and public agencies, advising them on how to advance their clients' legislative goals in Congress. He also helped secure more than $62 million in direct federal applications for local infrastructure and development projects.

EDUCATION

J.D., University of Southern California Law School, 2006

B.A., Emory University, 1998

PROFESSIONAL AFFILIATIONS

State Bar of California

BAR & COURT ADMISSIONS

State Bar of California

Mr. DeGood can be reached at (310) 284-2205 or ADeGood@coxcastle.com

LOS ANGELES
2049 Century Park East • 28th Floor
Los Angeles, California 90067
tel 310 284-2200 • fax 310 284-2100

ORANGE COUNTY
19800 MacArthur Boulevard • Suite 500
Irvine, California 92612
tel 949 260-4600 • fax 949 260-4699

SAN FRANCISCO
555 California Street • 10th Floor
San Francisco, California 94104
tel 415 262-5100 • fax 415 262-5199

www.coxcastle.com

Attachment #2

Cox, Castle & Nicholson Engagement Letter
December 5, 2013

COX CASTLE NICHOLSON

Cox, Castle & Nicholson LLP
19800 MacArthur Boulevard, Suite 500
Irvine, California 92612-2480
P: 949.260.4600 **F:** 949.260.4699

Tim Paone
949.260.4655
tpaone@coxcastle.com

December 5, 2013

PRIVILEGED & CONFIDENTIAL
ATTORNEY-CLIENT COMMUNICATION

Via Email (jbaber@ci.laguna-hills.ca.us)

Bruce E. Channing
City Manager
City of Laguna Hills
24035 El Toro Road
Laguna Hills, CA 92653

Re: Engagement of Cox Castle & Nicholson

Dear Mr. Channing:

We are pleased that the City of Laguna Hills ("City") has selected Cox Castle & Nicholson LLP ("Cox Castle" or the "Firm") to provide special counsel services to assist the City and we thank the City for the opportunity to be of assistance. This engagement letter (the "Agreement") will set forth the scope, financial terms, and other aspects of the Firm's engagement. Our Agreement is as follows:

1. Scope of Engagement. Cox Castle will provide legal services to City in connection with potential litigation pertaining to the expansion of the I-5 Freeway through Laguna Hills. The scope of our services will include (1) providing the City with recommendations pertaining to the still-pending administrative process, (2) after conclusion of the administrative process, presenting the City Council with an analysis of the City's litigation options and (3) should the City decide to proceed with the litigation, the handling of the litigation itself. If, in the future, you ask us to perform services with respect to other matters and we agree to provide those services, the terms of this Agreement shall apply unless we both have signed a new engagement letter.

2. Communication. Communication is important to a productive attorney-client relationship. For our part, we will keep you informed of the progress of your matters and respond to your inquiries. For your part, you will provide us with complete, truthful, and accurate information and will keep us informed of any new facts, developments, or other information which may be relevant to our representation of City.

3. Fees and Hourly Rates. Our legal team consists not only of lawyers, but also of paralegals and planning specialists. Unless otherwise agreed, all professionals will bill on an hourly basis for all time spent providing our services ("Legal Fees").[1] At this time and subject to your approval, the principal members of our team for this engagement would be partners Mike Zischke and Tim Paone and associate Alex DeGood.

   Our professionals' hourly rates are based upon their experience, expertise, and professional standing. The 2013 standard hourly rates for Mike Zischke, Tim Paone, and Alex DeGood are $695, $605, and $505, respectively. However, the Firm appreciates that public agencies face unique budgetary pressures in the current economic environment. Accordingly, the Firm will provide our services for this matter at hourly rates of $540 for Mike Zischke, $450 for Tim Paone, and $395 for Alex DeGood. Other attorneys and paralegals who work on this matter will be billed at similarly discounted rates. Billing is in quarter-hour increments.

4. Additional Services and Outside Expenditures. We may provide additional services in-house in connection with our legal representation ("In-House Services"). These In-House Services include activities such as photocopying, computerized research, staff overtime necessitated by your matters, and similar expenses. We bill these In-House Services to you directly at our usual and customary rates. A summary of our charges for these services is available on request.

