# CITY OF LAGUNA HILLS
# CITY COUNCIL/PLANNING AGENCY
# REGULAR MEETING AGENDA
# AUGUST 27, 2013

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

**Barbara D. Kogerman, Mayor**

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

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

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

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

## GENERAL BUSINESS - CONVENING AT 7:00 PM

## CALL TO ORDER

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

## PLEDGE OF ALLEGIANCE: COUNCIL MEMBER CARRUTH

## ROLL CALL OF CITY COUNCIL MEMBERS

## 1. PRESENTATIONS AND PROCLAMATIONS

1.1 TEN YEAR ANNIVERSARY AWARD

RECOMMENDATION: THAT MAYOR KOGERMAN RECOGNIZE NANCY GAGGIOLI, RECEPTIONIST/CASHIER, FOR TEN YEARS OF SERVICE TO THE CITY OF LAGUNA HILLS AND PRESENT A CERTIFICATE OF RECOGNITION AND GIFT.

1.2 CERTIFICATE OF RECOGNITION FOR KIDS KONNECTED, A NON-PROFIT ORGANIZATION, FOR 20 YEARS OF SERVICE TO THE COMMUNITY

RECOMMENDATION: THAT MAYOR KOGERMAN PRESENT A CERTIFICATE OF RECOGNITION TO REPRESENTATIVES OF KIDS KONNECTED RECOGNIZING THEIR SERVICE TO THE COMMUNITY.

1.3 CERTIFICATE OF RECOGNITION FOR CROSSLINE COMMUNITY CHURCH

RECOMMENDATION: THAT MAYOR KOGERMAN PRESENT A CERTIFICATE OF RECOGNITION TO EXECUTIVE PASTOR GREG MUNCK, OF CROSSLINE COMMUNITY CHURCH, FOR SERVICE TO THE COMMUNITY.

1.4 SDG&E SUMMER READINESS PROGRAM

RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AN ORAL PRESENTATION FROM DUANE CAVE, EXTERNAL RELATIONS MANAGER - SOUTH ORANGE COUNTY, ON SDG&E'S SUMMER READINESS PROGRAM.

## 2. PUBLIC COMMENTS

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

## 3. MINUTES

3.1 REGULAR MEETING, JULY 9, 2013

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE MINUTES OF THE JULY 9, 2013, REGULAR MEETING.

## 4. CONSENT CALENDAR

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

4.1 WAIVE READING IN FULL OF ALL ORDINANCES AND RESOLUTION ON THE AGENDA

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

4.2 APPROVAL OF WARRANT REGISTER FOR PERIOD ENDED AUGUST 27, 2013

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE WARRANT REGISTER IN THE AMOUNT OF $2,292,471.20.

4.3 PROGRESS PAYMENT NO. 1, FINAL, FOR CIVIC CENTER IMPROVEMENTS - CARPETING & FLOORING

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE PROGRESS PAYMENT NO. 1, FINAL, IN THE NET AMOUNT OF $104,985.82, TO G & S CARPET MILLS, INC., FOR CIVIC CENTER IMPROVEMENTS - CARPETING & FLOORING, AUTHORIZE THE FILING OF THE NOTICE OF COMPLETION AND SUBSEQUENT RELEASE OF RETENTION IN 35 DAYS, IF NO LIENS HAVE BEEN FILED.

4.4 PROGRESS PAYMENT NO. 5, FINAL, AND CONTRACT CHANGE ORDER NO. 1, FOR CITYWIDE PAVEMENT REHABILITATION PROJECT, CIP NO. 101-H

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE CONTRACT CHANGE ORDER NO. 1 AND PROGRESS PAYMENT NO. 5, FINAL, IN THE NET AMOUNT OF $17,166.25, TO ALL AMERICAN ASPHALT, FOR CITYWIDE PAVEMENT REHABILITATION PROJECT, CIP NO. 101-H, AND AUTHORIZE THE FILING OF THE NOTICE OF COMPLETION AND SUBSEQUENT RELEASE OF RETENTION IN 35 DAYS, IF NO LIENS HAVE BEEN FILED.

4.5 APPROVE PROPOSED LEASE AGREEMENT FOR 24031 EL TORO ROAD, SUITE 220, LAGUNA HILLS, CALIFORNIA, WITH DONALD C. LEWELLEN

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE PROPOSED LEASE AGREEMENT FOR 24031 EL TORO ROAD, SUITE 220, LAGUNA HILLS, CALIFORNIA WITH DONALD C. LEWELLEN AND AUTHORIZE THE CITY MANAGER TO EXECUTE THE PROPOSED LEASE AGREEMENT.

