CITY OF LAGUNA HILLS
CITY COUNCIL/PLANNING AGENCY
REGULAR MEETING AGENDA
DECEMBER 08, 2015

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

Dore J. Gilbert, M.D., Mayor

Barbara Kogerman, Mayor Pro Tempore | **Melody Carruth, Council Member**
Andrew Blount, Council Member | **Don Sedgwick, 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

1. **CALL CLOSED SESSION TO ORDER**

2. **ROLL CALL OF COUNCIL MEMBERS**

3. **ANNOUNCEMENT OF CLOSED SESSION ITEMS**

A. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Pursuant to paragraph (1) of subdivision (d) of Government Code Section 54956.9
Name of Case: Petition and Amended Petition of City of Laguna Hills for Review of Action by the California Regional Water Quality Control Board, San Diego Region, in Adopting Order No. R9-2013-0001, NPDES Permit No. CAS0109266, and Order No. R9-2015-0001 Amending Order No. R9-2013-001; Petition ID No. A-2254(d).

B. 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).

C. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

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

4. PUBLIC COMMENT ON CLOSED SESSION ITEMS

5. ADJOURN TO CITY COUNCIL CONFERENCE ROOM

6. CONVENE INTO CLOSED SESSION

RECESS

CITY OF LAGUNA HILLS
CITY COUNCIL/PLANNING AGENCY
REGULAR MEETING AGENDA
DECEMBER 8, 2015
General Business Session at 7:00 PM

Dore J. Gilbert, M.D., Mayor

Barbara Kogerman, Mayor Pro Tempore
Melody Carruth, Council Member
Andrew Blount, Council Member
Don Sedgwick, Council Member

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

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GENERAL BUSINESS - RECONVENING AT 7:00 PM

CALL THE CITY COUNCIL MEETING TO ORDER

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

PLEDGE OF ALLEGIANCE: COUNCIL MEMBER CARRUTH

ROLL CALL OF CITY COUNCIL MEMBERS

MUSICAL PRESENTATION

<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, DORE J. GILBERT, M.D., MAYOR

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, COMMENDING DORE J. GILBERT, M.D., AS MAYOR" AND THAT THE CITY COUNCIL PRESENT A RESOLUTION AND PLAQUE TO DORE J. GILBERT, M.D., RECOGNIZING HIS SERVICE TO THE CITY AS MAYOR.

REMARKS OF COUNCIL MEMBERS REGARDING MAYOR GILBERT'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 TESSIE MIRAKI.

1.2 PRESENTATION PROVIDED BY STATE SENATOR PATRICIA BATES REGARDING AN UPDATE ON THE STATE LEGISLATURE

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AN UPDATE FROM STATE SENATOR PATRICIA BATES REGARDING STATE LEGISLATURE.

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 24, 2015, REGULAR MEETING

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE MINUTES OF THE NOVEMBER 24, 2015, REGULAR MEETING.

3.3 APPROVAL OF WARRANT REGISTER FOR PERIOD ENDED DECEMBER 8, 2015.

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE WARRANT REGISTER IN THE AMOUNT OF $250,242.49.

3.4 PROGRESS PAYMENT NO. 4, FINAL, FOR STOCKPORT PARK RENOVATION PROJECT, CIP NO. 239-B

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE PROGRESS PAYMENT NO. 4, FINAL, IN THE NET AMOUNT OF $1,140.00, TO HONDO COMPANY, INC., FOR STOCKPORT PARK RENOVATION PROJECT, CIP NO. 239-B, AND AUTHORIZE THE FILING OF THE NOTICE OF COMPLETION AND SUBSEQUENT RELEASE OF RETENTION IN 35 DAYS IF NO LIENS HAVE BEEN FILED.

3.5 MEASURE M2 EXPENDITURE REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2015

RECOMMENDATION: THAT THE CITY COUNCIL: (1) APPROVE THE MEASURE M2 EXPENDITURE REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2015, 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 FOR THE FISCAL YEAR ENDING JUNE 30, 2015.

3.6 2016 CITY COUNCIL MEETING SCHEDULE

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT THE PROPOSED CALENDAR FOR 2016.

3.7 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.

3.8 PRESENTATION OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2015

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2015, TOGETHER WITH THE AUDIT LETTERS.

3.9 PROFESSIONAL SERVICES AGREEMENT WITH WOLFE ENGINEERING & DESIGN, INC., FOR THE ARTERIAL HIGHWAY PAVEMENT MANAGEMENT PROGRAM PROJECT, CIP NO. 175

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE PROFESSIONAL SERVICES AGREEMENT WITH WOLFE ENGINEERING & DESIGN, INC., FOR THE ARTERIAL HIGHWAY PAVEMENT MANAGEMENT PROGRAM PROJECT, CIP NO. 175, AND AUTHORIZE THE CITY MANAGER TO EXECUTE THE AGREEMENT.

3.10 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. 2014-12-09-2."

3.11 RECORDS RETENTION MANAGEMENT

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AUTHORIZING AND DIRECTING THE CITY CLERK TO NO LONGER RETAIN CERTAIN CITY RECORDS AND DOCUMENTS WITH A DISPOSAL DATE OF DECEMBER 9, 2015, PURSUANT TO THE GOVERNMENT CODE OF THE STATE OF CALIFORNIA."

3.12 GOVERNMENT CODE SECTION 66006 - DEVELOPMENT IMPACT FEES ANNUAL REPORT

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

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 24, 2015

RECOMMENDATION: THAT THE PLANNING AGENCY APPROVE THE MINUTES OF THE NOVEMBER 24, 2015, REGULAR MEETING.

4.4 ADMINISTRATIVE REPORTS

4.5 PLANNING AGENCY PUBLIC HEARINGS

PLANNING AGENCY ADJOURNMENT

5. CITY COUNCIL PUBLIC HEARINGS

6. ADMINISTRATIVE REPORTS

6.1 City Manager

6.1.1 2015 CITY MANAGER'S YEAR END REPORT

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THE 2015 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; AND

(2) IF ANY CHANGES ARE DESIRED TO THE REPRESENTATIVE 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 TO THE ORANGE COUNTY FIRE AUTHORITY'S BOARD OF DIRECTORS;" AND

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

(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.

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

8. CITY COUNCIL MEMBER COMMENTS

9. CLOSED SESSION

Pursuant to Laguna Hills Municipal Code Section 2-04.010, the City Council will be reconvening into Closed Session as part of the General Business session, if necessary, for purposes of completing its Closed Session discussions in the event the City Council does not complete the Closed Session discussion between 6:00 p.m. and 7:00 p.m.

ADJOURNMENT

The December 22, 2015, City Council/Planning Agency Meeting will not be held. The next Regular Meeting of the City Council will be January 12, 2016, in the City Council Chamber, located at 24035 El Toro Road, Laguna Hills, California.

CERTIFICATION

I, MELISSA AU-YEUNG, City Clerk of the City of Laguna Hills, do hereby certify that a copy of the foregoing Agenda was posted at Laguna Hills City Hall, Laguna Hills Community Center, and the Courtyard at La Paz Center by December 4, 2015, at 5:00 p.m.

	December 4, 2015
MELISSA AU-YEUNG, CITY CLERK	**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. 2015-12-08-X

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, COMMENDING DORE J. GILBERT, M.D., AS MAYOR

WHEREAS, Dore J. Gilbert, M.D., was elected to the City Council on November 6, 2012; took his Oath of Office on December 11, 2012; and served his first term as Mayor of the City of Laguna Hills from December 9, 2014, through December 8, 2015; and

WHEREAS, Dore J. Gilbert, M.D., 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 as the City's delegate to the Association of California Cities – OC, Operational Area Council (Emergency), and the OC Public Libraries Library Advisory Board as an alternate; and

WHEREAS, during the year that Dore J. Gilbert, M.D. has presided as Mayor, the City adopted the 2015/16-2016/17 Biennial Budget; he presided at the City's 2015 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; and among other notable actions, the City completed the Stockport Park Renovation project; has overseen significant progress on the redevelopment of Oakbrook Village, as well as approval of the Public Art component; successfully negotiated new Civic Center leases with State Senator Patricia Bates, Banc of California, Broadview Mortgage, and TK Wealth Management; strategically partnered with MNWD and Municipal Water District of Orange County for installation of synthetic turf athletic fields at the Sports Complex softball field; participated in the Special Olympics World Games as a "Host Town"; and supported an Ordinance allowing for an expedited, streamlined permitting process for residential rooftop solar energy systems; and

WHEREAS, the performance of his duties and responsibilities as Mayor have been characterized by excellent and constructive contributions to the lasting development of our City, and adept in garnering consensus of his fellow Council Members, earning the respect and admiration of his colleagues.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, on behalf of all our citizens, does hereby express its appreciation and thanks to Mayor Gilbert, for his service to the community as Laguna Hills Mayor for 2015.

PASSED, APPROVED, AND ADOPTED this 8th day of December 2015.

, MAYOR

ATTEST:

MELISSA AU-YEUNG, CITY CLERK

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

I, Melissa Au-Yeung, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. 2015-12-08-X adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 8th day of December 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

MELISSA AU-YEUNG, CITY CLERK

CITY OF LAGUNA HILLS, CALIFORNIA
CITY COUNCIL/PLANNING AGENCY
REGULAR MEETING
MINUTES
NOVEMBER 24, 2015

CLOSED SESSION - CONVENING AT 6:00 PM

CALL TO ORDER

ROLL CALL

Present: Mayor Gilbert, Mayor Pro Tempore Kogerman, Council Member Carruth

Absent: Council Member Sedgwick, Council Member Blount

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

Council Member Blount (via teleconference) and Council Member Don Sedgwick joined the Closed Session at 6:15 p.m.

RECONVENE TO CITY COUNCIL CHAMBER

RECESS

GENERAL BUSINESS - RECONVENING AT 7:00 PM

CALL TO ORDER

Mayor Gilbert called the Regular Meeting of the City Council of the City of Laguna Hills, California, to order at 7:07 p.m. in the Laguna Hills City Council Chamber, 24035 El Toro Road, Laguna Hills, California.

PLEDGE OF ALLEGIANCE: COUNCIL MEMBER SEDGWICK

ROLL CALL OF CITY COUNCIL MEMBERS

Present: Mayor Gilbert, Mayor Pro Tempore Kogerman, Council Member Carruth, Council Member Sedgwick

Absent: Council Member Blount

CLOSED SESSION REPORT

A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

City Attorney Simonian stated that the City Council met in Closed Session this evening to conduct the Annual Performance Evaluation for the City Manager. No reportable action was taken as a result of tonight's Closed Session meeting.

1. PRESENTATIONS AND PROCLAMATIONS

1.1 LAGUNA HILLS HIGH SCHOOL STUDENT LIAISON

THE CITY COUNCIL RECEIVED AN ORAL REPORT FROM LAGUNA HILLS HIGH SCHOOL STUDENT LIAISON TESSIE MIRAKI.

2. PUBLIC COMMENTS

There were no Public Comments.

3. CONSENT CALENDAR

MOTION TO APPROVE THE CONSENT CALENDAR, BY M/MAYOR PRO TEMPORE KOGERMAN, S/COUNCIL MEMBER CARRUTH.
APPROVED BY A VOTE OF 4-0 (COUNCIL MEMBER BLOUNT ABSENT).

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 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 10, 2015, REGULAR MEETING

THE CITY COUNCIL APPROVED THE MINUTES OF THE NOVEMBER 10, 2015, REGULAR MEETING.

3.3 APPROVAL OF WARRANT REGISTER FOR PERIOD ENDED NOVEMBER 24, 2015

THE CITY COUNCIL APPROVED THE WARRANT REGISTER IN THE AMOUNT OF $940,143.16.

3.4 AMENDMENT NO. 1 TO THE LEASE WITH THE BANC OF CALIFORNIA, A NATIONAL ASSOCIATION, FOR 24031 EL TORO ROAD, SUITE 100B, LAGUNA HILLS, CALIFORNIA

THE CITY COUNCIL APPROVED AMENDMENT NO. 1 TO THE LEASE WITH THE BANC OF CALIFORNIA, A NATIONAL ASSOCIATION, FOR 24031 EL TORO ROAD, SUITE 100B, LAGUNA HILLS, CALIFORNIA, AND AUTHORIZED THE CITY MANAGER TO EXECUTE THE AMENDMENT.

3.5 ANALYSIS OF PARKING CONTROL SURVEY FOR PERMIT PARKING IN THE RIDGEFIELD COMMUNITY NEIGHBORHOOD

THE CITY COUNCIL RECEIVED AND FILED THE REPORT.

3.6 MEASURE M2 SEVEN YEAR CAPITAL IMPROVEMENT PROGRAM SPREADSHEET ADJUSTMENT

THE CITY COUNCIL APPROVED THE ADJUSTMENT TO THE MEASURE M2 SEVEN YEAR CAPITAL IMPROVEMENT PROGRAM SPREADSHEET WITH THE ADDITION OF THE LAGUNA HILLS DEBRIS GATES PROJECT, PHASE V.

3.7 PROPOSED LEASE WITH BROADVIEW MORTGAGE CORPORATION FOR 24031 EL TORO ROAD, SUITE 203, LAGUNA HILLS, CALIFORNIA

THE CITY COUNCIL APPROVED THE LEASE WITH BROADVIEW MORTGAGE CORPORATION FOR 24031 EL TORO ROAD, SUITE 203, LAGUNA HILLS, CALIFORNIA, AND AUTHORIZED THE CITY MANAGER TO EXECUTE THE LEASE.

ITEMS REMOVED FROM THE CONSENT CALENDAR

There were no items removed from the Consent Calendar.

4. PLANNING AGENCY

Mayor Gilbert 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 7:10 p.m.

4.1 ROLL CALL OF PLANNING AGENCY MEMBERS

Present: Chair Gilbert, Vice Chair Kogerman, Agency Member Carruth, Agency Member Sedgwick

Absent: Agency Member Blount

4.2 PUBLIC COMMENTS

There were no Public Comments.

4.3 APPROVAL OF MINUTES FOR NOVEMBER 10, 2015

THE PLANNING AGENCY APPROVED THE MINUTES OF THE NOVEMBER 10, 2015, REGULAR MEETING, BY M/VICE CHAIR KOGERMAN, S/AGENCY MEMBER SEDGWICK.
APPROVED BY A VOTE OF 4-0 (AGENCY MEMBER BLOUNT ABSENT).

4.4 ADMINISTRATIVE REPORTS

There were no Administrative Reports.

4.5 PLANNING AGENCY PUBLIC HEARINGS

There were no Planning Agency Public Hearings.

PLANNING AGENCY ADJOURNMENT

Mayor Gilbert reconvened the City Council meeting at 7:11 p.m. All Council Members were present with the exception of Council Member Blount.

5. CITY COUNCIL PUBLIC HEARINGS

There were no City Council Public Hearings.

6. ADMINISTRATIVE REPORTS

6.1 City Manager

6.2 Assistant City Manager

6.2.1 COMPENSATION STUDY CONSULTANT SELECTION PROCESS - APPOINTMENT OF AN AD HOC ADVISORY COMMITTEE

Mayor Gilbert reviewed staff's recommendation and recommended that the City Council appoint the incoming Mayor and Mayor Pro Tempore to serve on the Compensation Study Consultant Selection Process – Ad Hoc Advisory Committee.

THE CITY COUNCIL APPOINTED AN AD HOC ADVISORY COMMITTEE COMPOSED SOLELY OF TWO MEMBERS OF THE CITY COUNCIL TO EVALUATE PROPOSALS, CONDUCT INTERVIEWS, AND MAKE A FINAL RECOMMENDATION TO THE CITY COUNCIL REGARDING CONSULTANT SELECTION BY M/COUNCIL MEMBER SEDGWICK, S/COUNCIL MEMBER CARRUTH.
APPROVED BY A VOTE OF 4-0 (COUNCIL MEMBER BLOUNT ABSENT).

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

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

8. CITY COUNCIL MEMBER COMMENTS

MAYOR PRO TEMPORE KOGERMAN

Mayor Pro Tempore Kogerman reported that the Orange County Transportation Authority (OCTA) Board of Directors is moving forward on proposed bus service changes that will add, reduce, and eliminate services in 2016, and stated that there are considerable changes coming to South Orange County. The OCTA is seeking public input on these bus route changes and is holding a public meeting at the Laguna Hills Community Center on Wednesday, December 9, 2015, at 6:00 p.m. Mayor Pro Tempore Kogerman also requested that staff look into OCTA funding programs that provide funding for transit circulators.

Public Services Director Rosenfield reported that he had downloaded the OCTA staff report regarding the bus service changes and is analyzing the impact they will have on Laguna Hills and stated he will provide an update to City Council.

COUNCIL MEMBER CARRUTH

Council Member Carruth thanked Mayor Pro Tempore Kogerman for representing the City by serving on numerous committees and task forces and asked that she share her experience at the Changing of the Flags Ceremony held on Wednesday, November 18, 2015.

Mayor Pro Tempore Kogerman reported that the Plaza of the Flags has displayed the flags of our 50 States since the 1970's. On July 23, 2015, the Orange County Civic Center Authority approved a plan to repurpose the Plaza of the Flags with the flags representing all 34 Orange County cities, the County of Orange, the State of California, the United States of America, the five branches of the Armed Services, and the Prisoners of War (POW) – Missing in Action (MIA). The County of Orange used the City seal to design the flag representing the City of Laguna Hills.

ADJOURNMENT

There being no further business at the City Council at this session, Mayor Gilbert adjourned the City Council at 7:19 p.m.

____
MELISSA AU-YEUNG, CITY CLERK

ATTEST:

____
, MAYOR

APPROVED AT MEETING OF DECEMBER 8, 2015.

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE:	**DECEMBER 08, 2015**
TO:	**MAYOR AND COUNCIL MEMBERS**
FROM:	**DONALD J. WHITE, ASSISTANT CITY MANAGER**
ISSUE:	**APPROVAL OF WARRANT REGISTER FOR PERIOD ENDED DECEMBER 08, 2015.**

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE WARRANT REGISTER IN THE AMOUNT OF $250,242.49.

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

12-3-15
DATE

FISCAL IMPACT:

The warrant register total is $250,242.49.

ATTACHMENTS:

1. **Warrant Register**

Check Register Report

Warrant Register 12/08/15

Date: 11/25/2015
Time: 12:57 pm
Page: 1

CITY OF LAGUNA HILLS

BANK: UNION BANK- GENERAL

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
UNION BANK- GENERAL Checks							
8810118	11/19/2015	Printed		A-0277	ALICEA, MIA	Contract Inst Svcs., Dance	59.50
8810119	11/19/2015	Printed		C-0023	COX COMMUNICATION	T1 Line- CH, Signal System,Nov	502.42
8810120	11/19/2015	Printed		H-0956	HASTON, JAMES	Travel Reimb, MMASC, Oct	136.28
8810121	11/19/2015	Printed		I-0942	IRVINE RANCH WATER DISTRICT	Water Usage, Public Svcs, Oct	178.61
8810122	11/19/2015	Printed		L-1368	LONG, AURORA	Contract Inst Svcs, Theatre	315.00
8810123	11/19/2015	Printed		M-1552	MARTIN-RUSK, DINA	Contract Instr Svcs, Zumba	608.30
8810124	11/19/2015	Printed		M-1388	MOBILE MINI, INC.	Storage Rental, CC, 11/10-12/7	83.16
8810125	11/19/2015	Printed		O-1525	OCCMA	Meeting Expense, Dec	260.00
8810126	11/19/2015	Printed		R-1964	REFUND, COMMUNITY DEV FEES	Refund Permit Fees, CR# 52006	81.00
8810127	11/19/2015	Printed		R-1964	REFUND, COMMUNITY DEV FEES	Refund, SDPA Fees, CR# 51680	275.00
8810128	11/19/2015	Printed		R-1964	REFUND, COMMUNITY DEV FEES	Refund, Encroachment, CR#44725	272.70
8810129	11/19/2015	Printed		R-1964	REFUND, COMMUNITY DEV FEES	Refund, Encroachment, CR#44774	485.29
8810130	11/19/2015	Printed		R-1872	REFUND, COMMUNITY SVCS PROGRAM	L. Lawrie, V# 2003625.002	20.00
8810131	11/19/2015	Printed		R-1889	REFUND,FACILITY RENTAL DEPOSIT	L. Hughes, V# 2003615.002	98.75
8810132	11/19/2015	Printed		R-1889	REFUND,FACILITY RENTAL DEPOSIT	J. Cruz, V# 2003624.002	250.00
8810133	11/19/2015	Printed		S-1902	SAN DIEGO GAS & ELECTRIC	ST Lites, TC, Comm Ctr,Oct	32,452.40
8810134	11/19/2015	Printed		S-1904	SOUTHERN CALIFORNIA EDISON	ST Lites & TC, Oct '15	389.10
8810135	11/19/2015	Printed		S-1907	SPRINT	Communication Expense, CS,Oct	87.25
8810136	11/19/2015	Printed		S-2059	STAPLETON, VIVIAN	Cntr Inst Svcs Early Childhood	696.50
8810137	11/25/2015	Printed		A-0138	ALL CITY MANAGEMENT, INC.	Crossing Guard Svc, 10/11-11/7	7,656.24
8810138	11/25/2015	Printed		A-0359	ANDERSON PENNA PARTNERS, INC.	Inspection Services, Oct '15	17,385.00
8810139	11/25/2015	Printed		A-0360	ARC DOCUMENT SOLUTIONS, LLC	Printing Services, Engineering	35.61
8810140	11/25/2015	Printed		B-0332	BRAME, MARILYN	Contract Inst Svcs, Drawing	294.00
8810141	11/25/2015	Printed		C-0412	C&D ELECTRIC, INC.	Park Repairs, Pub Svcs, Nov	1,942.89
8810142	11/25/2015	Printed		C-1133	CALIFORNIA YELLOW CAB	Senior Mobility Program, Oct	3,694.50
8810143	11/25/2015	Printed		C-1177	CANON FINANCIAL SERVICES, INC.	Lease - Copier, Gen Gov, Nov	221.41
8810144	11/25/2015	Printed		C-1179	CANON SOLUTIONS AMERICA	Adm Copier Usage , Aug - Oct	428.51
8810145	11/25/2015	Printed		C-1144	CHARLES ABBOTT ASSOCIATES, INC	Road Maintenance, Oct '15	19,581.70
8810146	11/25/2015	Printed		C-1180	CIVIL SOURCE, INC.	NPDES Permit Inspections, Oct	8,232.00
8810147	11/25/2015	Printed		C-1139	COMPLETE OFFICE OF CALIFORNIA	Office & Operating Supplies CC	202.94
8810148	11/25/2015	Printed		C-1176	COMPUTER SERVICE CO.	Traffic Sig. Maint, Sep - Oct	13,153.39
8810149	11/25/2015	Printed		D-0461	DATA TICKET, INC.	Processing Fee, Park Cit, Oct	526.96
8810150	11/25/2015	Printed		D-0410	DMV	Registration Ren, Admin, DW	251.00
8810151	11/25/2015	Printed		E-0595	ECLIPSE MESSENGER SERVICE, INC	Delivery Service, Nov '15	24.61
8810152	11/25/2015	Printed		E-0593	EISENBERG, DALE	Contract Inst Svcs., Aikido	927.50
8810153	11/25/2015	Printed		E-0553	ELKINS, CHRISTINA	Contract Inst Svcs., Dance	84.70
8810154	11/25/2015	Printed		E-0598	EMG	Facility Assessment	3,693.50
8810155	11/25/2015	Printed		F-0604	FEDERAL EXPRESS CORPORATION	Delivery Services, Oct '15	62.73
8810156	11/25/2015	Printed		G-0844	GREEN MART, INC.	Operating Supplies, Pub Svcs	1,161.00
8810157	11/25/2015	Printed		H-0805	HARRINGTON GEOTECH ENGINEERING	Professional Svcs, CIP # 240	3,448.50
8810158	11/25/2015	Printed		H-0829	HARTZOG & CRABILL, INC.	Traf Signal Mgmt Svs, Oct '15	7,002.29
8810159	11/25/2015	Printed		H-0864	HONDO COMPANY, INC.	Progress Payment #4, CIP #239	1,140.00
8810160	11/25/2015	Printed		I-0965	INT'L COUNCIL OF SHOPPING	Membership, Admin, 2016	100.00
8810161	11/25/2015	Printed		J-1057	JAMEY CLARK, INC.	Park Repair & Graffiti Removal	2,260.01
8810162	11/25/2015	Printed		G-0709	JOE A. GONSALVES & SON	Legislative Services, Nov-Dec	5,800.00
8810163	11/25/2015	Printed		C-1007	LAW ENFORCEMENT	FingerprintID Sys, Comm Sys	10,695.25
8810164	11/25/2015	Printed		C-0448	LUCY, STEVEN	Program Expense, CS, 12/18/15	550.00
8810165	11/25/2015	Printed		M-1583	MOORE IACOFANO GOLTSMAN, INC.	Reimbursable Planning Fees	17,887.50

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
UNION BANK- GENERAL Checks							
8810166	11/25/2015	Printed		N-1474	NIEVES LANDSCAPE, INC.	Other Assorted Landscape	5,223.00
8810167	11/25/2015	Printed		O-1546	OFFICE SOLUTIONS	Office/Operating Supplies	342.82
8810168	11/25/2015	Printed		O-1552	ORANGE COUNTY FIRE AUTHORITY	Remit, Fire Fees Collected,Oct	5,636.25
8810169	11/25/2015	Printed		C-1003	PARKING VIOLATIONS	Parking Fee Surcharge, Oct	1,044.25
8810170	11/25/2015	Printed		R-1830	RALPHS GROCERY COMPANY	Program Expense, CS, Oct - Nov	75.78
8810171	11/25/2015	Printed		R-1964	REFUND, COMMUNITY DEV FEES	Refund Permit Fees, CR# 52149	60.50
8810172	11/25/2015	Printed		R-1889	REFUND,FACILITY RENTAL DEPOSIT	C. Mendoza, V# 2003627.002	500.00
8810173	11/25/2015	Printed		R-1889	REFUND,FACILITY RENTAL DEPOSIT	M. Canchola, V# 2003629.002	340.00
8810174	11/25/2015	Printed		R-1855	RICHARD FISHER ASSOCIATES	Prof. Svcs,CIP# 239, 241, 410	16,027.34
8810175	11/25/2015	Printed		S-1944	SOUTHERN CALIF MUN ATHLETIC	Program Class Insurance, CS	813.75
8810176	11/25/2015	Printed		S-1904	SOUTHERN CALIFORNIA EDISON	Traffic Control, Nov '15	583.13
8810177	11/25/2015	Printed		S-2250	SPARKLETTS	Operating Supplies, CH, Oct	179.04
8810178	11/25/2015	Printed		T-2681	TOTALFUNDS BY HASLER	Postage Replenishment, Oct '15	1,000.00
8810179	11/25/2015	Printed		W-2337	WEST COAST ARBORISTS, INC.	Tree Trimming, Oct '15	12,023.00
8810180	11/25/2015	Printed		W-2377	WILLDAN ENGINEERING	Reimb. Devloper Fees, 5 Laguna	360.00
8810181	11/25/2015	Printed		R-1801	WOODRUFF, SPRADLIN & SMART	Professional Svcs, Legal, Oct	39,596.46
8810182	11/25/2015	Printed		X-2400	XEROX CORPORATION	Copier Lease & Usage, Oct '15	742.17
					Total Checks: 65	**Checks Total (excluding void checks):**	**250,242.49**
					Total Payments: 65	**Bank Total (excluding void checks):**	**250,242.49**
					Total Payments: 65	**Grand Total (excluding void checks):**	**250,242.49**

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: DECEMBER 8, 2015

TO: MAYOR AND COUNCIL MEMBERS

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

ISSUE: PROGRESS PAYMENT NO. 4, FINAL, FOR STOCKPORT PARK RENOVATION PROJECT, CIP NO. 239-B

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE PROGRESS PAYMENT NO. 4, FINAL, IN THE NET AMOUNT OF $1,140.00, TO HONDO COMPANY, INC., FOR STOCKPORT PARK RENOVATION PROJECT, CIP NO. 239-B, AND AUTHORIZE THE FILING OF THE NOTICE OF COMPLETION AND SUBSEQUENT RELEASE OF RETENTION IN 35 DAYS IF NO LIENS HAVE BEEN FILED.

SUMMARY:

Work on the Stockport Park Renovation Project, CIP No. 239-B, began on May 4, 2015, and has been completed by Hondo Company, Inc. It is proposed to authorize the final progress payment, accept the project as complete, and record a Notice of Completion to allow for the release of the retention in 35 days if no liens have been filed.

BACKGROUND:

A routine monthly action for capital improvement projects is the submission, review, and approval of the contractor's invoice. Procedurally, field staff verifies the contractor's quantities and matches them with the submitted invoice. The unit prices and total costs of the project are confirmed by the office staff and a progress payment is then processed. A five-percent (5%) retention is withheld from each payment to assure final performance of the work. The contractor for this project, Hondo Company, Inc., has submitted the fourth and final progress payment for the subject project as follows:

ITEM #	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	$ AMOUNT
23	90 Day maintenance period	.66	LS	$1,800.00	$1,200.00

TOTAL TO DATE	$272,457.27	
LESS PRIOR BILLING	$258,834.41	
TOTAL THIS PERIOD	$1,200.00	$1,200.00
LESS 5% RETENTION		$(60.00)
DUE		$1,140.00

FISCAL IMPACT:

The progress payment is within the Capital Improvement Program Budget for the Stockport Park Renovation Project, CIP No. 239-B.

ATTACHMENTS:

- Notice of Completion

Recording Requested by and
When Recorded Mail to:

Mellissa Au-Yeung, City Clerk
City of Laguna Hills
24035 El Toro Road
Laguna Hills, CA 92653

No Fee Exempt per GC§27383

By: ______________________________

NOTICE OF COMPLETION

Notice is hereby given that the following public improvements have been completed and accepted by the City Council of the City of Laguna Hills on December 8, 2015.

Description of Improvements

Stockport Park Renovation Project, CIP No. 239-B, including clearing and grubbing, concrete removals, grading, concrete, picnic tables, landscaping, irrigation, play equipment installation, and resilient surfacing placement.

General Location

Stockport Park, located at the intersection of Wilkes Place and Stockport Street, and Knotty Pine Park, located at the intersection of Mackenzie Street and Knotty Pine Road, Laguna Hills, CA

Owner of Property Address	Contractor
City of Laguna Hills 24035 El Toro Road Laguna Hills, CA 92653	Hondo Company, Inc. 2121 South Lyon Street Santa Ana, CA 92705

This Notice of Completion is executed under authority of a directive from the City Council of the City of Laguna Hills.

I, Kenneth H. Rosenfield, P.E., declare under penalty of perjury that I am the City Engineer of the City of Laguna Hills, that I am familiar with the facts stated in the foregoing Notice of Completion executed for and on its behalf, and that I have read the foregoing Notice of Completion and know the contents thereof to be true.

Dated: December 8, 2015

____

Kenneth H. Rosenfield, P.E., Director of Public Works/City Engineer
City of Laguna Hills

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: DECEMBER 8, 2015

TO: MAYOR AND COUNCIL MEMBERS

FROM: DONALD J. WHITE
ASSISTANT CITY MANAGER

ISSUE: MEASURE M2 EXPENDITURE REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2015

RECOMMENDATION: THAT THE CITY COUNCIL: (1) APPROVE THE MEASURE M2 EXPENDITURE REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2015, 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 FOR THE FISCAL YEAR ENDING JUNE 30, 2015."

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, 2015, 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 revenues, 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 roughly $600,000 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:

- Resolution Concerning the Measure M2 Expenditure Report
- M2 Expenditure Report for the Fiscal Year Ended June 30, 2015

RESOLUTION NO. 2015-12-08-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 FOR THE FISCAL YEAR ENDING JUNE 30, 2015

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, 2015.

PASSED, APPROVED, AND ADOPTED this 8th day of December 2015.

____

, MAYOR

ATTEST:

____
MELISSA AU-YEUNG, CITY CLERK

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

I, Melissa Au-Yeung, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. 2015-12-8- adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 8th day of December 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

____
MELISSA AU-YEUNG, CITY CLERK

M2 Expenditure Report
Fiscal Year Ended June 30, 2015
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	$ 51,791
Other M2 Interest	6	$ -
Other* TDA Backfill	7	$ 10,449
Balances at Beginning of Fiscal Year (Sum Lines 1 to 7)	8	$ 62,240
Monies Made Available During Fiscal Year	9	$ 642,741
Total Monies Available (Sum Lines 8 & 9)	10	$ 704,981
Expenditures During Fiscal Year	11	$ 631,872
Balances at End of Fiscal Year		
M2 Fairshare	12	
M2 Fairshare Interest	13	
M2 CTFP	14	
M2 CTFP Interest	15	
Other M2 Funding	16	$ 59,762
Other M2 Interest	17	
Other* TDA Backfill	18	$ 13,347

CTFP - Comprehensive Transportation Funding Programs

City of Laguna Hills

M2 Expenditure Report

Schedule 2

Fiscal Year Ended June 30, 2015
Sources and Uses

Description	Line No.	Amount
Revenues:		
M2 Fairshare	1	$ 535,095
M2 Fairshare Interest	2	$ 714
M2 CTFP (Project O)	3	
M2 CTFP Interest	4	
Other M2 Funding**	5	$ 103,856 [a]
Other M2 Interest	6	$ 179
Other*TDA Backfill	7	$ 2,897
TOTAL REVENUES (Sum lines 1 to 7)	8	$ 642,741
Expenditures:		
M2 Fairshare	9	$ 535,095
M2 Fairshare Interest	10	$ 714
M2 CTFP (Project O)	11	
M2 CTFP Interest	12	
Other M2 Funding**	13	$ 95,885
Other M2 Interest	14	$ 179
Other*	15	
TOTAL EXPENDITURES (Sum lines 9 to 15)	16	$ 631,872
TOTAL BALANCE (Subtract line 16 from 8)	17	$ 10,869

* Please provide a specific description

** Please provide breakdown of "**Other M2 Funding**". Other M2 Funding includes funding received and/or funds expended by Local Agencies from any other M2 program besides Project O (Regional Capacity Program) and Project Q (Local Fair Share Program).

Revenues

Project Description	Project	Amount	Interest	Total
Freeway Environmental Mitigation	A-M	$ -	$ -	$ -
Regional Traffic Signal Synchronization Program	P	$ -	$ -	$ -
High Frequency Metrolink Service	R	$ -	$ -	$ -
Transit Extensions to Metrolink	S	$ -	$ -	$ -
Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems	T	$ -	$ -	$ -
Senior Mobility Program or Senior Non-Emergency Medical Program	U	$ 32,781.00	$ 179.00	$ 32,960.00
Community Based Transit/Circulators	V	$ -	$ -	$ -
Safe Transit Stops	W	$ -	$ -	$ -
Water Quality Program	X	$ 71,075.00	$ -	$ 71,075.00
	Total	$ 103,856.00	$ 179.00	$ 104,035.00

Expenditures

Project Description	Project	Amount	Interest	Total
Freeway Environmental Mitigation	A-M	$ -	$ -	$ -
Regional Traffic Signal Synchronization Program	P	$ -	$ -	$ -
High Frequency Metrolink Service	R	$ -	$ -	$ -
Transit Extensions to Metrolink	S	$ -	$ -	$ -
Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems	T	$ -	$ -	$ -
Senior Mobility Program or Senior Non-Emergency Medical Program	U	$ 24,809.66	$ 179.18	$ 24,988.84
Community Based Transit/Circulators	V	$ -	$ -	$ -
Safe Transit Stops	W	$ -	$ -	$ -
Water Quality Program	X	$ 71,075.00	$ -	$ 71,075.00
	Total	$ 95,884.66	$ 179.18	$ 96,063.84

[a] Project X revenue of $71,075 accrued to FY 14/15, awaiting reimbursement from OCTA

M2 Expenditure Report

Fiscal Year Ended June 30, 2015

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	$ 365,771						$ 24,810	$ 179		$ 390,759
Construction & Right-of-Way											
New Street Construction	2										$ -
Street Reconstruction	3										$ -
Signals, Safety Devices, & Street Lights	4										$ -
Pedestrian Ways & Bikepaths	5										$ -
Storm Drains	6	$ 120,267						$ 71,075			$ 191,342
Storm Damage	7										$ -
Total Construction[1]	8	120,267	-	-	-	-	-	71,075	-	-	$ 191,342
Right of Way Acquisition	9										$ -
Total Construction & Right-of-Way	10	120,267	-	-	-	-	-	71,075	-	-	$ 191,342
Maintenance											
Patching	11										$ -
Overlay & Sealing	12										$ -
Street Lights & Traffic Signals	13	$ 446,491		$ 29,983							$ 476,475
Storm Damage	14										$ -
Other Street Purpose Maintenance	15	131,653		505,111	714						$ 637,478
Total Maintenance[1]	16	578,144	-	535,095	714	-	-	-	-	-	$ 1,113,953
Other	17	10,265									$ 10,265
GRAND TOTALS (Sum Lines 1, 10, 16, 17)	18	$ 1,074,447	$ -	$ 535,095	$ 714	$ -	$ -	$ 95,885	$ 179	$ -	$ 1,706,319

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

\+ Transportation related only

[1] Includes direct charges for staff time

12/8/2015 ITEM NO. 3.5

M2 Expenditure Report

Fiscal Year Ended June 30, 2015

Fairshare Project List

PROJECT NAME	AMOUNT EXPENDED
Street Maintenance Contract	505,825
Utilities	$ 29,983
	$ 535,808.41

M2 Expenditure Report
Fiscal Year Ended June 30, 2015

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 (Print Name) Date

____

Signature

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: DECEMBER 8, 2015

TO: MAYOR AND COUNCIL MEMBERS

FROM: MELISSA AU-YEUNG
ASSISTANT TO THE CITY MANAGER

ISSUE: 2016 CITY COUNCIL MEETING SCHEDULE

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT THE PROPOSED CALENDAR FOR 2016.

SUMMARY:

In order to facilitate preparation and delivery of agendas, as well as to 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 2016. 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. Please note that the second meeting in July, first meeting in August, and second meeting in December are dark.

ATTACHMENTS:

- Proposed Calendar for 2016

CALENDAR FOR 2016

January 1, 2016	**New Year's Day Holiday Observed** **City Hall Closed**
January 12, 2016	Regular City Council/Planning Agency Meeting
January 26, 2016	Regular City Council/Planning Agency Meeting
February 09, 2016	Regular City Council/Planning Agency Meeting Public Improvement Corp
February 15, 2016	**Presidents Day Holiday** **City Hall Closed**
February 23, 2016	Regular City Council/Planning Agency Meeting
March 08, 2016	Regular City Council/Planning Agency Meeting
March 22, 2016	Regular City Council/Planning Agency Meeting
March 27, 2016	Easter Sunday
April 12, 2016	Regular City Council/Planning Agency Meeting
April 26, 2016	Regular City Council/Planning Agency Meeting
May 10, 2016	Regular City Council/Planning Agency Meeting
May 24, 2016	Regular City Council/Planning Agency Meeting
May 30, 2016	**Memorial Day Holiday** **City Hall Closed**
June 14, 2016	Regular City Council/Planning Agency Meeting

Calendar for 2016

June 28, 2016	Regular City Council/Planning Agency Meeting
July 4, 2016	**City's Fourth of July Celebration** **City Hall Closed**
July 12, 2016	Regular City Council/Planning Agency Meeting
July 26, 2016	**Regular City Council/Planning Agency Meeting** **Dark Meeting**
August 09, 2016	**Regular City Council/Planning Agency Meeting** **Dark Meeting**
August 23, 2016	Regular City Council/Planning Agency Meeting
September 05, 2016	**Labor Day Holiday** **City Hall Closed**
September 13, 2016	Regular City Council/Planning Agency Meeting
September 27, 2016	Regular City Council/Planning Agency Meeting
October 5 – October 7	League of California Cities Conference Long Beach, California
October 11, 2016	Regular City Council/Planning Agency Meeting
October 25, 2016	Regular City Council/Planning Agency Meeting
November 08, 2016	**General Election** Regular City Council/Planning Agency Meeting
November 11, 2016	**Veteran's Day Holiday** **City Hall Closed**
November 22, 2016	Regular City Council/Planning Agency Meeting
November 24-25, 2016	**Thanksgiving Holiday** **City Hall Closed**

Calendar for 2016

December 13, 2016	Regular City Council/Planning Agency Meeting
December 26, 2016	**Observed Christmas Holiday** **City Hall Closed**
December 27, 2016	**Regular City Council/Planning Agency Meeting** **Dark Meeting**

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: **DECEMBER 8, 2015**

TO: **MAYOR AND COUNCIL MEMBERS**

FROM: **MELISSA AU-YEUNG**
ASSISTANT TO THE CITY MANAGER

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, 2015.

BACKGROUND:

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

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

A Local Appointments List for the City of Laguna Hills is attached. After the City Council 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	01/31/2019
Victoria Auer	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	01/31/2019
Maya Douglas	01/27/2015	02/04/2015	01/31/2019

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
Mike Caputo	02/05/2013	02/26/2013	01/31/2017
Stephen Beeuwsaert	02/05/2013	02/26/2013	01/31/2017
Larry Woodruff	05/12/2015	05/15/2015	01/31/2017
Mark Jones	01/27/2015	02/10/2015	01/31/2019
Greg Staar	01/27/2015	02/10/2015	01/31/2019

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: DECEMBER 8, 2015

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, 2015

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2015, 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, 2015. For the past twenty-one years, the City has operated with an Audit Committee to oversee the audit process and review the findings with the auditors. The certified public accounting firm of White Nelson Diehl Evans LLP was engaged by the City to perform the audit of the City's financial statements and rendered an unqualified opinion that the City's Fiscal Year (FY) 2014/2015 financial statements present fairly, in all material respects, the respective financial position of the City. During the financial audit, the City's auditors did not identify any deficiencies in internal control that were considered to be material weaknesses.

BACKGROUND:

I. Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2015

Included in your agenda packet, under separate cover, is the City's CAFR for the fiscal year ended June 30, 2015. 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, the following: (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, 2015; 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, 2015.” 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 the Letter of Transmittal, 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 2014/2015.