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[1] Our services for which Legal Fees are charged include, but are not limited to: the preparation and review of correspondence, agreements, pleadings, and other documents; participation in internal and external conferences; factual and legal research; attendance at meetings and hearings; travel time to and from meetings and hearings, both local and out of town; telephone calls with you and other people involved with your matter, such as other Firm attorneys and professionals, consultants, attorneys representing related and adverse parties, and governmental agencies; and preparation for these and similar activities.

Our representation of the City may also involve services provided by third party vendors and consultants outside of the Firm ("Outside Costs"), such as expenses for filing, large photocopying projects, recording fees, messenger services, service of process, court fees, and similar expenses. At our option, we may choose to pay these Outside Costs and bill the City for reimbursement or require the City to pay these Outside Costs directly and, if necessary, in advance to the outside vendor or consultant. If we anticipate incurring Outside Costs which we consider substantial, we may require that City either pay those sums to us before we expend them, provide an advance deposit for such expenditures, or directly contract with and pay the outside vendor.

5. <u>Monthly Statements and Payment Terms</u>. We itemize and bill for our Legal Fees, In-House Services, and Outside Costs monthly (collectively, our "Invoice"). Each Invoice is due and payable upon receipt. City's obligation to pay our Invoices will be considered to be in default if ***any*** amount owing is not paid within thirty (30) days after the date of our Invoice (a "Default"). If there is a Default, we may either (i) charge a late fee at the rate of ten percent (10%) per year on the balance of any Invoice remaining unpaid, (ii) withdraw from further representation and immediately cease performing all services, or (iii) both. Our right to terminate our services will remain in effect as long as any Default exists. Our choosing not to terminate our services after any one or more Invoices is in Default is neither a waiver of our right to withdraw at any time any Default exists nor a modification of the terms of this Paragraph 5.

We do our best to see that our clients are satisfied not only with our legal representation and services, but also with the reasonableness of our charges. Therefore, if you should have any question about or objection to our services or to the charges contained in an Invoice, please address it with us promptly.

6. <u>Advance Deposit for Payments</u>. No advance deposit for Legal Fees, In-House Services, or Outside Costs is required at this time. However, we reserve the right to require one or more advances at any time during the course of our representation if we feel it is appropriate, particularly in the cases of anticipated substantial expenditures, the imminence of a trial or other hearing, and a Default in the payment of any prior Invoice. If City fails to provide us with any requested advance deposit within thirty (30) days after it is requested by us, we have the right to resign immediately from all further representation of City.

7. <u>Termination</u>. With respect to any services we are providing City on any matter, either City or we may terminate this Agreement with reasonable notice at any time and for any reason (a "Termination"). With any Termination, City shall be liable for all Legal Fees, In-House Services, and Outside Costs incurred pursuant to this Agreement through the date of Termination. Upon any Termination of any

matter, Cox Castle will have no further duty to (i) inform City of future developments or changes in law which may be relevant to that matter or (ii) monitor renewal dates, notice dates, or similar deadlines which may arise from that matter.

8. Matters Involving Judgments. If we obtain a judgment for City, we will only be responsible for those post-judgment services (such as recording abstracts, filing judgment liens, and calendaring renewals of judgments) that City and we agree, in writing, will be performed. We will charge for post-judgment services in the same manner as for all other services provided pursuant to this Agreement.

9. Document Storage Policies. It is the Firm's policy that, at the conclusion of a matter, all documents and other materials related to that matter will be placed in storage. All such documents and materials may be destroyed or discarded, without further notice to City, seven (7) years after the conclusion of the matter. Therefore, if there are any documents or other materials City wishes to have returned to it at the conclusion of a matter, you must request their return in writing, so that they will not be destroyed.