The accompanying Notes to the 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, as well as, schedules regarding the City’s pension plan.

The Supplementary Schedules provide: combining statements for each of the non-major governmental funds; budgetary comparison for the non-major individual governmental funds, capital projects fund, and debt service 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 complies with the promulgated requirements of the Government Accounting Standards Board (GASB) Regulation No. 44. It contains City financial trends, revenue capacity, and debt capacity, as well as, operating, economic, and demographic information. The schedules in the statistical section are unaudited and the Auditor's Report notes that it does not express an opinion as to the accuracy of the data presented in the Statistical Section.

II. Audit Letters by White Nelson Diehl Evans LLP

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 2015/2016. 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 over Financial Reporting

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 consider the internal control of the City. The auditors did not identify any deficiencies in internal control that they would consider to be material weaknesses during their audit.

- Auditor's Communication with Governance

This third and final letter addresses the auditor's responsibility under generally accepted auditing standards and complies with the requirements of the Statements of Auditing Standards, which provides guidance on the auditor's communication with those charged with governance in relation to an audit of the financial statements.

III. GFOA Award

For the past twenty-two 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 2013/2014 can be found immediately following the Table of Contents of the attached CAFR for fiscal year ended June 30, 2015. 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, 2015 (under separate cover)
- Audit letters by White Nelson Diehl Evans LLP

CITY OF LAGUNA HILLS
CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2015

12/8/2015 ITEM NO. 3.8

CITY OF LAGUNA HILLS
California

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2015

CITY MANAGER
Bruce E. Channing

ASSISTANT CITY MANAGER
Donald J. White

12/8/2015 ITEM NO. 3.8

INTRODUCTORY SECTION

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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, 2014

Executive Director/CEO

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December 8, 2015

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, 2015, 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 White Nelson Diehl Evans, 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, 2015, is discussed in the Management's Discussion and Analysis (MD&A), which immediately follows the independent auditor's report. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY OF LAGUNA HILLS

The City of Laguna Hills is located in South Orange County approximately 60 miles south of Los Angeles and 70 miles north of San Diego. Incorporated in 1991 under the laws of the State of California, it enjoys all the rights and privileges pertaining to "General Law" cities. The City is home to approximately 30,994 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 Manager administers the daily operations and programs of the City through department heads, other staff members and employees.

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

ECONOMIC CONDITIONS & OUTLOOK

Six years after the end of the "Great Recession", we now know that the general economy has in fact experienced a necessary structural correction. It is clear that the major repercussions of the historic economic downturn have substantially subsided. Consequently, the City of Laguna Hills expects to see continual signs of recovery in the local tax base and anticipates revenues to reach, and ultimately surpass, pre-recessionary levels. To maintain its strong financial position, the City must continue to promote overall fiscal health and sustainability by adhering to its conservative financial policies, focusing on organizational efficiency and performance, and fiscally prudent decision-making. This financially conservative stance has played a critical role in allowing the City to respond quickly to the post-Recession difficulties that were prevalent in the economy. Another important factor in the City's healthy financial condition is its strong and well-diversified tax base. Since Laguna Hills' incorporation in 1991, its diversified tax base has consistently performed well in good economic times and, more importantly over these last six years, has helped the City weather slower economic conditions.

General fund revenues in Laguna Hills increased in FY 2014/15 by $1,081,466, or 5.8%, most of which can be attributed to increases in property tax and sales tax revenues. Property tax revenues totaled $9,128,569, representing a $302,298 increase over the prior year revenues, and sales tax revenues came in at $5,649,731, a $126,662 increase over the previous year.

Total operating expenditures slightly increased over the previous fiscal year by $556,251, or 3.3%, and came in $119,679 under budget for FY 2014/15. Additionally, general fund revenues exceeded operating expenditures by $1,940,255.

As the real estate market in the City continues to recover, property taxes are expected to continue to rebound next year. Given a positive consumer price index and the overall improvement that is occurring in the local housing market, property taxes are anticipated to increase over the next few years.

The City utilized a few key assumptions in the development of its biennial budget. The following assumptions and forecasts for 2016, should they hold true, will positively impact revenues in Laguna Hills:

- Taxable Sales +3.49%
- Consumer Price Index +2.52%
- Assessed Valuation +3.19%

LONG TERM FINANCIAL PLANNING

The City utilizes a customized 8-Year Resource Allocation plan that is specifically designed to project the City's operating and reserve policy ratios over an eight year forecast horizon. The City's policy is to strive to maintain an operating ratio of 1.1 to 1.0, an Unrestricted General Fund Balance Ratio of 35% and an Unassigned Gneral Fund balance Ratio of 25%. The operating ratio for FY 2014/15 came in at 1.04 and the Restricted Fund Balance and the Unassigned Fund Balance were at 36% and 29%, respectively. During the development of the 2015-17 Biennial Budget, the City identified a number of cost saving measures that, once implemented, will have a significant impact on the City's financial outlook. These, coupled with the completion of major development projects discussed under the *Major Initiatives* heading, will allow the City to achieve its operating ratio target.

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

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

CASH MANAGEMENT

The City invests its temporary idle cash in investments authorized under the City's prevailing Investment Resolution and Policies, which are reviewed and approved annually. These policies are significantly more restrictive than State law, limiting investments to a maturity of one year or less. At the present time, the City's investments are limited to the Local Agency Investment Fund (LAIF), fully insured or collaterized certificates of deposit with qualified banks, and U.S. Treasury money market funds.

CAPITAL ASSETS

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

MAJOR INITIATIVES

The following section provides a sampling of some of the various initiatives and highlights occurring throughout the 2014/2015 fiscal year:

BIENNIAL BUDGET

Since its incorporation, the City has been committed to biennial budgeting and long-range financial planning. Preparing a budget every other year lends greater weight to the importance of such processes. This year's budget process lasted from February through June this year and, given the tenuous condition of the economic climate, dominated staff's time and resources. The lengthy budget process included three 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 $49.17 million.

- Operating revenues for FY 15/16 are anticipated to increase by 4.18% from the previous year-end estimate. For the following year (FY 16/17), operating revenues are projected to increase by 1.56%

- Approved 13 capital projects totaling $7,646,874. Of this amount, $1,597,000, or 20.9%, is required from the General Fund. The balance of the funding will come from Special Funds and capital reserve funds.

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 and will help guide the area toward a mixed-use downtown space that provides not only shopping, but also a pedestrian experience and public gathering space. The conceptual redevelopment plan creates a modern pedestrian-friendly town center with more cafes and restaurants, an upscale movie theater, and a public plaza. In 2014, Merlone Geier Partners purchased the lease to the Sears building and parking field to allow for expanded redevelopment opportunities for the property.

Merlone Geier Partners submitted initial plans for the redevelopment of the Laguna Hills Mall in March 2015, which are currently being reviewed by staff in the Community Development Department. The redevelopment plan will result in a complete renovation to the Mall, bringing an additional mixed-use development project to the Urban Village Specific Plan (UVSP) area. The USVP envisions the creation of a village-like downtown core that will shape the future of the area as a vibrant community and regional destination. This $500 million redevelopment project is expected to contribute to the quality of life for residents of Laguna Hills and the region. Furthermore, this renovation will seek to enhance the long-term economic vitality of the region.

OAKBROOK VILLAGE

The owner of Oakbrook Village, Fritz Duda Company, received approval from the City in 2012 to create mixed-use development with new retail and residential units. This project will ultimately create 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 multi-story residential buildings and up to 82,574 square feet of new retail space. Phase 1 of this project, which includes the demolition of 82,730 square feet of retail uses and the development of 289 dwelling units and 23,974 square feet of new retail space, began grading and demolition work in April 2014.

Building permits for the project were issued in October 2014 and construction for Phase I is anticipated to be completed in the spring of 2016. Additionally in October, the City received a total of $2,777,779 in fees, including $2,136,288 in Park In-lieu Fees.

STOCKPORT PARK

The Stockport Park Renovation project consisted 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, the removal of 15 Eucalyptus trees, and other miscellaneous site repairs. While this project was originally scheduled to begin construction in the summer of 2014, a delay in receiving the project funding revenues delayed the construction timeline for the project into 2015. Consequently, in May 2015, Hondo Company, Inc. began work on the $300,000 renovation project. The project was substantially completed in November 2015.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

Over the past eleven years, the City has been awarded Community Development Block Grant (CDBG) funds totaling over $2.7 million dollars. Nearly $2.5 million has been used for the partial rehabilitation of more than 200 affordable housing units for very low, low, and moderate income households in the City. In 2015, the City of Laguna Hills directed $80,000 in CDBG funds towards the exterior rehabilitation and renovation of homes in the 248-unit Aliso Meadows Condominium Association. As a result of a contract amendment with the City of Laguna Hills, the Aliso Meadows Condominium Association has received a total of $322,000 in CDBG funds to date.

In addition, for the upcoming year, the City was awarded $70,380 in CDBG funds for the following improvements to Florence Sylvester Memorial Senior Center: to repaint the interior and exterior of the building, grout and reseal tile throughout the Center, refinish all wood doors and cabinets, replace the existing obsolete phone system, remove and replace existing carpet, and remove the existing door on the north side of the building and replace it with an automatic door. Over the last seven years, the City has been awarded funds totaling over $355,000 to complete a number of improvements and address deferred maintenance issues at the Florence Sylvester Senior Center.

POLICE SERVICES CONTRACT SAVINGS

One of the major plans identified as part of the 2013-15 Biennial Budget was a review of the current Police Services contract, including recommendations regarding possible modifications or reallocation of resources. The City awarded a contract to Matrix Consulting in November 2013 to conduct a comprehensive evaluation of police services in Laguna Hills, with the final report presented to the City Council in June 2014. The report identified several potential cost saving measures, one recommendation being: “Explore alternative cost sharing arrangements from Laguna Woods for the value of the coverage and pro-activity received from Laguna Hills for late night law enforcement services.” Subsequent analysis revealed the need to also explore alternative cost sharing arrangements with Laguna Woods for the true value for the coverage and pro-activity received from the City of Laguna Hills for all other shifts, patrol supervision and indirect supervision received from the City. As a result, early this year, the City successfully negotiated a fair share cost allocation of patrol sergeants among the Cities of Laguna Hills, Aliso Viejo, and Laguna Woods, as well as implemented a unified regional model for the midnight shift for the same three cities. This resulted in savings of approximately $463,000 in the City’s contract for sheriff services. Coupled with the reduction of the number of motorcycle deputies from three to two, the total cost for law enforcement services for FY 2015/16 is estimated to be $6.9 million, representing a decrease of -2.94%.

WEBSITE REDESIGN

One of the major initiatives identified as part of the 2013-15 Biennial Budget was an update to the City’s website to improve efficiency, effectiveness, transparency, and provide easier access to resources and services. In December 2014, based on input from the IT Committee and the City’s management team, the City retained CivicPlus for the website redesign project. The cost for implementation of the new website, which includes maintenance, hosting, support, and design services, is $36,000 for the first year. Subsequently, as outlined within the 5-year agreement, the annual cost for software updates, maintenance, support, and hosting services will be $7,008.

The website redesign project will look to provide enhanced user-friendly resources, including: the ability to view upcoming events, community highlights, and news from around Laguna Hills; advanced searching of and access to City Council, Commission, and Committee meeting agendas and minutes; easy access to the City’s biennial budget and other financial documents; the ability to register for classes and activities and to rent City facilities; and a resource for reporting an issue from your mobile device or computer. An economic development page to provide resources for local businesses and businesses looking to locate within Laguna Hills will also be included as part of the project.

BUILDING & SAFETY DEPARTMENT ACTIVITY

During the past three years, the City has experienced a significant increase in permit activity. Consequently, the Building Division issued nearly 2,000 building permits over the course of the 2014-15 fiscal year. With the goal of reducing monetary costs and plan check completion times for applicants, the Building Division released a Request For Proposal for building and safety services in April 2015 and retained a consultant in July 2015. In addition, Building Division staff implemented an online solar plan check submission process and reduced the review process to three days or less in an effort to increase efficiency and lower costs.

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, 2014. This was the twenty-third 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 applied for the GFOA Distinguished Budget Presentation Award for its 2015-17 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 General Government Department. The contributions are invaluable and clearly reflect the high standards the City has set for itself.

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

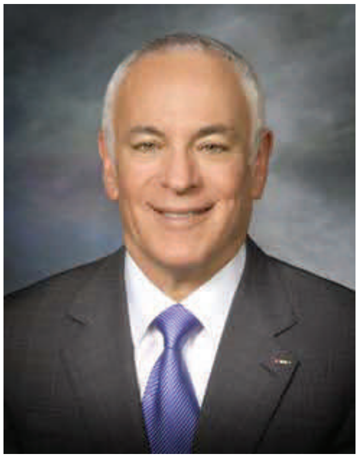
Respectfully submitted,

original signed *original signed*

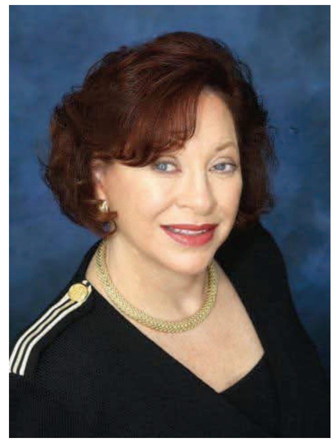
Bruce E. Channing
City Manager

Donald J. White
Assistant City Manager

ELECTED OFFICIALS
As of June 30, 2015



Dore Gilbert
Mayor



Barbara Kogerman
Mayor Pro Tem

Andrew Blount
Council Member

Melody Carruth
Council Member

Don Sedgwick
Council Member

MANAGEMENT STAFF
As of June 30, 2015

Bruce E. Channing
City Manager/Treasurer

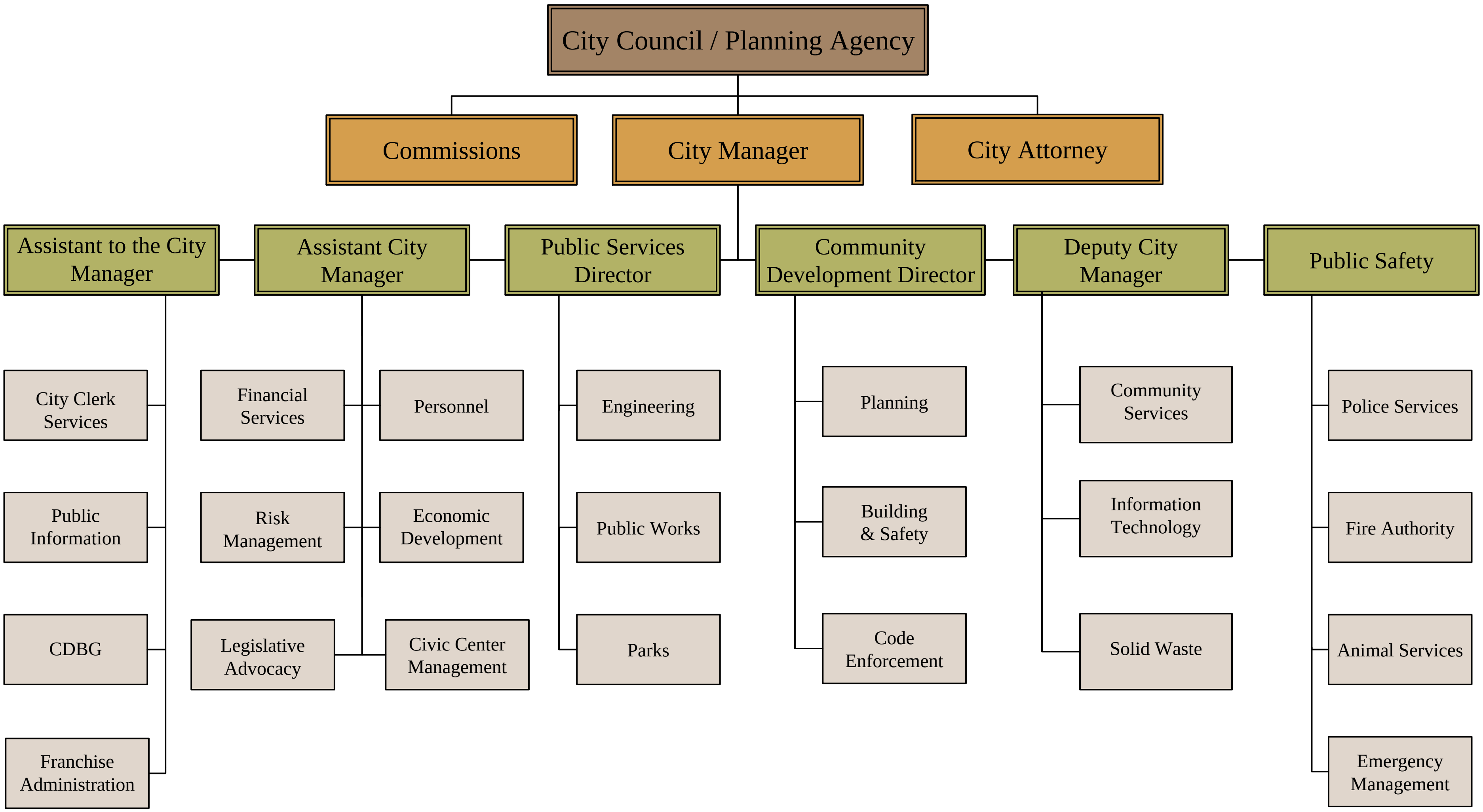
Donald J. White
Assistant City Manager/Deputy Treasurer

♦ **Melissa Au-Yeung**	Assistant to the City Manager
♦ **Gregory E. Simonian**	City Attorney
♦ **David Chantarangsu**	Community Development Director
♦ **David T. Reynolds**	Deputy City Manager
♦ **Kenneth H. Rosenfield**	Director of Public Works/City Engineer
♦ **Lt. Roland Chacon**	Police Chief (O.C. Sheriff Department)
♦ **Bryan Brice**	Division Chief (OC. Fire Department)

CITY OF LAGUNA HILLS

ORGANIZATIONAL CHART

June 30, 2015



12/8/2015 ITEM NO. 3.8

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FINANCIAL SECTION

WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

City Council
City of Laguna Hills
Laguna Hills, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Laguna Hills (the City), as of and for the year ended June 30, 2015, and the related notes to the basic 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.

Auditors' Responsibility

Our responsibility is to express opinions on these basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the City'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 City'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 opinions.

2875 Michelle Drive, Suite 300, Irvine, CA 92606 • Tel: 714.978.1300 • Fax: 714.978.7893

Offices located in Orange and San Diego Counties

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 activity, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1d and 16 to the financial statements, the City adopted Governmental Accounting Standards Board's Statement No. 68, *"Accounting and Financial Reporting for Pensions"* and Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68"*. The adoption of these standards required retrospective application resulting in a $2,823,730 reduction of previously reported net position of the governmental activities. Our opinions are not modified with respect to this matter.

Other Matters

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of contributions - defined benefit pension plans, and the schedule of revenues, expenditures and changes in fund balance - budget and actual - general fund, identified as Required Supplementary Information (RSI) in the accompanying table of contents, 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 RSI 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 the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI 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, supplementary schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

The supplementary schedules, as listed in the table of contents, 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 supplementary schedules 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 30, 2015, 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.

White Nelson Diehl Evans LLP

Irvine, California
November 30, 2015

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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, 2015**. 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 net position of the City of Laguna Hills at the close of the most recent fiscal year was $100,942,166. Of this amount, $1,753,595 is not restricted to a specific use or purpose.
- 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 $1,192,462, approximately 1.2%.
- Total revenues from all sources were $25,554,978.
- The total cost of all City programs and projects was $24,362,516. Approximately 18%, or $4,444,823, of this amount is attributable to depreciation on the City's capital assets.
- The net pension liability reported as of June 30, 2015, for the City's proportionate shares of the net pension liability of all pension plans, was $2,261,011.
- The net position of governmental activities was $91,654,070 as of June 30, 2015, 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 $1,846,670.

Fund Based

- As of the close of the current fiscal year, the governmental funds reported combined ending fund balances of $11,639,010.
- Total non-spendable fund balances, amounts that are either not in spendable form or are legally or contractually required to be maintained,

were $318,769.

- Total spendable fund balances were $11,320,241. Of this amount, approximately 11% ($1,230,959 total assigned) is constrained by the City's intent to be used for a specific purpose and 46% ($5,240,670 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 $1,411,449.
- At the end of the most recent fiscal year, the total fund balance for the general fund was $6,717,301; an increase of $389,418 over prior year.
- General fund reported revenues exceeded expenditures by $1,940,255.

Overview of the Financial Statements

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

(1) **Government-wide financial statements**. These statements are designed to provide readers with a broad overview of the City of Laguna Hills' financial position, in a manner similar to a private-sector business, using the economic resources measurement focus and the full accrual basis of accounting. The following reports comprise the government-wide financial statements:

a) *Statement of Net Position*. This report presents information on all the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The difference between the assets and deferred outflow, on the one hand, and liabilities and deferred inflows of resources, on the other, constitutes the *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or weakening, though it is important to consider other non-financial factors in accurately assessing the overall health of the City, such as the property tax base or condition of the roads, etc.; 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, 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-19 to II-21 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 19 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 non-major governmental fund is provided in the form of *combining statements* elsewhere in this report.

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

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-23 to II-30 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-31 to II-60 of this report.

(4) **Other Information**. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* including budgetary comparisons for the general fund, a schedule of changes in net pension liability and related ratios, and a schedule of employer plan contributions.

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

Government –Wide Financial Analysis

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, 2015, was $100,942,166, as shown on Table 1, on the following page.

By far the largest portion of the City's net position (roughly $94 million, or 93%

of total net position) reflects its net investment in capital assets, which is made up of: (1) capital assets (land, building, machinery, and equipment) less accumulated depreciation, any related debt used to acquire those assets that are still outstanding, and the unamortized bond premium, (2) outstanding deferred loss on refunding, and (3) the cash with fiscal agent held in reserve to secure the timely payment of principal and interest on the capital asset related debt. The City uses these capital assets to provide services to citizens; Consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt and corresponding items, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. There is $12,106,108 in debt outstanding (including the unamortized debt premium) 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	
	2015	2014	2015	2014	2015	2014
Current and other assets	$ 13,954	$ 13,376	$ 40	$ 109	$ 13,994	$ 13,485
Capital assets	94,647	95,790	9,324	9,895	103,971	105,685
Total assets	108,601	109,166	9,365	10,004	117,966	119,170
Total deferred outflows	554	570			554	570
Long-term liabilities	14,735	17,068		38	14,735	17,106
Other liabilities	1,958	2,861	77	23	2,035	2,884
Total liabilities	16,693	19,929	77	61	16,770	19,990
Total deferred inflows	808				808	0
Net position:						
Net investment in capital assets	84,623	84,465	9,324	9,895	93,947	94,360
Restricted	5,241	2,415			5,241	2,415
Unrestricted	1,790	2,927	(36)	48	1,754	2,975
Total net position	$ 91,654	$ 89,807	$ 9,288	$ 9,943	$ 100,942	$ 99,750

Another portion of the City's net position, $5,240,670 (5% 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 $1,753,595, 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 for the government as a whole. The same situation held true for the prior fiscal year. However, at the end of the current fiscal year, unrestricted net position for business-type activities is a negative $36,397, or a negative .4%. This amount is negative as a result of total liabilities exceeding total current and other assets by $36,397 in business-type activities.

The City's business-type activity involves the leasing of rentable areas in the Civic Center building. This 3-story building complex was renovated to accommodate the City offices and to add leasable spaces. Since June 28, 2004, the City government has operated from this facility. The occupancy rate was approximately 82% on June 30, 2015.

During the fiscal year ended June 30, 2015, the total revenue from all sources was $25,554,978 and the cost of all activities was $24,362,516, resulting in an overall increase in net position of $1,192,462. The City's governmental activities increased total net position by $1,896,670 and the City's business-type activities decreased total net position by $654,208. The increase from governmental activities is due from an increase in revenues, primarily in operating contributions from water conservation rebates and capital contributions from park in-lieu fees, as well as increases in general revenues. The decrease from business-type activities is largely attributable to depreciation. Of the $1,204,437 of total operating expenses related to property leasing activities, depreciation represents 59%, or $720,247, of that total.

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

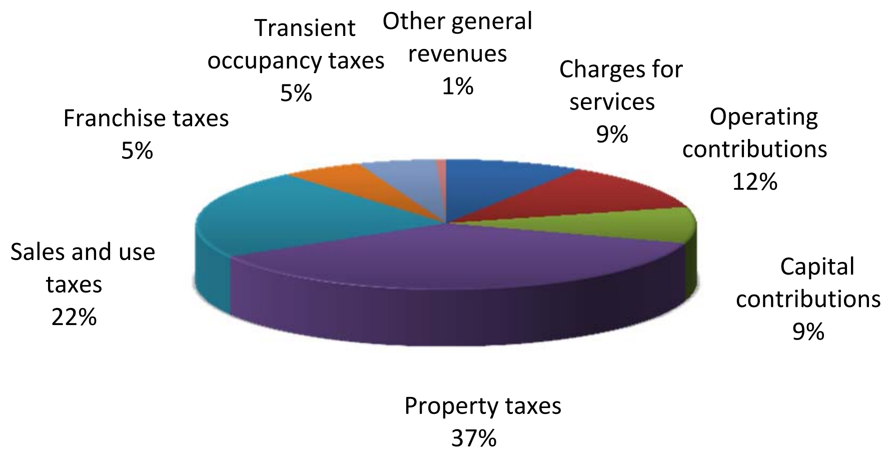
Table 2
Statement of Changes in Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Revenues:						
Program Revenues:						
Charges for services	$ 2,262	$ 1,701	$ 500	$ 476	$ 2,762	$ 2,177
Operating contributions	2,989	2,186			2,989	2,186
Capital contributions	2,265	808			2,265	808
General Revenues:						
Property taxes	9,129	8,826			9,129	8,826
Sales and use taxes	5,604	5,563			5,604	5,563
Franchise taxes	1,343	1,259			1,343	1,259
Transient occupancy taxes	1,285	1,203			1,285	1,203
Motor vehicle in lieu taxes	14	14			14	14
State subvention	94	17			94	17
Interest earnings	14	12			14	12
Miscellaneous revenues	56	30			56	30
Total revenues	25,055	21,619	500	476	25,555	22,095
Expenses:						
Legislative/executive	1,513	1,547			1,513	1,547
Administrative services	1,574	1,492			1,574	1,492
Public services	6,333	6,377			6,333	6,377
Community development	1,434	1,266			1,434	1,266
Community services	4,661	3,886			4,661	3,886
Public safety	7,163	6,837			7,163	6,837
Property leasing	-	-	1,205	1,278	1,205	1,278
Interest	480	530			480	530
Total expenses	23,158	21,935	1,205	1,278	24,363	23,213
Change in net position before transfers	1,897	(316)	(705)	(802)	1,192	(1,118)
Transfers	(50)	(294)	50	294		
Change in net position	1,847	(610)	(655)	(508)	1,192	(1,118)
Net position, beginning, as restated	89,807	90,417	9,943	10,451	99,750	100,868
Net position, ending	$ 91,654	$ 89,807	$ 9,288	$ 9,943	$ 100,942	$ 99,750

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 2014/15



As shown in the above pie chart, roughly 69%, or $17,374,905, 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 $7,515,383, 30% of the total resources, comprised of charges for services, operating and capital contributions.

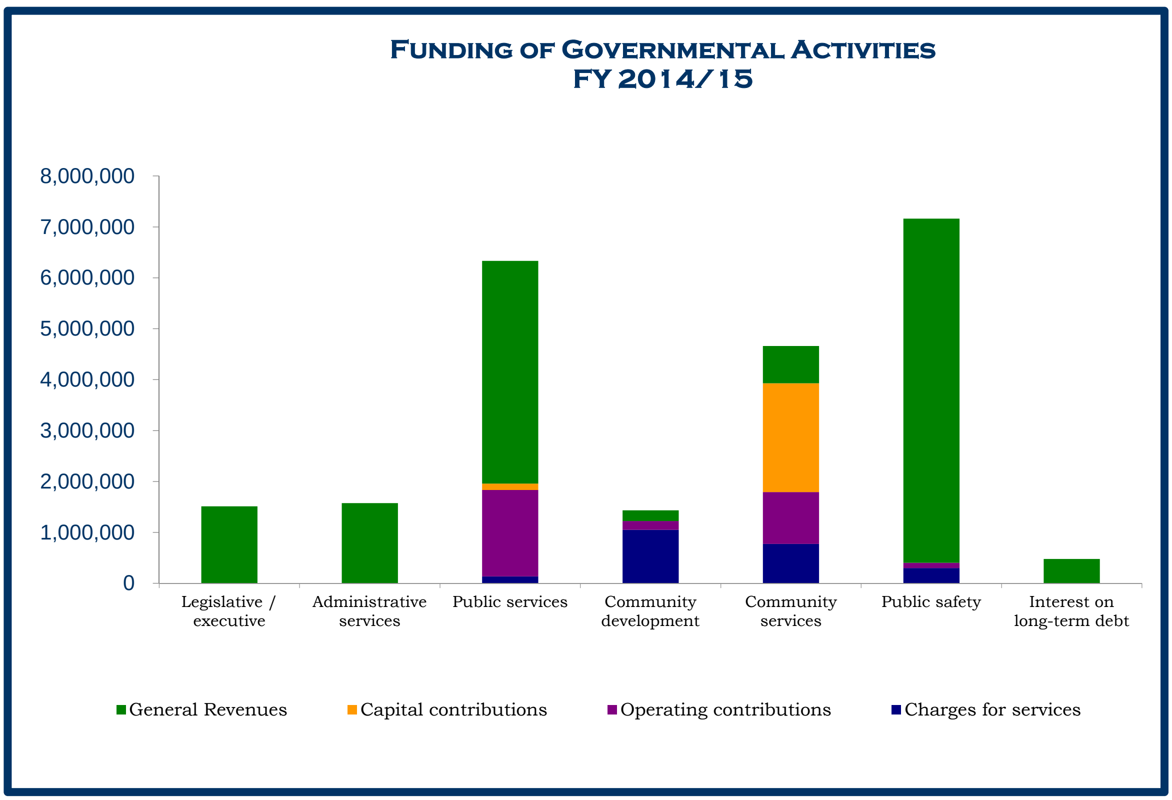
The City's expenses in connection with its governmental activities are categorized by function, namely: legislative/executive, administrative services, public services, community development, community services and public safety. The program revenues associated with these governmental activities are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

Expenses associated with governmental activities experienced an increase of 6%, or $1,223,387, this past year. This is largely due in part by the City's contribution of $650,000 towards the Laguna Hills High School athletic field synthetic turf renovation. The City, in exchange, has secured rights to use the field for both adult and youth sports organizations. Additionally, the increase in expenses year-over-year can also be attributable to positions filled in the City's law enforcement that were primarily vacant during the prior fiscal year. Of the $23,158,079 of expenses in governmental activities, depreciation of capital assets accounts for $3,724,576 (16%) and the debt service interest payment on capital related items accounts for $479,589 (2%).

Program Revenues and Expenses:

Program revenues for the most recent fiscal year were $7,515,383. Expenses related to governmental activities were $23,158,079. The program revenues are generally not adequate to finance the governmental programs, so it is typical for governmental expenses to be subsidized by general revenues. The City's expenses for public services and public safety are comparatively higher than the other expense categories, as shown in **Figure 2** below. The interest on long-term debt was $479,589.

Figure 2



Business-type Activities

During the most recent fiscal year, the operating revenues of the Laguna Hills Civic Center were $500,202 and the operating expenses were $1,204,437, resulting in a net operating loss of $704,235, which includes a depreciation charge of $720,247. After interest earnings of $27 and transfers in from governmental activities of $50,000, the change in net position at fiscal year-end was $(654,208). The net cash provided by the leasing activities was $33,145. The contra rent revenue associated with the occupied spaces for City Hall was $610,988 for the current fiscal year.

Analysis of Major Funds

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

Governmental funds:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the focus of the *governmental funds* is to provide information on near-term inflows and outflows, as well as the balances of spendable resources at the end of the fiscal year. Such information is useful in assessing the City of Laguna Hills' near term financing requirements. In particular, fund balances of the governmental funds are reported separately within classifications based on a hierarchy of constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned, and unassigned fund balance.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of $11,639,010, an increase of $1,411,499 from the prior year's balance. Of the ending fund balance, $318,769 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 $11,320,241 in spendable fund balance, $5,240,670 is restricted fund balance, $1,230,959 is assigned fund balance and $4,848,612 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 $1,030,959 designated for equipment maintenance of the Civic Center, Community Center, Sports Complex, slopes, storm drains, and various parks.

The fund balance of the City's general fund increased by $389,418 from the prior fiscal year's balance, resulting from an increase in revenues year over year, primarily in property, franchise, and transient occupancy taxes. The fund balance of the non-major governmental funds increased by $1,023,336, which is largely attributable to turf removal rebates and synthetic turf rebates received from Moulton Niguel Water Efficiency Rebate Program, as well Quimby Act park in-lieu developer impact fees associated with the Oakbrook Village redevelopment project.

The City's capital projects fund accounts for financial resources related to the acquisition and construction of the City's capital projects. Revenues and transfers in from other funds reflect the financial resources used to fund the capital project expenditures during the current fiscal year; therefore, this fund typically reflects no fund balance at the end of the fiscal year. Total expenditures and transfers in for the current fiscal year were $2,976,435. The largest capital expenditure during the current year was the annual street maintenance project, which totaled $2.04 million.

The City's debt service fund reports current financial resources restricted for the payment of principal and interest for long-term debt. As of the end of the current fiscal year, the debt service fund reported $1,806,468 in fund balance restricted to meet the reserve requirement under the Trust Agreement of the Certificates of Participation for the 2010 Refinancing Project. Pursuant to the Agreement, a reserve fund was established by the trustee, The Bank of New York Mellon Trust Company, N.A., to further secure the timely payment of principal and interest. All interest or income received by the investment of the reserve fund is required to be retained in the reserve fund. Interest income for the current fiscal year was $1,274. Only to the extent the reserve requirement is satisfied, may amounts in the reserve fund may be allocated toward lease payments.

Proprietary fund:

The proprietary fund provides the same type of information found in the government-wide financial statements. The City's proprietary fund consists of owning a piece of commercial real estate and leasing it to various entities. The total square footage of the building is 51,672. 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 $610,988.

The statement of revenues, expenses, and changes in net position shows a net operating loss of $704,235, before the interest earnings of $27. The net effect, after a transfer in of $50,000 from General Fund, is a decrease in the ending net position of $654,208, which is largely attributable to depreciation. It should be noted that, before accounting for $720,247 in depreciation expense, the net operating activity would result in a net operating income of $16,012 from the City's other leasing related activities.

General Fund Budgetary Highlights

At fiscal year-end, total revenues were above the budgeted amount by $41,399, which is largely due to an increase in license and permits. The amount of $1,022,523 in total licenses and permits came in well above the projection of $761,500 by a little more than $261,000. In addition, the City's top revenues source, property taxes, performed better in comparison to prior year receipts. Property taxes totaled $9,128,568, which was $302,297 over the prior year and $14,245 over projection. The total operating expenditures came in lower than the budgeted amount by $119,679.

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, 2015 amounted to $103,971,545 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 **Table 3** on the following page.

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

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	$ 17,754	$ 29,736	$ 2,855	$ 2,855	$ 20,609	$ 32,591
Land improvements	10,665				10,665	
Rights of ways/Easements	3,062	3,062			3,062	3,062
Building & improvements	4,851	5,524	6,469	7,039	11,320	12,563
Equipment and machinery	466	413			466	413
Construction in progress	308				308	
Infrastructure						
Street signs	4	26			4	26
Storm drains	2,301	2,309			2,301	2,309
Streets	46,262	45,211			46,262	45,211
Parks inventory	1,287	1,485			1,287	1,485
Curbs, sidewalks, gutters	6,007	6,274			6,007	6,274
Bridges	1,682	1,750			1,682	1,750
Total capital assets net of accumulated depreciation	$ 94,649	$ 95,790	$ 9,324	$ 9,894	$ 103,973	$ 105,684

Additional information on the City's capital assets can be found in Note 5 on page II-45 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, 2015, the per capita liability of the City of Laguna Hills was $390.60. The 2010 COPs maintain a "AA+" rating from Standard & Poor's.

Additional information on the City's long-term debt can be found in Note 6 on pages II-46 to II-47 of this report.

Budget and Economic Factors

The City's most recent adopted biennial budget for fiscal years 2015/16 -

2016/17 shows that the City continues to live within its means and poised to further improve as projects throughout the City move forward. General Fund revenues are projected at $20.66 million in fiscal year 2015/16, while operating expenditures are estimated at $18.58 million. For fiscal year 2016/17, revenues are projected to increase slightly, by 1.56% to $20.98 million, and operating expenditures are estimated at $18.91 million. The major goals and issues that dominated the budgeting process for this upcoming biennial budget are discussed in the transmittal letter together with the measures adopted to address the prevailing issues. A copy of the 2015-17 Biennial Budget is available on the City's website: www.ci.laguna-hills.ca.us .

Requests for Information

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

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LAGUNA HILLS
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities	Business-type Activity	Total
ASSETS:			
Cash and investments	$ 9,100,138	$ 29,496	$ 9,129,634
Taxes receivable	1,909,602	-	1,909,602
Accounts receivable	415,992	9,213	425,205
Interest receivable	7,413	-	7,413
Prepaid items	91,349	1,757	93,106
Due from other governments	535,079	-	535,079
Restricted cash and investments	1,894,184	-	1,894,184
Capital assets, not depreciated	21,123,347	2,855,425	23,978,772
Capital assets, net of accumulated depreciation	73,523,705	6,469,068	79,992,773
Total Assets	108,600,809	9,364,959	117,965,768
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refunding	275,996	-	275,996
Deferred amount from pension plans	278,231	-	278,231
Total Deferred Outflows of Resources	554,227	-	554,227
LIABILITIES:			
Accounts payable	194,967	-	194,967
Accrued liabilities	1,162,292	32,620	1,194,912
Interest payable	204,676	-	204,676
Due to other governments	74,878	-	74,878
Deposits payable	320,669	44,243	364,912
Noncurrent Liabilities:			
Due within one year	1,336,812	-	1,336,812
Due in more than one year	11,137,409	-	11,137,409
Net pension liability	2,261,011	-	2,261,011
Total Liabilities	16,692,714	76,863	16,769,577
DEFERRED INFLOWS OF RESOURCES:			
Deferred amount from pension plans	808,252	-	808,252
Total Deferred Inflows of Resources	808,252	-	808,252
NET POSITION:			
Net investment in capital assets	84,623,408	9,324,493	93,947,901
Restricted for:			
Public services	1,384,655	-	1,384,655
Public safety	1,147	-	1,147
Community services	2,048,400	-	2,048,400
Debt service	1,806,468	-	1,806,468
Unrestricted	1,789,992	(36,397)	1,753,595
Total Net Position	$ 91,654,070	$ 9,288,096	$ 100,942,166

See Accompanying Notes to the Basic Financial Statements

CITY OF LAGUNA HILLS

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

		Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Total Program Revenues
Governmental Activities:					
Legislative/executive	$ 1,512,960	$ -	$ -	$ -	$ -
Administrative services	1,575,412	-	-	-	-
Public services	6,332,724	136,037	1,696,004	128,270	1,960,311
Community development	1,434,213	1,050,127	173,387	-	1,223,514
Community services	4,660,667	775,330	1,016,684	2,136,288	3,928,302
Public safety	7,162,514	300,032	103,224	-	403,256
Interest expense	479,589	-	-	-	-
Total Governmental Activities	23,158,079	2,261,526	2,989,299	2,264,558	7,515,383
Business-type Activity:					
Property leasing	1,204,437	500,202	-	-	500,202
Total Business-type Activity	1,204,437	500,202	-	-	500,202
Total Primary Government	$ 24,362,516	$ 2,761,728	$ 2,989,299	$ 2,264,558	$ 8,015,585

General Revenues:
Taxes:
Property taxes
Sales and use tax
Franchise tax
Transient occupancy tax
Intergovernmental, unrestricted:
Motor vehicle in lieu
State subvention
Investment earnings
Miscellaneous revenue
Transfers
Total General Revenues and Transfers
Changes in Net Position
Net Position, Beginning as Restated
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
$ (1,512,960)	$ -	$ (1,512,960)
(1,575,412)	-	(1,575,412)
(4,372,413)	-	(4,372,413)
(210,699)	-	(210,699)
(732,365)	-	(732,365)
(6,759,258)	-	(6,759,258)
(479,589)	-	(479,589)
(15,642,696)	-	(15,642,696)
-	(704,235)	(704,235)
-	(704,235)	(704,235)
(15,642,696)	(704,235)	(16,346,931)
9,128,568	-	9,128,568
5,603,521	-	5,603,521
1,343,505	-	1,343,505
1,285,455	-	1,285,455
13,856	-	13,856
93,653	-	93,653
14,266	27	14,293
56,542	-	56,542
(50,000)	50,000	-
17,489,366	50,027	17,539,393
1,846,670	(654,208)	1,192,462
89,807,400	9,942,304	99,749,704
$ 91,654,070	$ 9,288,096	$ 100,942,166

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FUND FINANCIAL STATEMENTS

CITY OF LAGUNA HILLS

GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015

	General	Capital Projects	Debt Service	Other Governmental Funds	Totals
Assets					
Current:					
Cash and investments	$ 9,100,138	$ -	$ -	$ -	$ 9,100,138
Receivables:					
Taxes	1,909,602	-	-	-	1,909,602
Accounts	415,992	-	-	-	415,992
Interest	6,139	-	1,274	-	7,413
Prepaid items	91,349	-	-	-	91,349
Due from other funds	-	-	-	3,666,047	3,666,047
Due from other governments	535,079	-	-	-	535,079
Advances to other funds	227,420	-	-	-	227,420
Restricted assets:					
Cash and investments	88,990	-	1,805,194	-	1,894,184
Total Assets	$ 12,374,709	$ -	$ 1,806,468	$ 3,666,047	$ 17,847,224
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	$ 194,967	$ -	$ -	$ -	$ 194,967
Accrued liabilities	1,162,292	-	-	-	1,162,292
Deposits				320,669	320,669
Due to other funds	3,663,330	-	-	2,717	3,666,047
Due to other governments	74,878	-	-	-	74,878
Advances from other funds	-	-	-	227,420	227,420
Total Liabilities	5,095,467	-	-	550,806	5,646,273
Deferred Inflows of Resources					
Unavailable revenues	561,941	-	-	-	561,941
Total Deferred Inflows of Resources	561,941	-	-	-	561,941
Fund Balances:					
Nonspendable	318,769	-	-	-	318,769
Restricted	88,990	-	1,806,468	3,345,212	5,240,670
Assigned	1,230,959	-	-	-	1,230,959
Unassigned	5,078,583	-	-	(229,971)	4,848,612
Total Fund Balances	6,717,301	-	1,806,468	3,115,241	11,639,010
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 12,374,709	$ -	$ 1,806,468	$ 3,666,047	$ 17,847,224

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, 2015

Fund balances of governmental funds	$ 11,639,010
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	
Capital assets	155,274,244
Accumulated depreciation	(60,627,192)
Long-term liabilities are not available to pay for current-period expenditures and, therefore, are not reported in the governmental funds. Long-term liabilities consist of the following:	
Certificates of participation	(11,335,000)
Bond premium	(771,108)
Compensated absences	(324,806)
Claims and judgments payable	(43,307)
Net pension liability	(2,261,011)
Deferred outflows of resources (loss on refunding of bonds) that have not been included in the governmental fund activty.	275,996
Accrued interest payable for the current portion of interest due on the Certificates of Participation has not been reported in the governmental funds.	(204,676)
Pension related deferred outflows of resources, net of accumulated amortization, have not been reported in the governmental funds:	
Employer contributions subsequent to the measurement date	278,231
Pension related deferred inflows of resources, net of accumulated amortization, have not been reported in the governmental funds:	
Difference in projected and actual earnings on investments	(759,804)
Changes in proportion and differences between employer contributions and the proportionate share of contributions	(48,448)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the funds.	561,941
Net position of governmental activities	$ 91,654,070

See Accompanying Notes to the Basic Financial Statements

CITY OF LAGUNA HILLS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General	Capital Projects	Debt Service	Other Governmental Funds	Totals
Revenues:					
Taxes	$ 11,757,528	$ -	$ -	$ 20,000	$ 11,777,528
Licenses and permits	1,022,523	-	-	2,173,233	3,195,756
Intergovernmental revenues	5,757,240	-	-	3,008,276	8,765,516
Charges for current services	944,054	-	-	-	944,054
Fines and forfeitures	300,032	-	-	-	300,032
Investment income	9,664	-	4,688	9,857	24,209
Total Revenues	19,791,041	-	4,688	5,211,366	25,007,095
Expenditures:					
Current:					
Legislative/executive	1,500,869	-	-	-	1,500,869
Administrative services	1,770,170	-	-	-	1,770,170
Public services	4,240,821	-	-	58,317	4,299,138
Community development	1,259,996	-	-	173,387	1,433,383
Community services	1,926,988	-	-	681,293	2,608,281
Public safety	7,151,942	-	-	1,899	7,153,841
Capital outlay	-	2,976,435	-	-	2,976,435
Debt service:					
Interest	-	-	553,529	-	553,529
Principal retirement	-	-	1,250,000	-	1,250,000
Total Expenditures	17,850,786	2,976,435	1,803,529	914,896	23,545,646
Excess (Deficiency) of Revenues over Expenditures	1,940,255	(2,976,435)	(1,798,841)	4,296,470	1,461,449
Other Financing Sources (Uses):					
Transfers in	3,279,439	2,976,435	1,797,536	6,305	8,059,715
Transfers out	(4,830,276)	-	-	(3,279,439)	(8,109,715)
Total Other Financing Sources (Uses)	(1,550,837)	2,976,435	1,797,536	(3,273,134)	(50,000)
Net Change in Fund Balances	389,418	-	(1,305)	1,023,336	1,411,449
Fund Balances, Beginning	6,327,883	-	1,807,773	2,091,905	10,227,561
Fund Balances, Ending	$ 6,717,301	$ -	$ 1,806,468	$ 3,115,241	$ 11,639,010

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, 2015

Net change in fund balances - total governmental funds	$ 1,411,449
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 activity is reconciled as follows:	
Capital outlay, net of disposals	2,581,306
Depreciation	(3,724,576)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Premiums associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but in the Statement of Net Position, the premiums are deferred and amortized throughout the period during which the related debt is outstanding. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.	
Principal payments	1,250,000
Amortization of bond premium	80,464
Deferred losses on refunding of long-term debt in the Statement of Net Position are deferred and amortized throughout the period during which the related debt is outstanding.	(28,800)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Change in compensated absences	(9,105)
Change in claims and judgments payable	183,304
Change in accrued interest for Certificates of Participation	22,276
Pension expense reported in the governmental funds includes the actual contributions made in the fiscal year. Pension expense reported in the Statement of Activities includes the changes in the net pension liability and pension related deferred outflows/inflows of resources.	
Change in net pension liability	828,344
Change in deferred outflows of resources related to pensions	12,606
Change in deferred inflows of resources related to pensions	(808,252)
Revenues in the Statement of Activities that do not meet the "availability" criteria for revenue recognition are reported as deferred inflows of resources, unavailable revenues, in the governmental funds. This is the net change in deferred inflows of resources, unavailable revenues, from the prior year.	47,654
Change in net position of governmental activities	$ 1,846,670

See Accompanying Notes to the Basic Financial Statements

CITY OF LAGUNA HILLS

PROPRIETARY FUND

STATEMENT OF NET POSITION
JUNE 30, 2015

	Enterprise - Property Leasing
ASSETS:	
Current Assets:	
Cash and investments	$ 29,496
Accounts receivable	9,213
Prepaid items	1,757
Total Current Assets	40,466
Noncurrent Assets:	
Capital assets not depreciated	2,855,425
Capital assets, net of accumulated depreciation	6,469,068
Total Noncurrent Assets	9,324,493
Total Assets	9,364,959
LIABILITIES:	
Current Liabilities:	
Accrued liabilities	32,620
Deposits payable	44,243
Total Current Liabilities	76,863
NET POSITION:	
Net investment in capital assets	9,324,493
Unrestricted	(36,397)
Total Net Position	$ 9,288,096

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, 2015

		Enterprise - Property Leasing
Operating Revenues:		
Rental fees	$	488,258
CAM revenues		10,488
Other current service fees		1,456
Total Operating Revenues		500,202
Operating Expenses:		
Direct operating expenses		449,046
Advertising and promotion		1,583
Administrative and professional fees		24,371
Repairs and maintenance		9,190
Depreciation expense		720,247
Total Operating Expenses		1,204,437
Operating Loss		(704,235)
Nonoperating Revenues:		
Interest income		27
Total Nonoperating Rrvenues		27
Loss before Transfers		(704,208)
Transfers in		50,000
Change in Net Position		(654,208)
Net Position, Beginning		9,942,304
Net Position, Ending	$	9,288,096

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, 2015

		Enterprise - Property Leasing
Cash Flows from Operating Activities:		
Receipts from tenants	$	503,045
Payments to suppliers for goods and services		(469,900)
Net Cash Provided by Operating Activities		33,145
Net Cash Flows from Noncapital Financing Activities:		
Transfers in		50,000
Net Cash Provided by Noncapital Financing Activities		50,000
Cash Flows from Capital and Related Financing Activities:		
Acquisition of capital assets		(150,237)
Net Cash Used for Capital and Related Financing Activities		(150,237)
Cash Flows from Investing Activities:		
Interest on investments		27
Net Cash Provided by Investing Activities		27
Net Decrease in Cash and Cash Equivalents		(67,065)
Cash and Cash Equivalents, Beginning		96,561
Cash and Cash Equivalents, Ending	$	29,496
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating loss	$	(704,235)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense		720,247
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable		(3,194)
(Increase) decrease in prepaid items		5,058
Increase (decrease) in accrued liabilities		9,232
Increase (decrease) in deposits payable		6,037
Total adjustments		737,380
Net Cash Provided by Operating Activities	$	33,145

See Accompanying Notes to the Basic Financial Statements

CITY OF LAGUNA HILLS

AGENCY FUND

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

JUNE 30, 2015

ASSETS:	
Cash and investments	$ 398,808
Total Assets	$ 398,808
LIABILITIES:	
Deposits	$ 398,808
Total Liabilities	$ 398,808

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

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. The basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the *accrual basis of accounting*, revenues, expenses, gains, losses, assets, 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.

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

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

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

Reclassifications and Eliminations

Interfund balances must generally be eliminated in the government-wide statements, except for net residual amounts due between governmental and business-type activities. 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.

Fund Financial Statements

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

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

Governmental Funds

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

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

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

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

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

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

When 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 Fund

The City's enterprise fund is a proprietary fund. In the fund financial statements, the proprietary fund is presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, the proprietary fund is presented using the *economic resources measurement focus*. This means that all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or non-current) associated with their activity are included on their statement of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position. The City has no internal service funds.

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

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

Fiduciary Fund

Fiduciary Fund Financial Statements include a Statement of Fiduciary Assets and Liabilities. The City's Fiduciary agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities. Because these funds are not available for use by the City, fiduciary funds are not included in the government-wide statements. The City uses an agency fund to account for construction deposits and trust monies received from builders, land developers, and other agencies.

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.

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.

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

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

d) New Accounting Pronouncements

Current Year Standards

In fiscal year 2014-2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*" and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68*". These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pension plans, these Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Accounting changes adopted to conform to the provisions of these statements should be applied retroactively. The result of the implementation of these standards decreased the net position of governmental activities at July 1, 2014 by $2,823,730.

GASB Statement No. 69 - *"Government Combinations and Disposals of Government Operations"* was required to be implemented in the current fiscal year and did not impact the City.

Pending Accounting Standards

GASB has issued the following statements which may impact the City's financial reporting requirements in the future.

- GASB 72 - *"Fair Value Measurement and Application"*, effective for periods beginning after June 15, 2015.

- GASB 73 - *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68"*, effective for periods beginning after June 15, 2015 - except for those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for periods beginning after June 15, 2016.

- GASB 74 - *"Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans"*, effective for periods beginning after June 15, 2016.

- GASB 75 - *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*, effective for periods beginning after June 15, 2017.

- GASB 76 - *"The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"*, effective for periods beginning after June 15, 2015.

e) 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.

f) 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.

g) Prepaid Items

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

h) Property Taxes

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing, they become available (within 90 days of the fiscal year end). The County of Orange collects property taxes for the City. Tax liens attach annually as of 12:01 am on the first day of January proceeding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on January 1 each year, and are delinquent, if unpaid, on August 31.

i) Capital Assets

Capital assets are capital outlay for assets of a permanent nature, valued at $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 statement of net position. 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

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

k) Deferred Inflows and Outflows of Resources

In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The City has two items that qualify for reporting in this category. The first item is the deferred loss on refunding reported in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is the deferred outflow related to pensions. This amount is equal to employer contributions made after the measurement date of the net pension liability.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The first item is unavailable revenues, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from grants receivable collections. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The second item is a deferred inflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over five years. The third item is a deferred inflow related to pensions for the changes in proportion and differences between employer contributions and the proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans determined as of June 30, 2013 (the beginning of the measurement period ended June 30, 2014), which is 3.8 years.

l) Compensated Absences

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

The City provides an ICMA Vantage Care Retirement Health Savings (RHS) Plan to its full-time employees that have reached ten (10) years of service with the City. This employer-sponsored retiree health benefit allows employees to accumulate assets to pay for medical expenses on a tax-free basis either upon separation of service from the City or age 50 dependent upon when contributions to the plan were made. In compliance with the Patient Protection and Affordable Care Act, contributions to the plan made after December 31, 2013, are available to plan participants for medical expenses only upon separation of employment. In the event of a participant's death, the participant's surviving spouse and/or eligible dependent(s) are immediately eligible to maintain the account and utilize it to fund eligible medical expenses. If a participant's balance is not fully depleted upon the death of the eligible spouse, the account balance may continue to be utilized to pay medical expenses of eligible dependents. An eligible dependent is (a) the participant's lawful spouse, (b) the participant's child under the age of 27, as defined by IRC Section 152(f)(1) and Internal Revenue Service Notice 2010-38, or (c) any other individual who is a person described in IRC Section 152(a), as classified by Internal Revenue Service Notice 2004-79. The assets of the individual plans are not subject to claims of the City's creditors. The start-up contribution for employees will be based on their accumulated sick leave hours in excess of 160 hours at their prevailing pay rate, upon the completion of ten (10) years of service to the City. Thereafter, annual contributions will be made to each employee's account for their unused sick leave hours in excess of

160 hours on June 30th of each fiscal year at the employees' prevailing pay rate. Upon separation from employment, the City will make a final contribution on behalf of the employee equivalent to all the unused sick leave balance of the employee at the employee's prevailing pay rate at the time of separation. The City also contributes $5,000 on behalf of each participant, upon completion of ten years of service and annually thereafter on the participant's employment anniversary date.

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.

m) Pensions

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

n) Use of Estimates

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

(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, 2015, are reported in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	$ 9,129,634
Restricted cash and investments	1,894,184
Statement of Fiduciary Assets and Liabilities:	
Cash and investments	398,808
Total cash and investments	$ 11,422,626

Cash and investments at June 30, 2015, consisted of the following:

Cash on hand		$ 2,775
Pooled deposits:		
Demand deposits	$ 907,393	
Certificates of deposit	820,503	
Total pooled deposits		1,727,896
Pooled investments:		
Local Agency Investment Fund		7,797,771
Restricted cash and investments:		
Demand deposits	$ 88,990	
Local Agency Investment Fund	1,805,194	
Total restricted cash and investments		1,894,184
Total cash and investments		$ 11,422,626

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.

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

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

Investments Authorized by Debt Agreements

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

Interest Rate Risk

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

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

Investment Type	6 months or less	Fair Value
Local Agency Investment Funds	$ 7,797,771	$ 7,797,771
Investment with Fiscal Agent:		
Local Agency Investment Funds	1,805,194	1,805,194
Total	$ 9,602,965	$ 9,602,965

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2015, the City's investment in the State Treasurer's Local Agency Investment Fund has not been rated by a nationally recognized statistical rating organization.

Concentration of Credit Risk

Concentration credit risk is the heightened risk of potential loss when investments are concentrated in one issuer. As of June 30, 2015, other than the State Treasurer's Local Agency Investment Fund, the City had no investments concentrated in one issuer which exceeded 5% of total investments.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

The California Government Code requires California banks and savings and loan associations to secure a city's deposits by pledging government securities with a fair value of 110% of a city's deposits. California law also allows financial institutions to secure a city's deposits by pledging first trust deed mortgage notes having a fair value of 150% of a city's total deposits.

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

As of June 30, 2015, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

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

Investment in State Treasurer's Local Agency Investment Fund

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

(3) Interfund Receivables and Payables

Interfund receivables and payables at June 30, 2015, were as follows.

Funds:	Interfund Receivables	Interfund Payables
Major Governmental:		
General	$ -	$ 3,663,330
Non-major Governmental:		
Special Revenue Funds:		
AB 2766	30,889	-
Senior Mobility Program	73,109	-
CARITS	1,064,465	-
Beverage Recycling	34,560	-
CR&R Recycling Fees	-	2,717
C & D Forfeited Deposits	55,351	-
AB 939 Surcharge Grant	51	-
Quimby Act Park Impact Fees	1,634,573	-
Water Conservation	323,865	-
Grants and Contributions	127,202	-
Public Art	320,835	-
Other Law Enforcement Grant	1,147	-
Total	$ 3,666,047	$ 3,666,047

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, 2015, were as follows:

Funds:	Advances to other funds	Advances from other funds
Major Governmental:		
General	$ 227,420	$ -
Non-major Governmental:		
Special Revenue Funds:		
Public Art	-	227,420
Total	$ 227,420	$ 227,420

These outstanding balances at the end of the fiscal year are the result of interest-free advances from the General Fund to the Public Art Special Revenue Fund to cover the costs of the City's Civic Center Public Art Program.

(4) Transfers In and Out

Transfers in and out for the fiscal year ended June 30, 2015 are as follows:

Paying Fund	Transfers Out	Receiving Fund	Transfers In
Major Governmental:		Major Governmental:	
General	$ 4,830,276	General	$ 3,279,439
		Capital Projects	2,976,435
		Debt Service	1,797,536
		Major Enterprise:	
		Property Leasing	50,000
Non-major Governmental:		Non-major Governmental:	
Special Revenue Funds:		Special Revenue Funds:	
Gas Tax	1,995,492	Senior Mobility Program	6,305
Measure M	606,883		
AB 2766	7,433		
CARITS	14,990		
Quimby Park Impact Fees	419,820		
Grants and Contributions	128,270		
SLEFS/COPS BRULTE	106,551		
Total	$ 8,109,715	Total	$ 8,109,175

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, 2) supply the Capital Projects Fund with funding necessary to accomplish those projects approved by the City Council, and 3) to provide funding for deficits. During the fiscal year ended June 30, 2015, there were no significant interfund transfers that were unusual or of a non-routine nature.

(5) Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance at July 1, 2014	Transfers	Additions	Deletions	Balance at June 30, 2015
Governmental activities:					
Buildings and improvements	$ 13,466,229	$ -	$ -	$ -	$ 13,466,229
Machinery and equipment	2,471,240	-	123,980	(105,149)	2,490,071
Land improvements	26,347,918	-	-	-	26,347,918
Infrastructure	89,694,696	-	2,151,983	-	91,846,679
Total cost of depreciable assets	131,980,083	-	2,275,963	(105,149)	134,150,897
Less accumulated depreciation for:					
Buildings and improvements	7,942,084	-	673,311	-	8,615,395
Machinery and equipment	2,058,195	-	69,283	(102,959)	2,024,519
Land improvements	14,366,028	-	1,317,396	-	15,683,424
Infrastructure	32,639,268	-	1,664,586	-	34,303,854
Total accumulated depreciation	57,005,575	-	3,724,576	(102,959)	60,627,192
Net depreciable assets	74,974,508	-	(1,448,613)	(2,190)	73,523,705
Land	17,754,286	-	-	-	17,754,286
Rights of way/Easements	3,061,528	-	-	-	3,061,528
Construction in progress	-	-	307,533	-	307,533
Total cost of non-depreciable assets	20,815,814	-	307,533	-	21,123,347
Total capital assets, net	$ 95,790,322	$ -	$ (1,141,080)	$ (2,190)	$ 94,647,052
Business-type activity:					
Buildings and improvements	$ 14,254,705	$ -	$ 150,237	$ -	$ 14,404,942
Total cost of depreciable assets	14,254,705	-	150,237	-	14,404,942
Less accumulated depreciation for:					
Buildings and improvements	7,215,627	-	720,247	-	7,935,874
Total accumulated depreciation	7,215,627	-	720,247	-	7,935,874
Net depreciable assets	7,039,078	-	(570,010)	-	6,469,068
Land	2,855,425	-	-	-	2,855,425
Total capital assets, net	$ 9,894,503	$ -	$ (570,010)	$ -	$ 9,324,493

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

Governmental activities:	
Legislative/executive	$ 9,901
Administrative services	12,139
Community development	830
Public services	1,640,647
Community services	2,052,386
Public safety	8,673
	3,724,576
Business-type activity:	
Property leasing	720,247
Total	$ 4,444,823

(6) Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

Governmental Activities :

	Balance at July 1, 2014	Additions	Reductions	Balance at June 30, 2015	Amounts Due in One Year
Certificates of Participation:					
2010 COP	$ 12,585,000	$ -	$ 1,250,000	$ 11,335,000	$ 1,300,000
Unamortized premium	851,572		80,464	771,108	-
Total Certificates of Participation	13,436,572		1,330,464	12,106,108	1,300,000
Other Liabilities:					
Compensated absences	315,701	224,809	215,704	324,806	32,481
Claims and judgments	226,611		183,304	43,307	4,331
Total Other Liabilities	542,312	224,809	399,008	368,113	36,812
Totals	$ 13,978,884	$ 224,809	$ 1,729,472	$ 12,474,221	$ 1,336,812

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, 2015, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
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	1,450,000	340,882	1,790,882
2020	1,520,000	282,881	1,802,881
2021 - 2025	4,325,000	425,663	4,750,663
Totals	$11,335,000	$ 2,395,586	$13,730,586

The COPs are subject to federal arbitrage regulations. The City calculated no arbitrage rebate due as of January 2010. No additional arbitrage reports were required since the proceeds were fully expended.

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. The long-term portion of this liability, amounting to $292,325 at June 30, 2015 will be paid primarily from the general fund.

(7) General Liability Insurance

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

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

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

The following is a list of the allocation of risk coverage for the City as of June 30, 2015, 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 and in the annual aggregate excess of limit of the 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 per occurrence • 5% earthquake • 5% flood	Everest Indemnity Insurance Company	• $5M per occurrence and annual aggregate • $18.8M TIV

Area of Risk	**City Self-Insurance**	**Carrier**	**Risk Coverage**
Crime	• $2,500	CSAC-EIA	• $15M employee dishonesty • $15M forgery alterations • $15M money & securities theft, inside premises • $15M money & securities theft, outside premises • $15M computer fraud • $15M money order & counterfeit currency • $15M theft of other property, inside premises • $15M theft of other property, outside premises

Recreational Class & Officials Supplemental	• None	SCMAF	• $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

In the financial statements prepared using the economic resources measurement focus, authoritative standards require that the liability for claims and the corresponding expense should be recognized in the period in which the underlying event occurs. Therefore, the liability of outstanding *unallocated loss adjustment expense*s (ULAE) must be established to represent the amount that will be paid out in claims as well as the expenses associated with processing of those claims. The City's third party administrator provides the data on estimated claim liabilities (paid and reserves). As of June 30, 2015, the estimated outstanding ULAE was $37,983.

Furthermore, as a practical matter, claims are often not reported during the period in which the underlying event occurs. The claim, even if not filed timely, must still be reported in the period in which the underlying event took place. Therefore, when it is probable that a claims liability has been incurred and the amount of the loss can be reasonably estimated through historical trends, the liability for claims should include an amount for *incurred but not reported* (IBNR) claims. IBNR is estimated at 25% of the current year annual claim expenses. As of June 30, 2015, the estimated IBNR was $5,324.

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

	FY 2014/15	FY 2013/14
Claims payable, beginning	$ 226,611	$ 103,517
Payments/changes in estimate	(183,304)	123,094
Claims payable, ending	$ 43,307	$ 226,611

The total amount designated in the Claims Liability Loss Reserve Fund as of June 30, 2015 is $200,000, which would cover two full limit losses. The City's self-insured retention is $100,000.

Curing the past three fiscal years, none of the above programs of protection have experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2014-2015.

(8) Pension Plans

a) General Information about the Pension Plans

Plan Descriptions

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

Benefits Provided

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

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	
	Tier I	PEPRA
	Prior to	On or After
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2%@60	2%@62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7%	6.5%
Required employer contribution rates	9.205%	6.700%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

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

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of all Plans as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$ 2,261,011

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for all Plans as of June 30, 2013 and 2014 was as follows:

	Miscellaneous
Proportion - June 30, 2013	0.09428%
Proportion - June 30, 2014	0.09148%
Change - Increase (Decrease)	-0.00280%

For the year ended June 30, 2015, the City recognized pension expense of $245,533. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 278,231	$ -
Differences between actual and expected experience	-	-
Change in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(48,448)
Net differences between projected and actual earnings on plan investments	-	(759,804)
Total	$ 278,231	$ (808,252)

$278,231 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2016	$ (207,254)
2017	(207,254)
2018	(203,793)
2019	(189,951)
2020	-
Thereafter	-

Actuarial Assumptions

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	(3)

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

(3) The probabilities of mortality are derived using CalPERS' membership data for all funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing', none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as a change in methodology occurs.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period
(b) An expected inflation of 3.0% used for this period

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

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

	Miscellaneous
1% Decrease	6.50%
Net Pension Liability	$ 4,028,423
Current Discount Rate	7.50%
Net Pension Liability	$ 2,261,011
1% Increase	8.50%
Net Pension Liability	$ 794,227

Pension Plans Fiduciary Net Position

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

c) Payable to the Pension Plans

At June 30, 2015, the City had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2015.

(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 $17,500 for calendar year 2014 and $18,000 for calendar year 2015. 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) Classification of Net Position and Governmental Fund Balances

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

Net Position Classifications

Net Position is divided into three captions as described below:

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

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

Restricted net position is subject to constraints either by (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulation of other governments or (2) imposed by law through constitutional provisions or enabling legislation. There was no net position at June 30, 2015 that was restricted by enabling legislation.

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

Net Position Flow Assumption

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

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

Governmental Fund Balances Classifications

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

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

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

Committed fund balances are those constrained to specific purposes determined by a formal action (resolution) of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally. The City does not have any committed fund balances at June 30, 2015.

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

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

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

Fund balances are presented in the following categories: nonspendable, restricted, assigned, and unassigned. A detailed schedule of fund balances at June 30, 2015 is as follows:

	General Fund	Debt Service Fund	Other Governmental Funds	Total
Nonspendable:				
Prepaid Items	$ 91,349	$ -	$ -	$ 91,349
Advances	227,420	-	-	227,420
Total	318,769	-	-	318,769
Restricted:				
Debt Service	-	1,806,468	-	1,806,468
Public Service	88,990	-	-	88,990
AB 2766	-	-	30,889	30,889
CARITS	-	-	1,064,465	1,064,465
Beverage Recycling	-	-	34,560	34,560
Senior Mobility Program	-	-	73,109	73,109
C & D Forfeited Deposits	-	-	55,351	55,351
AB 939 Surcharge Grant	-	-	51	51
Quimby Act Park Impact Fees	-	-	1,634,573	1,634,573
Water Conservation	-	-	323,865	323,865
Law Enforcement Other Grant	-	-	1,147	1,147
Grants and Contributions	-	-	127,202	127,202
Total	88,990	1,806,468	3,345,212	5,240,670
Assigned:				
Claims Liability	200,000	-	-	200,000
Community Center Mtnc	200,000	-	-	200,000
Parks Maintenance	276,000	-	-	276,000
Sports Complex Mtnc	50,000	-	-	50,000
Civic Center Eqpt Mtnc	400,000	-	-	400,000
Slopes/Storm Drain Mtnc	104,959	-	-	104,959
Total	1,230,959	-	-	1,230,959
Unassigned	5,078,583	-	(229,971)	4,848,612
Total Fund Balances	$ 6,717,301	$ 1,806,468	$ 3,115,241	$ 11,639,010

(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 (the 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, Seal Beach and Westminster are considered "cash contract cities" and accordingly make cash contributions based on the Authority's annual budget. No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2015. Upon dissolution of the Authority, all surplus money and property of the Authority will be conveyed or distributed to each member in proportion to all funds provided to the Authority by that member or by the County on behalf of that member during its membership.

Complete financial statements may be obtained from the Orange County Fire Authority, 180 South Water Street, Orange, California 92866.

(12) Related Party Transactions

The City's enterprise fund consists of owning a piece of commercial real estate and leasing it to various entities. The total square footage of the building is 51,944. The City is a tenant using approximately 21,033 square feet of the building. The enterprise fund does not charge the City rent. The estimated annual rent for the space occupied by the City would be approximately $610,988.

(13) Other Required Individual Fund Disclosures

Accumulated Fund Deficits

The following funds reported deficits in their respective fund balance at June 30, 2015:

Non-major Governmental Funds:	
CR&R Recycling Fees Special Revenue Fund	$ (2,717)
Public Art Special Revenue Fund	(227,254)

These deficits are expected to be relieved from future revenues or transfers from other funds.

Excess of Expenditures over Appropriations

The following are funds in which expenditures exceeded appropriations for the fiscal year ended June 30, 2015. The City manages its budget at the fund level.

	Appropriations	Expenditures	Variance Positive (Negative)
Major Governmental Fund:			
Debt Service Fund	$ 1,801,387	$ 1,803,529	$ (2,142)
Non-major Governmental Funds:			
CDBG Special Revenue Fund	150,000	173,387	(23,387)
CR&R Recycling Fees Special Revenue Fund	20,000	20,604	(604)
Water Conservation Special Revenue Fund	320,000	650,000	(330,000)

(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) Operating Leases

Operating leases arise from renting the City's Civic Center. Initial lease terms generally range from 12 to 60 months. Future minimum rental payments to be received on non-cancelable operating leases are contractually due as follows as of June 30, 2015:

Year Ending June 30	Amounts
2016	$ 539,081
2017	476,242
2018	338,392
2019	185,547
Thereafter	75,761
	$ 1,615,023

Total rent revenue for the year ended June 30, 2015 was $488,258.

(16) Restatement of Prior Year Financial Statements

The implementation of GASB Statement Numbers 68 and 71 requires reporting the net pension liability of the City's defined benefit pension plan in the financial statements and is applied retroactively by restating the net position as of the beginning of the fiscal year. The implementation of GASB Numbers 68 and 71 resulted in a reduction of governmental activities net position by $2,823,730 as of July 1, 2014.

(17) Subsequent Events

In preparing these financial statements, the City's Management has evaluated events and transactions for potential recognition or disclosure through November 30, 2015, the date these financial statements were available to be issued, and has determined there were no other material events requiring disclosure.

Required Supplementary Information

CITY OF LAGUNA HILLS

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS*

	2015
Plan's proportion of the net pension liability	0.03634%
Plan's proportionate share of the net pension liability	$ 2,261,011
Plan's covered - employee payroll	$ 2,893,989
Plan's proportionate share of the net pension liability as a percentage of covered - employee payroll	78.13%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	83.03%
Plan's proportionate share of aggregate employer contributions	$ 299,124

Notes to Schedule:

Benefit Changes:
There were no changes in benefits.

Changes in Assumptions:
There were no changes in assumptions.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF LAGUNA HILLS

SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS*

	2015
Contractually required contribution (actuarially determined)	$ 278,231
Contributions in relation to the actuarially determined contributions	(278,231)
Contribution deficiency (excess)	$ -
Covered - employee payroll	$ 3,093,576
Contributions as a percentage of covered - employee payroll	8.99%

Notes to Schedule:

Valuation Date	6/30/2012

Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 year fixed with 5 year ramp up at beginning and 5 year ramp down at the end of the amortization period. Changes in liability for plan amendments, changes in actuarial methodology and assumptions are amortized over a 20 year period.
Asset valuation method	Market
Inflation	3.50%
Salary increases	3.30% to 14.20% depending on age, service, and type of employment
Investment rate of return	7.50%, net of pension plan investment expense including inflation
Retirement age	50 years (2%@60), 52 years (2%@62)
Mortality	Morality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF LAGUNA HILLS

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variances with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Taxes	$ 11,725,731	$ 11,725,731	$ 11,757,528	$ 31,797
Licenses and permits	761,500	761,500	1,022,523	261,023
Intergovernmental revenues	5,952,540	5,952,540	5,757,240	(195,300)
Charges for current services	962,371	962,371	944,054	(18,317)
Fines and forfeitures	325,000	325,000	300,032	(24,968)
Investment income	22,500	22,500	9,664	(12,836)
Total Revenues	19,749,642	19,749,642	19,791,041	41,399
Expenditures:				
Current:				
Legislative/executive	1,516,966	1,516,966	1,500,869	16,097
Administrative services	1,837,394	1,898,124	1,770,170	127,954
Public services	4,331,360	4,331,360	4,240,821	90,539
Community development	1,191,500	1,191,500	1,259,996	(68,496)
Community services	1,802,580	1,802,580	1,926,988	(124,408)
Public safety	7,199,935	7,229,935	7,151,942	77,993
Total Expenditures	17,879,735	17,970,465	17,850,786	119,679
Excess of Revenues over Expenditures	1,869,907	1,779,177	1,940,255	161,078
Other Financing Sources (Uses):				
Transfers in	3,437,482	5,487,530	3,279,439	(2,208,091)
Transfers out	(4,661,387)	(6,989,680)	(4,830,276)	2,159,404
Total Other Financing Sources (Uses)	(1,223,905)	(1,502,150)	(1,550,837)	(48,687)
Net Change in Fund Balance	646,002	277,027	389,418	112,391
Fund Balance, Beginning	6,327,883	6,327,883	6,327,883	-
Fund Balance, Ending	$ 6,973,885	$ 6,604,910	$ 6,717,301	$ 112,391

See Accompanying Note to Required Supplementary Information

CITY OF LAGUNA HILLS
NOTE 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 fund types.

Biennial budgets are adopted for all governmental funds except for certain special revenue funds and capital projects funds, which adopt project length budgets. The AB 939 Surcharge Grant Special Revenue Fund, Grants and Contributions Special Revenue Fund, Public Art Special Revenue Fund, and Other Law Enforcement Special Revenue Fund did not have adopted budgets during the current fiscal year.

SUPPLEMENTARY SCHEDULES

NON-MAJOR FUNDS

Gas Tax Fund - Used to account for revenues and expenditures for general street improvement maintenance related to the City's share of state gasoline taxes collected under Street and Highway Code, Sections 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 for air quality improvement. AB 2766 was enacted to authorize air pollution control districts to impose fees on motor vehicles.

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

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

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

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.

Quimby Act Park Impact Fees Fund - Used to account for revenues and expenditures related to the "Quimby Act", which authorizes the City to require dedication of parkland, or fee in-lieu of such dedication, to meet the needs of new residential subdivisions in accordance of the City's General Plan.

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

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

Public Arts 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.

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, 2015

	Special Revenue Funds					
	Gas Tax	Measure M	AB 2766	Senior Mobility Program	CARITS	CDBG
Assets						
Due from other funds	$ -	$ -	$ 30,889	$ 73,109	$ 1,064,465	$ -
Total Assets	$ -	$ -	$ 30,889	$ 73,109	$ 1,064,465	$ -
Liabilities and Fund Balances						
Liabilities:						
Deposits	$ -	$ -	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-
Fund Balances (Deficitis):						
Restricted	-	-	30,889	73,109	1,064,465	-
Unassigned	-	-	-	-	-	-
Total Fund Balances (Deficits)	-	-	30,889	73,109	1,064,465	
Total Liabilities and Fund Balances	$ -	$ -	$ 30,889	$ 73,109	$ 1,064,465	$ -

Special Revenue Funds (Continued)										Total
Beverage Recycling	CR&R Recycling Fees	C & D Forfeited Deposits	AB 939 Surcharge Grant	Quimby Act Park Impact Fees	Water Conservation	Grants & Contributions	Public Art	SLEFS/COPS BRULTE	Other Law Enforcement Gramt	Nonmajor Governmental Funds
$ 34,560	$ -	$ 55,351	$ 51	$ 1,634,573	$ 323,865	$ 127,202	$ 320,835	$ -	$ 1,147	$ 3,666,047
$ 34,560	$ -	$ 55,351	$ 51	$ 1,634,573	$ 323,865	$ 127,202	$ 320,835	$ -	$ 1,147	$ 3,666,047
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 320,669	$ -	$ -	$ 320,669
-	2,717	-	-	-	-	-	-	-	-	2,717
-	-	-	-	-	-	-	227,420	-	-	227,420
-	2,717	-	-	-	-	-	548,089	-	-	550,806
34,560	-	55,351	51	1,634,573	323,865	127,202	-	-	1,147	3,345,212
-	(2,717)	-	-	-	-	-	(227,254)	-	-	(229,971)
34,560	(2,717)	55,351	51	1,634,573	323,865	127,202	(227,254)	-	1,147	3,115,241
$ 34,560	$ -	$ 55,351	$ 51	$ 1,634,573	$ 323,865	$ 127,202	$ 320,835	$ -	$ 1,147	$ 3,666,047

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, 2015

	Special Revenue Funds					
	Gas Tax	Measure M	AB 2766	Senior Mobility Program	CARITS	CDBG
Revenues:						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	942,531	606,170	38,285	35,678	-	173,387
Investment income	711	713	37	179	2,867	-
Total Revenues	943,242	606,883	38,322	35,857	2,867	173,387
Expenditures:						
Current:						
Public services	-	-	-	-	-	-
Community development	-	-	-	-	-	173,387
Community services	-	-	-	31,293	-	-
Public safety	-	-	-	-	-	-
Total Expenditures	-	-	-	31,293	-	173,387
Excess (Deficiency) of Revenues over Expenditures	943,242	606,883	38,322	4,564	2,867	-
Other Financing Sources (Uses):						
Transfers in	-	-	-	6,305	-	-
Transfers out	(1,995,492)	(606,883)	(7,433)	-	(14,990)	-
Total Other Financing Sources (Uses)	(1,995,492)	(606,883)	(7,433)	6,305	(14,990)	-
Net Change in Fund Balances	(1,052,250)	-	30,889	10,869	(12,123)	-
Fund Balances (Deficits), Beginning	1,052,250	-	-	62,240	1,076,588	-
Fund Balances (Deficits), Ending	$ -	$ -	$ 30,889	$ 73,109	$ 1,064,465	$ -

Special Revenue Funss (Continued)										Total
Beverage Recycling	CR&R Recycling Fees	C & D Forfeited Deposits	AB 939 Surcharge Grant	Quimby Act Park Impact Fees	Water Conservation	Grants & Contributions	Public Art	SLEFS/COPS BRULTE	Other Law Enforcement Grant	Nonmajor Governmental Funds
$ -	$ 20,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 20,000
-	-	36,945	-	2,136,288	-	-	-	-	-	2,173,233
-	-	-	-	-	973,410	128,270	7,500	103,045	-	3,008,276
92	7	161	-	3,846	455	444	166	173	6	9,857
92	20,007	37,106	-	2,140,134	973,865	128,714	7,666	103,218	6	5,211,366
-	20,604	37,713	-	-	-	-	-	-	-	58,317
-	-	-	-	-	-	-	-	-	-	173,387
-	-	-	-	-	650,000	-	-	-	-	681,293
-	-	-	-	-	-	-	-	-	1,899	1,899
-	20,604	37,713	-	-	650,000	-	-	-	1,899	914,896
92	(597)	(607)	-	2,140,134	323,865	128,714	7,666	103,218	(1,893)	4,296,470
-	-	-	-	-	-	-	-	-	-	6,305
-	-	-	-	(419,820)	-	(128,270)	-	(106,551)	-	(3,279,439)
-	-	-	-	(419,820)	-	(128,270)	-	(106,551)	-	(3,273,134)
92	(597)	(607)	-	1,720,314	323,865	444	7,666	(3,333)	(1,893)	1,023,336
34,468	(2,120)	55,958	51	(85,741)	-	126,758	(234,920)	3,333	3,040	2,091,905
$ 34,560	$ (2,717)	$ 55,351	$ 51	$ 1,634,573	$ 323,865	$ 127,202	$ (227,254)	$ -	$ 1,147	$ 3,115,241

CITY OF LAGUNA HILLS
CAPITAL PROJECTS FUND - MAJOR FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues	$ -	$ -	$ -	$ -
Expenditures:				
Capital outlay	2,810,000	5,138,293	2,976,435	2,161,858
Deficiency of Revenues over Expenditures	(2,810,000)	(5,138,293)	(2,976,435)	2,161,858
Other Financing Sources:				
Transfers in	2,810,000	5,138,293	2,976,435	(2,161,858)
Total Other Financing Sources	2,810,000	5,138,293	2,976,435	(2,161,858)
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	$ -	$ -	$ -	$ -

12/8/2015 ITEM NO. 3.8

CITY OF LAGUNA HILLS
DEBT SERVICE FUND - MAJOR FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Investment income	$ 25,500	$ 25,500	$ 4,688	$ (20,812)
Total Revenues	25,500	25,500	4,688	(20,812)
Expenditures:				
Debt service:				
Interest	501,387	501,387	553,529	(52,142)
Principal retirement	1,300,000	1,300,000	1,250,000	50,000
Total Expenditures	1,801,387	1,801,387	1,803,529	(2,142)
Deficiency of Revenues over Expenditures	(1,775,887)	(1,775,887)	(1,798,841)	(22,954)
Other Financing Sources:				
Transfers in	1,801,387	1,801,387	1,797,536	(3,851)
Total Other Financing Sources	1,801,387	1,801,387	1,797,536	(3,851)
Net Change in Fund Balance	25,500	25,500	(1,305)	(26,805)
Fund Balance, Beginning	1,807,773	1,807,773	1,807,773	-
Fund Balance, Ending	$ 1,833,273	$ 1,833,273	$ 1,806,468	$ (26,805)

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, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental	$ 1,011,858	$ 1,011,858	$ 942,531	$ (69,327)
Investment income	8,000	8,000	711	(7,289)
Total Revenues	1,019,858	1,019,858	943,242	(76,616)
Other Financing Uses:				
Transfers out	(2,000,000)	(2,000,000)	(1,995,492)	4,508
Total Other Financing Uses	(2,000,000)	(2,000,000)	(1,995,492)	4,508
Net Change in Fund Balance	(980,142)	(980,142)	(1,052,250)	(72,108)
Fund Balance, Beginning	1,052,250	1,052,250	1,052,250	-
Fund Balance, Ending	$ 72,108	$ 72,108	$ -	$ (72,108)

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, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental	$ 637,482	$ 667,041	$ 606,170	$ (60,871)
Investment income	-	-	713	713
Total Revenues	637,482	667,041	606,883	(60,158)
Other Financing Uses:				
Transfers out	(637,482)	(667,041)	(606,883)	60,158
Total Other Financing Uses	(637,482)	(667,041)	(606,883)	60,158
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	$ -	$ -	$ -	$ -

CITY OF LAGUNA HILLS
AB 2766 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental	$ 40,000	$ 40,000	$ 38,285	$ (1,715)
Investment income	400	400	37	(363)
Total Revenues	40,400	40,400	38,322	(2,078)
Other Financing Uses:				
Transfers out	-	-	(7,433)	(7,433)
Total Other Financing Uses	-	-	(7,433)	(7,433)
Net Change in Fund Balance	40,400	40,400	30,889	(9,511)
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	$ 40,400	$ 40,400	$ 30,889	$ (9,511)

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, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental	$ 31,500	$ 31,500	$ 35,678	$ 4,178
Investment income	850	850	179	(671)
Total Revenues	32,350	32,350	35,857	3,507
Expenditures:				
Current:				
Community services	31,500	31,500	31,293	207
Total Expenditures	31,500	31,500	31,293	207
Excess of Revenues over Expenditures	850	850	4,564	3,714
Other Financing Sources:				
Transfers in	-	-	6,305	6,305
Total Other Financing Sources	-	-	6,305	6,305
Net Change in Fund Balance	850	850	10,869	10,019
Fund Balance, Beginning	62,240	62,240	62,240	-
Fund Balance, Ending	$ 63,090	$ 63,090	$ 73,109	$ 10,019

CITY OF LAGUNA HILLS
CARITS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Investment income	$ 16,200	$ 16,200	$ 2,867	$ (13,333)
Total Revenues	16,200	16,200	2,867	(13,333)
Other Financing Uses:				
Transfers out	-	(88,229)	(14,990)	73,239
Total Other Financing Uses	-	(88,229)	(14,990)	73,239
Net Change in Fund Balance	16,200	(72,029)	(12,123)	59,906
Fund Balance, Beginning	1,076,588	1,076,588	1,076,588	-
Fund Balance, Ending	$ 1,092,788	$ 1,004,559	$ 1,064,465	$ 59,906

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, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental	$ 150,000	$ 150,000	$ 173,387	$ 23,387
Total Revenues	150,000	150,000	173,387	23,387
Expenditures:				
Current:				
Community development	150,000	150,000	173,387	(23,387)
Total Expenditures	150,000	150,000	173,387	(23,387)
Excess of Revenues over Expenditures	-	-	-	-
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, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental	$ 19,984	$ 19,984	$ -	$ (19,984)
Investment income	500	500	92	(408)
Total Revenues	20,484	20,484	92	(20,392)
Expenditures:				
Current:				
Community services	19,984	19,984	-	19,984
Total Expenditures	19,984	19,984	-	19,984
Excess of Revenues over Expenditures	500	500	92	(40,376)
Fund Balance, Beginning	34,468	34,468	34,468	-
Fund Balance, Ending	$ 34,968	$ 34,968	$ 34,560	$ (408)

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, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
Taxes	$ 20,000	$ 20,000	$ 20,000	$ -
Investment income	-	-	7	7
Total Revenues	20,000	20,000	20,007	7
Expenditures:				
Current:				
Public services	20,000	20,000	20,604	(604)
Total Expenditures	20,000	20,000	20,604	(604)
Excess (Deficiency) of Revenues over Expenditures	-	-	(597)	(597)
Fund Balance (Deficit), Beginning	(2,120)	(2,120)	(2,120)	-
Fund Balance (Deficit), Ending	$ (2,120)	$ (2,120)	$ (2,717)	$ (597)

CITY OF LAGUNA HILLS

C & D FORFEITED DEPOSITS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Licenses and permits	$ 49,583	$ 49,583	$ 36,945	$ (12,638)
Investment income	1,050	1,050	161	(889)
Total Revenues	50,633	50,633	37,106	(13,527)
Expenditures:				
Current:				
Public Services	49,583	49,583	37,713	11,870
Total Expenditures	49,583	49,583	37,713	11,870
Excess (deficiency) of Revenues over Expenditures	1,050	1,050	(607)	(1,657)
Fund Balance, Beginning	55,958	55,958	55,958	-
Fund Balance, Ending	$ 57,008	$ 57,008	$ 55,351	$ (1,657)

CITY OF LAGUNA HILLS
QUIMBY ACT PARK IMPACT FEES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Licenses and permits	$ 450,000	$ 2,062,000	$ 2,136,288	$ 74,288
Investment income	-	-	3,846	3,846
Total Revenues	450,000	2,062,000	2,140,134	78,134
Other Financing Uses:				
Transfers out	(450,000)	(2,062,000)	(419,820)	1,642,180
Total Other Financing Uses	(450,000)	(2,062,000)	(419,820)	1,642,180
Net Change in Fund Balance	-	-	1,720,314	1,720,314
Fund Balance (Deficit), Beginning	(85,741)	(85,741)	(85,741)	-
Fund Balance, Ending	$ (85,741)	$ (85,741)	$ 1,634,573	$ 1,720,314

CITY OF LAGUNA HILLS
WATER CONSERVATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental	$ -	$ 320,000	$ 973,410	$ 653,410
Investment income	-	-	455	455
Total Revenues	-	320,000	973,865	653,865
Expenditures:				
Current:				
Community services	-	320,000	650,000	(330,000)
Total Expenditures	-	320,000	650,000	(330,000)
Excess of Revenues over Expenditures	-	-	323,865	323,865
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	$ -	$ -	$ 323,865	$ 323,865

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, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental	$ 100,000	$ 100,000	$ 103,045	$ 3,045
Investment income	-	-	173	173
Total Revenues	100,000	100,000	103,218	3,218
Other Financing Uses:				
Transfers out	(100,000)	(100,000)	(106,551)	(6,551)
Total Other Financing Uses	(100,000)	(100,000)	(106,551)	(6,551)
Net Change in Fund Balance	-	-	(3,333)	(3,333)
Fund Balance, Beginning	3,333	3,333	3,333	-
Fund Balance, Ending	$ 3,333	$ 3,333	$ -	$ (3,333)

CITY OF LAGUNA HILLS
AGENCY FUND
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Assets				
Cash and investments	$ 299,454	$ 1,561,277	$ (1,461,923)	$ 398,808
Total assets	$ 299,454	$ 1,561,277	$ (1,461,923)	$ 398,808
Liabilities				
Deposits	$ 299,454	$ 1,561,277	$ (1,461,923)	$ 398,808
Total liabilities	$ 299,454	$ 1,561,277	$ (1,461,923)	$ 398,808

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents **Page**

Financial Trends **III-3**

Financial trend schedules contain trend information to help the reader understand how the City of Laguna Hills' financial performance and well-being have changed over time.