10. Arbitration. We appreciate the opportunity to serve City and anticipate a productive and harmonious relationship. However, if you are dissatisfied with our services or our charges, we encourage you to bring that to our attention immediately. Likewise, if we have concerns regarding our relationship, we will ask to discuss those concerns with you. In the unlikely event that we have a dispute which we cannot resolve among ourselves, we believe that such disputes are best resolved through final and binding arbitration, rather than litigation. Both the United States Supreme Court and the California Supreme Court have endorsed arbitration as an accepted and favored method of resolving attorney-client disputes. For the purpose of this Agreement, disputes or claims relating to our charges for Legal Fees, In-House Services, or Outside Costs shall be referred to as "Fee Claims" and all other disputes related to the services provided under this Agreement shall be referred to as "Professional Claims."[2] We both agree that the arbitration process under this Agreement will be governed by the following:

[2] Examples of Professional Claims include claims for legal malpractice or professional misconduct.

(a) Bar Arbitration of Fee Claims. With respect to Fee Claims, City has the right under California law to request (i) arbitration of the dispute by an arbitrator or panel of arbitrators selected by a local bar association or the State Bar ("Bar Arbitration") and (ii) a trial *de novo* in court[3] if dissatisfied with the result. If City does request a Bar Arbitration, the law provides that (i) evidence of any Professional Claim is admissible only for the purpose of determining the appropriate amount of our charges for Legal Fees, In-House Services, or Outside Costs and (ii) the arbitrator in the Bar Arbitration shall not award any affirmative relief in the form of damages, offset, or otherwise on account of a Professional Claim.

We both agree that if City requests a Bar Arbitration, the scope of that Bar Arbitration and any subsequent trial *de novo* shall be limited to the amount of our charges for Legal Fees, In-House Services, or Outside Costs. Any other disputes between City and Cox Castle shall be addressed in arbitration as set forth in Paragraph 10(b) below.

(b) Arbitration of Professional Claims. ANY FEE CLAIM FOR WHICH CITY DOES NOT REQUEST BAR ARBITRATION AND ALL PROFESSIONAL CLAIMS SHALL BE RESOLVED BY SUBMISSION TO FINAL AND BINDING ARBITRATION IN ORANGE COUNTY, CALIFORNIA, BEFORE A RETIRED JUDGE OR JUSTICE. BY AGREEING TO ARBITRATE, WE EACH WAIVE ANY RIGHT WE MAY HAVE TO A COURT OR JURY TRIAL WITH RESPECT TO A PROFESSIONAL CLAIM.

In either arbitration process, there is no right to a trial by jury and the arbitrator's legal and factual determinations are generally not subject to appellate review. Arbitration rules of evidence and procedure are generally less formal and rigid than the rules which apply in court. Arbitration typically takes less time and costs less money than litigation. You are free to discuss the advisability of arbitration with your own independent counsel or other advisor.

Venue for any arbitration or ancillary proceeding related to either a Fee Claim or a Professional Claim shall be in Orange County, California. Together we will attempt to agree upon a single retired judge or justice to serve as arbitrator. If we are unable to do so, then either of us may petition a court of competent jurisdiction to appoint a retired judge or justice to serve as sole arbitrator. The fees of the arbitrator will be paid initially equally by both us. However, the

[3] In this context, a "trial *de novo*" is a court trial following the Bar Arbitration. In a trial *de novo*, the court does not take the arbitrator's decision into consideration in rendering its decision. The trial *de novo* is a court trial and not a jury trial.

arbitrator shall have the right to order either party to pay all fees and costs as part of his or her award.

In arbitration, we shall both be entitled to conduct discovery in accordance with the California Code of Civil Procedure. Either of us may request the arbitrator to limit the amount or scope of discovery. In responding to such a request, the arbitrator shall not only consider statutory and case law regulating discovery, but will also balance the need for the requested discovery against the parties' mutual desire to resolve disputes expeditiously and inexpensively.