Revenue Capacity **III-10**

Revenue capacity schedules contain information to help the reader assess the City of Laguna Hills' most significant local revenue source, the property tax.

Debt Capacity **III-14**

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

Demographic and Economic Information **III-19**

Demographic and economic information schedules offer demographic and economic indicators to help the reader understand the environment within which the City of Laguna Hills' financial activities take place.

Operating Information **III-21**

Operating information schedules contain service and infrastructure data to help the reader understand how the information in the City of Laguna Hills' financial report relates to the services the government provides and the activities it performs.

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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net Investment in capital assets	$ 46,474,237	$ 50,728,980	$ 52,338,159	$ 56,606,677	$ 76,364,755	$ 78,797,985	$ 82,982,768	$ 84,618,576	$ 84,465,323	$ 84,623,408
Restricted	3,839,611	3,023,222	4,701,017	3,356,723	3,935,701	3,653,349	2,106,914	998,727	2,414,686	5,240,670
Unrestricted	9,377,131	10,606,335	10,230,570	7,858,499	7,501,713	6,504,972	6,944,547	8,340,769	5,751,121	1,789,992
Total government activities net position	$ 59,690,979	$ 64,358,537	$ 67,269,746	$ 67,821,899	$ 87,802,169	$ 88,956,306	$ 92,034,229	$ 93,958,072	$ 92,631,130	$ 91,654,070
Business-type activities										
Net Investment in capital assets	$ 14,163,874	$ 13,796,813	$ 13,292,252	$ 12,720,481	$ 12,206,656	$ 11,542,563	$ 10,989,447	$ 10,403,077	$ 9,894,503	$ 9,324,493
Restricted										
Unrestricted	540,017	359,254	195,703	134,998	150,668	85,344	96,511	47,563	47,801	(36,397)
Total business-type activities net position	$ 14,703,891	$ 14,156,067	$ 13,487,955	$ 12,855,479	$ 12,357,324	$ 11,627,907	$ 11,085,958	$ 10,450,640	$ 9,942,304	$ 9,288,096
Primary government										
Net Investment in capital assets	$ 60,638,111	$ 64,525,793	$ 65,630,411	$ 69,327,158	$ 88,571,411	$ 90,340,548	$ 93,972,215	$ 95,021,653	$ 94,359,826	$ 93,947,901
Restricted	3,839,611	3,023,222	4,701,017	3,356,723	3,935,701	3,653,349	2,106,914	998,727	2,414,686	5,240,670
Unrestricted	9,917,148	10,965,589	10,426,273	7,993,497	7,652,381	6,590,316	7,041,058	8,388,332	5,798,922	1,753,595
Total primary government net position	$ 74,394,870	$ 78,514,604	$ 80,757,701	$ 80,677,378	$ 100,159,493	$ 100,584,213	$ 103,120,187	$ 104,408,712	$ 102,573,434	$ 100,942,166

12/8/2015 ITEM NO. 3.8

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
Legislative/executive	$ 1,389,720	$ 1,441,763	$ 1,534,942	$ 1,542,082	$ 1,592,070	$ 1,537,287	$ 1,565,164	$ 1,546,012	$ 1,546,625	$ 1,512,960
Administrative services	2,357,409	1,928,022	1,785,896	1,719,314	1,724,356	1,771,910	1,755,500	1,976,262	1,758,062	1,575,412
Public services	7,360,168	9,507,357	6,814,629	8,318,347	7,389,564	5,781,123	5,999,412	6,150,553	6,376,642	6,332,724
Community development	1,247,350	1,541,295	1,775,552	1,523,476	1,595,670	1,404,624	1,127,036	1,138,280	1,265,719	1,434,213
Community services	1,554,514	1,651,779	1,771,671	1,776,257	1,769,589	3,702,911	3,642,792	3,777,102	3,886,180	4,660,667
Public safety	5,598,571	5,893,769	6,503,096	6,422,802	6,597,894	6,487,711	6,528,489	6,575,855	6,837,050	7,162,514
Interest expense	973,024	942,801	910,500	875,447	636,441	663,944	620,376	583,461	530,039	479,589
Total governmental activities expenses	20,480,756	22,906,786	21,096,286	22,177,725	21,305,584	21,349,510	21,238,769	21,747,525	22,200,317	23,158,079
Business-type activities:										
Property leasing	1,087,912	1,139,550	1,162,891	1,117,002	1,125,330	1,190,752	1,154,967	1,163,305	1,278,434	1,204,437
Total business-type activities expenses	1,087,912	1,139,550	1,162,891	1,117,002	1,125,330	1,190,752	1,154,967	1,163,305	1,278,434	1,204,437
Total primary government expenses	$ 21,568,668	$ 24,046,336	$ 22,259,177	$ 23,294,727	$ 22,430,914	$ 22,540,262	$ 22,393,736	$ 22,910,830	$ 23,478,751	$ 24,362,516
Program Revenues										
Government activities:										
Charges for Services:										
Legislative/executive	$ -	$ -	$ -	$ -	$ -	$ 2,236	$ -	$ -	$ -	$ -
Administrative services						96,726	2,838			
Public services	38,683	59,584	58,539	98,818	86,176	155,373	83,989	112,629	106,633	136,037
Community development	535,973	672,168	616,819	544,227	514,162	653,918	669,936	750,626	799,316	1,050,127
Community services	540,369	562,584	683,911	687,987	703,099	701,040	657,129	714,634	608,877	775,330
Public safety	533,977	475,214	485,376	435,452	542,732	401,665	295,587	226,311	186,347	300,032
Operating Contributions	4,774,223	6,826,309	3,486,884	4,217,578	3,059,335	4,738,096	3,082,972	2,137,580	2,186,050	2,989,299
Capital Contributions	40,771	57,282	24,674			820,456	3,040,344	945,068	807,545	2,264,558
Total governmental activities program revenues	6,463,996	8,653,141	5,356,203	5,984,062	4,905,504	7,569,510	7,832,795	4,886,848	4,694,768	7,515,383
Business-type activities:										
Charges for Services:										
Property Leasing	588,842	688,215	790,817	591,665	649,270	535,455	527,530	527,931	476,391	500,202
Operating grants and contributions										
Capital grants and contributions							85,134			
Total business-type activities program revenues	588,842	688,215	790,817	591,665	649,270	535,455	612,664	527,931	476,391	500,202
Total primary government program revenues	$ 7,052,838	$ 9,341,356	$ 6,147,020	$ 6,575,727	$ 5,554,774	$ 8,104,965	$ 8,445,459	$ 5,414,779	$ 5,171,159	$ 8,015,585
Net (expense)/revenue										
Governmental activities	$ (14,016,760)	$ (14,253,645)	$ (15,740,083)	$ (16,193,663)	$ (16,400,080)	$ (13,780,000)	$ (13,405,974)	$ (16,860,677)	$ (17,505,549)	$ (15,642,696)
Business- type activities	(499,070)	(451,335)	(372,074)	(525,337)	(476,060)	(655,297)	(542,303)	(635,374)	(802,043)	(704,235)
	$ (14,515,830)	$ (14,704,980)	$ (16,112,157)	$ (16,719,000)	$ (16,876,140)	$ (14,435,297)	$ (13,948,277)	$ (17,496,051)	$ (18,307,592)	$ (16,346,931)
									(continued)	(continued)

CITY OF LAGUNA HILLS
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
(continued)										
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	$ 5,219,940	$ 6,000,932	$ 6,310,302	$ 8,624,076	$ 8,573,008	$ 8,186,735	$ 8,223,234	$ 8,722,406	$ 8,826,271	$ 9,128,568
Sales and use taxes	6,868,829	6,811,004	6,368,887	5,522,204	5,197,367	5,238,949	5,157,787	5,305,487	5,562,823	5,603,521
Motor vehicle in lieu taxes	2,591,236	2,575,919	2,690,646	114,895	99,167	154,787	16,727	17,332	14,344	13,856
Other State subvention	95,072	25,026						-	16,549	93,653
Franchise taxes	1,006,109	1,218,116	1,202,702	1,237,335	1,217,595	1,199,882	1,223,523	1,210,837	1,259,021	1,343,505
Transient occupancy taxes	1,156,409	1,227,989	1,219,609	915,807	752,478	869,505	1,004,483	1,108,290	1,203,422	1,285,455
Investment earnings	210,046	325,266	469,876	119,006	29,205	25,267	15,736	12,216	12,251	14,266
Miscellaneous revenue	404,382	620,465	44,312	62,493	21,389	4,468	21,951	21,016	29,706	56,542
Lawsuit settlement										
Sale of capital assets								2,769,504		
Transfers	(599,379)	100,000	300,000	150,000	24,790	75,000			(293,691)	(50,000)
Total governmental activities	16,952,644	18,904,717	18,606,334	16,745,816	15,914,999	15,754,593	15,663,441	19,167,088	16,630,696	17,489,366
Business-type activities:										
Investment earnings	30	3,511	3,962	2,877	2,695	880	354	56	16	27
Transfers	599,379	(100,000)	(300,000)	(150,000)	(24,790)	(75,000)			293,691	50,000
Total business-type activities	599,409	(96,489)	(296,038)	(147,123)	(22,095)	(74,120)	354	56	293,707	50,027
Total primary government	$ 17,552,053	$ 18,808,228	$ 18,310,296	$ 16,598,693	$ 15,892,904	$ 15,680,473	$ 15,663,795	$ 19,167,144	$ 16,924,403	$ 17,539,393
Change in Net Position:										
Governmental activities	2,935,884	4,651,072	2,866,251	552,153	(485,081)	1,974,593	2,257,467	2,306,411	(874,853)	1,846,670
Business-type activities	100,339	(547,824)	(668,112)	(672,460)	(498,155)	(729,417)	(541,949)	(635,318)	(508,336)	(654,208)
Total primary government	$ 3,036,223	$ 4,103,248	$ 2,198,139	$ (120,307)	$ (983,236)	$ 1,245,176	$ 1,715,518	$ 1,671,093	$ (1,383,189)	$ 1,192,462

12/8/2015 ITEM NO. 3.8

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
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
2014	8,826,271	5,562,823	14,344	16,549	1,259,021	1,203,422	16,882,430
2015	9,128,568	5,603,521	13,856	93,653	1,343,505	1,285,455	17,468,558

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011 [1]	2012	2013	2014	2015
General fund										
Reserved	$ 40,016	$ 30,745	$ 186,524	$ 44,610	$ 15,624	$ -	$ -	$ -	$ -	$ -
Unreserved	10,074,573	11,019,918	10,313,093	8,582,945	8,611,931					
Nonspendable						305,302	311,223	335,603	416,994	318,769
Restricted										88,990
Committed										
Assigned						1,318,164	1,284,939	1,315,557	1,726,228	1,230,959
Unassigned						4,716,361	5,149,410	6,718,179	4,184,661	5,078,583
Total general fund	$ 10,114,589	$ 11,050,663	$ 10,499,617	$ 8,627,555	$ 7,422,224	$ 6,339,827	$ 6,745,572	$ 8,369,339	$ 6,327,883	$ 6,717,301
All other governmental funds										
Reserved	$ 652,694	$ 419,790	$ 421,484	$ 415,078	$ 1,817,086					
Unreserved, reported in:										
Special revenue funds	2,751,414	2,603,432	4,202,374	2,427,534	2,411,192					
Debt service funds	435,502									
Nonspendable										
Restricted						4,473,805	3,916,541	2,813,802	4,222,459	5,151,680
Committed										
Assigned										
Unassigned						(273,326)	(238,732)	(245,214)	(322,781)	(229,971)
Total all other governmental funds	$ 3,839,610	$ 3,023,222	$ 4,623,858	$ 2,842,612	$ 4,228,278	$ 4,200,479	$ 3,677,809	$ 2,568,588	$ 3,899,678	$ 4,921,709

[1] *Fund Balance Classification reflects implementation of GASB 54 requirements starting with Fiscal Year 2010/11*

12/8/2015 ITEM NO. 3.8

12/8/2015 ITEM NO. 3.8

City of Laguna Hills
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of acounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Taxes	$ 7,412,442	$ 8,598,829	$ 8,843,272	$ 10,858,989	$ 10,553,196	$ 10,513,681	$ 10,533,542	$ 11,061,533	$ 11,308,714	$ 11,777,528
Licenses and permits	505,608	599,423	579,915	521,724	423,012	550,155	816,863	655,855	778,208	3,195,756
Intergovernmental	14,796,110	16,153,141	12,364,967	9,727,124	7,975,877	10,023,285	10,960,315	8,597,520	8,864,729	8,765,516
Charges for current services	828,054	815,148	951,289	909,504	946,119	1,047,727	887,126	981,063	931,909	944,054
Fines and forfeitures	485,977	426,060	437,376	435,452	542,732	401,665	295,587	226,311	186,347	300,032
Miscellaneous	25,914									
Investment income	363,044	552,887	494,550	223,846	45,732	36,906	30,129	25,928	21,608	24,209
Total revenues	24,417,149	27,145,488	23,671,369	22,676,639	20,486,668	22,573,419	23,523,562	21,548,210	22,091,515	25,007,095
Expenditures:										
Current:										
Legislative/executive	1,389,261	1,431,276	1,521,937	1,527,927	1,583,009	1,528,226	1,556,386	1,661,199	1,536,724	1,500,869
Administrative services	1,663,400	1,804,671	1,863,562	1,664,029	1,537,841	1,591,486	1,622,122	2,014,343	1,631,541	1,770,170
Public services	3,551,780	4,050,846	4,897,258	4,419,088	4,088,538	4,190,842	4,155,386	4,346,672	4,399,704	4,299,138
Community development	1,239,540	1,533,319	1,823,818	1,660,768	1,593,187	1,404,624	1,127,036	1,259,502	1,261,715	1,433,383
Community services	1,518,157	1,679,248	1,717,124	1,733,464	1,570,196	1,646,388	1,595,904	1,904,831	1,860,866	2,608,281
Public safety	5,630,812	5,915,809	6,524,289	6,427,542	6,585,639	6,475,456	6,494,020	6,591,732	6,826,303	7,153,841
Capital outlay	5,337,802	8,991,937	2,619,246	7,102,899	2,013,797	5,013,252	5,289,390	4,402,694	2,965,511	2,976,435
Debt service:										
Interest	975,512	945,372	913,325	878,480	427,854	712,976	670,243	625,043	601,542	553,529
Cost of bond issuance					301,477					
Payment to bond escrow agent										
Discount on bond										
Principal retirement	1,130,000	1,160,000	1,016,178	1,010,000	820,000	1,090,000	1,130,000	1,180,000	1,205,000	1,250,000
Total expenditures	22,436,264	27,512,478	22,896,737	26,424,197	20,521,538	23,653,250	23,640,487	23,986,016	22,288,906	23,545,646
Excess (deficiency) of revenues over expenditures	1,980,885	(366,990)	774,632	(3,747,558)	(34,870)	(1,079,831)	(116,925)	(2,437,806)	(197,391)	1,461,449

(Continued)

(Continued)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other financing sources (uses):										
Transfers in	$ 10,928,487	$ 17,968,939	$ 5,956,627	$ 13,800,602	$ 7,868,431	$ 12,431,918	$ 13,529,097	$ 10,468,784	$ 7,214,336	$ 8,059,715
Transfers out	(11,527,866)	(17,868,939)	(5,656,627)	(13,650,602)	(7,843,641)	(12,356,918)	(13,529,097)	(10,468,784)	(7,508,027)	(8,109,715)
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		550,000	(70,000)	(55,750)	(7,500)	(105,365)				
Sale of Capital Assets								2,952,352		
Total other financing sources (uses)	(599,379)	291,091	230,000	94,250	332,247	(30,365)	-	2,952,352	(293,691)	(50,000)
Net change in fund balances	$ 1,381,506	$ (75,899)	$ 1,004,632	$ (3,653,308)	$ 297,377	$ (1,110,196)	$ (116,925)	$ 514,546	$ (491,082)	$ 1,411,449
Debt service as a percentage of noncapital expenditures	11.74%	10.13%	10.17%	9.77%	6.74%	9.67%	9.81%	9.22%	9.35%	8.77%

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)
2006	4,764,453	144,816	203	30,616	4,909,472	8.9%	0.05319
2007	5,160,814	154,887	190	31,676	5,315,891	8.3%	0.05342
2008	5,520,202	215,240		34,477	5,735,442	7.9%	0.10611
2009	5,516,226	174,459		32,955	5,690,685	-0.8%	0.10630
2010	5,413,579	175,241		33,614	5,588,820	-1.8%	0.10708
2011	5,299,826	160,738		33,534	5,460,565	-2.3%	0.10796
2012	5,308,488	156,488		33,852	5,464,976	0.1%	0.10853
2013	5,371,901	143,351		34,825	5,515,252	0.9%	0.10840
2014	5,509,351	146,695		35,252	5,656,046	2.6%	0.10583
2015	5,809,642	148,567		35,410	5,958,209	5.3%	0.10591

Sources: *HdL Coren & Cone, Orange County Assessor 2005/06 - 2014/15 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 [1] Governments
(Rate per $100 of Taxable Value)
Last Ten Fiscal Years

	Fiscal Year									
	2005/06	**2006/07**	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**
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	0.01078	0.00947	0.01019	0.00971	0.01077	0.01105	0.01101	0.01171	0.00972	0.00900
Metropolitan Water District	0.00520	0.00470	0.00450	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350
Moulton Niguel Water District	0.12923	0.11403	0.08830	0.11679	0.12104	0.12203	0.12936	0.14547	0.12977	0.08600
Saddleback Valley Unified	0.03079	0.03694	0.02668	0.02834	0.03043	0.03194	0.03163	0.03265	0.03207	0.02806
Total	**1.17600**	**1.16514**	**1.12967**	**1.15914**	**1.16654**	**1.16872**	**1.17570**	**1.19333**	**1.17506**	**1.12656**
City Direct Rates										
City Share of 1% Levy Per Prop13 [2] [3]	**0.05371**	**0.05371**	**0.05371**	**0.12228**	**0.12282**	**0.05371**	**0.05371**	**0.05371**	**0.05371**	**0.05371**
Redevelopment Rate [4]	**1.00520**	**1.00470**	**1.00450**	**1.00430**	**1.00430**	**1.00370**	**1.00370**			
Total Direct Rate [5]	**0.05319**	**0.05342**	**0.10611**	**0.10630**	**0.10708**	**0.10796**	**0.10853**	**0.10840**	**0.10583**	**0.10591**

Source: HdL Coren & Cone, Orange County Assessor 2005/06 - 2014/15 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 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.*

12/8/2015 ITEM NO. 3.8

City of Laguna Hills
Principal Property Taxpayers
Current year and nine years ago
(amounts expressed in thousands)

Taxpayer	2015 Taxable Assessed Value	2015 Rank	2015 Percentage of Total Taxable Assessed Value	2006 Taxable Assessed Value	2006 Rank	2006 Percentage of Total Taxable Assessed Value
MGP Fund X Laguna Hills LLC	$ 151,275	1	2.54%	$ -		
Acquiport Three Corporation	77,544	2	1.30%	66,564	2	1.36%
PMI Prado LLC	65,150	3	1.09%			
LHT Saddleback LLC	39,745	4	0.67%	47,094	3	0.96%
SPTMRT Properties Trust	36,633	5	0.61%	35,616	6	0.73%
Lakehills at Laguna LLC	35,534	6	0.60%			
La Paz Office Plaza LLC	31,749	7	0.53%			
Laguna Hills Estate LLC	25,584	8	0.43%			
Memorial Health Services	25,059	9	0.42%			
Moulton Plaza LLC	23,629	10	0.40%			
Shopping Center Associates				108,135	1	2.20%
Landmark Laguna LP				41,295	4	0.84%
Pinebrook Apartments				37,141	5	0.76%
Shea Laguna Hills LLC				35,578	7	0.72%
Franklin N. Tomlinson Trust				27,724	8	0.56%
W California				22,684	9	0.46%
LBA Realty Fund-Holding Company II LLC				21,624	10	0.44%
Totals	$ 511,902		8.59%	$ 443,455		9.03%

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
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%
2014	5,732	261	5,992	5,885	98.2%	62	5,946	99%
2015	6,051	275	6,327	6,180	97.7%	52	6,231	98%

Source: County of Orange 2014 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	Per Capita Personal Income	Percentage of Personal Income	Per Capita [a]
2006	21,390	1,384,623	$ 41,813	1.54%	645.93
2007	20,450	1,425,961	$ 43,058	1.43%	617.51
2008	19,480	1,441,089	$ 43,346	1.35%	585.94
2009	18,470	1,417,282	$ 42,444	1.30%	553.13
2010	17,943	1,500,666	$ 44,672	1.20%	534.14
2011	16,802	1,445,996	$ 47,227	1.16%	548.75
2012	15,620	1,363,858	$ 44,421	1.15%	508.75
2013	14,388	1,320,001	$ 42,778	1.09%	466.29
2014	13,437	1,336,181	$ 43,315	1.01%	435.57
2015	12,106				390.60

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.

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.

12/8/2015 ITEM NO. 3.8

City of Laguna Hills
Direct and overlapping governmental activities debt
As of June 30, 2015

	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Overlapping Debt
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	110,420,000	0.257%	283,779
Saddleback Valley Unified School District	122,240,000	18.121%	22,151,110
Capistrano Unified School District Facilities Improvement District No. 1	32,516,818	0.026%	8,454
Moulton-Niguel Water District and, I.D.'s 6	9,460,000	3.410%	322,586
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT:			$ 22,765,929
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			
Orange County General Fund Obligations	98,906,000	1.265%	$ 1,251,161
Orange County Pension Obligations	366,854,623	1.265%	4,640,711
Orange County Board of Education Certificates of Participation	15,190,000	1.265%	192,154
Municipal Water District of Orange County Water Facilities Corporation	5,360,000	1.512%	81,043
Capistrano Unified School District Certificates of Participation	16,805,000	0.017%	2,857
Moulton-Niguel Water District Certificates of Participation	77,825,000	13.396%	10,425,437
SUBTOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:			$ 16,593,363
City of Laguna Hills Certificates of Participation, Direct Debt	**12,106,108**	**100.000%**	**12,106,108**
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT, AND LAGUNA HILLS CERTIFICATES OF PARTICIPATION:			28,699,471
Less: MWDOC Water Facilities Corporation (100% self-supporting)			(81,043)
TOTAL NET OVERLAPPING GENERAL FUND OBLIGATION DEBT:			$ 28,618,428
OVERLAPPING TAX INCREMENT DEBT (Successor Agency)	7,125,000	2.773%	197,576
GROSS COMBINED TOTAL DEBT			$ 51,662,976
NET COMBINED TOTAL DEBT			$ 51,581,933 [b]

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

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

Source: California Municipal Statistics, Inc.

City of Laguna Hills
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	$ 736,414	$ 797,096	$ 860,479	$ 853,897	$ 838,413	$ 819,070	$ 819,547	$ 832,512	$ 853,695	$ 899,043
Total net debt applicable to limit	21,390	20,450	19,480	18,470	17,190	16,100	14,970	13,790	12,585	11,335
Legal debt margin	$ 715,024	$ 776,646	$ 840,999	$ 835,427	$ 821,223	$ 802,970	$ 804,577	$ 818,722	$ 841,110	$ 887,708
Total net debt applicable to limit, as a percentage of debt limit	2.90%	2.57%	2.26%	2.16%	2.05%	1.97%	1.83%	1.66%	1.47%	1.26%

Legal Debt Margin Calculation for Fiscal Year 2014/15

Assessed value	5,958,209
Add back: exempt real property	35,410
Total assessed value	5,993,620
Debt limit (15% of total assessed value)	899,043
Debt applicable to limit:	
Certificates of Participation	11,335
Total net debt applicable to limit	11,335
Legal debt margin	$ 887,708

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

City of Laguna Hills
Pledged-Revenue Coverage
Last Ten Fiscal Years

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

THE CITY OF LAGUNA HILLS
DEMOGRAPHIC AND ECONOMIC STATISTICS

Calendar Year	Population	Personal Income (In Thousands)	Per Capita Personal Income	Unemployment Rate	Median Age	% of Pop 25+ with High School Degree	% of Pop 25+ with Bachelor's Degree
2005	33,090	$1,321,554	$39,938	3.2%			
2006	33,115	$1,384,623	$41,813	2.9%			
2007	33,117	$1,425,961	$43,058	3.3%			
2008	33,246	$1,441,089	$43,346	4.4%			
2009	33,392	$1,417,282	$42,444	7.6%	41.2	92.8%	44.0%
2010	33,593	$1,500,666	$44,672	8.1%	39.3	90.6%	42.9%
2011	30,618	$1,445,996	$47,227	7.4%	40.7	91.4%	43.0%
2012	30,703	$1,363,858	$44,421	4.8%	41.6	92.3%	44.5%
2013	30,857	$1,320,001	$42,778	4.2%	41.5	91.7%	42.8%
2014	30,848	$1,336,181	$43,315	5.0%	41.8	91.6%	45.3%

2010 Population by Race/Ethnicity

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

2012 Housing Units

	Quantity	%
Total Housing Units	11,107	
Occupied	10,541	94.9%
Vacant	566	5.1%

Consumer Price Index

Year	CPI	% Change
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%
2013	239.2	1.1%
2014	242.4	1.3%

Building Activity and Valuation *(in thousands)*

	2012	2013	2014
Residential			
New Single Family	700	519	20
New Multi-Family	-	-	39,273
Additions, alterations	4,346	5,349	7,640
Total Residential	5,046	5,868	46,932
Commercial			
New Commercial	2,236	2,045	25,106
New Industrial	-	-	-
Additions, alterations	5,853	10,201	9,357
Total Non-Residential	8,089	12,246	34,463
Total Valuation	13,135	18,114	81,396
No. of New Dwelling Units	1	2	2

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; State of California EDD.

(1) Population: California State Department of Finance. Demographic Data is totaled from Census Block Groups that overlap the City's Boundaries.

City of Laguna Hills
Principal Employers
Current Year and Nine Years Ago

Employer	FY 2014/15 Employees	FY 2014/15 Percentage of Total City Employment	FY 2005/06 Employees	FY 2005/06 Percentage of Total City Employment
Saddleback Memorial Medical Center	1,915	11.13%	1,020	5.90%
Laguna Hills Health and Rehabiliation Center	306	1.78%	200	1.16%
Saddleback Valley USD	260	1.51%		
Allied Schools/Ashley Crown Systems Inc	227	1.32%	200	1.16%
Macy's*	205	1.19%		
Bj's Restaurant & Brewhouse*	150	0.87%		
JC Penney	147	0.85%		
Memorial Care home health	137	0.80%		
City of Laguna Hills	105	0.61%		
US Post Office	98	0.57%		
Kennedy Pipeline			320	1.85%
Saddleback Coordinated Home			200	1.16%
Total Top Employers	3,550	20.64%	1,940	11.23%
Total City Employment (1)	17,200		-	

Source: MuniServices, LLC
Results based on direct correspondence with city's local businesses.
The Saddleback Valley Unified School District number represents all employees within the district.

(1) Total City Employment provided by EDD Labor Force Data

2005-06 previously published CAFR

**Includes Full and Part time*

City of Laguna Hills
Full-time Equivalent Personnel Allocation by Function
Last Ten Fiscal Years

Function	Full-time Equivalent Personnel at June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	12.59	13.09	12.09	11.90	11.90	11.90	11.90	11.75	11.75	10.99
Non-Departmental	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.25	1.25	1.00
Public Services	30.00	41.00	41.00	42.00	42.00	44.00	44.00	44.00	44.00	43.00
Community Development	7.85	8.30	8.30	8.15	7.15	8.15	8.15	7.85	7.85	8.23
Community Services	14.25	14.25	14.25	15.61	15.61	15.75	15.75	15.75	15.75	15.40
Public Safety	30.07	31.19	31.24	29.19	29.19	29.20	29.20	28.89	28.89	26.46
Total	94.76	107.83	106.88	106.85	105.85	109.00	109.00	109.49	109.49	105.08

Source: City of Laguna Hills' Biennial Budget

12/8/2015 ITEM NO. 3.8

City of Laguna Hills
Operating Indicators
Last Ten Fiscal Years

Function	FY 05/06	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Police [(b)]										
Physical arrests	487	579	460	740	721	684	468	362	458	534
Parking violations	1,799	3,162	2,757	3,636	2,662	2,087	1,107	885	1,407	1,981
Traffic violations	5,367	3,846	5,566	4,886	5,781	4,089	3,074	2,462	2,070	3,041
Fire [(c)]										
Number of calls answered	2,373	2,424	2,434	2,421	2,558	2,614	2,550	2,579	2,584	2,675
Inspections	586	549	309	387	439	393	308	273	379	494
Highways and Streets [(d)]										
Sidewalk replacement (sq. ft.)	7,610	3,450	1,850	4,660	22,266	8,592	13,482	13,610	3,519	7,250
Curb & gutter replacement (linear ft.)	626	90	110	2,374	1,030	1,727	3,990	1,141	478	-
Asphalt concrete placed (tons)	15,203	13,385	11,362	21,291	15,695	14,454	15,692	16,319	7,857	16,276
Street sweeping debris collected (tons)	922	546	265	449	294	290	374	432	293	265
New sign installations	37	65	37	64	92	102	28	42	65	23
Sign Replacements	161	304	238	277	168	173	161	378	278	380
Trees trimmed	2,370	1,815	1,763	1,774	2,273	1,872	1,474	1,568	1,185	792
Trees removed	247	265	207	214	81	114	166	215	179	461
Trees planted	67	108	262	82	43	39	649	39	44	38
Sanitation [(a)]										
Refuse collected (tons/day)	80	70	63	50	46	46	44	47	45	43
Recyclables collected (tons/day)	77	65	55	52	50	47	45	46	46	49
Culture and Recreation [(e)]										
Community center programs (participants)	8,215	8,650	8,173	9,022	7,262	6,876	5,682	5,633	5,783	5,637
Athletic permits	74	71	70	76	69	57	44	41	45	41
Waste Stream [(a)]										
Refuse collected (tons)	29,126	25,705	22,981	18,089	16,698	16,814	15,932	17,185	16,416	15,707
Recyclables collected (tons)	27,927	23,691	20,120	19,081	18,162	17,325	16,391	16,753	16,964	17,728

[(a)] *CR&R Monthly Tonnage Report, 6/30/15*
[(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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	1

Source: Various City Departments

12/8/2015 ITEM NO. 3.8

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 30,994 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, and the only light industrial/manufacturing establishments in the City. In September of 2000, the City grew by another 150 acres as a result of the annexation of residential properties identified as West Laguna Hills.

History

Laguna Hills is built on one of the major land grants developed during the rancho area. Following Mexico's independence from Spain in 1821, those who had served in the government or who had friends in authority were given vast lands for cattle grazing. Rancho Lomas de Santiago, Rancho San Joaquin, and Rancho Niguel covered much of the western portion of the Saddleback Valley. Don Juan Avila was granted the 13,000-acre Rancho Niguel on which Laguna Hills is located.

In 1874, Lewis Moulton purchased Rancho Niguel from Don Juan Avila and increased the original grant to 22,000 acres. Moulton and his partner, Jean Piedrea Daguerre, used the ranch to raise sheep and cattle. The Moulton ranch was eventually subdivided in the early 1960s, part of which is recognized as Laguna Hills.

Incorporation efforts began in 1987 and on March 5, 1991, the goal of incorporation was finally achieved with 86% of the residents voting in favor of forming the City of Laguna Hills. On December 20, 1991, Laguna Hills officially became a City.

City Government

The City of Laguna Hills is a General Law City that operates under the Council/Manager form of government. The voters elect five of their fellow citizens to the City Council for overlapping four-year terms. The Council, in turn, selects one of its members to serve as Mayor for a one-year term. The City Council holds regular public meetings on the second and fourth Tuesday of each month.

CITY OF LAGUNA HILLS, CALIFORNIA

APPROPRIATIONS LIMIT WORKSHEET NO. 6

WITH INDEPENDENT ACCOUNTANTS' REPORT
ON AGREED-UPON PROCEDURES
APPLIED TO APPROPRIATIONS LIMIT WORKSHEET

FOR THE YEAR ENDED JUNE 30, 2015

WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES APPLIED TO APPROPRIATIONS LIMIT WORKSHEET

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

We have performed the procedures enumerated below to the accompanying Appropriations Limit Worksheet No. 6 of the City of Laguna Hills, California for the year ended June 30, 2015. These procedures, which were agreed to by the City of Laguna Hills, California and the League of California Cities (as presented in the League publication entitled "Article XIII-B Appropriations Limit Uniform Guidelines") were performed solely to assist the City of Laguna Hills, California in meeting the requirements of Section 1.5 of Article XIIIB of the California Constitution. The City of Laguna Hill's management is responsible for the Appropriations Limit Worksheet No. 6.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the 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 for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed Worksheet No. 6 for the year ended June 30, 2015, and compared the limit and annual adjustment factors included in that worksheet 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 worksheet to those that were selected by a recorded vote of the City Council.

   No exceptions were noted as a result of this procedure.

2. For the accompanying Appropriations Limit Worksheet No. 6, we added last year's limit to the total adjustments, and compared the resulting amount to this year's limit. We also recalculated the adjustment factor and the adjustment for inflation and population, and compared the results to the amounts on Worksheet No. 6.

   No exceptions were noted as a result of this procedure.

2875 Michelle Drive, Suite 300, Irvine, CA 92606 • Tel: 714.978.1300 • Fax: 714.978.7893

Offices located in Orange and San Diego Counties

3. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet No. 6 to the prior year appropriations limit adopted by the City Council for the prior year.

   No exceptions were noted as a result of our performing this procedure.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Worksheet No. 6. 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 the League publication entitled "Article XIII-B Appropriations Limit Uniform Guidelines".

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

White Nelson Diehl Evans LLP

Irvine, California
November 30, 2015

CITY OF LAGUNA HILLS

APPROPRIATIONS LIMIT WORKSHEET NO. 6

For the year ended June 30, 2015

Appropriations limit for fiscal year ended June 30, 2014 (see Note 2)				$ 32,189,463
Adjustment factors for the fiscal year ended June 30, 2015 (see Note 2):				
	Inflation Factor (Note 3)	Population Factor (Note 4)	Combined Factor	
	0.99770000	1.00930000	1.00697861	x 0.00697861
Adjustment for inflation and population				224,638
Other adjustments (Note 5)				-
Total adjustments				224,638
Appropriations limit for fiscal year ended June 30, 2015				$ 32,414,101

See accompanying Notes to Appropriations Limit Worksheet No. 6

CITY OF LAGUNA HILLS

NOTES TO APPROPRIATIONS LIMIT WORKSHEET NO. 6

For the year ended June 30, 2015

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 XIIIB, 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 at Notes 3 and 4 below.

3. 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 percentages are supplied by the State 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 (the City) for fiscal year 2014-2015 represents the annual percentage change for per capita personal income.

4. 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 in the County where the jurisdiction is located. The factor adopted by the City for fiscal year 2014-2015 represents the annual percentage change in population for the County in which the City is located.

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 had no such adjustments for the year ended June 30, 2015.

WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

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

Honorable Mayor and
Members of the City Council
of the City of Laguna Hills
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, business-type activity, each major fund, and the aggregate remaining fund information of the City of Laguna Hills, California (the City), as of and for the year ended June 30, 2015, 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 30, 2015.

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 City'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.

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Offices located in Orange and San Diego Counties

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*.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

White Nelson Diehl Evans LLP

Irvine, California
November 30, 2015

WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

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

We have audited the financial statements of the governmental activities, business-type activity, each major fund, and aggregate remaining fund information of the City of Laguna Hills, California (the City) for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our planning communication letter to you dated July 31, 2015. 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. As discussed in Notes 1d and 16 to the financial statements, the City has recorded the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the cost-sharing defined benefit pension plans due to the adoption of Governmental Accounting Standards Board's (GASB) Statement No. 68, *"Accounting and Financial Reporting for Pensions"* and Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68"*. The adoption of these standards required retrospective application resulting in a $2,823,730 reduction of previously reported net position of the governmental activities. No other accounting policies were adopted and the application of other existing polices was not changed during the year ended June 30, 2015. We noted no transactions entered into by the City during the 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.

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Qualitative Aspects of Accounting Practices (Continued)

The most sensitive estimates affecting the City's financial statements are as follows:

a. Management's estimate of the fair market value of investments is based on market values provided by outside sources.

b. Management's estimate of the value of capital assets (infrastructure assets) is based on industry standards.

c. The estimated useful lives of capital assets for depreciation purposes are based on industry standards.

d. The annual required contributions, pension expense, net pension liability and corresponding deferred outflows of resources and deferred inflows of resources for the City's public defined benefit plans with CalPERS are based on actuarial valuations provided by CalPERS.

e. Management's estimate of the claims payable liabilities related to general liability and worker's compensation claims are based on estimates by the claims administrators.

We evaluated the key factors and assumptions used to develop these estimates in determining that they were 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 reported in Note 8 regarding the CalPERS defined benefit plans and Note 16 regarding the restatement of prior year financial statements due to the implementation of GASB Numbers 68 and 71.

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. The following material misstatement detected as a result of audit procedures was corrected by management: increase expense and accounts payable for an invoice not accrued as of year-end.

Significant Audit Findings (Continued)

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 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 30, 2015.

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

We applied certain limited procedures to management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of contributions - defined benefit pension plans, and the schedule of revenues, expenditures and changes in fund balance - budget and actual - general fund, which are required supplementary information (RSI) that supplements the financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, 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 basic financial statements or to the basic financial statements themselves.

Other Matters (Continued)

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on them.

Restriction on Use

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

White Nelson Diehl Evans LLP

Irvine, California
November 30, 2015

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: **DECEMBER 8, 2015**

TO: **MAYOR AND COUNCIL MEMBERS**

FROM: **KENNETH H. ROSENFIELD, P.E.**
DIRECTOR OF PUBLIC SERVICES/CITY ENGINEER

ISSUE: **PROFESSIONAL SERVICES AGREEMENT WITH WOLFE ENGINEERING & DESIGN, INC., FOR THE ARTERIAL HIGHWAY PAVEMENT MANAGEMENT PROGRAM PROJECT, CIP NO. 175**

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE PROFESSIONAL SERVICES AGREEMENT WITH WOLFE ENGINEERING & DESIGN, INC., FOR THE ARTERIAL HIGHWAY PAVEMENT MANAGEMENT PROGRAM PROJECT, CIP NO. 175, AND AUTHORIZE THE CITY MANAGER TO EXECUTE THE AGREEMENT.

SUMMARY:

The Arterial Highway Pavement Management Program (APM) Project, CIP No. 175, will resurface five roadway segments on four different arterial highways: Alicia Parkway, Cabot Road (2 segments), Los Alisos Boulevard, and Paseo de Valencia. To perform this work, consultant design services are required and staff has completed a Request for Proposal process for these professional services. Three firms submitted proposals that were scored by a staff committee and then each of the three firms were interviewed and scored. The professional services fees for this work were held in separate sealed envelopes until the firms were ranked. The best qualified firm for this work was determined to be Wolfe Engineering and Design, Inc. and their fee was determined to be acceptable and within budget. It is recommended that the City Council approve the attached Professional Services Agreement with Wolfe Engineering and Design, Inc. for the APM Project.

BACKGROUND:

The City was recently successful in securing Federal Grant Funds for construction of an APM Project through a call for projects issued by the Orange County Transportation Authority. In order to meet the use of funds deadline for the APM Project, it is necessary to now secure consultant services for the design of the pavement rehabilitation of the five segments included in the project. The APM Project, known as CIP No. 175, will rehabilitate and resurface five segments of arterial highways described as follows and shown on the attached maps.

Segment 1: Alicia Parkway from West City Limits (Ramona Street) to east of Moulton Parkway
Segment 2: Cabot Road from Oso Parkway to South City Limits
Segment 3: Cabot Road from north of Rapid Falls Road to South City Limits
Segment 4: Los Alisos Boulevard from Paseo de Valencia to I-5
Segment 5: Paseo de Valencia from La Paz Road to Cabot Road

A Request for Proposal was issued and three consulting firms submitted proposals and separate fee envelopes by the due date of November 24, 2015. The proposals were ranked by a staff committee and individual interviews were held with all three consulting firms on November 30, 2015. The firms interviewed were Anderson-Penna, Inc., HR Green, Inc., and Wolfe Engineering and Design, Inc. The best qualified firm for the professional service work for this project was determined to be Wolfe Engineering and Design, Inc. Following this determination, the fee envelopes were opened and staff and Wolfe Engineering and Design, Inc. came to an agreement on the fee for this work assignment.

The City Attorney has prepared the attached Professional Services Agreement which includes a copy of the Wolfe Engineering and Design, Inc. proposal and fees and the City's Request for Proposal.

The APM Project is anticipated to be fully designed before the end of January 2016 and then be processed through Caltrans for an authorization to advertise the project for bids. The construction work is expected to occur in early summer 2016.

FISCAL IMPACT:

The Professional Services Agreement with Wolfe Engineering & Design, Inc. has a not to exceed value of $30,000. The APM Project, CIP No. 175, is included in the current year Capital Improvement Program Budget in the amount of $100,000. The construction work for this project is budgeted in the 2016/2017 Fiscal Year in the amount of $1,170,000.

CEQA FINDINGS:

This project is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15302 (replacement of existing facilities involving negligible expansion of capacity) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because the project calls for replacing the existing asphalt concrete, concrete, ramps, and other related site work in the same existing locations.

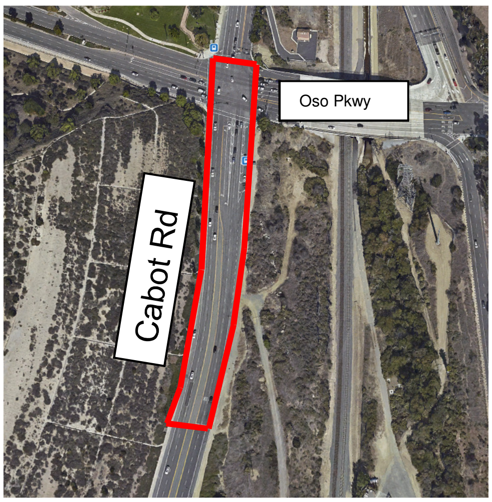
ATTACHMENTS:

- Vicinity maps
- Professional Services Agreement

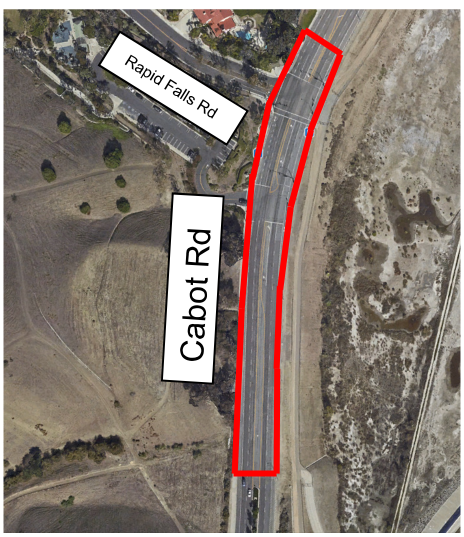
Arterial Highway Pavement Rehabilitation, CIP No. 175, Location Maps

Not to Scale. North toward top of page.

Segment 1: Alicia Parkway from West City Limits (Ramona St) to east of Moulton Pkwy



Segment 2: Cabot Road from Oso Parkway to South City Limits

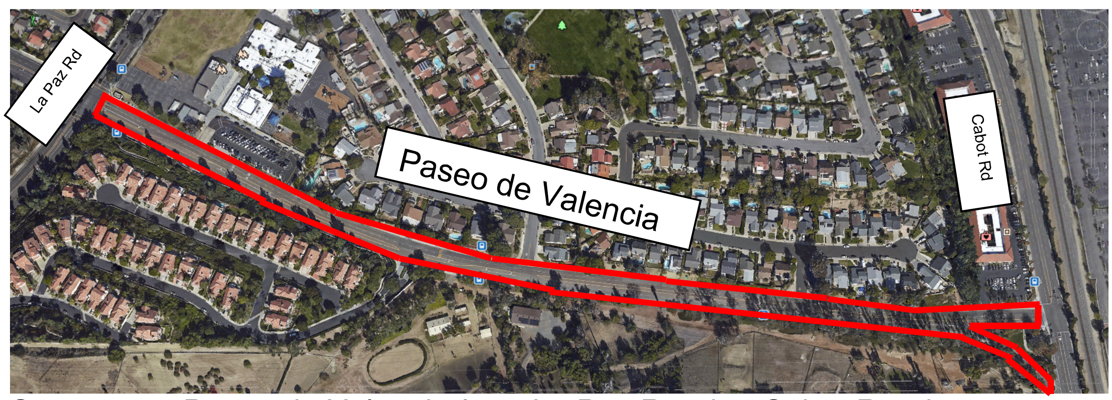


Segment 3: Cabot Road from north of Rapid Falls Road to South City Limits

Arterial Highway Pavement Rehabilitation, CIP No. 175, Location Maps

Not to Scale. North toward top of page.

Segment 4: Los Alisos Blvd from Paseo de Valencia to I-5



Segment 5: Paseo de Valencia from La Paz Road to Cabot Road

PROFESSIONAL SERVICES AGREEMENT
Wolfe Engineering and Design, Inc.
Civil Engineering Design
and
Project Management Services
(Arterial Highway Pavement Management Program Project, CIP No. 175)

THIS PROFESSIONAL SERVICES AGREEMENT (hereinafter "Agreement") is made and entered into, to be effective this 8th day of December 2015, by and between the CITY OF LAGUNA HILLS, a municipal corporation organized and existing under the laws of the State of California, (hereinafter referred to as "City") and WOLFE ENGINEERING AND DESIGN, INC., a California corporation (hereinafter referred to as "Consultant"). City and Consultant are sometimes hereinafter individually referred to as "Party" and are hereinafter collectively referred to as the "Parties."

RECITALS

A. City has determined that there is a need to retain the professional services of a qualified civil engineering firm for the purpose of providing design and project management consulting services to City in order to facilitate completion of the Arterial Highway Pavement Management Program Project CIP No. 175, which involves the rehabilitation of the pavement of five roadway segments, as well to provide the City with other as-needed professional civil engineering, project management, compliance, and support services that may be required (the "Project").

B. Consultant has submitted to City a formal written proposal, dated November 24, 2015, in response to City's November 5, 2015 Request for Proposals for Design Services for the Arterial Highway Pavement Management Program Project, CIP No. 175, to provide professional design and project management consulting services to City for the Project, pursuant to the terms of this Agreement.

C. Consultant represents and maintains that it is uniquely qualified by virtue of its experience, training, education, reputation, and expertise to provide these professional services to City for the Project and has agreed to provide such services as provided herein. City does not have the personnel or specialized technical expertise able to perform the work or services contracted for herein.

D. City desires to retain Consultant to provide such professional services for the Project.

NOW, THEREFORE, in consideration of the promises and mutual obligations, covenants, and conditions contained herein, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. SERVICES OF CONSULTANT

1.1 Scope of Services and Standard of Performance. In compliance with all terms and conditions of this Agreement, Consultant agrees to provide and perform the professional civil engineering design and project management consulting services to City for the Project as set forth in the Consultant's Proposal/Scope of Work, dated November 24, 2015, which is attached hereto as Exhibit "A" and is incorporated herein by reference (hereinafter referred to as the "Scope of Services," the "Services" or "Work"). As a material inducement to the City entering into this Agreement, Consultant acknowledges and understands that the Services and Work contracted for under this Agreement require specialized skills and abilities and that, consistent with this understanding, Consultant's Services and Work shall be performed in a skillful and competent manner and shall be held to a standard of quality and workmanship prevalent in the industry for such Services and Work and with the standards recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and warrants that it is skilled in the professional discipline necessary to perform the Services and Work and that it holds the necessary skills and abilities to satisfy the standard of work as set forth in this Agreement. Consultant represents and warrants that it and all of its employees, subconsultants and subcontractors providing any Work or Services under this Agreement shall have sufficient skill and experience to perform the Services and Work assigned to them. All Services and Work shall be completed to the reasonable satisfaction of the City.

1.2 Contract Documents. The Agreement between the Parties shall consist of the following: (1) this Agreement; (2) the Consultant's signed, original Proposal/Scope of Work dated November 24, 2015 ("Consultant's Proposal") and submitted to City; and, (3) the City's Request for Proposals for Design Services for the Arterial Highway Pavement Management Program CIP No. 175 dated November 5, 2015, which shall all be referred to collectively hereinafter as the "Contract Documents." The Consultant's Proposal and the City's Request for Proposals, which are both attached hereto as Exhibits "A" and "B," respectively, are hereby incorporated by reference and are made a part of this Agreement. All provisions of this Agreement, the Consultant's Proposal, and the City's Request for Proposals shall be binding on the Parties. Should any conflict or inconsistency exist in the Contract Documents, the conflict or inconsistency shall be resolved by applying the provisions in the highest priority document, which shall be determined in the following order of priority: (1^{st}) the terms and conditions of this Agreement; (2^{nd}) the provisions of the City's Request for Proposals (Exhibit "B"); and (3^{rd}) the provisions of the Consultant's Proposal (Exhibit "A").

1.3 Compliance with Law. Consultant shall comply at all times during the term of this Agreement with all applicable federal, state, and local laws, statutes, and ordinances and all lawful orders, rules, and regulations promulgated thereunder, including without limitation all applicable fair labor standards and Cal/OSHA requirements. Consultant shall keep itself fully informed of and in compliance with all local, state, and federal laws, rules, and regulations in any manner affecting the performance of the Work and Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with performing the Work and Services. If

Consultant performs any Work or Services in violation of such laws, rules, and regulations, Consultant shall be solely responsible for all penalties and costs arising therefrom. Consultant shall defend, indemnify, and hold City, its officials, officers, employees, agents and volunteers, free and harmless from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules, or regulations.

1.4 Licenses, Permits, Fees, and Assessments. Prior to performing any Services or Work hereunder Consultant shall obtain all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice its profession and perform the Work and Services required by this Agreement. Consultant represents and warrants to City that Consultant shall, at its sole cost and expense, keep in effect at all times during the term of this Agreement and any extension, any license, permit, qualification, or approval that is legally required for Consultant to perform the Work and Services under this Agreement. Consultant shall have the sole obligation to pay for any fees, assessments, and taxes, plus applicable penalties and interest, which may be imposed by law and arise from or are necessary for the Consultant's performance of the Work and Services required by this Agreement, and shall defend, indemnify, and hold the City, its officials, officers, employees, agents and volunteers, free and harmless from and against any claim or liability arising out of any failure or alleged failure to obtain such license, permits, and approvals of whatever nature that are legally required to perform the Work or Services.

1.5 Familiarity with Work. By executing this Agreement, Consultant represents and warrants that it (a) has thoroughly investigated and considered the Scope of Work or Services to be performed, (b) has carefully considered how the Services should be performed and has carefully examined the location or locations at or with respect to where such Services or Work is to be performed, and (c) fully understands the facilities, difficulties, and restrictions attending performance of the Services under this Agreement. If the Services involve work upon any site, Consultant represents and maintains that Consultant has or will investigate the site and is or will be fully acquainted with the conditions there existing, prior to commencement of any Services hereunder. Should the Consultant discover any latent or unknown conditions that will materially affect the performance of the Services hereunder, Consultant shall immediately inform the City of such fact and shall not proceed except at Consultant's risk until written instructions are received from the City.

1.6 Care of Work. Consultant shall adopt reasonable methods during the term of the Agreement to furnish continuous protection to the Work and the equipment, materials, papers, documents, plans, studies, and/or other components thereof to prevent losses or damages, and shall be responsible for all such damages, to persons or property, until acceptance of the Work by the City, except such losses or damages as may be caused by City's own negligence.

1.7 Further Responsibilities of Parties. Both Parties agree to use reasonable care and diligence to perform their respective obligations under this Agreement. Both Parties agree to act in good faith to execute all instruments, prepare all documents, and take all actions as may be reasonably necessary to carry out the purposes of this Agreement.

1.8 Additional Services. City shall have the right at any time during the performance of the Services, without invalidating this Agreement, to order extra work beyond that specified in the Scope of Services (Exhibit "A") or make changes by altering, adding to, or deducting from such Work. No such extra work may be undertaken unless a written order is first given by the City to the Consultant, incorporating therein any adjustment in (i) the Maximum Contract Amount, as defined below, and/or (ii) the time to perform this Agreement, which adjustments are subject to the written approval of the Consultant. It is expressly understood by Consultant that the provisions of this section shall not apply to the Work and Services specifically set forth in the Scope of Services or reasonably contemplated therein, regardless of whether the time or materials required to complete any Work or Service identified in the Scope of Services exceeds any time or material amounts or estimates provided therein.

1.9 Non-Exclusive Agreement. Consultant acknowledges that City may enter into agreements with other contractors, consultants, or vendors for services similar to the services that are the subject of this Agreement. Consultant further acknowledges that City may have its own employees perform services similar to the services that are the subject of this Agreement.

2. COMPENSATION

2.1 Maximum Contract Amount. For the Services and Work rendered pursuant to this Agreement, Consultant shall be compensated by City for the services performed, including authorized reimbursements, on a time and materials basis in accordance with the professional hourly rates and charges set forth in the Schedule of Compensation/Fees, which is attached hereto as Exhibit "A" and is incorporated herein by reference, but not exceeding the total maximum contract amount of Thirty Thousand Dollars ($30,000.00) (hereinafter referred to as the "Maximum Contract Amount"), except as may be provided pursuant to Section 1.8 above. The method of compensation shall be as set forth in Exhibit "A". The professional hourly rates and charges set forth in the Schedule of Compensation/Fees (Exhibit "A") shall remain fixed and unchanged throughout the term of this Agreement. Compensation for necessary expenditures for reproduction costs, telephone expenses, and transportation expenses must be approved in advance by the Contract Officer designated pursuant to Section 4.2 and will only be approved if such expenses are also specified in the Schedule of Compensation/Fees. The Maximum Contract Amount shall include the attendance of Consultant at all Project meetings reasonably deemed necessary by the City. Consultant shall not be entitled to any increase in the Maximum Contract Amount for attending these meetings. Consultant hereby acknowledges that it accepts the risk that the Services and Work identified in the Scope of Services may be more costly and/or time-consuming than Consultant anticipates, that Consultant shall not be entitled to additional compensation therefore, and that the provisions of Section 1.8 shall not be applicable to the Services and Work identified in the Scope of Services. The maximum amount of City's payment obligation under this Agreement is the amount specified in this section. If the City's maximum payment obligation is reached before the Consultant's Services under this Agreement are completed, Consultant shall nevertheless complete the Work without liability on the City's part for further payment beyond the Maximum Contract Amount.

2.2. Method of Payment. Unless some other method of payment is specified in the Schedule of Compensation/Fees (Exhibit "A"), in any month in which Consultant wishes to receive payment, no later than the tenth (10^{th}) working day of such month, Consultant shall submit to the City, in a form approved by the City's Finance Manager, an invoice for services rendered prior to the date of the invoice. Such requests shall be based upon the amount and value of the services performed by Consultant and accompanied by such reporting data including an itemized breakdown of all costs incurred and tasks performed during the period covered by the invoice, as may be required by the City. City shall use reasonable efforts to make payments to Consultant within forty-five (45) days after receipt of the invoice or a soon thereafter as is reasonably practical.

2.3 Changes in Scope. In the event any change or changes in the Scope of Services is requested by the City, the Parties shall execute a written amendment to this Agreement, setting forth with particularity all terms of such amendment, including, but not limited to, any additional professional fees. An amendment may be entered into: (a) to provide for revisions or modifications to documents or other work product or work when documents or other work product or work is required by the enactment or revision of law subsequent to the preparation of any documents, other work product, or work; and/or (b) to provide for additional services not included in this Agreement or not customarily furnished in accordance with generally accepted practice in Consultant's profession.

2.4 Appropriations. This Agreement is subject to and contingent upon funds being appropriated therefore by the Laguna Hills City Council for each fiscal year covered by the term of this Agreement. If such appropriations are not made, this Agreement shall automatically terminate without penalty to the City.

3. SCHEDULE OF PERFORMANCE

3.1 Time of Essence. Time is of the essence in the performance of this Agreement. The time for completion of the services to be performed by Consultant is an essential condition of this Agreement. Consultant shall prosecute regularly and diligently the Work of this Agreement according to the agreed upon Schedule of Performance (Exhibit "A").

3.2 Schedule of Performance. Consultant shall commence the Services pursuant to this Agreement upon receipt of a written notice to proceed, or on each task order, if applicable, and shall perform all Services within the time period(s) established in the Schedule of Performance, which is attached hereto as Exhibit "A" and is incorporated herein by reference. When requested by Consultant, extensions to the time period(s) specified in the Schedule of Performance may be approved in writing by the Contract Officer; however, the City shall not be obligated to grant such an extension.

3.3 Force Majeure. The time period(s) specified in the Schedule of Performance for performance of the Services rendered pursuant to this Agreement shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of the Consultant (financial inability excepted), including, but not limited to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, and/or acts of any governmental agency, including the City, if Consultant, within ten (10) days of the commencement of such delay, notifies the City Manager in writing of the causes of the delay. The City Manager shall ascertain the facts and the extent of delay, and extend the time for performing the Services for the period of the enforced delay when and if in the judgment of the City Manager such delay is justified.

The City Manager's determination shall be final and conclusive upon the Parties to this Agreement. In no event shall Consultant be entitled to recover damages against the City for any delay in the performance of this Agreement, however caused, Consultant's sole remedy being extension of the Agreement pursuant to this section.

3.4 Term. Unless earlier terminated as provided elsewhere in this Agreement, this Agreement shall commence upon the effective date of this Agreement and shall continue in full force and effect for a period of eighteen (18) months, commencing on December 8, 2015 and ending on June 30, 2017, unless extended by mutual written agreement of the Parties.

3.5 Task Orders. Consultant hereby agrees and acknowledges that any and all Services or Work performed pursuant to this Agreement shall be based upon the prior issuance of a written project task order by the City. Furthermore, Consultant hereby agrees and acknowledges that execution of this Agreement by the City does not in any way guarantee that a task order will be issued to Consultant. Moreover, execution of this Agreement by the City shall not entitle Consultant to any form of payment or compensation from the City without City first having issued a project task order.

4. COORDINATION OF WORK

4.1 Representative of Consultant. The following principal of Consultant is hereby designated as being the principal and representative of Consultant authorized to act in its behalf with respect to the Services to be performed under this Agreement and to make all decisions in connection therewith: **Lori Wolfe, P.E., Principal and Project Manager**. It is expressly understood that the experience, knowledge, education, capability, expertise, and reputation of the foregoing principal is a substantial inducement for City to enter into this Agreement. Therefore, the foregoing principal shall be responsible during the term of this Agreement for directing all activities of Consultant and devoting sufficient time to personally supervise the Work or Services performed hereunder. The foregoing principal may not be changed by Consultant without prior written approval of the Contract Officer.

4.2 Contract Officer. The Contract Officer shall be such person as may be designated by the City Manager of City, and is subject to change by the City Manager. It shall be the Consultant's responsibility to ensure that the Contract Officer is kept fully informed of the progress of the performance of the Services, and the Consultant shall refer any decisions which must be made by City to the Contract Officer. Unless otherwise specified herein, any approval of City required hereunder shall mean the approval of the Contract Officer. The Contract Officer shall have authority to sign all documents on behalf of the City required hereunder to carry out the terms of this Agreement.

4.3 Prohibition Against Subcontracting or Assignments. The experience, knowledge, capability, expertise, and reputation of Consultant, its principals and employees, were a substantial inducement for City to enter into this Agreement. Therefore, Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, voluntarily or by operation of law, without the prior written consent of City. Consultant shall not contract with any other entity to perform the Services required without prior written consent of City. If Consultant is permitted to subcontract any part of this Agreement by City, Consultant shall be responsible to City for the acts and omissions of its subcontractor(s) in the same manner as it is for persons directly employed. Nothing contained in this Agreement shall create any contractual relationships between any subcontractor and City. All persons engaged in the Work will be considered employees of Consultant. City will deal directly with and will make all payments to Consultant. In addition, neither this Agreement nor any interest herein may be transferred, assigned, conveyed, hypothecated, or encumbered voluntarily or by operation of law, whether for the benefit of creditors or otherwise, without the prior written consent of City. Transfers restricted hereunder shall include the transfer to any person or group of persons acting in concert of more than twenty five percent (25%) of the present ownership and/or control of Consultant, taking all transfers into account on a cumulative basis. In the event of any such unapproved transfer, including any bankruptcy proceeding, this Agreement shall be void. No approved transfer shall release Consultant or any surety of Consultant from any liability hereunder without the express written consent of City.

4.4 Independent Contractor.

A. The legal relationship between the Parties is that of an independent contractor, and nothing herein shall be deemed to make Consultant a City employee. During the performance of this Agreement, Consultant and its officers, employees, and agents shall act in an independent capacity and shall not act as City officers or employees. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. The personnel performing the Services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither City nor any of its officials, officers, employees, agents or volunteers shall have control over the conduct of Consultant or any of its officers, employees, or agents, except as set forth in this Agreement. Consultant, its officers, employees or agents, shall not maintain a permanent office or fixed business location at City's offices. City shall have no voice in the selection, discharge, supervision, or control of Consultant's officers, employees, representatives or agents or in fixing their number, compensation, or hours of service. Consultant shall pay all wages, salaries, and other amounts due its employees in connection with the performance of Services under this Agreement and shall be responsible for all reports and obligations respecting them, including but not limited to social security income tax withholding, unemployment compensation, workers' compensation, and other similar matters. City shall not in any way or for any purpose be deemed to be a partner of Consultant in its business or otherwise a joint venturer or a member of any joint enterprise with Consultant.

B. Consultant shall not incur or have the power to incur any debt, obligation, or liability against City, or bind City in any manner.

C. No City benefits shall be available to Consultant, its officers, employees, or agents, in connection with the performance of any Work or Services under this Agreement. Except for professional fees paid to Consultant as provided for in this Agreement, City shall not pay salaries, wages, or other compensation to Consultant for the performance of any Work or Services under this Agreement. City shall not be liable for compensation or indemnification to Consultant, its officers, employees, or agents, for injury or sickness arising out of performing any

Work or Services hereunder. If for any reason any court or governmental agency determines that the City has financial obligations, other than pursuant to Section 2 and Subsection 1.8 herein, of any nature relating to salary, taxes, or benefits of Consultant's officers, employees, representatives, agents, or subconsultants or subcontractors, Consultant shall defend, indemnify, and hold harmless City from and against all such financial obligations.

4.5 PERS Eligibility Indemnification.

A. In the event that Consultant or any employee, agent, or subcontractor of Consultant providing any Work or Services under this Agreement claims or is determined by a court of competent jurisdiction or the California Public Employee Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of the City.

B. Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing any Work or Services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by City, including but not limited to eligibility to enroll in PERS as an employee of City and entitlement to any contribution to be paid by City for employer contribution and/or employee contributions for PERS benefits.

5. INSURANCE

5.1 Compliance with Insurance Requirements. Consultant shall obtain, maintain, and keep in full force and effect during the term of this Agreement, at its sole cost and expense, and in a form and content satisfactory to City, all insurance required under this section. Consultant shall not commence any Work or Services under this Agreement unless and until it has provided evidence satisfactory to City that it has secured all insurance required under this section. In addition, Consultant shall not allow any subconsultant or subcontractor to commence any Work or Services until it has provided evidence satisfactory to City that the subconsultant or subcontractor has secured all insurance required under this section. If Consultant's existing insurance policies do not meet the insurance requirements set forth herein, Consultant agrees to amend, supplement or endorse the policies to do so.

5.2 Types of Insurance Required. As a condition precedent to the effectiveness of this Agreement, and without limiting the indemnity provisions set forth in this Agreement, Consultant shall obtain and maintain in full force and effect during the term of this Agreement, including any extension thereof, the following policies of insurance:

A. Commercial General Liability Insurance. Consultant shall obtain and maintain, in full force and effect throughout the term of this Agreement, a policy of Commercial General Liability Insurance written on an occurrence basis with limits of at least one million dollars ($1,000,000.00) per occurrence, two million dollars ($2,000,000.00) in the general aggregate, and one million dollars ($1,000,000.00) for products and completed operations. Defense costs shall be paid in addition to the limits. The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; or (3) contain any other exclusion contrary to the Agreement.

B. Automobile Liability Insurance. Consultant shall obtain and maintain, in full force and effect throughout the term of this Agreement, a policy of Automobile Liability Insurance written on a per occurrence basis with limits of at least one million dollars ($1,000,000.00) combined limit for each occurrence covering bodily injury and property damage. The policy shall specifically include coverage for owned, non-owned, leased, and hired automobiles.

C. Workers' Compensation Insurance. Consultant shall obtain and maintain, in full force and effect throughout the term of this Agreement, a policy of Workers' Compensation Insurance in at least the minimum statutory amounts, and in compliance with all other statutory requirements, as required by the State of California. Consultant agrees to waive and obtain endorsements from its workers' compensation insurer waiving all subrogation rights under its workers' compensation insurance policy against the City, its officials, officers, employees, agents and volunteers, and to require each of its subconsultants and subcontractors, if any, to do likewise under their workers' compensation insurance policies. Consultant shall obtain and maintain, in full force and effect throughout the term of this Agreement, a policy of Employer's Liability Insurance written on a per occurrence basis with limits of at least one million dollars ($1,000,000.00) per accident for bodily injury or disease.

D. Professional Liability (Errors & Omissions) Insurance. Consultant shall obtain and maintain in full force and effect throughout the term of this Agreement, a policy of Professional Liability or Errors and Omissions Insurance appropriate to Consultant's profession with limits of at least two million dollars ($2,000,000.00). Covered professional services shall specifically include all Work or Services to be performed under the Agreement and delete any exclusions that may potentially affect the Work or Services to be performed under this Agreement.

1. The policy shall be endorsed to provide the following: Contractual Liability Exclusion Deleted: This insurance shall include contractual liability applicable to this Agreement. The policy must "pay on behalf of" the insured and include a provision establishing the insurer's duty to defend.

2. If the policy of insurance is written on a "claims-made" basis, the City may require that the policy be continued in full force and effect at all times during the term of this Agreement, and for a period of three (3) years from the date of the completion of the Work or Services provided hereunder. In the event of termination of the policy during this period, Consultant shall obtain continuing insurance coverage for the prior acts or omissions of Consultant during the course of performing the Work or Services under the terms of this Agreement. The coverage shall be evidenced by either a new policy evidencing no gap in

coverage, or by obtaining separate extended "tail" coverage with the present or new carrier or other insurance arrangements providing for complete coverage, either of which shall be subject to the written approval by the City.

3. In the event the policy of insurance is written on an "occurrence" basis, the policy shall be continued in full force and effect during the term of this Agreement, or until completion of the Work or Services provided for in this Agreement, whichever is later. In the event of termination of the policy during this period, new coverage shall immediately be obtained to ensure coverage during the entire course of performing the Work or Services under the terms of this Agreement.

5.3 Acceptability of Insurers. Insurance required by this section shall be issued by a licensed company authorized to transact business in the state by the Department of Insurance for the State of California with a current rating of A-:VII or better (if an admitted carrier), or a current rating of A:X or better (if offered by a non-admitted insurer listed on the State of California List of Eligible Surplus Lines Insurers (LESLI), by the latest edition of A.M. Best's Key Rating Guide, except that the City will accept workers' compensation insurance from the State Compensation Fund. In the event the City determines that the Work or Services to be performed under this Agreement creates an increased or decreased risk of loss to the City, the Consultant agrees that the minimum limits of the insurance policies may be changed accordingly upon receipt of written notice from the City. Consultant shall immediately substitute any insurer whose A.M. Best rating drops below the levels specified herein.

5.4 Insurance Endorsements. Required insurance policies shall not be in compliance if they include any limiting provision or endorsement that has not been submitted to the City for written approval. Required insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms approved by the City to add the following provisions to the insurance policies:

A. The policy or policies of insurance required by this section for Commercial General Liability and Automobile Liability Insurance shall be endorsed to provide the following:

1. Additional Insured: The City, its officials, officers, employees, agents and volunteers, shall be additional insureds with regard to liability and defense of suits or claims arising out of the performance of the Agreement; and

2. Additional Insured Endorsements: Additional insured endorsements shall not (1) be restricted to "ongoing operations", (2) exclude "contractual liability", (3) restrict coverage to "sole" liability of Consultant, or (4) contain any other exclusions contrary to the Agreement; and, the coverage shall contain no special limitations on the scope of protection afforded to additional insureds.

3. Notice: The policy or policies of insurance required by this section for Commercial General Liability and Automobile Liability Insurance shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or modified, or reduced in coverage or in limits, except after thirty (30) days prior written notice by First Class U.S. Mail, postage-prepaid,

has been provided to the City. Notwithstanding the foregoing, if coverage is to be suspended, voided, or cancelled because of Consultant's failure to pay the insurance premium, the notice provided to City shall be by ten (10) days prior written notice.

B. For all policies of Commercial General Liability Insurance, Consultant shall provide endorsements for ongoing operations and completed operations to effectuate this requirement.

5.5 **Deductibles and Self-Insured Retentions**. Any deductible or self-insured retention must be approved in writing by the City in advance and shall protect the City, its officials, officers, employees, agents and volunteers, in the same manner and to the same extent as they would have been protected had the policy or policies not contained a deductible or self-insured retention.

5.6 **Primary and Non-Contributing Insurance**. All policies of Commercial General Liability Insurance and Automobile Liability Insurance shall be primary and any other insurance, deductible, or self-insurance maintained by the City, its officials, officers, employees, agents or volunteers, shall not contribute with this primary insurance. Policies shall contain or be endorsed to contain such provisions.

5.7 **Waiver of Subrogation**. All policies of Commercial General Liability and Automobile Liability Insurance shall contain or be endorsed to waive subrogation against the City, its officials, officers, employees, agents and volunteers, or shall specifically allow Consultant or others providing insurance evidence in compliance with the requirements set forth in this section to waive their right to recovery prior to a loss. Consultant hereby agrees to waive its own right of recovery against the City, its officials, officers, employees, agents and volunteers, and Consultant hereby agrees to require similar written express waivers and insurance clauses from each of its subconsultants or subcontractors.

5.8 **Evidence of Coverage**. Concurrently with the execution of the Agreement, Consultant shall deliver certificates of insurance together with original endorsements affecting each of the insurance policies required by this section. Required insurance policies shall not be in compliance if they include any limiting provision or endorsement that has not been submitted to the City for written approval. The certificates of insurance and original endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. At least fifteen (15) days prior to the expiration of any such policy, evidence of insurance showing that such insurance coverage has been renewed or extended shall be filed with the City. If such coverage is cancelled or reduced and not replaced immediately so as to avoid a lapse in the required coverage, Consultant shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the City evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies. Consultant shall promptly furnish, at City's request, copies of actual policies including all declaration pages, endorsements, exclusions and any other policy documents City requires to verify coverage.

5.9 Requirements Not Limiting. Requirement of specific coverage or minimum limits contained in this section are not intended as a limitation on coverage, limits, or other requirements, or a waiver of any coverage normally provided by any insurance. Nothing in this section shall be construed as limiting in any way the indemnification provision contained in this Agreement, or the extent to which Consultant may be held responsible for payments of damages to persons or property.

5.10 Enforcement of Agreement (Non-Estoppel). Consultant acknowledges and agrees that actual or alleged failure on the part of the City to inform Consultant of any non-compliance with any of the insurance requirements set forth in this section imposes no additional obligation on the City nor does it waive any rights hereunder.

5.11 Insurance for Subconsultants. Consultant shall include all subconsultants or subcontractors engaged in any Work or Services for Consultant relating to this Agreement as additional insureds under the Consultant's insurance policies, or Consultant shall be responsible for causing its subconsultants or subcontractors to procure and maintain the appropriate insurance in compliance with the terms of the insurance requirements set forth in this section, including adding the City, its officials, officers, employees, agents and volunteers, as additional insureds to their respective policies. All policies of Commercial General Liability Insurance provided by Consultant's subconsultants or subcontractors performing any Work or Services related to this Agreement shall be endorsed to name the City, its officials, officers, employees, agents and volunteers, as additional insureds. Consultant shall not allow any subconsultant or subcontractor to commence any Work or Services relating to this Agreement unless and until it has received satisfactory evidence of their compliance with all insurance requirements under this Agreement, to the extent applicable. Consultant agrees to provide satisfactory evidence of compliance with this subsection upon request of the City.

5.12 Other Insurance Requirements. The following terms and conditions shall apply to the insurance policies required of Consultant pursuant to this Agreement:

A. Consultant shall provide immediate written notice to City if (1) any of the insurance policies required herein are terminated, cancelled or suspended, (2) the limits of any of the insurance coverages required herein are reduced, or (3) the deductible or self-insured retention is increased.

B. All insurance coverage and limits provided by Consultant and available or applicable to this Agreement are intended to apply to each insured, including additional insureds, against whom a claim is made or suit is brought to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to the City or its operations shall limit the application of such insurance coverage.

C. None of the insurance coverages required herein will be in compliance with the requirements of this section if they include any limiting endorsement which substantially impairs the coverages set forth herein (e.g., elimination of contractual liability or reduction of discovery period), unless the endorsement has first been submitted to the City and approved in writing.

D. Certificates of insurance will not be accepted in lieu of required endorsements, and submittal of certificates without required endorsements may delay commencement of the Project. It is Consultant's obligation to ensure timely compliance with all insurance submittal requirements as provided herein.

E. Consultant agrees to ensure that subconsultants and subcontractors, if any, and any other parties involved with the Project who are brought onto or involved in the Project by Consultant, provide the same minimum insurance coverage required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with subcontractors and others engaged in the Project will be submitted to the City for review.

F. Consultant agrees to provide immediate written notice to City of any claim, demand or loss against Consultant arising out of the Work or Services performed under this Agreement and for any other claim, demand or loss which may reduce the insurance available to pay claims, demands or losses arising out of this Agreement.

6. INDEMNIFICATION

To the fullest extent permitted by law, Consultant shall defend (at Consultant's sole cost and expense with legal counsel reasonably acceptable to City), indemnify and hold the City, its officials, officers, employees, agents and volunteers, free and harmless from any and all claims, demands, orders, causes of action, costs, expenses, liabilities, losses, penalties, judgments, arbitration awards, settlements, damages or injuries of any kind, in law or in equity, including but not limited to property or persons, including wrongful death, (collectively "Claims") in any manner arising out of, pertaining to, related to, or incident to any alleged acts, errors or omissions, or willful misconduct of Consultant, its officers, directors, employees, subcontractors, consultants or agents, in connection with Consultant's performance under this Agreement, including without limitation the payment of all consequential damages, expert witness fees and attorneys' fees and other related costs and expenses. Notwithstanding the foregoing, to the extent that the Work or Services performed by Consultant are subject to Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant. Under no circumstances shall the insurance requirements and limits set forth in this Agreement be construed to limit Consultant's indemnification obligation or other liability hereunder. Notwithstanding the foregoing, such obligation to defend, hold harmless and indemnify the City, its officials, officers, employees, agents and volunteers, shall not apply to the extent that such Claims are caused in part by the sole negligence or willful misconduct of the City.

7. REPORTS AND RECORDS

7.1 Accounting Records. Consultant shall keep complete, accurate, and detailed accounts of all time, costs, expenses, and expenditures pertaining in any way to this Agreement.

Consultant shall keep such books and records as shall be necessary to properly perform the Services required by this Agreement and to enable the Contract Officer to evaluate the performance of such Services. The Contract Officer shall have full and free access to such books and records at all reasonable times, including the right to inspect, copy, audit, and make records and transcripts from such records.

7.2 **Reports.** Consultant shall periodically prepare and submit to the Contract Officer such reports concerning the performance of the Services required by this Agreement as the Contract Officer shall require. Consultant hereby acknowledges that the City is greatly concerned about the cost of the Work and Services to be performed pursuant to this Agreement. For this reason, Consultant agrees that if Consultant becomes aware of any facts, circumstances, techniques, or events that may or will materially increase or decrease the cost of the Work or Services contemplated herein or, if Consultant is providing design services, the cost of the project being designed, Consultant shall promptly notify the Contract Officer of such fact, circumstance, technique, or event and the estimated increased or decreased cost related thereto and, if Consultant is providing design services, the estimated increased or decreased cost estimate for the project being designed.

7.3 **Ownership of Documents.** All drawings, specifications, reports, records, documents, memoranda, correspondence, computations, and other materials prepared by Consultant, its employees, subconsultants, subcontractors and agents in the performance of this Agreement shall be the property of City and shall be promptly delivered to City upon request of the Contract Officer or upon the termination of this Agreement, and Consultant shall have no claim for further employment or additional compensation as a result of the exercise by City of its full rights of ownership of the documents and materials hereunder. Consultant may retain copies of such documents for its own use. Consultant shall have an unrestricted right to use the concepts embodied therein. Consultant shall ensure that all of its subconsultants and subcontractors shall provide for assignment to City of any documents or materials prepared by them, and in the event Consultant fails to secure such assignment, Consultant shall indemnify City for all damages resulting therefrom.

7.4 **Release of Documents.** All drawings, specifications, reports, records, documents, and other materials prepared by Consultant in the performance of services under this Agreement shall not be released publicly without the prior written approval of the Contract Officer. All information gained by Consultant in the performance of this Agreement shall be considered confidential and shall not be released by Consultant without City's prior written authorization.

7.5 **Audit and Inspection of Records.** After receipt of reasonable notice and during the regular business hours of City, Consultant shall provide City, or other agents of City, such access to Consultant's books, records, payroll documents, and facilities as City deems necessary to examine, copy, audit, and inspect all accounting books, records, work data, documents, and activities directly related to Consultant's performance under this Agreement. Consultant shall maintain such books, records, data, and documents in accordance with generally accepted accounting principles and shall clearly identify and make such items readily accessible to such parties during the term of this Agreement and for a period of three (3) years from the date of final payment by City hereunder.

8. ENFORCEMENT OF AGREEMENT

8.1 California Law and Venue. This Agreement shall be construed and interpreted both as to validity and as to performance of the Parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim, or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of Orange, State of California, or any other appropriate court in such County, and Consultant covenants and agrees to submit to the personal jurisdiction of such court in the event of such action.