The arbitrator's decision shall be based upon all applicable law. Any arbitrator error either in law or in application of the law shall be deemed in excess of the arbitrator's authority and shall be subject to (i) *de novo* review by the Superior Court upon either party's Petition to Vacate or Confirm the arbitration award and (ii) subsequent appeal as with any other judgment. The provisions of the California Arbitration Act shall govern this arbitration.

11. Consent to Electronic Communications. To maximize efficiency in providing our services, we will use current communications technology to the fullest extent reasonably possible (e.g., email, document transfer by computer, cellular telephones, and facsimile transfers). While we will take appropriate and customary steps to assure the security of City's confidences and privileges, the use of current technology can place those confidences and privileges at risk. However, we believe the effectiveness involved in use of current technology outweighs the risk of accidental disclosure. By signing this letter, City acknowledges its consent to the use of these devices.

12. No Assurance of Results. We cannot promise any particular outcome with respect to your matter. Any comments or projections we make about potential outcomes are expressions of opinion only. Similarly, it is not possible to predict with any certainty the amount of our charges for Legal Fees, In-House Services, or Outside Costs. If you request, we will give City our best good faith estimate of what those charges may be, but it is important that City understand that there are many factors which cannot be known now and which may not be within your control or ours, but which will weigh heavily in determining the final amount of those charges.

13. Conflicts, Disclosure and Consent to Representation of Other Parties With Business Before The City.

At the present time, we know of no conflicts of interest that would require a waiver to allow us to represent the City. However, the Firm represents a broad array of clients across the full spectrum of issues affecting real property, including zoning, land use, and entitlements. Our clients are active in many municipal jurisdictions, including City. In our ordinary course of present and future business, the Firm is likely to represent entities or individuals that have matters before or adverse to the City, including, but not limited to, land use, transactional, and litigation matters (collectively, "Other Matters"). Therefore, this is intended to be a limited engagement which the Firm has agreed to accept only if it does not preclude our future representation of clients in Other Matters.

By entering into this Agreement, City acknowledges that the Firm may, at any time after entering into this Agreement, represent in Other Matters clients whose interests are adverse to the City. City specifically waives any conflict of interest that may exist in the future as a result of the Firm's representation of clients in Other Matters. City also acknowledges that, at the present time, it is not possible to identify the specific nature of conflicts of interest which might arise as a result of Other Matters, but nonetheless agrees that this waiver shall bind City with respect to all Other Matters. In making this waiver, City has consulted with counsel of its choice and fully understands the nature of this prospective waiver.

14. Entire Agreement. This Agreement is the entire agreement between the Firm and the City. There are no other written or oral agreements or understandings between us regarding the subject matter of this Agreement. Any changes to any aspect of this Agreement must be made in writing and signed by each of us. If a court finds any provision of this Agreement to be invalid or unenforceable, the remaining provisions will remain in effect.

15. Scope of Client. The Firm's client for the purpose of our representation is City. Unless expressly agreed, we are not at this time undertaking the representation of any other related or affiliated person or entity, nor any parent, brother-sister, their officers, directors, agents, or employees.

16. Review by Independent Counsel. This Agreement represents an "arms length" agreement entered into by City and Cox Castle. In entering into this Agreement, Cox Castle is not acting as counsel to City. As a result, City has made its own determination as to whether it would be in City's best interests to consult independent counsel to review this Agreement on its behalf. City will remain completely free to seek independent counsel at any time after you sign this Agreement.

We are excited about the opportunity to serve City and truly hope that we meet your expectations. If the terms of this Agreement are acceptable, then please sign the original of the letter and return it to me so that we will be engaged as City's legal counsel. Please also email a copy bearing your signature to me at your earliest opportunity. If, on the other hand, there are provisions which you would like to discuss further, please give me a call as soon as possible.

Thanks again for allowing us to be your lawyers.

Sincerely,

COX, CASTLE & NICHOLSON LLP

____
By: Tim Paone
Partner

The undersigned has read and understands the above agreement and accepts and agrees to all of its terms and conditions as described above.