8.2 Interpretation. This Agreement shall be construed as a whole according to its fair language and common meaning to achieve the objectives and purposes of the Parties. The terms of this Agreement are contractual and the result of negotiation between the Parties. Accordingly, any rule of construction of contracts (including, without limitation, California Civil Code Section 1654) that ambiguities are to be construed against the drafting party, shall not be employed in the interpretation of this Agreement. The caption headings of the various sections and paragraphs of this Agreement are for convenience and identification purposes only and shall not be deemed to limit, expand, or define the contents of the respective sections or paragraphs.

8.3 Termination. City may terminate this Agreement for any reason, with or without cause, upon giving Consultant thirty (30) days written notice. Upon such notice, City shall pay Consultant for Services performed through the date of termination. Upon receipt of such notice, Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. Thereafter, Consultant shall have no further claims against the City under this Agreement. Upon termination of the Agreement pursuant to this section, Consultant shall submit to the City an invoice for work and services performed prior to the date of termination. In addition, Consultant reserves the right to terminate this Agreement at any time upon sixty (60) days written notice to the City, except that where termination is due to material default by the City, the period of notice may be such shorter time as the Consultant may determine.

8.4 Default of Consultant.

A. Consultant's failure to comply with any provision of this Agreement shall constitute a default.

B. If the City Manager, or City Manager's designee, determines that Consultant is in default in the performance of any of the terms or conditions of this Agreement, he/she shall notify Consultant in writing of such default. Consultant shall have ten (10) days, or such longer period as City may designate, to cure the default by rendering satisfactory performance. In the event Consultant fails to cure its default within such period of time, City shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice of any remedy to which City may be entitled at law, in equity, or under this Agreement. Consultant shall be liable for any and all reasonable costs incurred by City as a result of such default. Compliance with the provisions of this section shall not constitute a waiver of any City right to take legal action in the event that the dispute is not cured, provided that nothing herein shall limit City's right to terminate this Agreement without cause pursuant to Section 8.3.

C. If termination is due to the failure of the Consultant to fulfill its obligations under this Agreement, City may, after compliance with the provisions of Section 8.4(B), take over the work and prosecute the same to completion by contract or otherwise, and the Consultant shall be liable to the extent that the total cost for completion of the Services required hereunder exceeds the Maximum Contract Amount (provided that the City shall use reasonable efforts to mitigate such damages), and City may withhold any payments to the Consultant for the purpose of set-off or partial payment of the amounts owed the City as previously stated. The withholding or failure to withhold payments to Consultant shall not limit Consultant's liability for completion of the Services as provided herein.

8.5 **Waiver.** No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the Party against whom enforcement of a waiver is sought. Any waiver by the Parties of any default or breach of any covenant, condition, or term contained in this Agreement, shall not be construed to be a waiver of any subsequent or other default or breach, nor shall failure by the Parties to require exact, full, and complete compliance with any of the covenants, conditions, or terms contained in this Agreement be construed as changing the terms of this Agreement in any manner or preventing the Parties from enforcing the full provisions hereof.

8.6 **Rights and Remedies Cumulative.** Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the Parties are cumulative and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party.

8.7 **Legal Action.** In addition to any other rights or remedies, either Party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement.

8.8 **Attorneys' Fees.** In the event any dispute between the Parties with respect to this Agreement results in litigation or any non-judicial proceeding, the prevailing Party shall be entitled, in addition to such other relief as may be granted, to recover from the non-prevailing Party all reasonable costs and expenses, including but not limited to reasonable attorneys' fees, expert witness fees, court costs and all fees, costs, and expenses incurred in any appeal or in collection of any judgment entered in such proceeding. To the extent authorized by law, in the event of a dismissal by the plaintiff or petitioner of the litigation or non-judicial proceeding within thirty (30) days of the date set for trial or hearing, the other Party shall be deemed to be the prevailing Party in such litigation or proceeding.

9. CITY OFFICERS AND EMPLOYEES: NON-DISCRIMINATION

9.1 Non-liability of City Officers and Employees. No officer or employee of the City shall be personally liable to the Consultant, or any successor-in-interest, in the event of any default or breach by the City or for any amount which may become due to the Consultant or to its successor, or for breach of any obligation of the terms of this Agreement.

9.2 Conflict of Interest. No officer or employee of the City shall have any financial interest, direct or indirect, in this Agreement nor shall any such officer or employee participate in any decision relating to the Agreement which effects his or her financial interest or the financial interest of any corporation, partnership, or association in which they are, directly or indirectly, interested in violation of any state statute or regulation. Consultant represents and warrants that it has not paid or given and will not pay or give any third party any money or other consideration in exchange for obtaining this Agreement.

9.3 Covenant Against Discrimination. In connection with its performance under this Agreement, Consultant shall not discriminate against any employee or applicant for employment because of race, disability, medical condition, religion, color, sex, sexual orientation, age, marital status, ancestry, or national origin. Consultant shall ensure that applicants are employed, and that employees are treated during their employment, without regard to their race, disability, medical condition, religion, color, sex, sexual orientation, age, marital status, ancestry, or national origin. Such actions shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

10. MISCELLANEOUS PROVISIONS

10.1 Patent and Copyright Infringement.

A. To the fullest extent permitted by law, and in lieu of any other warranty by City or Consultant against patent or copyright infringement, statutory or otherwise, it is agreed that Consultant shall defend at its expense any claim or suit against City on account of any allegation that any item furnished under this Agreement, or the normal use or sale thereof arising out of the performance of this Agreement, infringes upon any presently existing U.S. letters patent or copyright and Consultant shall pay all costs and damages finally awarded in any such suit or claim, provided that Consultant is promptly notified in writing of the suit or claim and given authority, information and assistance at Consultant's expense for the defense of same, and provided such suit or claim arises out of, pertains to, or is related to the alleged negligence, recklessness or willful misconduct of Consultant. However, Consultant will not indemnify City if the suit or claim results from: (1) City's alteration of a deliverable, such that City's alteration of such deliverable created the infringement upon any presently existing U.S. letters patent or copyright; or (2) the use of a deliverable in combination with other material not provided by Consultant when it is such use in combination which infringes upon an existing U.S. letters patent or copyright.

B. Consultant shall have sole control of the defense of any such claim or suit and all negotiations for settlement thereof, Consultant shall not be obligated to indemnify City under any settlement made without Consultant's consent or in the event City fails to cooperate in the defense of any suit or claim, provided, however, that such defense shall be at Consultant's expense. If the use or sale of such item is enjoined as a result of the suit or claim, Consultant, at no expense to City, shall obtain for City the right to use and sell the item, or shall substitute an equivalent item acceptable to City and extend this patent and copyright indemnity thereto.

10.2 Notices. All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered, sent by registered or certified mail, postage prepaid, return receipt requested, or delivered or sent by facsimile with attached evidence of completed transmission, and shall be deemed received upon the earlier of (i) the date of delivery to the address of the person to receive such notice if delivered personally or by messenger or overnight courier; (ii) five (5) business days after the date of posting by the United States Post Office if by mail; or (iii) when sent if given by facsimile. Notices or other communications shall be addressed as follows:

To City:	City of Laguna Hills Attention: City Manager 24035 El Toro Road Laguna Hills, California 92653 Telephone: (949) 707-2600 Facsimile: (949) 707-2633
To Consultant:	Wolfe Engineering and Design, Inc. Attention: Lori Wolfe, P.E., Principal 360 East 1st Street Tustin, California 92780 Telephone: (949) 402-9645 E-Mail: loriwolfe@wolfe-engineering.com

10.3 Entire Agreement. This Agreement constitutes the entire agreement between the Parties and supersedes all prior negotiations, arrangements, agreements, representations, and understandings, if any, made by or among the Parties with respect to the subject matter hereof. No amendments or other modifications of this Agreement shall be binding unless executed in writing by both Parties hereto, or their respective successors, assigns, or grantees.

10.4 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be determined to be invalid by a final judgment or decree of a court of competent jurisdiction, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the reminder of that provision, or the remaining provisions of this Agreement unless the invalid provision is so material that its invalidity deprives either Party of the basic benefit of their bargain or renders this Agreement meaningless.

10.5 Successors in Interest. This Agreement shall be binding upon and inure to the benefit of the Parties' successors and assignees.

10.6 Third Party Beneficiary. Nothing contained in this Agreement is intended to confer, nor shall this Agreement be construed as conferring, any rights, including, without limitation, any rights as a third-party beneficiary or otherwise, upon any entity or person not a party hereto.

10.7 Recitals. The above-referenced Recitals are hereby incorporated into the Agreement as though fully set forth herein and each Party acknowledges and agrees that such Party is bound, for purposes of this Agreement, by the same.

10.8. Corporate Authority. Each of the undersigned represents and warrants that (i) the Party for which he/she is executing this Agreement is duly authorized and existing, (ii) he/she is duly authorized to execute and deliver this Agreement on behalf of the Party for which he/she is signing, (iii) by so executing this Agreement, the Party for which he/she is signing is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which the Party for which he/she is signing is bound.

10.9 Prevailing Wages. Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"). Consultant agrees to fully comply with all applicable federal and state labor laws (including, without limitation, if applicable, the Prevailing Wage Laws). It is agreed by the Parties that, in connection with the Work or Services provided pursuant to this Agreement, Consultant shall bear all risks of payment or non-payment of prevailing wages under California law, and Consultant hereby agrees to defend, indemnify, and hold the City, its officials, officers, employees, agents and volunteers, free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws. The foregoing indemnity shall survive termination of this Agreement.

10.10 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

[SIGNATURES ON NEXT PAGE]

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

"CITY"

City of Laguna Hills,
a California municipal corporation

BRUCE E. CHANNING,
City Manager

ATTEST:

(SEAL)

MELISSA AU-YEUNG,
Assistant to the City Manager/ City Clerk

APPROVED AS TO FORM:

GREGORY E. SIMONIAN,
City Attorney

"CONSULTANT"

Wolfe Engineering and Design, Inc., a California corporation

By: Lori Wolff

LORI WOLFE, P.E.,
President

By: Jeff Wolfe

JEFFREY S. WOLFE,
Secretary

EXHIBIT "A"

CONSULTANT'S PROPOSAL/ SCOPE OF WORK

DATED: NOVEMBER 24, 2015

SCOPE OF SERVICES FOR PROJECT

INCLUDING,

SCHEDULE OF PERFORMANCE/ PROJECT SCHEDULE

AND

SCHEDULE OF COMPENSATION/ FEES
(Revised Fee Letter: November 30, 2015)

Wolfe Engineering and Design Inc.

November 24, 2015

CITY OF LAGUNA HILLS
24035 El Toro Road
Laguna Hills, CA 92653

Attention: Mr. Kenneth H. Rosenfield, P.E.
Director of Public Services/City Engineer

Subject: Proposal for Design Services for the Arterial Highway Pavement Rehabilitation Project, CIP No. 175

Dear Mr. Rosenfield:

Wolfe Engineering and Design Inc. appreciates the opportunity to submit this proposal to the City of Laguna Hills for Design Services. Wolfe Engineering has the expertise and resources required to assist the City of Laguna Hills in a timely and efficient manner. Wolfe Engineering inderstands the City's short time frame for this project and is ready to begin work immediately and complete the work on time. We are committed to working seamlessly with your staff and project team to ensure the successful delivery of this project.

The majority of our work is provided to public agencies, which gives us the specific experience required to accomplish this project. We assure that our key personnel will be assigned to the project for its duration and will not be removed or replaced by us without concurrence from the City of Laguna Hills. Every member of our proposed team is available to be committed to this project and begin work once the notice to proceed is received.

Lori Wolfe will be the Management Contact and Project Manager for this contract. The contract would be managed though the Tustin office at 360 E. 1st Street, Tustin, CA, 92780; Phone: 714.402.9645; Email: loriwolfe@wolfe-engineering.com. We are ready and willing to execute the City's form draft Professional Services Agreement included in the RFP.

Thank you for this opportunity to again offer our services to the City of Laguna Hills. Should you have questions during the selection process, please contact me at 714.402.9645.

Sincerely,
Wolfe Engineering and Design Inc.

Lori Wolfe, P.E. (CA RCE C65131)
Principal

Scope of Services

The project consists of five roadway segments as depicted in the RFP. Federal funds will be utilized to rehabilitate the five segments. The five segments are as follows:

1. Alicia Parkway from West City Limits to easterly of Moulton Parkway
2. Cabot Road from Oso Parkway to South city Limits.
3. Cabot Road from North City Limits north of Rapid Falls Road to South City Limits
4. Los Alisos Boulevard from Paseo de Valencia to East City Limits
5. Paseo de Valencia from La Paz Road to Cabot Road.

The combined street segments have an overall length of approximately 8,600 feet with a width ranging from 60 feet to 98 feet. The pavement rehabilitation portion of the project will generally consist of the removal and replacement of deficient AC pavement, curb, gutter, driveway aprons, handicap ramps and sidewalk, followed by crack sealing, full-width 0.10' cold-planning, 0.15' ARHM overlay, adjustment of utility covers, replacement of traffic signal detector loops and re-striping.

Following is our proposed scope of services to provide a 100% complete package of construction documents approved for advertising and construction and a complete E76 Federal Funding application by January 31, 2016 per the RFP. In order to accomplish the work, Wolfe Engineering proposes to perform the following tasks:

SCOPE OF WORK

Following is our proposed scope of services to provide a 100% complete E76 Project Authorization. In order to accomplish the work, Wolfe Engineering proposes to perform the following tasks:

A. PREPARATION OF E76 FORMS

1. Research funding application process
2. Download applicable LAPM documents
3. Complete funding application, transfer City provided environmental clearance information to the Caltrans forms.
4. Attach applicable exhibits and documents to E76 package
5. Notify required agencies of work proposed
6. Attach applicable plans specifications and estimate
7. Process through Caltrans Local Assistance
8. Make corrections to application as requested by Caltrans
9. Obtain Caltrans E76 Authorization to Proceed.

Scope of Services

Continued...

B. PREPARATION OF CONTRACT DOCUMENTS

1. Attend a pre-design meeting with the City of Laguna Hills.
2. Data research
   - Reference plans available at City Hall will be used as the Base Maps for the rehabilitation plans along with commercially available aerial photography plans.
   - **WOLFE ENGINEERING HAS PROVIDED A BASE SHEET FOR SEGMENTS 2 & 3 WITH THIS PROPOSAL TO EXPEDITE THE CALTRANS FUNDING APPLICATION SUBMITTAL AND EXPEDITE THE CITIES FIELD WORK RECONNAISSANCE DUE TO THE FAST TRACK SCHEDULE.**
   - Notify utility companies of the proposed project and obtain their facilities plans. Utility companies are now charging fees for consultants requesting utility information. Those fees are waived in most instances if the request comes directly from the City Engineer. We will prepare a letter for the City Engineer's signature requesting the information.
3. Field survey
   - Field research to determine any changes to the existing roadway configuration.
   - Field investigation to determine if any striping changes are warranted to meet current Caltrans standards or in order to improve traffic flow.
4. Prepare street improvement plans to include the following sheets (10 sheets):
   - Title Sheet with Location Map and General Notes (1 sheet)
   - Detail Sheet showing typical sections, cold-plane and removal and replacement details. (1 sheet).
   - Plan Sheets with limits of asphalt grinding, reconstruction, and overlay shown at a scale of 1"=40' (4 sheets)
   - Striping Plans (4 sheets)
5. Prepare quantity takeoff and cost estimates.
6. Prepare contract documents and specifications per The "Greenbook".
7. Prepare 75%, 90%, and 100% submittal package to City.
8. Provide support services during the bidding phase and attend one pre-construction meeting.

The scope of services does not include any of the following items:

- No Land Surveying Services.
- No Aerial Photogrammetry.
- No Subsurface Exploration and Testing or Geotechnical Report.
- No Hydrology/Hydraulic Studies or Reports.
- No Construction Observation or Support.

Relevant Experience and References

RELEVANT EXPERIENCE AND REFERENCES

Wolfe Engineering has extensive experience assisting public agencies in the preparation of Street Rehabilitation Plans and Federal Funding Applications. Wolfe Engineering works solely for public agencies. We have completed the design of over 20 Street Rehabilitation Plans and Federal funding applications. We have also provided construction management and inspection services for street rehabilitation projects, which enhances our understanding of the design process.

The following are detailed descriptions of some of our relevant projects successfully completed by our staff that demonstrate our competence to perform work similar in scope and magnitude to that requested by the City of Laguna Hills.

Street Rehabilitation Experience and References

Alondra Blvd, Escalona Street and Dalmation Street Rehabilitation, City of La Mirada Rehabilitation was performed on Alondra, Escalona and Dalmation. Street Rehabilitation project included asphalt concrete grind and overlay, striping, and traffic loops. City of La Mirada, Mark Stowell, Director of Public Works, 562.902.2385

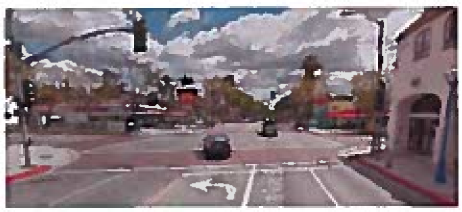
Buena Vista Avenue Rehabilitation and Paseo De Las Palomas Rehabilitation, City of Yorba Linda. Prepared contract documents for street rehabilitation including plans, specifications and estimate. City of Yorba Linda, Michael Wolfe, Director of Public Works, 714.961.7170.

Cabot Road Street Rehabilitation, City of Laguna Hills Rehabilitation was performed on Cabot Road from La Paz Road to Oso Parkway consisting of approximately 7,000 feet of roadway improvements with Federal monies. City of Laguna Hills, Ken Rosenfield.

Alicia Parkway and Paseo De Valencia Street Rehabilitation Project, City of Laguna Hills
Prepared contract documents for street rehabilitation project. City of Laguna Hills, Ken Rosenfield.

Relevant Experience and References

Continued...



Additional Street Rehabilitation Projects in Laguna Hills:
Moulton Parkway Street Rehabilitation
Paseo de Valencia Street Rehabilitation
Various Streets, Street Rehabilitation 2008

Harbor Boulevard Street Rehabilitation, City of Fullerton
Major street rehabilitation was proposed using federally funded monies administered by Caltrans Local Assistance. A complete set of construction documents were prepared including plans, specifications and cost estimate. Extensive traffic control plans were necessary due to high traffic volumes and included with the improvement plans. City of Fullerton, Donald Hoppe, Director of Public Works, 714.738.6845

Federal Funding Application Experience and References

- La Palma Avenue between the westerly city limits and Camino de Bryant. City of Yorba Linda, Processed E76 Authorization to Proceed. City of Yorba Linda, Michael Wolfe, Director of Public Works, 714.961.7170.
- Village Center Drive between Manzanita Avenue and Fairmont Boulevard. City of Yorba Linda, Processed Environmental Forms. City of Yorba Linda, Michael Wolfe, Director of Public Works, 714.961.7170.
- Imperial Highway Pedestrian Bridge HP21L 5402 (019) City of Yorba Linda, Processed Environmental Forms and E76 Authorization to Proceed City of Yorba Linda, Michael Wolfe, Director of Public Works, 714.961.7170.
- Valley View Avenue from Lakeview Avenue to Edgewood. City of Yorba Linda, Prepared Safe Routes to School Authorization and processed through Caltrans Local Assistance. City of Yorba Linda, Michael Wolfe, Director of Public Works, 714.961.7170.
- El Toro Road City of Laguna Hills Prepared E76 Application and processed through Caltrans Local Assistance.
- Laguna Hills Drive, City of Laguna Hills Prepared PES Application and processed through Caltrans Local Assistance
- Cabot Road, City of Laguna Hills, Prepared PES Application, E76 Application, and Construction Contract Administration and processed through Caltrans Local Assistance.
- La Paz Road Undercrossing, Prepared E76 Application and processed through Caltrans Local Assistance.
- Moulton Parkway from Via Inglesia to Via Lomas, Prepared E76 Application and processed through Caltrans Local Assistance.
- Ridge Route, City of Laguna Hills, Prepared PES Application and E76 Application and processed through Caltrans Local Assistance.

Key Personnel

LORI WOLFE, PE B.S., Civil Engineering, Registered Civil Engineer. C65131 QSP/QSD

Lori S. Wolfe, project manager, possesses over 25 years of civil engineering design. Her experience covers design, federal funding application processing, planning and administration of a broad range of projects including streets and highways, rehabilitation projects, striping projects, traffic control projects, NPDES compliance, drainage improvements, and sewer facilities. She has extensive experience and knowledge in street rehabilitation, pavement material design and the Federal Funding process from the environmental stage to E76 authorization to construction administration. Mrs. Wolfe's previous experience is listed in the Relevant Projects sections of this proposal.

Managed the following rehabilitation projects:
Ridge Route Drive, Laguna Hills Drive, El Toro Road , Misc Roadway 2008, Habor Boulevard, Fullerton, CA., Commonwealth Road, Fullerton, CA.

JEFF WOLFE B.A., Industrial Design, M.A. Psychology, Credentialed Teacher, California

Jeffrey S. Wolfe, Design Engineer, Jeff has over 20 years of CAD management and design drafting and inspection experience. Jeff's experience includes public works design, inspection, SWPPP inspection and street rehabilitation design. He has provided design and inspection services for public agencies including street improvement projects involving street rehabilitation. Mr. Wolfe also has experience with the Federal Funding Application process. Mr. Wolfe has processed several applications through Caltrans Local Assistance and is familiar with the Local Assistance Engineer's of Orange County.

Designed/Drafted the following rehabilitation projects:
Ridge Route Drive , Laguna Hills Drive, El Toro Road, Misc. Roadway Projects Laguna Hills 2008

STEVEN WOLFE Current Civil Engineer Major at California Baptist University, Senior

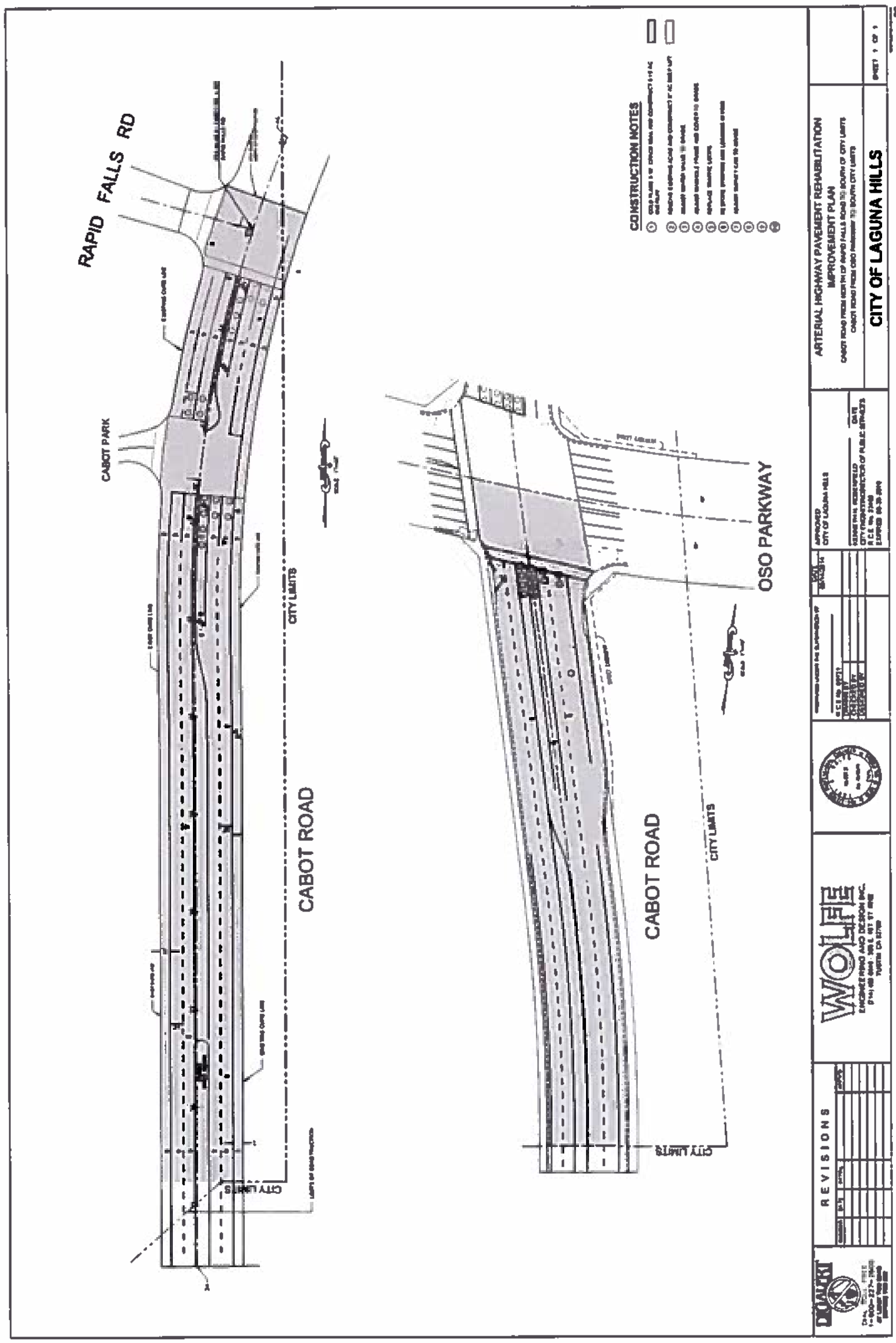
Steven Wolfe, Design Engineer, Steven has CAD management and design/drafting and inspection experience in roadway projects. Steven has experience in design/drafting for public works signing project, public works median island improvement project and street rehabilitation project. He has provided inspection services for public agencies including street improvement projects involving street rehabilitation and slurry.

PROJECT EXPERIENCE
Provided design/drafting services and inspection services for the following:

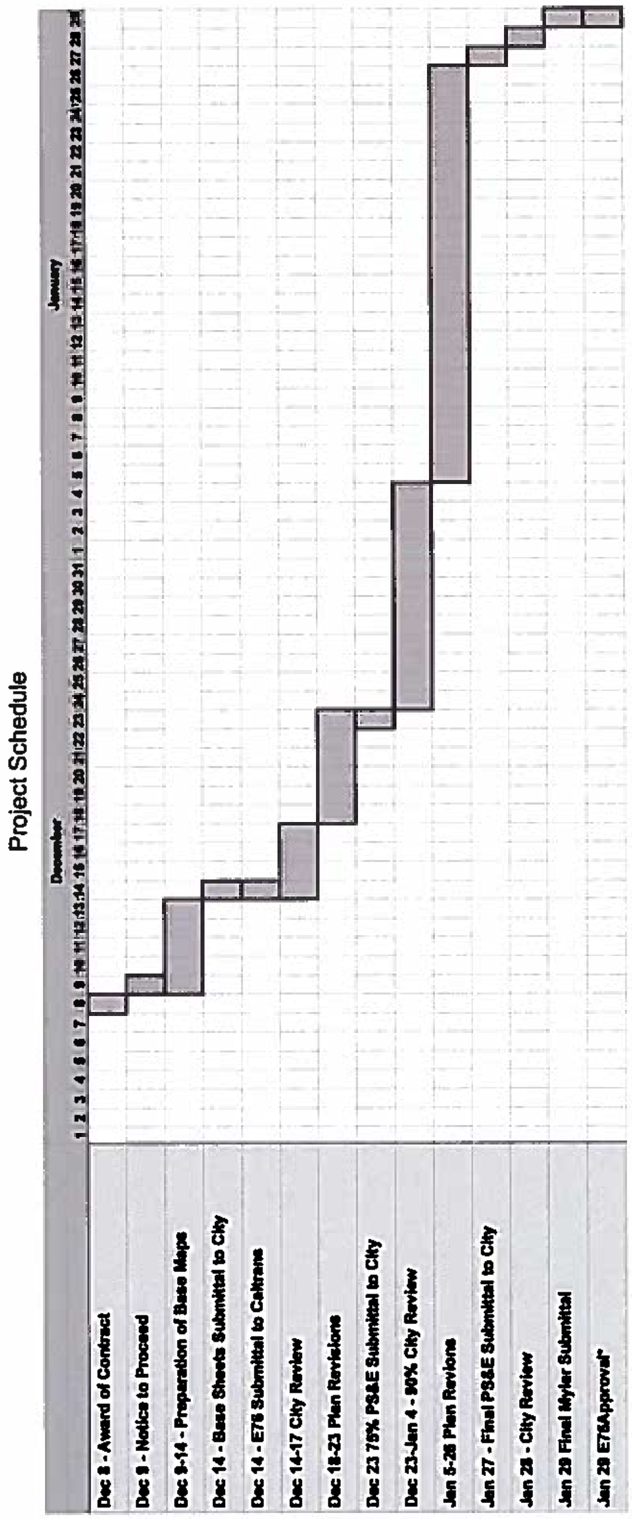
La Mirada Boulevard Slurry project, La Mirada, CA
Rosecrans Avenue Slurry project, La Mirada, CA
Eureka Avenue, Casa Loma Avenue Street Rehabilitation, Yorba Linda, CA
Laguna Hills Drive Street Rehabilitation Design, Laguna Hills, CA.

Base Sheet: Segments 2 & 3 of this proposal

Remaining base sheets to be completed after award of contract



Project Schedule



* Resubmittal of E76 Forms will be dependent on Caltrans review.

CITY OF LAGUNA HILLS
CERTIFICATE OF NON-DISCRIMINATION

I hereby certify on behalf of WOLFE ENGINEERING & DESIGN INC. (Consultant) the following:

CONSULTANT's signature affixed herein, and dated, shall constitute a certification under penalty of perjury under the laws of the State of California that CONSULTANT has, unless exempt, complied with, the nondiscrimination program requirements of Government Code Section 12990 and Title 2, California Administrative Code, Section 8103.

During the performance of this Contract, Consultant and its subconsultants shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), age (over 40), marital status, and denial of family care leave. Consultant and subconsultants shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Consultant and subconsultants shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated there under (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Contract by reference and made a part hereof as if set forth in full. Consultant and its subconsultants shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

Name: LORI WOLFE

Title: PRINCIPAL

Signature: Lori Wolfe

Date: 11-24-15

**CITY OF LAGUNA HILLS DISCLOSURE
EMPLOYMENT RELATIONSHIPS
AND FINANCIAL INTERESTS**

NAME OF CONSULTANT: WOLFE ENGINEERING & DESIGN INC

DISCLOSURE - EMPLOYMENT RELATIONSHIPS WITH CITY OFFICIALS OR CITY EMPLOYEES:

NONE

DISCLOSURE - FINANCIAL INTERESTS OF CITY OFFICIALS OR CITY EMPLOYEES IN THE ENTITY:

NONE

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct.

Signed this 24 day of NOVEMBER, at TUSTIN

______________________, California.

Name: LORI WOLFE

Title: PRINCIPAL

Signature: Lori Wolfe

Fee Letter

November 30, 2015

CITY OF LAGUNA HILLS
24035 El Toro Road
Laguna Hills, CA 92653

Attention: Mr. Kenneth H. Rosenfield, P.E.
Director of Public Services/City Engineer

Subject: Revised Fee letter for Design Services for the Arterial Highway Pavement Rehabilitation Project, CIP No. 175

Dear Mr. Rosenfield:

Wolfe Engineering and Design Inc. proposes a revised total fixed fee of $27,224.00 for this project. Please see attached Exhibit A for manhours and fee estimate breakdown.

Thank you for this opportunity to again offer our services to the City of Laguna Hills. Should you have questions during the selection process, please contact me at 714.402.9645.

Sincerely,
Wolfe Engineering and Design Inc.

Lori Wolfe

Lori Wolfe, P.E. (CA RCE C65131)
Principal

Exhibit A

EXHIBIT A

CITY OF LAGUNA HILLS
Arterial Highway Pavement Rehabilitation Project
CIP No. 175
MANHOURS AND FEE ESTIMATE

TASK		MANHOURS				FEE
		PE	PM	DES	CO	
A. CIVIL ENGINEERING	*Hourly Rate*	*$140*	*$130*	*$109*	*$100*	
1	Attend Pre-Design Meeting and Pre-Construction Meeting	2	4			$800
2	Data/Plan Research/Documentation of Maintenance History		16			$2,080
3	Utility Research		12			$1,560
4	Field Investigation		12		12	$2,760
5	Prepare Street Improvements Plans					
	Title Sheet			8	8	$1,672
	Typical Section and Detail Sheet			8	8	$1,672
	Plan Sheets			8	24	$3,272
	Striping Plans			8	24	$3,272
6	Prepare Quantity/Cost Estimates		8	4	4	$1,876
7	Prepare Contract Documents and Specifications		8			$1,040
8	Prepare Submittal Package and Make Revisions		8			$1,040
9	Project Administration and Coordination		4			$520
B. E76 Form Preparation						
1	Caltrans E76 Processing		32			$4,160
TOTAL MANHOURS		2	104	36	80	
TOTAL LABOR COST		**$280**	**$13,520**	**$3,924**	**$8,000**	**$25,724**
SUB-TOTAL FEE						**$25,724**
Reimbursable Expenses						$1,500
TOTAL FEE						**$27,224**

PM - Project Manager
PE - Project Engineer
DES - Designer
CO - CADD Operator

Wolfe Engineering and Design Inc.

Fee Schedule

Hourly Charges for Personnel

Principal Engineer	$140.00
Senior Project Manager	$130.00
Senior Project Engineer	$120.00
Project Engineer	$115.00
Senior Staff Engineer	$100.00
Staff Engineer	$80.00
Engineering Assistant	$80.00
Designer II	$109.00
Designer I	$90.00
Construction Manager	$130.00
Inspector	$87.00
Senior Surveyor	$105.00
2 - Man Survey Crew	$205.00
CADD Operator II	$100.00
CADD Operator I	$80.00
Word Processor II	$70.00
Word Processor I	$60.00
Clerical	$45.00
Administrative Management	$110.00
Administrative Assistant	$65.00
Plan Checker III	$120.00
Plan Checker II	$95.00
Plan Checker I	$85.00

Reimbursable expenses incurred in connection with the work will be billed at cost plus 15%. Such reimbursable expenses include the following:

Reproductions, printing, maps and project specific supplies related to the job.
Soils Engineers, and other outside services.
Project specific fees, insurance, permits and licenses.

This Schedule of Hourly Rates is incorporated into the agreement for the services provided.

EXHIBIT “B”

CITY OF LAGUNA HILLS

REQUEST FOR PROPOSALS FOR DESIGN SERVICES FOR THE ARTERIAL HIGHWAY PAVEMENT MANAGEMENT PROGRAM, CIP NO. 175

DATED: NOVEMBER 5, 2015

REQUEST FOR PROPOSALS FOR PROJECT

INCLUDING,

PROPOSAL MINIMUM REQUIREMENTS

INSTRUCTIONS

SCOPE OF WORK/ PROJECT SPECIFICATIONS

SELECTION PROCESS SCHEDULE

AND

SELECTION CRITERIA BASED ON DEMONSTRATED COMPETENCE AND PROFESSIONAL QUALIFICATIONS

CITY OF LAGUNA HILLS

November 5, 2015

Ms. Lori Wolfe, P.E.
Wolfe Engineering & Design, Inc.
360 E. 1st Street #262
Tustin, CA 92780

SUBJECT: REQUEST FOR PROPOSAL FOR DESIGN SERVICES FOR THE ARTERIAL HIGHWAY PAVEMENT REHABILITATION PROJECT, CIP NO. 175

Dear Ms. Wolfe,

You are invited to respond to this Request for Proposal to Civil Engineering Design Services to the City of Laguna Hills for pavement rehabilitation of five arterial highway street segments. Please see the following pages for the Scope of Work. Please provide your Proposal along with a separate and sealed Fee Proposal by the due date of <u>TUESDAY, NOVEMBER 24TH BY 12 NOON</u>. Please call me at (949) 707-2655 if you have any questions about this Request for Proposal.

Sincerely,

Kenneth H. Rosenfield, P.E.
Director of Public Services

REQUEST FOR PROPOSAL
November 5, 2015

City of Laguna Hills
Arterial Pavement Rehabilitation Project, CIP No. 175

The City of Laguna Hills plans to rehabilitate the pavement of five segments of arterial highways utilizing Federal funds under the Arterial Pavement Management Program administered by OCTA and Caltrans. The five segments are depicted on the attached graphics (two pages) and consist of the following:

1) Alicia Parkway from West City Limits to easterly of Moulton Parkway
2) Cabot Road from Oso Parkway to South City Limits
3) Cabot Road form North City Limits north of Rapid Falls Road to South City Limits
4) Los Alisos Boulevard from Paseo de Valencia to East City Limits
5) Paseo de Valencia from La Paz Road to Cabot Road

The pavement rehabilitation portion of the project will generally consist of the removal and replacement of deficient AC pavement, curb, gutter, driveway aprons, handicap ramps and sidewalk, followed by crack sealing, full-width 0.10' cold-planing, 0.15' ARHM overlay, adjustment of utility covers, replacement of traffic signal detector loops, and re-striping.

Consultant shall complete the preparation of plans, specifications and construction estimates and prepare the E-76 form by the due date to Caltrans of January 31, 2016.

PROPOSAL MINIMUM REQUIREMENTS

1. The Proposal is to include a Cover Letter signed by a corporate official that is designated to execute Agreements; a brief overview of the Consultant's Experience demonstrating similar work for other public agencies; a Scope of Work description for each service proposed; a summary of Key Personnel; References; Certificate of Non-Discrimination (City form attached); Disclosure of Employee Relationships and Financial Interests (City form attached); and a letter stating the Consultant is ready and willing to execute the City's form draft Professional Services Agreement, attached.

2. Limit the Proposal to ten pages. Provide five bound copies and one unbound copy of the Proposal including an original signature of a Corporate Officer.

3. One copy of the Consultant Fee and Hourly Rate schedules shall be provided in a separate sealed envelope. The Consultant Fee and Hourly Rates shall remain unchanged for the duration of the project. The fee submitted shall be on the basis of a Fixed Fee for the defined Scope of Work, inclusive of incidental costs.

4. Consultant shall demonstrate the majority of their current and annual work is provided to public agencies and that they have sufficient personnel with specific public agency experience to meet the City's needs.

5. Once the Consultant executes the Professional Services Agreement, they shall not provide services to any other public or private entities within the City of Laguna Hills for the duration of this Agreement.

6. All costs incurred by Consultant in the preparation of a Proposal and information to clarify the Proposal, prior to the award of a Professional Services Agreement, shall not be compensable.

7. This Request for Proposal and the Consultant Proposal shall be incorporated as a part of the Professional Services Agreement.

SCOPE OF WORK

Consultant shall, at a minimum, provide the following services. Consultant is invited to offer additional services at their discretion.

1. Perform research and field investigations to determine any changes to the existing roadway configuration and striping from what is depicted on reference plans to be provided by the City. If plans are not readily available for all of the limits of the work, Consultant shall utilize commercially available aerial photography to prepare the plans needed for this project. No Land Surveying is to be performed.

2. Prepare base sheets using reference drawings provided by the City or free available commercial aerial photography. The base sheets shall show existing curb, gutter, sidewalk, and medians.

3. Submit two sets of prints of the base sheets to the City. The City will red-line all pavement and concrete removals and replacements on one set of the prints and return the set of red-line prints for incorporation into the plans within one week of submittal. The City will be responsible for outlining the limits and depths of asphalt pavement and concrete removals and replacements. The City does not expect the consultant to record pavement deficiencies nor suggest sidewalk or curb ramp removals and replacements in its field reviews. The City will record any concrete or asphalt pavement deficiencies and will provide the areas to be removed and replaced to the consultant.

4. Using the red-line markups of the base sheets from the City, prepare pavement rehabilitation plans (24" x 36" double-stacked sheets at 40-scale), which show concrete and AC R&R, cold-planing and overlay limits, and the adjustment of sewer and storm drain manholes, water valve covers, and survey monument covers. Any

cable, gas, telephone, electric utility, or any other utility features are to be shown as adjusted to grade by the respective utility agencies and are to be labeled on the plans and shown as separate construction notes. Identify any survey monuments, which will be disturbed by the proposed improvements, to be reset by the City's surveyor as part of construction.

5. Perform a field investigation to determine if any striping changes are warranted to meet current Caltrans standards or in order to improve traffic flow.

6. Prepare separate signing and striping plans per Caltrans Standards, (24" x 36" double-stacked sheets at 40-scale). While the intent is to maintain the existing signing and striping configuration, any changes requested by the City as a result of the field investigation shall be included. Please show all traffic signal detector loops to be replaced (i.e., 6' diameter, Type E loops and Type E modified loops).

7. Prepare a detail sheet showing typical sections, cold-plane and R&R details.

8. Prepare a title sheet. Submit 75% complete plans for first plan check.

9. Prepare a separate quantity table in Excel spreadsheet format tallying all of the above-described items, sheet-by-sheet. Tally types of manhole covers separately (i.e., sewer, storm drain, and other utility manhole covers). Prepare a construction cost estimate.

10. Prepare specifications in Greenbook and City format. Submit with the 90% complete plans for second plan check.

11. Prepare the Caltrans format E-76 form for submittal.

12. Assume one major plan check at 75% complete, one 90% complete minor plan check, and one final check with minimal comments and revisions. Assume two sets of prints for each plan check and one set of final Mylars for approval by the City Engineer. Plan to begin work on December 9, 2015, and be complete no later than January 31, 2016.

PROPOSAL SELECTION PROCESS

Issue RFP	November 5, 2015
Proposal's Due	**November 24, 2015 by 12 noon**
Consultant interviews	November 30, 2015 (Time to be determined)
Award of Contract	December 8, 2015

Notice to Proceed December 9, 2015

SELECTION CRITERIA

Proposals will be selected based upon a combination of the following five criteria:

- Qualification of the firm
  - Project understanding and approach.

- Qualification of team members
  - Qualification of the project team and key individuals who will be significantly involved in the project and their experience with the specific elements involved in this project.

- Demonstrated record of success
  - Demonstrated record of success (include references) by the consultant for work previously performed for the City of Laguna Hills and/or other agencies, especially work similar to this project.

- Approach to work/level of effort
  - Degree of responsiveness with regard to specific items/information requested in the RFP.

- Project schedule
  - Provide a project schedule which is well-conceived and meets the strict time horizon for submittals to Caltrans as described in this RFP.

Submit Proposal to:

Kenneth H. Rosenfield, P.E.
Director of Public Services
CITY OF LAGUNA HILLS
24035 El Toro Road
Laguna Hills, CA 92653

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: DECEMBER 8, 2015

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. 2014-12-09-2."

SUMMARY:

Pursuant to Government Code Section 53646, the City Treasurer is required to render to the City Council an annual statement of investment policy. Staff has reviewed the investment policy and is not recommending any revisions 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. The “Investment and Portfolio Policies” for the City and the Public Improvement Corporation is contained in Exhibit A of the attached Resolution.

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. A Resolution to adopt the policies and delegate the investment authority to the City Treasurer for the year 2016 is attached and staff is recommending approval.

ATTACHMENTS:

- Investment Resolution
- Investment Policies

RESOLUTION NO. 2015-12-08-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. 2014-12-09-2.

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 2014-12-09-2.

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, 2016.

PASSED, APPROVED, AND ADOPTED this 8th day of December 2015.

__________________________________, MAYOR

ATTEST:

____

MELISSA AU-YEUNG, CITY CLERK

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

I, Melissa Au-Yeung, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. 2015-12-8-X adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 8th day of December, 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

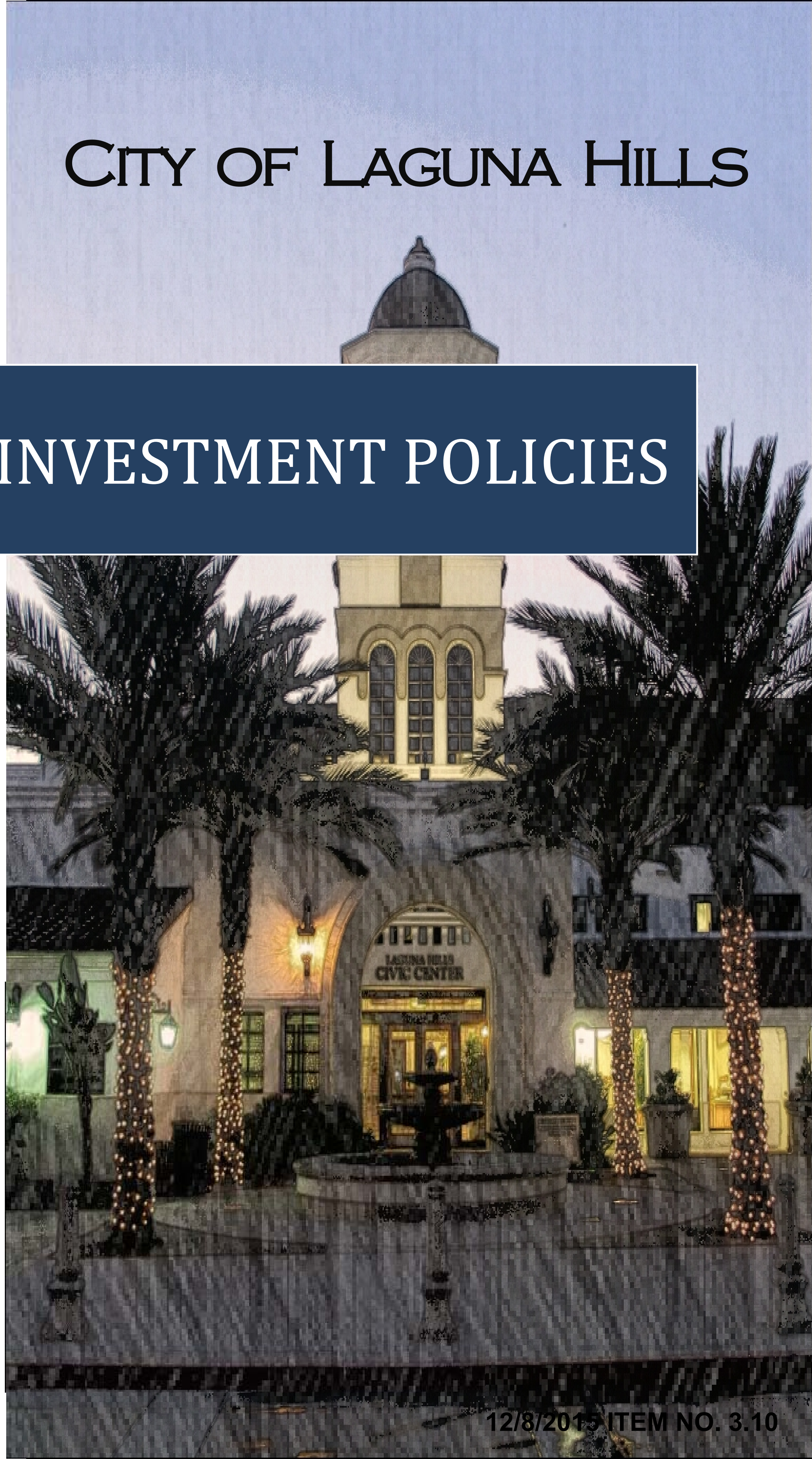
(SEAL)

____

MELISSA AU-YEUNG, CITY CLERK

City of Laguna Hills

2016 INVESTMENT POLICIES



12/8/2015 ITEM NO. 3.10

Investment and Portfolio Policies
Calendar Year 2016

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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:

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 8, 2015

TO: MAYOR AND COUNCIL MEMBERS

FROM: MELISSA AU-YEUNG
ASSISTANT TO THE CITY MANAGER

ISSUE: RECORDS RETENTION MANAGEMENT

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AUTHORIZING AND DIRECTING THE CITY CLERK TO NO LONGER RETAIN CERTAIN CITY RECORDS AND DOCUMENTS WITH A DISPOSAL DATE OF DECEMBER 9, 2015, PURSUANT TO THE GOVERNMENT CODE OF THE STATE OF CALIFORNIA."

SUMMARY:

In accordance with the City's Records Retention/Disposition Schedule adopted on December 12, 1995, and amended on September 28, 1999, October 14, 2003, November 14, 2006, and October 28, 2014, City records are ready for disposal. The City Attorney has reviewed Exhibit "A" to the Resolution listing the files to be disposed of and approved the list of records. Department Heads have also reviewed the records listed and have consented to their disposal.

The records listed on Exhibit "A" to the proposed Resolution meet the requirements for disposal. They are more than two years old, do not affect the title to real property or liens thereon, are not court records, are not required to be kept further by a statute, and are no longer required by the City.

Authority to dispose of these records is requested as provided for by Government Code Section 34090 of the State of California.

ATTACHMENTS:

- Resolution

RESOLUTION NO. 2015-12-08-X

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AUTHORIZING AND DIRECTING THE CITY CLERK TO NO LONGER RETAIN CERTAIN CITY RECORDS AND DOCUMENTS WITH A DISPOSAL DATE OF DECEMBER 9, 2015, PURSUANT TO THE GOVERNMENT CODE OF THE STATE OF CALIFORNIA

WHEREAS, Section 34090 of the Government Code of the State of California provides for the disposal of certain City records and documents with the approval of the legislative body by Resolution and the written consent of the City Attorney; and

WHEREAS, in the opinion of the department heads concerned, the City Clerk, and the City Attorney, the records and documents referred to in Exhibit “A” attached are no longer required, are of a classification qualifying for destruction, and are more than two years old; and

WHEREAS, the City Attorney has consented to the disposal of such documents and records.

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

SECTION 1. The City Council finds that there is good cause to approve the disposal of the identified records as set forth in Exhibit “A.”

SECTION 2. The City Clerk is hereby authorized and directed to cause the disposal of those items listed in the Exhibit “A” attached.

PASSED, APPROVED, AND ADOPTED this 8th day of December 2015.

____
MAYOR

ATTEST:

____
MELISSA AU-YEUNG, CITY CLERK

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

I, Melissa Au-Yeung, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. 2015-12-08-X adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 8TH day of December 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

____
MELISSA AU-YEUNG, CITY CLERK

Records Retention Management

I hereby certify that: the records set forth on the attached list are more than two years old, do not affect the title to real property or liens thereon, are not court records, are not, to my knowledge, required to be kept further by a statute, are not the minutes, ordinances or resolutions of the legislative body of the City or of any City Board or Commission, and are no longer required by the City. I request authority to dispose of same pursuant to Section 34090 of the Government Code of California.

Department Head Approval: I have reviewed the records pursuant to the attached list, and I consent to their disposal. 12/3/15 Donald J. White — Date Assistant City Manager
Department Head Approval: I have reviewed the records pursuant to the attached list, and I consent to their disposal. 12/2/15 David Reynolds — Date Deputy City Manager
City Clerk Approval: I have reviewed the records pursuant to the attached list for historical value and for compliance with the established retention requirements, and I consent to their disposal. 12/1/15 Melissa Au-Yeung — Date City Clerk
City Attorney Approval: I consent to the disposal of the records pursuant to the attached list: 12/1/15 Gregory E. Simonian, City Attorney — Date
I hereby certify that the disposal of the records pursuant to the attached list was approved by the City Council of the City of Laguna Hills, California, by Resolution No. 2015-12-08- at a regular meeting of the City Council held in Laguna Hills, California, on December 08, 2015, and that by said Resolution, the department head or designee was authorized to dispose of the records. City Clerk — Date I hereby certify that, pursuant to the foregoing authority, the records pursuant to the attached list were disposed on December , 2015. City Clerk — Date

Laguna Hills City Clerk

Destroy Date **From** 12/ 9/2015 **To** 12/ 9/2015
Orig. Dept: **ALL**

Barcode	File No.	Destroy Date	Orig. Dep	First Line	Second Line	Third Line	Current Location
900013367	0110-40	12/ 9/2015	SER	DEPARTMENTAL REPORTS	COMMUNITY SERVICES	2011 PARK QUALITY CONTROL CHECKLIST/REPORTS	DESTROY
900015626	0110-40	12/ 9/2015	SER	DEPARTMENTAL REPORTS	COMMUNITY SERVICES	2012 PARK QUALITY CONTROL CHECKLIST/REPORTS	DESTROY
900013368	0110-40	12/ 9/2015	SER	DEPARTMENTAL REPORTS	COMMUNITY SERVICES DEPARTMENT	2011 DEPARTMENTAL REPORTS	DESTROY
900015075	0110-40	12/ 9/2015	SER	DEPARTMENTAL REPORTS	COMMUNITY SERVICES DEPARTMENT	2012 DEPARTMENTAL REPORTS	DESTROY
900013370	0120-20	12/ 9/2015	SER	PARKS & RECREATION COMMISSION	AGENDAS	2011	DESTROY
900015076	0120-20	12/ 9/2015	SER	PARKS & RECREATION COMMISSION	AGENDAS	2012	DESTROY
900013382	0120-20	12/ 9/2015	SER	PARKS & RECREATION COMMISSION	SPEAKER SLIPS	2010-2012	DESTROY
900006397	0130-10	12/ 9/2015	ADM	CIVIC GROUPS	2007-2009		DESTROY
900006410	0130-10	12/ 9/2015	ADM	CIVIC GROUPS	SADDLEBACK MEMORIAL FOUNDATION	2007-2009	DESTROY
900008939	0130-60	12/ 9/2015	ADM	NON-PROFIT GROUPS	MISCELLANEOUS	2008-2010	DESTROY
900009618	0140-10	12/ 9/2015	ADM	LEAGUE OF CALIFORNIA CITIES	2009		DESTROY
900012018	0140-10	12/ 9/2015	ADM	LEAGUE OF CALIFORNIA CITIES	2010		DESTROY
900012821	0140-10	12/ 9/2015	ADM	LEAGUE OF CALIFORNIA CITIES	2010 ANNUAL CONFERENCE		DESTROY
900011138	0140-10	12/ 9/2015	ADM	LEAGUE OF CALIFORNIA CITIES	CITY ADVOCATE WEEKLY	2010	DESTROY
900009625	0140-10	12/ 9/2015	ADM	LEAGUE OF CALIFORNIA CITIES	PRIORITY FOCUS	2009	DESTROY
900010705	0140-15	12/ 9/2015	ADM	LEAGUE OF CALIFORNIA CITIES	2009 ANNUAL CONFERENCE		DESTROY
900009606	0140-15	12/ 9/2015	ADM	ORANGE COUNTY LOCC	AGENDAS	2009	DESTROY
900011231	0140-15	12/ 9/2015	ADM	ORANGE COUNTY LOCC	AGENDAS	2010	DESTROY

12/8/2015 ITEM NO. 3.11

Laguna Hills City Clerk

Destroy Date **From** 12/ 9/2015 **To** 12/ 9/2015
Orig. Dept: **ALL**

Barcode	File No.	Destroy Date	Orig. Dep	First Line	Second Line	Third Line	Current Location
900009819	0140-15	12/ 9/2015	ADM	ORANGE COUNTY LOCC	APPOINTMENTS	2009	DESTROY
900011232	0140-15	12/ 9/2015	ADM	ORANGE COUNTY LOCC	APPOINTMENTS	2010	DESTROY
900009627	0140-15	12/ 9/2015	ADM	ORANGE COUNTY LOCC	CITY MANAGERS ASSOCIATION	2009	DESTROY
900009616	0140-15	12/ 9/2015	ADM	ORANGE COUNTY LOCC	GENERAL	2009	DESTROY
900011234	0140-15	12/ 9/2015	ADM	ORANGE COUNTY LOCC	GENERAL	2010	DESTROY
900007825	0140-30	12/ 9/2015	ADM	PROFESSIONAL GROUPS	2008-2010		DESTROY
900009784	0140-70	12/ 9/2015	ADM	OTHER	AMERICAN LUNG ASSOCIATION	2009-2010	DESTROY
900006393	0150-10	12/ 9/2015	ADM	CITIES, OTHER	2007-2009		DESTROY
900009665	0150-10	12/ 9/2015	ADM	CITIES, OTHER	2007-2009 VOLUME 2		DESTROY
900006455	0150-10	12/ 9/2015	ADM	CITIES, OTHER	ALISO VIEJO	2007-2009	DESTROY
900008793	0150-10	12/ 9/2015	ADM	CITIES, OTHER	DANA POINT	2008-2010	DESTROY
900006453	0150-10	12/ 9/2015	ADM	CITIES, OTHER	LAKE FOREST	2007-2009	DESTROY
900008145	0150-10	12/ 9/2015	ADM	CITIES, OTHER	MISSION VIEJO	2008-2009	DESTROY
900008795	0150-10	12/ 9/2015	ADM	CITIES, OTHER	RANCHO SANTA MARGARITA	2008-2010	DESTROY
900009617	0150-10	12/ 9/2015	ADM	CITIES, OTHER	REORGANIZATIONS	2009	DESTROY
900013407	0150-10	12/ 9/2015	ADM	CITIES, OTHER	REORGANIZATIONS	2010	DESTROY
900009605	0150-20	12/ 9/2015	ADM	ORANGE COUNTY AGENCIES	BOARD OF SUPERVISORS	2009	DESTROY
900011136	0150-20	12/ 9/2015	ADM	ORANGE COUNTY AGENCIES	BOARD OF SUPERVISORS	2010	DESTROY
900009775	0150-20	12/ 9/2015	ADM	ORANGE COUNTY AGENCIES	GENERAL	2009	DESTROY
900011295	0150-20	12/ 9/2015	ADM	ORANGE COUNTY AGENCIES	GENERAL	2010	DESTROY
900009841	0150-20	12/ 9/2015	ADM	ORANGE COUNTY AGENCIES	GRAND JURY ORANGE COUNTY	2009-2010	DESTROY

Laguna Hills City Clerk

Destroy Date **From** 12/ 9/2015 **To** 12/ 9/2015

Orig. Dept: ALL

Barcode	File No.	Destroy Date	Orig. Dep	First Line	Second Line	Third Line	Current Location
900009615	0150-20	12/ 9/2015	ADM	ORANGE COUNTY AGENCIES	OC TRANSPORTATION AUTHORITY	2009	DESTROY
900011140	0150-20	12/ 9/2015	ADM	ORANGE COUNTY AGENCIES	OC TRANSPORTATION AUTHORITY	2010	DESTROY
900018204	0150-20	12/ 9/2015	ADM	ORANGE COUNTY AGENCIES	ORANGE COUNTY FIRE AUTHORITY (OCFA)	2010	DESTROY
900006446	0150-30	12/ 9/2015	ADM	STATE AGENCIES	2007-2009		DESTROY
900008121	0150-30	12/ 9/2015	ADM	STATE AGENCIES	GOVERNOR'S OFFICE	2008-2009	DESTROY
027567	0150-40	12/ 9/2015	ADM	FEDERAL AGENCIES	GENERAL	2001-2003	DESTROY
900009776	0150-40	12/ 9/2015	ADM	FEDERAL AGENCIES	GENERAL	2009-2010	DESTROY
900005041	0150-50	12/ 9/2015	ADM	METROPOLITAN WATER DISTRICT	2006-2007		DESTROY
900008139	0150-50	12/ 9/2015	ADM	METROPOLITAN WATER DISTRICT	2008-2009		DESTROY
900010713	0150-55	12/ 9/2015	ADM	SO CA ASSOC OF GOVERNMENTS (SCAG)	OCCOG	2009-2010	DESTROY
900004756	0150-72	12/ 9/2015	ADM	MOULTON NIGUEL WATER DISTRICT	2006-2007		DESTROY
900009763	0150-95	12/ 9/2015	ADM	TRANSPORTATION CORRIDOR AGENCY	2009-2010		DESTROY
900008123	0160-40	12/ 9/2015	ADM	NEWS CLIPPINGS	2008-2009		DESTROY
900011199	0180-15	12/ 9/2015	CC	CLAIMS AGAINST CITY	ARAKELIAN, VAHEH	C1001	DESTROY
900012262	0180-15	12/ 9/2015	CC	CLAIMS AGAINST CITY	BAIR, CATHERINE (KAYLIE)	C1005	DESTROY
900008786	0180-15	12/ 9/2015	CC	CLAIMS AGAINST CITY	BERMUDEZ, TINA M.	C0809	DESTROY
900007775	0180-15	12/ 9/2015	CC	CLAIMS AGAINST CITY	BIRARDI, VALENTINO	C0803	DESTROY
900007925	0180-15	12/ 9/2015	CC	CLAIMS AGAINST CITY	BIRARDI, VALENTINO	C0805	DESTROY
900009522	0180-15	12/ 9/2015	CC	CLAIMS AGAINST CITY	CLARK, BRUCE	C0901	DESTROY
900011323	0180-15	12/ 9/2015	CC	CLAIMS AGAINST CITY	GRATER/JANELLE AND RONALD	C1002	DESTROY
900008195	0180-15	12/ 9/2015	CC	CLAIMS AGAINST CITY	HURLEY, KATHLEEN E.	C0807	DESTROY

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Barcode	File No.	Destroy Date	Orig. Dep	First Line	Second Line	Third Line	Current Location
900009825	0180-15	12/ 9/2015	CC	CLAIMS AGAINST CITY	KIM, ESTHER	C0902	DESTROY
900009177	0180-15	12/ 9/2015	CC	CLAIMS AGAINST CITY	LEAHY, PATRICK	C0812	DESTROY
900009007	0180-15	12/ 9/2015	CC	CLAIMS AGAINST CITY	NELLIE GAIL RANCH OWNERS ASSOCIATION	C0811	DESTROY
900013145	0180-15	12/ 9/2015	CC	CLAIMS AGAINST CITY	PRICKITT, JOHN	C1009	DESTROY
900008379	0180-15	12/ 9/2015	CC	CLAIMS AGAINST CITY	YOUNG, ERIC HOWARD	C0808	DESTROY
900010530	0180-15	12/ 9/2015	CC	CLAIMS AGAINST CITY	ZOIFAGHARI, MARY	C0904	DESTROY
900006507	0210-10	12/ 9/2015	ADM	CONSUMER PRICE INDEXES	2007-2009		DESTROY
900008052	0220-10	12/ 9/2015	ADM	COMMUNICATIONS	LAW/PUBLIC WORKS RADIO SYSTEM	2008	DESTROY
900009608	0220-10	12/ 9/2015	ADM	COMMUNICATIONS	LAW/PUBLIC WORKS RADIO SYSTEM	2009	DESTROY
900012047	0220-10	12/ 9/2015	ADM	COMMUNICATIONS	LAW/PUBLIC WORKS RADIO SYSTEM	2010	DESTROY
033333	0220-25	12/ 9/2015	ADM	DISASTER ASSISTANCE PROGRAMS	2002-2003		DESTROY
900003788	0220-25	12/ 9/2015	ADM	DISASTER ASSISTANCE PROGRAMS	2005-2006		DESTROY
900006566	0220-25	12/ 9/2015	ADM	DISASTER ASSISTANCE PROGRAMS	2007-2008		DESTROY
900010343	0230-20	12/ 9/2015	ADM	WATER QUALITY	ALISO CREEK	2009-2011	DESTROY
900011945	0240-05	12/ 9/2015	ADM	FIRE PROTECTION	FIRE AUTHORITY	2010	DESTROY
900008053	0240-05	12/ 9/2015	ADM	FIRE PROTECTION	FIRE AUTHORITY	AMBULANCE SERVICE 2008-2009	DESTROY
900006260	0250-60	12/ 9/2015	ADM	VECTOR CONTROL	2007-2009		DESTROY
900007769	0260-05	12/ 9/2015	ADM	POLICE PROTECTION/SERVICES	2008		DESTROY
900009656	0260-05	12/ 9/2015	ADM	POLICE PROTECTION/SERVICES	2008 VOLUME 2		DESTROY
900009759	0260-05	12/ 9/2015	ADM	POLICE PROTECTION/SERVICES	2009		DESTROY

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Barcode	File No.	Destroy Date	Orig. Dep	First Line	Second Line	Third Line	Current Location
900011233	0260-05	12/ 9/2015	ADM	POLICE PROTECTION/SERVICES	2010		DESTROY
900008056	0260-30	12/ 9/2015	ADM	CRIMINAL JUSTICE	JAILS	2008-2009	DESTROY
021470	0270-50	12/ 9/2015	ADM	HANDICAPPED CITIZEN'S WELFARE	AMERICAN DISABILITIES ACT (ADA)	1999-2000	DESTROY
900000517	0270-65	12/ 9/2015	ADM	HUMAN AND SOCIAL SERVICES	2004-2005		DESTROY
900008092	0280-05	12/ 9/2015	ADM	SENIOR CITIZENS	2007-2009		DESTROY
900010827	0410-47	12/ 9/2015	SER	WORKSHOPS	CSHAC JOINT CITY COUNCIL MEETING	2010	DESTROY
900010301	0470-20	12/ 9/2015	CC	CIVIL CASE FILES, CITY	BARON BROTHERS	CASE 30-2009-00269104 FAILURE TO PAY	DESTROY
900008720	0470-20	12/ 9/2015	CC	CIVIL CASE FILES, CITY	HURLEY, KATHLEEN	00108357 SLIP AND FALL ACCIDENT	DESTROY
900010567	0470-20	12/ 9/2015	CC	CIVIL CASE FILES, CITY	INFINITY INSURANCE COMPANY	CASE 30-2009-00266550	DESTROY
900010932	0470-20	12/ 9/2015	CC	CIVIL CASE FILES, CITY	YOUNG, ERIC	00324531 BICYCLE ACCIDENT	DESTROY
900005740	0470-40	12/ 9/2015	CC	SUBPOENAS	JOHNSON V. DAWKINS	04CC04895	DESTROY
900003148	0470-40	12/ 9/2015	CC	SUBPOENAS	VOYTOVICH V. GLENDALE FEDERAL BANK	24221 CALLE DE LA LOUISA	DESTROY
900010714	0550-35	12/ 9/2015	ADM	JOB INTEREST	REJECTION	2009-2010	DESTROY
900013490	0700-30	12/ 9/2015	SER	FACILITY USE PERMITS/INS BINDERS	2011 ART ROOM		DESTROY
900013486	0700-30	12/ 9/2015	SER	FACILITY USE PERMITS/INS BINDERS	2011 CLASSROOM		DESTROY
900013492	0700-30	12/ 9/2015	SER	FACILITY USE PERMITS/INS BINDERS	2011 HERITAGE ROOM JANUARY - JUNE		DESTROY
900013491	0700-30	12/ 9/2015	SER	FACILITY USE PERMITS/INS BINDERS	2011 HERITAGE ROOM JULY-DECEMBER		DESTROY
900013487	0700-30	12/ 9/2015	SER	FACILITY USE PERMITS/INS BINDERS	2011 MEETING ROOMS ABC JANUARY-JUNE		DESTROY
900013489	0700-30	12/ 9/2015	SER	FACILITY USE PERMITS/INS BINDERS	2011 MEETING ROOMS ABC JULY-DECEMBER		DESTROY

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Barcode	File No.	Destroy Date	Orig. Dep	First Line	Second Line	Third Line	Current Location
900013484	0700-30	12/ 9/2015	SER	FACILITY USE PERMITS/INS BINDERS	2011 PHYSICAL ACTIVITY ROOM		DESTROY
900015089	0700-30	12/ 9/2015	SER	FACILITY USE PERMITS/INS BINDERS	2012 ART ROOM		DESTROY
900015088	0700-30	12/ 9/2015	SER	FACILITY USE PERMITS/INS BINDERS	2012 CLASSROOM		DESTROY
900015180	0700-30	12/ 9/2015	SER	FACILITY USE PERMITS/INS BINDERS	2012 HERITAGE ROOM JANUARY - JUNE		DESTROY
900015181	0700-30	12/ 9/2015	SER	FACILITY USE PERMITS/INS BINDERS	2012 HERITAGE ROOM JULY-DECEMBER		DESTROY
900016760	0700-30	12/ 9/2015	SER	FACILITY USE PERMITS/INS BINDERS	2012 MEETING ROOMS ABC JANUARY-JUNE		DESTROY
900016210	0700-30	12/ 9/2015	SER	FACILITY USE PERMITS/INS BINDERS	2012 MEETING ROOMS ABC JULY-DECEMBER		DESTROY
900015087	0700-30	12/ 9/2015	SER	FACILITY USE PERMITS/INS BINDERS	2012 PHYSICAL ACTIVITY ROOM		DESTROY
900013483	0700-30	12/ 9/2015	SER	FACILITY USE PERMITS/INS BINDERS	ATHLETIC FACILITY PERMITS	2011	DESTROY
900015086	0700-30	12/ 9/2015	SER	FACILITY USE PERMITS/INS BINDERS	ATHLETIC FACILITY PERMITS	2012	DESTROY
900013485	0700-30	12/ 9/2015	SER	FACILITY USE PERMITS/INS BINDERS	PICNIC SHELTERS	2011	DESTROY
900015090	0700-30	12/ 9/2015	SER	FACILITY USE PERMITS/INS BINDERS	PICNIC SHELTERS	2012	DESTROY
900006394	0720-05	12/ 9/2015	ADM	COMMUNITY CENTER	COMMUNITY CENTER	2007	DESTROY
900008124	0720-05	12/ 9/2015	ADM	COMMUNITY CENTER	COMMUNITY CENTER	2008	DESTROY
900009762	0720-05	12/ 9/2015	ADM	COMMUNITY CENTER	COMMUNITY CENTER	2009	DESTROY
900012678	0720-05	12/ 9/2015	ADM	COMMUNITY CENTER	COMMUNITY CENTER	2010	DESTROY
900009893	0800-60	12/ 9/2015	BLDG	INSPECTION LOGS	2009 INSPECTION RUN SHEETS		DESTROY
900012424	0800-60	12/ 9/2015	BLDG	INSPECTION LOGS	2010 INSPECTION RUN SHEETS		DESTROY
900007517	0900-30	12/ 9/2015	SER	PROGRAM DEVELOPMENT/POLICIES	ROLLER HOCKEY CONTRACT PROVISION	2007-2009	DESTROY

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Barcode	File No.	Destroy Date	Orig. Dep	First Line	Second Line	Third Line	Current Location
900013379	0910-50	12/ 9/2015	SER	SPECIAL EVENTS	FOURTH OF JULY	2011	DESTROY
900015079	0910-50	12/ 9/2015	SER	SPECIAL EVENTS	FOURTH OF JULY	2012	DESTROY
900008057	0910-50	12/ 9/2015	ADM	SPECIAL EVENTS	LAGUNA HILLS MEMORIAL HALF MARATHON & 5K	2008-2009	DESTROY
900013374	0950-20	12/ 9/2015	SER	ACTIVITIES/SPECIAL PROGRAMS	2011 CLASS/ACTIVITY EVALUATIONS		DESTROY
900013653	0950-20	12/ 9/2015	SER	ACTIVITIES/SPECIAL PROGRAMS	HALF MARATHON 5K 2011		DESTROY
900015384	0950-20	12/ 9/2015	SER	ACTIVITIES/SPECIAL PROGRAMS	HALF MARATHON 5K 2012		DESTROY
900013376	0950-20	12/ 9/2015	SER	ACTIVITIES/SPECIAL PROGRAMS	SPRING	2011	DESTROY
900015082	0950-20	12/ 9/2015	SER	ACTIVITIES/SPECIAL PROGRAMS	SPRING	2012	DESTROY
900013377	0950-20	12/ 9/2015	SER	ACTIVITIES/SPECIAL PROGRAMS	SUMMER	2011	DESTROY
900015083	0950-20	12/ 9/2015	SER	ACTIVITIES/SPECIAL PROGRAMS	SUMMER	2012	DESTROY
900013378	0950-20	12/ 9/2015	SER	ACTIVITIES/SPECIAL PROGRAMS	WINTER	2011	DESTROY
900015081	0950-20	12/ 9/2015	SER	ACTIVITIES/SPECIAL PROGRAMS	WINTER	2012	DESTROY
900007741	0950-25	12/ 9/2015	SER	VOLUNTEER PROGRAMS	VOLUNTEER CONNECTION DAY	2008-2011	DESTROY
900009453	0950-30	12/ 9/2015	SER	REGISTRATION FORMS	2009 FALL	A-L	DESTROY
900009454	0950-30	12/ 9/2015	SER	REGISTRATION FORMS	2009 FALL	M-Z	DESTROY
900009449	0950-30	12/ 9/2015	SER	REGISTRATION FORMS	2009 SPRING	A-L	DESTROY
900009450	0950-30	12/ 9/2015	SER	REGISTRATION FORMS	2009 SPRING	M-Z	DESTROY
900009451	0950-30	12/ 9/2015	SER	REGISTRATION FORMS	2009 SUMMER	A-L	DESTROY
900009452	0950-30	12/ 9/2015	SER	REGISTRATION FORMS	2009 SUMMER	M-Z	DESTROY
900009447	0950-30	12/ 9/2015	SER	REGISTRATION FORMS	2009 WINTER	A-L	DESTROY
900009448	0950-30	12/ 9/2015	SER	REGISTRATION FORMS	2009 WINTER	M-Z	DESTROY

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Barcode	File No.	Destroy Date	Orig. Dep	First Line	Second Line	Third Line	Current Location
900014594	0950-30	12/ 9/2015	SER	REGISTRATION FORMS	2010 FALL LEAGUE REGISTRATION FORMS		DESTROY
900010863	0950-30	12/ 9/2015	SER	REGISTRATION FORMS	2010 FALL REGISTRATION FORMS	A-L	DESTROY
900010864	0950-30	12/ 9/2015	SER	REGISTRATION FORMS	2010 FALL REGISTRATION FORMS	M-Z	DESTROY
900010867	0950-30	12/ 9/2015	SER	REGISTRATION FORMS	2010 SPRING REGISTRATION FORMS	A-L	DESTROY
900012616	0950-30	12/ 9/2015	SER	REGISTRATION FORMS	2010 SPRING REGISTRATION FORMS	A-L VOLUME 2	DESTROY
900010868	0950-30	12/ 9/2015	SER	REGISTRATION FORMS	2010 SPRING REGISTRATION FORMS	M-Z	DESTROY
900012618	0950-30	12/ 9/2015	SER	REGISTRATION FORMS	2010 SPRING REGISTRATION FORMS	M-Z VOLUME 2	DESTROY
900010866	0950-30	12/ 9/2015	SER	REGISTRATION FORMS	2010 SUMMER REGISTRATION FORMS	M-Z	DESTROY
900010865	0950-30	12/ 9/2015	SER	REGISTRATION FORMS	2010 SUMMER REGISTRATION FORMS AND SIGNED WAIVERS	A-L	DESTROY
900010869	0950-30	12/ 9/2015	SER	REGISTRATION FORMS	2010 WINTER REGISTRATION FORMS	A-L	DESTROY
900010870	0950-30	12/ 9/2015	SER	REGISTRATION FORMS	2010 WINTER REGISTRATION FORMS	M-Z	DESTROY
900009785	0960-05	12/ 9/2015	ADM	LIBRARY SERVICES	2009-2010		DESTROY
900014526	1060-35	12/ 9/2015	SER	FRANCHISE ADMINISTRATION	2009 MONTHLY MEETINGS WITH CR&R AND ECONOMICS		DESTROY
900009826	1060-35	12/ 9/2015	SER	FRANCHISE ADMINISTRATION	CR&R	2007-2008 ANNUAL REPORTS	DESTROY
900011155	1060-35	12/ 9/2015	SER	FRANCHISE ADMINISTRATION	MONTHLY MEETINGS WITH CR&R AND ECONOMICS	2008	DESTROY
900005369	1060-35	12/ 9/2015	SER	FRANCHISE ADMINISTRATION	SOLAG/CR&R	FY2006-2008	DESTROY
900007143	1060-35	12/ 9/2015	ADM	FRANCHISE ADMINISTRATION	TIERRA VERDE/GREENWASTE	FY2007-2009 DISPOSAL REPORTS	DESTROY

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Barcode	File No.	Destroy Date	Orig. Dep	First Line	Second Line	Third Line	Current Location
900009701	1060-50	12/ 9/2015	SER	HOUSEHOLD HAZARDOUS WASTE	DISPOSAL PROGRAMS	2009 FOOD WASTE PROGRAMS	DESTROY
900008869	1060-50	12/ 9/2015	SER	HOUSEHOLD HAZARDOUS WASTE	DISPOSAL PROGRAMS	SHARPS AND U-WASTE PROGRAMS 2008-2009	DESTROY
900007975	1060-50	12/ 9/2015	SER	HOUSEHOLD HAZARDOUS WASTE	USED OIL	BLOCK GRANT-14TH CYCLE	DESTROY

Record Count: 159

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: DECEMBER 8, 2015

TO: MAYOR AND COUNCIL MEMBERS

FROM: MELISSA AU-YEUNG
ASSISTANT TO THE CITY MANAGER

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

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

SUMMARY:

The City of Laguna Hills has three types of development impact fees that can be assessed on development projects: Public Art Fees, Traffic Mitigation Fees, and Quimby Act Fees. According to Section 66006 of the California Government Code public agencies are required to submit certain annual reports upon the collection of development impact fees.

BACKGROUND:

AB 1600, as provided for in Section 66006 of the Government Code, regulates how public agencies collect, maintain, and spend development impact fees imposed on developers for the purpose of defraying costs of public facilities. It includes specific requirements for accounting, spending, and annually reporting the fees. It also includes requirements for findings or refunds if fees remain unspent for five or more years after receipt.

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

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

(A) A brief description of the type of fee in the account or fund;
(B) The amount of the fee;
(C) The beginning and ending balance of the account or fund;

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

In addition to the requirements of Section 66006, Section 66008 provides that a local agency shall expend a fee for public improvements solely and exclusively for the purpose for which it is collected. The fee may not be levied, collected, or imposed for general revenue purposes.

The Annual Report, with the required findings, is included as an attachment to this staff report. As detailed within the report, $2,136,288 in Quimby Act Fees and $7,500 in Public Art Fees were collected in Fiscal Year 2014/2015. No fees were expended or collected for the Traffic Mitigation Fees fund. The Public Art Fees and Quimby Act Fees fund balances as of June 30, 2015 were $(227,254.19) and $1,407,346.20, respectively. Since the Public Art Fees fund has a negative balance, the General Fund will subsidize the fund and be reimbursed as Public Art Fees are collected.

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

Pursuant to Section 66006, the annual report must be made available to the public and be reviewed by the City Council at a regularly scheduled meeting not less than 15 days after the information is made available to the public. A copy of this report was available at the City Clerk's office on November 23, 2015, thereby satisfying the law's requirement that the report be available to the public by that date. The Building Industry Association (BIA) received an advance copy of this report by that date as well.

FISCAL IMPACT:

No fiscal impact.

ATTACHMENTS:

- Exhibit A–Development Impact Fees Annual Report for Fiscal Year Ended 6/30/2015

Exhibit A

City of Laguna Hills
Annual Report on Development Impact Fees
Pursuant to Government Code Section 66006
Fiscal Year 2014/2015

			Public Art Fees*	Traffic Mitigation Fees	Quimby Fees
Revenues:					
	Fees		$7,500.00	$0	$2,136,288.00
	Interest		$166.27	$0	$3,845.85
	Misc Revenue		$0	$0	$0
		Total Revenue	$7,666.27	$0	$2,140,133.85
Expenditures:			$0	$0	$0
		Total Expenditures	$0	$0	$0
Transfers In/Out			$0	$0	$(647,046.68)
Change in Fund Balance			$7,666.27	$0	$1,493,087.17
Beginning Fund Balance, July 1			$(234,920.46)	$0	$(85,740.97)
Ending Fund Balance, June 30			$(227,254.19)	$0	$1,407,346.20

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

ANNUAL REPORT ON DEVELOMENT IMPACT FEES FY 2014/2015

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

Type of Fee

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

- Public Art Fees: This fee provides funding for Public Art throughout the Urban Village, thereby enhancing the cultural and aesthetic environment of the City and to encourage creativity, education, and the appreciation of the arts.

- Traffic Mitigation Fees: This fee provides funding for additional or improved traffic signal, operation, and infrastructure improvements for which the need is generated by new development within the Urban Village.

- Quimby Act Fees: This fee provides funding for additional or improved park and/or recreation facilities improvements for which the need is generated by new development within the City.

Amount of Fee

The amounts of the development impact fees are shown below:

- Public Art Fees:

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

  TCC x 0.005 = Value of Public Art of In-Lieu Fee

  TCC = Total construction costs of the project (building permit valuation)
  0.005 = Minimum value shall be 0.5% of total construction costs

- Traffic Mitigation Fees:

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

- Quimby Act Fees

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

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

In-Lieu Fee: A x FMV

A = acres required to be dedicated as parkland
5.0 = Park acreage standard for the City
DU = Number of proposed dwelling units
FMV = Fair Market Value
PPD = Number of persons per dwelling unit as applicable for the subdivision and type of dwelling units to be constructed

Beginning and Ending Balances of Funds

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

Balances	Public Art Fees	Traffic Mitigation Fees	Quimby Fees
Beginning Balance (7/1/2014)	$(234,920.46)	$0	$(85,740.97)
Ending Balance (6/30/2015)	$(227,254.19)	$0	$1,407,346.20

The Public Art Fund shows a negative balance because more money has been spent on projects funded by these fees than has been collected. General Fund money was used to pay the difference, and as Public Art Fees are collected, they will be used to reimburse the General Fund. For Fiscal Year 2014/2015, $7,666.27 in Public Art Fees were collected to go toward reimbursing the General Fund. In addition, due to an interfund transfer of $647,046.68, the Quimby Fees fund has an ending balance of $1,407,346.20.

Fees Collected and Interest Earned

The table below shows the amount of fees collected and interest earned.

Balances	Public Art Fees	Traffic Mitigation Fees	Quimby Fees
Fees Collected	$7,500.00	$0	$2,136,288.00
Interest Earned	$166.27	$0	$3,845.85

Expenditures

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

Improvement	Fee Used	Amount of Fees Expended	% of Cost Funded by Fees to Date
CIP No. 238 ComCtr/SpFld Reno	Quimby Fees	$172,524.76	100%
CIP No. 239 Stockport Pk Play Eqpt	Quimby Fees	$307,533.32	100%
CIP No. 240 ComCtr Softball Fld Improv	Quimby Fees	$80,803.72	100%

CIP No. 241 General Park Reno	Quimby Fees	$510.00	100%
CIP No. 514 Sports Complex Reno	Quimby Fees	$26,176.60	100%

Construction Commencement Date for Incomplete Improvements
Not applicable at this time.

Interfund Transfers and Loans
The Public Art Fund shows a negative balance because more money has been spent on projects funded by these fees than has been collected. General Fund money was used to pay the difference, and as Public Art Fees are collected, they will be used to reimburse the General Fund. For Fiscal Year 2014/2015, $7,666.27 in Public Art Fees were collected to go toward reimbursing the General Fund. In addition, a transfer was made of $647,046.68 from the Quimby Fees fund to the General Fund to reimburse the General Fund for improvements.

No other interfund transfers were made, nor were any collected fees loaned to another account.

Amount of Refunds
No refunds of any of these fees were made or required in Fiscal Year 2014/2015.

3.3 APPROVAL OF WARRANT REGISTER FOR PERIOD ENDED NOVEMBER 24, 2015

THE CITY COUNCIL APPROVED THE WARRANT REGISTER IN THE AMOUNT OF $940,143.16.

3.4 AMENDMENT NO. 1 TO THE LEASE WITH THE BANC OF CALIFORNIA, A NATIONAL ASSOCIATION, FOR 24031 EL TORO ROAD, SUITE 100B, LAGUNA HILLS, CALIFORNIA

THE CITY COUNCIL APPROVED AMENDMENT NO. 1 TO THE LEASE WITH THE BANC OF CALIFORNIA, A NATIONAL ASSOCIATION, FOR 24031 EL TORO ROAD, SUITE 100B, LAGUNA HILLS, CALIFORNIA, AND AUTHORIZED THE CITY MANAGER TO EXECUTE THE AMENDMENT.

3.5 ANALYSIS OF PARKING CONTROL SURVEY FOR PERMIT PARKING IN THE RIDGEFIELD COMMUNITY NEIGHBORHOOD

THE CITY COUNCIL RECEIVED AND FILED THE REPORT.