City of Laguna Hills

Dated: ______________, 2013

By: ______________________________
Name: ____________________________
Title: _____________________________

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Attachment #3

OCTA Public Outreach Summary

The San Diego Freeway (I-5) Widening Project
from San Joaquin Hills Toll Road (SR-73) to El Toro Road

Summary of Community Outreach in the City of Laguna Hills

Summary
The Orange County Transportation Authority (OCTA), in collaboration with the California Department of Transportation (Caltrans) District 12 has conducted extensive community outreach in the City of Laguna Hills during the Project Approval/Environmental Documentation (PA/ED) phase of the I-5 Widening Project from SR-73 to El Toro Road.

Community outreach and engagement efforts during the PA/ED phase have exceeded legal requirements and have included: 1) Ascertainment Interviews; 2) Open Houses; 3) Public Hearing; and 4) Soundwall Surveys.

Ascertainment Interviews
At the outset of the PA/ED phase, OCTA and Caltrans conducted ascertainment interviews with several key stakeholders in the City of Laguna Hills, including, but not limited to, the Nellie Gail Ranch Homeowner's Association, Oakbrook Village, the Laguna Hills Mall, Saddleback Hospital, and other similar stakeholders located in the project area/corridor. In general, the purpose of these face-to-face ascertainment interviews was to generate awareness of the project, provide an overview of the activities in the PA/ED phase, identify areas of potential interest or concern, as well as to develop a stakeholder/communications database.

Public Open Houses
During the initial development of the PA/ED phase, OCTA and Caltrans also conducted two public open houses, including one at the Laguna Hills Community Center. To notify the public of these open houses, advertisements were placed in the Orange County Register, La Opinion, Saddleback Valley News as well as other local weekly papers. Additionally, a mailer inviting the public to the open houses was sent to 8,000 homes and businesses. Finally, the open houses were promoted via KSBR radio, on Facebook, and the project's webpage.

Public Hearing
Following circulation of the draft environmental document, OCTA and Caltrans held a three-hour public hearing in an open house format on September 25, 2013 in the City of Mission Viejo to receive public comments and answer questions on the proposed Mitigated Negative Declaration/Finding of No Significant Impact (MND/FONSI) Initial Study/Environmental Assessment (IS/EA). Prior and subsequent to the public hearing, the DED was made available for public review and comment at seven different public locations, including at the Laguna Hills Branch of the Orange County Pubic Library. The

DED and all supporting technical studies were also available for review and comment online.

Promotion of the public hearing included ads in the Orange County Register, Excelsior and local newspapers, including the Saddleback Valley News. Two mailers announcing the public hearing were also sent to 12,000 homes and business located within 1,500 feet of the freeway. The public hearing was also advertised through social media (Facebook and Twitter), on KSBR radio, on the project's webpage, and through an e-blast to the project mailing list. In addition, project team members canvassed residential and business communities in an effort to invite residents, businesses and other stakeholders to the public hearing.

Soundwall Surveys

In addition to the aforementioned, OCTA and Caltrans also worked with its planning and engineering consultant to conduct a survey of property owners/residents who qualified for consideration of a soundwall based on established feasibility (i.e., noise decibel reduction of 5 dba or greater) and reasonableness (cost-effectiveness) criteria. Accordingly, surveys were delivered via FedEx to thirteen (13) owner/occupants located in a neighborhood in the vicinity of The Hills Hotel in the City of Laguna Hills. The survey period for these residents has, in effect, spanned from September 6, 2013 to November 18, 2013. To date, eight (8) survey responses have been collected. Seven respondents have confirmed their support for a wall, one respondent has expressed opposition, and five parties have not responded. In the meantime, OCTA and Caltrans are working with City of Laguna Hills staff to reach out to non-responding parties a final time.

Project Development Team (PDT) and City Staff

It is worth noting that, throughout the PA/ED process, OCTA and Caltrans have convened a Project Development Team (PDT), which has included technical staff from each of the cities within the project area/corridor, including the City of Laguna Hills. Additionally, OCTA, Caltrans and City staff have met and/or maintained communications throughout the PA/ED phase.