3.6 MEASURE M2 SEVEN YEAR CAPITAL IMPROVEMENT PROGRAM SPREADSHEET ADJUSTMENT

THE CITY COUNCIL APPROVED THE ADJUSTMENT TO THE MEASURE M2 SEVEN YEAR CAPITAL IMPROVEMENT PROGRAM SPREADSHEET WITH THE ADDITION OF THE LAGUNA HILLS DEBRIS GATES PROJECT, PHASE V.

3.7 PROPOSED LEASE WITH BROADVIEW MORTGAGE CORPORATION FOR 24031 EL TORO ROAD, SUITE 203, LAGUNA HILLS, CALIFORNIA

THE CITY COUNCIL APPROVED THE LEASE WITH BROADVIEW MORTGAGE CORPORATION FOR 24031 EL TORO ROAD, SUITE 203, LAGUNA HILLS, CALIFORNIA, AND AUTHORIZED THE CITY MANAGER TO EXECUTE THE LEASE.

ITEMS REMOVED FROM THE CONSENT CALENDAR

There were no items removed from the Consent Calendar.

4. PLANNING AGENCY

Mayor Gilbert 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 7:10 p.m.

4.1 ROLL CALL OF PLANNING AGENCY MEMBERS

Present: Chair Gilbert, Vice Chair Kogerman, Agency Member Carruth, Agency Member Sedgwick

Absent: Agency Member Blount

4.2 PUBLIC COMMENTS

There were no Public Comments.

4.3 APPROVAL OF MINUTES FOR NOVEMBER 10, 2015

THE PLANNING AGENCY APPROVED THE MINUTES OF THE NOVEMBER 10, 2015, REGULAR MEETING, BY M/VICE CHAIR KOGERMAN, S/AGENCY MEMBER SEDGWICK.
APPROVED BY A VOTE OF 4-0 (AGENCY MEMBER BLOUNT ABSENT).

4.4 ADMINISTRATIVE REPORTS

There were no Administrative Reports.

4.5 PLANNING AGENCY PUBLIC HEARINGS

There were no Planning Agency Public Hearings.

PLANNING AGENCY ADJOURNMENT

Mayor Gilbert reconvened the City Council meeting at 7:11 p.m. All Council Members were present with the exception of Council Member Blount.

5. CITY COUNCIL PUBLIC HEARINGS

There were no City Council Public Hearings.

6. ADMINISTRATIVE REPORTS

6.1 City Manager

6.2 Assistant City Manager

6.2.1 COMPENSATION STUDY CONSULTANT SELECTION PROCESS - APPOINTMENT OF AN AD HOC ADVISORY COMMITTEE

Mayor Gilbert reviewed staff's recommendation and recommended that the City Council appoint the incoming Mayor and Mayor Pro Tempore to serve on the Compensation Study Consultant Selection Process – Ad Hoc Advisory Committee.

City of Laguna Hills
City Council Meeting Agenda
Staff Report

DATE: DECEMBER 8, 2015

TO: MAYOR AND COUNCIL MEMBERS

FROM: BRUCE E. CHANNING
CITY MANAGER

ISSUE: 2015 CITY MANAGER'S YEAR END REPORT

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AND FILE THE 2015 CITY MANAGER'S YEAR END REPORT.

SUMMARY:

The City Manager submits a Year End Report every year at the December City Council meeting. The report summarizes noteworthy accomplishments of the past year and identifies selected projects and work activity awaiting the City in the coming year.

Included with this report, under separate cover, is the 2015 City Manager's Year End Report. The report highlights a number of accomplishments including the development of the 2015-2017 Biennial Budget, redesign of the City's website, negotiation of the Police Services Contract resulting in significant cost savings to the City, completion of numerous park renovations, and the continued redevelopment of various centers throughout the City.

During 2016, the City will embark on a number of projects including the facilitation of the Laguna Hills Mall – Five Lagunas redevelopment project, continued redevelopment of Oakbrook Village, negotiation of the Memorandum of Understanding between the City and the Laguna Hills City Employees Association, and the 2016 General Municipal Election.

ATTACHMENTS:

- 2015 City Manager's Year End Report

CITY MANAGER'S 2015 YEAR END REPORT

Bruce E. Channing, City Manager

CITY OF LAGUNA HILLS

California

City Manager's 2015 Year End Report

December 8, 2015

Honorable Mayor and Council Members,

At the end of each year, it is my pleasure to submit to you the City Manager's Annual Report. As the City enters its 25th year since incorporation, I am once again privileged to have the opportunity to highlight the major accomplishments of 2015 and to provide a preview into the major activities we have to look forward to in the upcoming calendar year.

Six years after the end of the "Great Recession," we now know that the general economy has in fact experienced a necessary structural correction. Looking ahead into this upcoming year, we believe the major repercussions of the historic economic downturn have substantially subsided. Consequently, we anticipate we will continue to see signs of recovery in the local tax base and expect revenues to reach, and potentially surpass, pre-recessionary levels.

Realizing the challenges of the economic climate of the last few years, the City continues to place an emphasis on sustaining and strengthening its economic development efforts. Most notably, this last year has seen significant progress on the redevelopment of Oakbrook Village and the developer's submittal of the upcoming $500 million redevelopment of Laguna Hills Mall, now rebranded as 5 Lagunas.

To maintain its strong financial position, the City must continue to promote overall fiscal health and sustainability by adhering to its conservative financial policies, focusing on organizational efficiency and performance, and fiscally prudent decision-making.

The accomplishments listed on the following pages demonstrate our determination to respond successfully to economic pressures and uncertainties, maintain core municipal services at high levels, and position our organization to move forward despite difficult circumstances. For structural purposes and ease of reference, we have assembled the list of achievements under seven major headings that generally align with our departmental structure. Again, I am honored to present this annual report to you and I hope you share with me the same sense of pride I have for all of our 2015 accomplishments.

General Government

FINANCIAL HIGHLIGHTS

Although the impacts of the "Great Recession" continue to influence the recovery of revenues at the local level the City has consistently maintained a healthy financial condition. Much of this can be attributed to the City's conservative financial policies. General fund revenues in Laguna Hills increased in Fiscal Year 2014/2015 by $1,081,466, or 5.8%, most of which came from the increases in property tax and sales tax revenues. Property tax revenues totaled $9,128,569, representing a $302,298 increase over the prior year revenues, and sales tax revenues came in at $5,649,731, a $126,662 increase over the previous year.

Total operating expenditures slightly increased over the previous fiscal year by $556,251, or 3.3%, and came in $119,679 under budget for Fiscal Year 2014/15. Additionally, general fund revenues exceeded operating expenditures by $1,940,255.

Given the continued depth and breadth of new economic activity occurring 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 continued recovery in the local tax base this coming year that will positively impact the City's general fund.

FINANCIAL AWARDS

For the twenty-third consecutive year, the City was awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for the year ending June 30, 2014. In September 2015, the City applied for the GFOA Distinguished Budget Award for its 2015-17 Biennial Budget document and is currently awaiting the results. In order to qualify for the award the budget document must meet program criteria as a policy document, an operations guide, a financial plan, and a communication device.

2015-2017 BIENNIAL BUDGET DEVELOPMENT PROCESS

Since its incorporation, the City has been committed to biennial budgeting and long-range financial planning. Preparing a budget every other year lends greater weight to the importance of such processes. This year's budget process lasted from February through June and, given the tenuous condition of the economic climate, dominated staff's time and resources. The lengthy budget process included three 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 $49.17 million.
- Operating revenues for Fiscal Year 2015/16 are anticipated to increase by 4.18% from the previous year-end estimate. For the following year (Fiscal Year 2016/17), operating revenues are projected to increase by 1.56%.
- Approved 13 capital projects totaling $7,646,874. Of this amount $1,597,000, or 20.9%, is required from the General Fund. The balance of the funding will come from Special Funds and capital reserve funds.

CITY CLERK'S DEPARTMENT REORGANIZATION

The anticipated retirement of the City's long-time City Clerk Peggy Johns and Deputy City Clerk Sandi Mogan provided an opportunity for City staff to evaluate the staffing structure within the City Clerk's Department. After extensive analysis of the current and future needs of the City, a reorganization plan was developed and Melissa Au-Yeung was promoted to the newly created position of Assistant to the City Manager/City Clerk, Sandy Carlsen was converted from part-time to full-time Records Management Coordinator, and James Haston was hired into the newly created position of Management Assistant. The reorganization plan resulted in annual General Fund savings of approximately $146,000.

FACILITY RESERVE STUDY UPDATE

In order to meet long-range maintenance and future equipment repair and replacement needs, the City maintains Maintenance Reserve Funds for the Community Center & Sports Complex, the Civic Center, and park equipment. With the intent to maintain a fiscally responsible funding plan, the City hired consultant, EMG, Inc. (EMG), to conduct a full facility conditions assessment and reserve analysis update for the Community Center, Sports Complex, and Civic Center facilities. EMG's report was completed in April 2015. The report includes a year-by-year analysis of capital needs, ranked by priority for repair, which was integrated into the City's 8-Year Resource Allocation Plan as part of the 2015-17 Biennial Budget.

SELECTION OF THE CITY AUDITOR

In accordance with City's Financial Policies, the City is required to select a new auditor at least once every six years. The City's audit engagement with Moss, Levy & Hartzheim, LLP, expired with the conclusion of the financial audit for the fiscal year ended June 30, 2014. Accordingly, staff issued Request for Proposals (RFPs) in March 2015. Nine proposals received in response to the RFP were evaluated and the Audit Committee interviewed the three highest ranked audit firms. Ultimately, the City selected White Nelson Diehl Evans, LLP in June 2015 to perform the audit of the City's financial statements for Fiscal Years 2014/2015 and 2015/2016.

SENIOR CENTER FACILITY GRANT

The City successfully competed for an award of 2015/2016 Community Development Block Grant (CDBG) funding for Public Facilities and Improvement monies to be used at the Florence Sylvester Senior Center. The City was awarded $70,380 for the following improvements: repaint the interior and exterior of the building, grout and reseal tile throughout the Center, refinish all wood doors and cabinets, replace the existing obsolete phone system, remove and replace existing carpet, and remove the existing door on the north side of the building and replace it with an automatic door. Over the last seven years, the City has been awarded funds totaling over $355,000 to complete a number of improvements and address deferred maintenance issues at the Florence Sylvester Senior Center.

CIVIC CENTER LEASING & MANAGEMENT

During calendar year 2015, staff successfully negotiated new leases with State Senator Patricia Bates, Banc of California, TK Wealth Management, Inc., and Broadview Mortgage. Collectively, these four tenants occupy 5,712 square feet of the Civic Center. The Civic Center is now 89% occupied with two vacant suites. The City and its property management company, Essex Realty, continue to aggressively market vacant suites.

In February 2015, the City and the County of Orange entered into a new 10-year lease agreement for the Laguna Hills Library Technology Branch, which is located at the Laguna Hills Community Center. As part of the agreement, the County of Orange provides library services to residents and reimburses the City in the amount of $3,500 per month for costs related to maintenance, repairs, utilities, and janitorial services.

WEBSITE REDESIGN

Earlier this year, the City launched its redesigned website (www.lagunahillsca.gov) in an effort to improve efficiency, effectiveness, transparency, and provide easier access to resources and services. In addition to providing general information about the City, the redesigned website has many enhanced user-friendly resources including: the ability to view upcoming events, community highlights, and news from around Laguna Hills; advanced searching of and access to City Council, Commission, and Committee meeting agendas and minutes; easy access to the City's biennial budget and other financial documents; the ability to register for classes and activities and to rent City facilities; and a resource for reporting an issue from your mobile device or computer. Additionally, the new website includes an economic development page, which has resources available for local businesses and businesses looking to locate within Laguna Hills.

Economic Development

ICSC CONVENTIONS & SHOWS

Since 2004, the City has regularly attended the International Council of Shopping Centers (ICSC) conventions and shows. Given the development opportunities that arose at the Village at Nellie Gail, Oakbrook Village, 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 every year since at the ICSC Western Division Conference, as well as the annual ICSC national RECon Convention. In 2015, the City of Laguna Hills partnered with the City of Dana Point to provide a booth featuring both cities at the national ICSC RECon Convention.

As in the past, this year's 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. The City plans to sponsor a booth at the 2016 ICSC Western Division Conference as well as sponsor a booth jointly with the City of Dana Point at the annual RECon Convention.

LAGUNA HILLS MALL – FIVE LAGUNAS

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 (UVSP) and will help guide the area toward a mixed-use downtown space that provides not only shopping but also a pedestrian experience and public gathering space. The conceptual redevelopment plan creates a modern, pedestrian-friendly town center with more cafes and restaurants, an upscale movie theater, and a public plaza. In 2014, Merlone Geier Partners purchased the lease to the Sears building and parking field to allow for expanded redevelopment opportunities for the property.

Merlone Geier Partners submitted initial plans for the redevelopment of the Laguna Hills Mall in March of this year, which are currently being reviewed by staff in the Community Development Department. The redevelopment plan will result in a complete renovation to the Mall bringing an additional mixed-use development project to the UVSP area. The UVSP envisions the creation of a village-like downtown core that will shape the future of the area as a vibrant community and regional destination. This $500 million redevelopment project is expected to contribute to the quality of life for residents of Laguna Hills and the region. Furthermore, this renovation will seek to enhance the long-term economic vitality of the region. It is anticipated that this project will be presented to the Planning Agency in early 2016.

HELPING LOCAL BUSINESS

In an effort to promote a business friendly environment in Laguna Hills, the City has put an emphasis on providing resources and support for the local business community and to businesses looking to locate in the City. Consequently, the Community Development Department has met with several commercial property owners and has maintained a regular dialogue regarding issues that impact parking, leasing, uses, and signage. In addition, staff has assisted several owners in evaluating conceptual plans for remodeling activities. With the support of the Community Development Department, several businesses have been able to locate in the City including Dover Saddlery, Smart and Final Extra, Cecelia's Tortilla Grill, and Kaiser Behavioral Health. By providing assistance to businesses regarding best practices in obtaining zoning permits necessary to begin tenant renovations, among other things, staff has contributed to processes that support businesses.

Community Development

PLANNING

The City's land use planning activities are divided into two processes of "Current Planning" and "Advanced Planning. While Current Planning involves providing routine assistance to the public through the public counter and processing requests for entitlements for the establishment of new uses and smaller construction projects, Advanced Planning places emphasis on evaluating and recommending changes to City zoning and land use policy, preparation of long range land use and housing policy plans, as well as monitoring State and Federal regulations. The Planning Division also provides significant support to the City Manager's economic development initiatives.

Over the course of the year the Planning Division plan checked approximately 400 building permit requests for new construction for a variety of improvements. In addition, over 20 projects were entitled through the City's administrative review process as well as several other projects that were approved by the Planning Agency.

In the area of Advanced Planning, staff participated in several meetings with OCCOG in preparation of submitting data to SCAG related to the development of the Regional Transportation Plans/Sustainable Communities Strategy which has implications on the City's land use and housing policy. Data from OCCOG on population, employment, and housing was also reviewed for accuracy.

OAKBROOK VILLAGE

Planning Division staff reviewed plans for compliance with the City Council's approval of the first construction phase of the Oakbrook Village Shopping Center redevelopment program to create the City's first mixed-use project. The first units are anticipated to be released in January 2016 for occupancy. City staff has also been working with the property owner to modify the retail site plan approved for the project in 2012 as well as to amend the project development agreement. Staff anticipates bringing forward the revised site plan and development agreement amendment to the City Council in early 2016.

GROUP HOMES

In response to the issue of group homes and sober living facilities raised by local residents, the City hosted an informational town hall meeting in August 2015 as a way to directly engage the local community in an educational forum, answer questions, and provide up-to-date information. The meeting provided the public an opportunity to have an open dialogue with the City to express their opinions, concerns, and ideas. The meeting agenda, presentation materials, staff remarks, and questions from the community were made available and can be found on the Community Development section of the City website.

BUILDING & SAFETY DEPARTMENT ACTIVITY

With one month left in the calendar year, and for the second year in a row, the Building Division is on track to issue approximately 2,000 building permits. With the goal of reducing monetary costs and plan check completion times for applicants, the Building Division began contracting with HR Green, Inc. for building and safety services in July 2015. In addition, Building Division staff implemented an online solar plan check submission process and reduced the review process to three days or less.

CODE ENFORCEMENT

The City's Code Enforcement function continued its strategy of obtaining voluntary compliance from residents and businesses through frequent public engagement, maintaining a highly visible presence throughout the City, and the implementation of cooperative-based code enforcement processes which attempt to resolve potential violations at the administrative level. The City's Code Enforcement Officer responded to over 600 calls for service, three of which were referred to the City Attorney's Office for further review. However, the majority of code enforcement service requests were cleared through personal contact and the issuance of correction notices. Currently, 40 cases are being tracked for compliance by staff.

AFFORDABLE HOUSING REHABILITATION

In 2015, the City of Laguna Hills directed $80,000 in Community Development Block Grant (CDBG) funds towards exterior rehabilitation and renovation of homes in the 248-unit Aliso Meadows Condominium Association. Over the past eleven years, the City has been awarded CDBG funds totaling nearly $2.5 million, which has resulted in the complete or partial rehabilitation of more than 200 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 community.

Public Services

STOCKPORT PARK RENOVATION

In May 2015, Hondo Company, Inc. began work on the Stockport Park Renovation project. Now completed, the project included a number of improvements including a refurbishment to the playground equipment and surfacing, the replacement of worn amenities, the renovation of certain sloped landscapes, concrete repairs, the removal of 15 Eucalyptus trees, and other miscellaneous site repairs.

SPORTS COMPLEX SOFTBALL FIELD TURF RENOVATION

The City of Laguna Hills and Moulton Niguel Water District (MNWD) formed a strategic partnership to convert the Laguna Hills High School athletic fields to synthetic turf. With preliminary funding in the amount of $416,500 from MNWD and the Municipal Water District of Orange County, Lehman Construction, Inc. began work on the project in July 2015, which included excavation, painting, turf removal, and other miscellaneous renovations. This project will result in expanded use of the fields, additional play time, and reduced operational costs, all with no impact to the City's general fund. It is anticipated that this project will be completed by the end of November 2015.

CAPITAL IMPROVEMENTS

The following Capital improvement projects were substantially completed:

- Civic Center Site Improvements Renovation ($300,000)
- Bridge Seal for Santa Vittoria Drive and for Laguna Hills Drive ($50,000)
- La Paz Open Space Improvements (Moulton Parkway to Alameda Avenue) ($1,200,000)

WATER QUALITY

The City participated in the 19th Annual Inner Coastal Watershed Cleanup Day on September 19, 2015. This was the twelfth year the City participated in this event where volunteers worked together and cleaned a portion of the Aliso Hills Channel.

Staff worked with both the Santa Ana and the San Diego Regional Water Quality Control Boards for the fifth-term NPDES permit approval process. Staff was also able to obtain coverage for the entire City under one Regional Permit, i.e., the San Diego Regional Water Quality Control Board. This milestone will allow City staff and property owners to simplify annual reporting requirements, inspections, and development standards.

As a part of this year's 4th of July Celebration at the Laguna Hills Community Center, City staff hosted a water quality booth with brochures and other educational information relating to water quality. Some of the materials available for residents included water quality educational coloring books, posters, magnets, and brochures such as "The Ocean Begins at Your Front Door" and "Household Tips."

The City has continued its efforts on a multi-year project to install catch basin auto retractable debris screens 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 2015, the fourth phase of the project resulted in the installation of screens at 44 catch basin locations utilizing a Measure M2 grant of $71,000. A fifth phase has also received similar grant funds and will begin work in early 2016. Approximately 60% of all of the City inlets are protected by debris screens.

STREET MAINTENANCE

Routine street maintenance activities generated the installation and/or replacement of 150 signs, the grinding of 75 sidewalk locations to reduce raised sidewalk panels, the repainting of all stripes and markings citywide, and the preparation for winter rain events including staging sandbags, cleaning of all 550 catch basins, and pre-inspections of offsite drain inlets. Approximately 230 task orders, in addition to sign work, were issued and completed.

Street sweeping services were placed out to bid with a new five-year contract. The contract was ultimately awarded to Sunset Property Services at a lower rate than the previous year.

PARKS & LANDSCAPE

The annual weed abatement program was completed in June 2015 to include all public properties and compliance of all private properties.

The City implemented newly-mandated drought conservation measures including ceasing the watering of median islands that are irrigated with potable water, reducing watering at all parks and landscape areas, and implementing the softball field conversion to synthetic turf. In addition, through collaborative work with El Toro Water District, 718,005 sq. ft. (or 16.48 acres) of landscaped areas were converted from potable water to reclaimed water. The conversion included three parks, five median islands, one parkway, and one slope.

At the Community Center and Sports Complex, in addition to routine maintenance, 80,000 sq. ft. of damaged turf was replaced on both soccer fields including prepping the area with soil amendments, placing pre-plant fertilizer, and grading.

Tree care activities included 850 trees trimmed, 310 trees removed, and 28 trees planted.

Community Services

SPECIAL EVENTS

The City hosted two signature events this past year. The 2015 Memorial Day Half Marathon, 5K, and 10K, honoring the USMC Dark Horse Battalion, was held on May 25, 2015, with 3,990 runners participating. This is an increase of 300 runners compared to last year's event. The City collected a total of $211,046 in revenues from this event. Direct expenses (not including staff costs) totaled $208,501. A number of Marines ran in the half marathon which, along with the 5K and 10K, was started by event Grand Marshal Cpl. Marcus Chischilly. Based on the City Council approved pledge formula of $3 per paid participant, $10,572 was provided to the 3/5 Marine Support Committee by City Council Resolution on August 25, 2015. In addition, South County Outreach received 100 pounds of donated food items and $500 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 10,000 people attended the 2015 event which featured rides, games, live music, and static displays manned by Marines from the 1st Division. Total expenditures for this event were $49,796 (not including staff time). Net costs totaled $43,758, which accounts for $4,938 in ride ticket sales and $1,100 in vendor booth rentals.

SPECIAL OLYMPICS HOST TOWN

The City of Laguna Hills and the City of Lake Forest joined together to become a Host Town for the 2015 Special Olympics. As a Host Town, the City of Laguna Hills was honored to host athletes from the Cayman Islands (56 delegates) and Vietnam (12 delegates) prior to the start of the opening ceremonies in Los Angeles. Activities for the athletes included a dance at the Lake Forest City Hall, a breakfast at the Laguna Hills Community Center, training time at Laguna Hills High School and Community Center gym, an outing at the Orange County Fair, and shopping at the Irvine Spectrum. Lake Forest and Laguna Hills received a total of $21,945 in goods and services donated to help support this event. These donations included bus transportation services provided by JFK Transportation, food by Chick-fil-A and Taco Bell, and volunteer time and food donations by the Knights of Columbus. Monetary contributions were made by Cox Communications, Kelly Blue Book, and CR&R, Inc. which went towards hotel lodging expenses to house the delegates during their stay. The Orange County Sheriff's Department was instrumental in providing security and protection for athletes and support staff members during the Host Town Event. During the Special

12/8/2015 ITEM NO. 6.1.1

Olympic Games, athletes from the Cayman Islands and Vietnam won 26 Gold, 26 Silver, and 27 Bronze medals.

RECREATION PROGRAMS AND SENIOR SERVICES

The City of Laguna Hills continued to host numerous programs provided by the Saddleback College Emeritus Institute. Over the course of the year, more than 2,500 individuals participated in a variety of classes held at the Community Center facility such as yoga, Pilates, art appreciation, sketching, and Spanish. Additionally, the drop-in ping pong program continued successfully, which provided 129 participants the opportunity to play pick-up ping pong games in the Physical Activity Room. This program takes place on Tuesdays and Thursdays from 12 p.m. to 2 p.m. and on Saturdays from 1p.m. to 5 p.m.

Furthermore, in regards to senior services, participation in the City's Senior Dial-a-Taxi program continues to increase. This program, funded by OCTA's Senior Mobility Program, allows seniors who are 60 years of age or older to use California Yellow Cab for trips within the service area and several satellite locations outside the service area for a nominal fee. Currently there are 430 seniors enrolled in the City of Laguna Hill's Senior Dial-a-Taxi program with an average of 207 taxi trips occurring per month. There are 33 seniors who actively use this service.

The cultural arts theater programs were also offered during 2015. Working with On the Edge Theater Production, staff held Shakespeare in the Hills performances of *A Midsummer Night's Dream* and *The Complete Works of William Shakespeare* in the Community Center gazebo and town green area. These performances were well received by the 438 spectators in attendance. Two other productions were held indoors in the Community Center banquet room. These plays were enjoyed by an additional 541 spectators.

A total of 5,318 individuals signed up for one of the 415 recreation classes/activities offered by the City. This does not include participation numbers from the Emeritus program, drop-in' ping pong program, or the City's two signature community events. Community Services staff continues to evaluate its program offerings to ensure that recreation is meeting the needs of the community. With that said, a new skateboarding class will be offered by a skateboarding professional on Saturday mornings, and staff will also be reinstating tennis lessons at its public tennis courts. Additionally, staff is looking into the possibility of developing a Pickle Ball program, which is the fastest growing sport for individuals 50 years of age and older.

Environment & Conservation

LANDFILL DIVERSION

The 2014 Annual Disposal Report, which uses per capita disposal figures, was submitted to the State of California Department of Resource Recycling and Recovery (CalRecycle) on July 31, 2015. This detailed report summarizes, among other things, recycling programs and services provided by the City such as residential curbside, commercial, and multi-family; outreach and educational efforts; green-waste recycling; electronic waste recycling; Household Hazardous Waste curbside pickup service; and material recovery processing centers. For 2014, the City achieved a per capita disposal rate (pounds/person/day) of 3.6, which is well below the per capita disposal rate target of 5.8 pounds per day. Since the City's per capita disposal rate is below the target rate, it is in compliance with the State's recycling and diversion mandates. The City's 2014 Annual Disposal Report was accepted and approved by CalRecycle on August 20, 2015.

VOLUNTEER CONNECTION DAY

The City held its annual Volunteer Connection Day activities at the Laguna Hills Community Center and Sports Complex on Saturday, April 18, 2015. The Volunteer Connection Day is a time for volunteers to come together to beautify the City with community projects such as trail clean-ups and planting of trees. Sixty volunteers participated in this year's event and collected 1,380 pounds of trash and recyclables from City trails and planted 15 trees in Mendocino Park. The event also included an onsite paper shredding event. Additionally, the City re-qualified for its designation as a Tree City USA by the national Arbor Day Foundation.

Police Services

PUBLIC SAFETY

During the first three quarters of 2015, there were 10,456 total calls for service in Laguna Hills. This represents an increase of 18.7% in reported incidents when compared to the same period in 2014.

Part I and II crimes in Laguna Hills have changed moderately in the first three quarters of 2015. The total number of Part I crimes experienced an overall increase of 11% when compared to last year. This increase is largely attributed to the number of reported thefts. 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 by 13% when compared to the same period last year.

RESPONSE TIMES

Response times continue to remain within the expected parameters for all four levels of priority calls. The average response times are 4:02 for Priority 1 calls, 8:03 for Priority 2 calls, 12:53 for Priority 3 calls, and 25:39 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 so deputies are dispatched as they become available.

COMMUNITY INVOLVEMENT GROWS

The Neighborhood Watch Program continues to prosper with the revitalization and addition of 10 groups which conducted 13 meetings this year. For the first time the Parent Project, a 10-week program aimed at educating adults in parental techniques for strong willed children, was initiated in Laguna Hills. Two deputies have been tasked with presenting the program and utilizing subject matter experts for the course. Police Services also partnered with the Saddleback Community Church for the Good Neighbor Program. This program is slated for the Aliso Meadows residential area where staff has focused on improved relations and education with at-risk youths and families. Additionally, Police Services continues to provide residents with Child Car Seat Safety Inspections to help reduce the misuse rate of child car seats that are installed or used incorrectly. To date, the City's Crime Prevention Specialist has performed 31 safety inspections.

Police Services also participated in various community events such as National Take Back Day, 4th of July Expo, National Night Out, Nellie Gail Ranch Concerts in the Park, Valencia Elementary' s Boo Bash Carnival, and the 2015 Special Olympics. Furthermore, Police Services increased its community involvement with charitable events such as "Dogs with Deputies" and "Tip a Cop" at our local restaurants.

Police Services has continued its Community Oriented Policing Plan focusing on building relations with the local community. Patrol deputies have concentrated on building and maintaining trusting relations within the community especially in residential and business areas, schools, and parks. Ultimately, this effort attempts to reduce crime and promote healthy interactions between the public and its deputies.

POLICE SERVICES CONTRACT SAVINGS

One of the Major Plans identified as part of the 2013-15 Biennial Budget was a review of the current Police Services contract including recommendations regarding possible modifications or reallocation of resources. The City awarded a contract to Matrix Consulting in November 2013, to conduct a comprehensive evaluation of police services in Laguna Hills, with the final report presented to the City Council in June 2014. The report identified several potential cost-saving measures one recommendation being: "Explore alternative cost-sharing arrangements from Laguna Woods for the true value of the coverage and pro-activity received from Laguna Hills for late night law enforcement services." Subsequent analysis revealed the need to also explore alternative cost-sharing arrangements with Laguna Woods for the true value of the coverage and pro-activity received from the City of Laguna Hills for all other shifts, patrol supervision, and indirect supervision received from the City. As a result, early this year, the City successfully negotiated a fair-share cost allocation of patrol sergeants among the Cities of Laguna Hills, Aliso Viejo, and Laguna Woods, as well as implemented a unified regional model for the midnight shift for the same three cities. This resulted in savings of approximately $463,000 in the City's contract for sheriff services. Coupled with the reduction of the number of motorcycle deputies from three to two, the total cost for law enforcement services for Fiscal Year 2015/16 is $6.9 million, representing a decrease of 2.94%.

POLICE SERVICES HONOREES

Three Police Services members were honored by the Orange County Sheriff's Department for their life saving efforts of a man who was experiencing a heart attack while in route to the hospital. Additionally, our Administrative Sergeant was honored as the Corona Del Mar Exchange Club Supervisor of the Year. Also, our School Resource Officer received the Safe Schools' 2015 Distinguished Safe School Educator Award for his outstanding work with teachers, parents, and students in the Saddleback Valley Unified School District, specifically with Laguna Hills schools.

2016 Outlook

As we head into 2016, we will continue to focus on objectives that contribute to economic development efforts, responsibly manage the City's fiscal health, and improve the quality of life in Laguna Hills.

LAGUNA HILLS MALL – FIVE LAGUNAS

Staff is currently reviewing redevelopment plans and studies submitted by Merlone Geier Partners. Over the next year, the City will continue to work with Merlone Geier Partners regarding the general direction and development of the site. This is a $500 million redevelopment project that will convert the existing enclosed mall to a vibrant mixed-use, destination life-style center. Needless to say, it is vital that we get this right. The overall project could take anywhere from 3-5 years to construct beginning with interior tenant improvements in the north part of the existing mall in early 2016.

OAKBROOK VILLAGE

Shea Properties, the management company and development partner of the 289-unit mixed-use residential building, expects to gradually occupy the units beginning in early 2016. Additionally, a second amendment to the development agreement between the City of Laguna Hills and the Fritz Duda Company, as well as the revised site plan, is anticipated to be presented to the City Council in early 2016. All Phase 1 improvements should be completed by the end of 2016.

MNWD GORDON ROAD PROJECT

The Moulton Niguel Water District (MNWD) is planning to expand its existing facility at Gordon Road by adding a new administrative office building and enhancing its current maintenance yard. MNWD is in the process of retaining a consultant to prepare the project's required environmental review and clearance. Once the appropriate environmental process has been completed, the district will be requesting zoning approvals from the City for the proposed improvements. Currently, it is unclear when MNWD will complete the project's environmental review process; however, we anticipate this will occur in 2016.

ANIMAL CARE SERVICES

During the summer and fall of 2015, the County of Orange made significant progress in moving forward toward the construction of a new animal shelter located at the former Tustin Marine Corps Air Base. Consequently, construction is anticipated to move forward quickly with groundbreaking of the site on June 6, 2016, and a grand opening occurring on September 2, 2017. As a result of this expedited schedule, the City might have to consider a long-term agreement with the County of Orange by as early as April 1, 2016. The City, if it chooses not to commit to an agreement with the County of Orange, will have to secure animal care services with a different provider by July 2017. In the face of this looming deadline, the City Council directed staff to send a letter of interest and inquiry to the City of Mission Viejo. We expect to have an evaluation of their responses to our inquiry to the City Council in January. Additionally, Mayor Pro Tempore Kogerman has been working with others in Lake Forest to identify a shelter site in Lake Forest and determine the feasibility of a multi-city animal services operation.

MOU NEGOTIATIONS

The City's three-year Memorandum of Understanding (MOU) with the Laguna Hills City Employees Association (LHCEA) will expire on June 30, 2016. In accordance with the terms of the existing MOU and in preparation for the pending negotiations, staff has issued a Request for Proposal to conduct a comprehensive compensation and limited classification study. The compensation and classification study is anticipated to be completed in the spring of 2016. Negotiations with the LHCEA are anticipated to be completed in June of 2016.

AGENDA MANAGEMENT SYSTEM

In an effort to modernize the City's agenda management process and provide easier access to agendas and minutes, the City has been exploring and analyzing various agenda management systems. Over the past few months, City staff coordinated and attended multiple product demonstration meetings with major companies in the field. A new agenda management system is anticipated to be in place by early 2016.

2016 GENERAL MUNICIPAL ELECTION

General Municipal Elections are held in the City of Laguna Hills on the first Tuesday after the first Monday in November every two years in even numbered years. The next General Municipal Election will be held Tuesday, November 8, 2016. The election will be held to elect two members to the City Council.

Conclusion

As demonstrated by the major achievements highlighted throughout this report, the City has continued contributing to and improving the welfare and future of Laguna Hills. As I stated in my introductory comments to this report, adept leadership and decision-making has helped the City maintain core municipal services through the difficult economic conditions of the last many years. Now that the general economy has completed its structural correction, we look forward to increased stability of the local tax base and anticipate revenues to reach pre-recessionary levels.

The continued economic revitalization and redevelopment occurring throughout the City provides evidence of a strong and improving local economy. Furthermore, as a means to remain resilient to economic downturns and maintain long-term fiscal health, the City has made it a priority to sustain and strengthen its economic development efforts. Additionally, it is encouraging to see the local business community investing in improvements to their commercial properties and businesses, further enhancing the prosperous economic future of Laguna Hills.

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 24 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 2015, as well as our accomplishments over the prior 24 years, I am mindful that this was all possible because of the Mayor and 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 8, 2015

TO: MAYOR AND COUNCIL MEMBERS

FROM: MELISSA AU-YEUNG
ASSISTANT TO THE CITY MANAGER

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; AND

(2) IF ANY CHANGES ARE DESIRED TO THE REPRESENTATIVE 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 TO THE ORANGE COUNTY FIRE AUTHORITY'S BOARD OF DIRECTORS;" AND

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

(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, and Committees, to which it appoints individuals to represent the City during the forthcoming year.

Orange County Fire Authority

This past year Council Member Sedgwick has served as Director to the Fire Authority's Board of Directors. If the City Council chooses not to make any changes to this appointment then no further action is required. However, should the City Council choose to make a change to the Director then that action must be formalized by a Resolution, which approval will require a recorded majority vote of the total membership of the City Council. Included as an attachment to this report is the Resolution which would formalize the City Council's change in designated positions.

Orange County Mosquito and Vector Control

Mayor Pro Tempore Kogerman has served as Board of Trustee Member for the past two-year term which expires on January 4, 2016. It is, therefore, necessary to either reappoint Mayor Pro Tempore Kogerman or elect a successor for the next two- or four-year term. Included as an attachment to this report is a letter from the Orange County Mosquito and Vector Control District requesting an appointment be made for the next term of office.

Form 806

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 appointment 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. Included as an attachment to this report is a copy of the currently posted Form 806.

ATTACHMENTS:

- "Other Agencies" Appointed Representatives List
- OCFA Resolution
- Orange County Mosquito and 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
	Sedgwick	01/13/2015
	Blount	12/11/2012
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: Mayor	12/10/2002
	Alternate: Mayor Pro Tempore	12/10/2002
Operational Area Council (Emergency)	Representative: Mayor	12/10/1996
	Alternate: Mayor Pro Tempore	12/14/1999
Orange County Fire Authority	Director : Sedgwick	01/13/2015
OC Public Libraries Library Advisory Board	Representative: Carruth	02/10/2015
	Alternate: Gilbert	12/11/2012
Orange County Mosquito & Vector Control District	Trustee Member: Kogerman	12/11/2012
South Orange County Watershed Management Area Executive Committee	Member: Blount	02/10/2015
	Alternate: Mayor	
Southern California Association of Governments (SCAG General Assembly)	Delegate: Kogerman	01/22/2015
	Alternate: Blount	01/27/2015

List of City Representatives

NAME OF AGENCY/COMMITTEE	REPRESENTATIVES	DATE APPOINTED
Transportation Corridor Agency	Director: Carruth	12/13/2011
-San Joaquin Hills Transportation Corridor Agency	Alternate Director: Kogerman	12/10/2013

December 8, 2015
0410-30\CtyClerk\Agendas\Lst City Representatives.doc

RESOLUTION NO. 2015-12-08-X

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DESIGNATING AND APPOINTING ITS REPRESENTATIVE 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") 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 Director 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.

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. That the City Clerk shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 8th day of December 2015.

, MAYOR

ATTEST:

MELISSA AU-YEUNG, CITY CLERK

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

I, Melissa Au-Yeung, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. 2015-12-08-X adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 8th day of December 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

MELISSA AU-YEUNG, CITY CLERK

BOARD OFFICERS FOR 2015
PRESIDENT
JOE CARCHIO
VICE-PRESIDENT
CONSTANCE M. UNDERHILL
SECRETARY
DR. ALLAN BERNSTEIN

DISTRICT MANAGER
MICHAEL G. HEARST
CLERK OF THE BOARD
TAWNIA E. PETT

RECEIVED
OCT 29 2015
CITY OF LAGUNA HILLS

ORANGE COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

13001 GARDEN GROVE BOULEVARD
GARDEN GROVE, CA 92843-2102
PHONES: (714) 971-2421
(949) 654-2421
FAX: (714) 971-3940
ocvcd@ocvcd.org
ocvcd.org
facebook.com/ocvectorcontrol
twitter.com/ocvector

BOARD OF TRUSTEES - 2015
ALISO VIEJO
PHILLIP B. TSUNODA
ANAHEIM
LUCILLE KRING
BREA
CECILIA HUPP
BUENA PARK
MICHAEL DAVIS
COSTA MESA
SANDRA GENIS
CYPRESS
STACY BERRY
DANA POINT
CARLOS N. OLVERA
FOUNTAIN VALLEY
CHERYL BROTHERS
FULLERTON
JAN M. FLORY
GARDEN GROVE
ROBIN MARCARIO
HUNTINGTON BEACH
JOE CARCHIO
IRVINE
LYNN SCHOTT
LA HABRA
JAMES GOMEZ
LA PALMA
STEVE HWANGBO
LAGUNA BEACH
TONI ISEMAN
LAGUNA HILLS
BARBARA KOGERMAN
LAGUNA NIGUEL
JERRY SLUSIEWICZ
LAGUNA WOODS
SHARI L. HORNE
LAKE FOREST
VACANT
LOS ALAMITOS
GERRI GRAHAM-MEJIA
MISSION VIEJO
DAVE LECKNESS
NEWPORT BEACH
SCOTT PEOTTER
ORANGE
MICHAEL ALVAREZ
PLACENTIA
CONSTANCE M. UNDERHILL
RANCHO SANTA MARGARITA
APRIL JOSEPHSON
SAN CLEMENTE
JIM DAHL
SAN JUAN CAPISTRANO
PAM PATTERSON
SANTA ANA
CECILIA AGUINAGA
SEAL BEACH
MICHAEL LEVITT
STANTON
AL ETHANS
TUSTIN
DR. ALLAN BERNSTEIN
VILLA PARK
GREG MILLS
WESTMINSTER
SERGIO CONTRERAS
YORBA LINDA
PEGGY HUANG
COUNTY OF ORANGE
ANDREW DO

Laguna Hills City Council
City of Laguna Hills
24035 El Toro Road
Laguna Hills, CA 92653

October 27, 2015

Dear Mayor and Council Members:

The term of office of your representative, Ms. Barbara Kogerman, will expire on January 4, 2016 at 11:59 A.M. 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 27 of the 34 meetings held for a 79 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

Area Code/Phone Number	**E-mail**
949-707-2635	pjohns@ci.laguna-hills.ca.us

Page 1 of 1

Date Posted: 02/03/2015 *(Month, Day, Year)*

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: Sedgwick, Don (Last, First) Alternate, if any: Gilbert, Dore (Last, First)	01 / 13 / 15 (Appt Date) undefined (Length of Term)	Per Meeting: $ 100-300 max. Estimated Annual: ☐ $0-$1,000 ☐ $2,001-$3,000 ☐ $1,001-$2,000 ☒ $3,600 (Other)
Orange County Vector Control District	Name: Kogerman, Barbara (Last, First) Alternate, if any: None (Last, First)	12 / 10 / 13 (Appt Date) 2 yr. (Length of Term)	Per Meeting: $ 100.00 Estimated Annual: ☐ $0-$1,000 ☐ $2,001-$3,000 ☒ $1,001-$2,000 ☐ ____ (Other)
Transportation Corridor Agency (San Joaquin Hills Transportation Corridor Agency)	Name: Carruth, Melody (Last, First) Alternate, if any: Kogerman, Barbara (Last, First)	01 / 27 / 15 (Appt Date) undefined (Length of Term)	Per Meeting: $ 120.00 Estimated Annual: ☐ $0-$1,000 ☐ $2,001-$3,000 ☒ $1,001-$2,000 ☐ ____ (Other)
	Name: ____ (Last, First) Alternate, if any: ____ (Last, First)	___ / ___ / ___ (Appt Date) ____ (Length of Term)	Per Meeting: $ ____ 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]	Bruce E. Chaning	City Manager	02/03/2015
Signature of Agency Head or Designee	*Print Name*	*Title*	*(Month, Day, Year)*

Comment: ____