4.6 ACCEPTANCE AND ADOPTION OF THE 2013 SOUTH ORANGE COUNTY INTEGRATED REGIONAL WATER MANAGEMENT PLAN

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ACCEPTING AND ADOPTING THE 2013 SOUTH ORANGE COUNTY INTEGRATED REGIONAL WATER MANAGEMENT PLAN."

4.7 17TH ANNUAL INNER-COASTAL AND WATERSHED CLEANUP DAY

RECOMMENDATION: THAT THE CITY COUNCIL DECLARE SEPTEMBER 21, 2013, AS INNER-COASTAL AND WATERSHED CLEANUP DAY AND ENCOURAGE VOLUNTEER PARTICIPATION IN THIS EVENT.

4.8 GOVERNMENT CODE SECTION 66006 - DEVELOPMENT IMPACT FEES

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

4.9 APPROVAL AND IMPLEMENTATION OF THE DESIGN OF A "50/70" LITTLE LEAGUE BASEBALL FIELD AT CABOT PARK

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE DESIGN OF THE "50/70" LITTLE LEAGUE BASEBALL FIELD FOR THE LOWER FIELD OF CABOT PARK AS PREPARED BY RICHARD FISHER ASSOCIATES AND DIRECT STAFF TO IMPLEMENT THE DESIGN.

4.10 FIRST AND FINAL PAYMENT TO G2 CONSTRUCTION, INC., FOR THE WATER QUALITY IMPROVEMENT CATCH BASIN DEBRIS GATE PROJECT, CIP NO. 412B

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE FIRST AND FINAL PAYMENT TO G2 CONSTRUCTION, INC., IN THE NET AMOUNT OF $66,832.50, THE FILING OF THE NOTICE OF COMPLETION AND RELEASE OF RETENTION IN 35-DAYS, IF NO LIENS HAVE BEEN FILED, FOR THE WATER QUALITY IMPROVEMENT CATCH BASIN DEBRIS GATE PROJECT, CIP NO. 412B.

4.11 2013 FOURTH OF JULY POST EVENT REPORT

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

4.12 RESPONSE TO THE ORANGE COUNTY GRAND JURY REPORT DATED JUNE 27, 2013, ENTITLED "THE GOAL OF EQUAL EMPLOYMENT OPPORTUNITY: NO VICTIMS"

RECOMMENDATION: THAT THE CITY COUNCIL AUTHORIZE THE MAYOR TO SIGN THE LETTER OF RESPONSE TO THE ORANGE COUNTY GRAND JURY REPORT ENTITLED "THE GOAL OF EQUAL EMPLOYMENT OPPORTUNITY: NO VICTIMS."

**ITEMS REMOVED FROM THE CONSENT CALENDAR**

**5. PLANNING AGENCY**

5.1 ROLL CALL OF PLANNING AGENCY MEMBERS

5.2 PUBLIC COMMENTS

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

5.3 MINUTES

5.3.1 REGULAR MEETING, JULY 9, 2013

RECOMMENDATION: THAT THE PLANNING AGENCY APPROVE THE MINUTES OF THE JULY 9, 2013, REGULAR MEETING.

5.4 ADMINISTRATIVE REPORTS

5.5 PLANNING AGENCY PUBLIC HEARINGS

5.5.1 CONDITIONAL USE PERMIT NO. 08-13-2636, A REQUEST TO OPERATE A PET GROOMING BUSINESS AT 27001 MOULTON PARKWAY, SUITE A116, IN THE (CC) COMMUNITY COMMERCIAL ZONING DISTRICT.

RECOMMENDATION: THAT THE PLANNING AGENCY: (1) CONDUCT A PUBLIC HEARING FOR CONDITIONAL USE PERMIT NO. 08-13-2636; AND (2) ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE PLANNING AGENCY OF THE CITY OF LAGUNA HILLS, CALIFORNIA, APPROVING CONDITIONAL USE PERMIT NO. 08-13-2636, A REQUEST TO OPERATE A PET GROOMING BUSINESS AT 27001 MOULTON PARKWAY, SUITE A116, IN THE (CC) COMMUNITY COMMERCIAL ZONING DISTRICT."

**PLANNING AGENCY ADJOURNMENT**

**6. CITY COUNCIL PUBLIC HEARINGS**

**7. ADMINISTRATIVE REPORTS**

7.1 City Manager

7.1.1 EMPLOYMENT CLASSIFICATIONS, SALARY RANGES AND BENEFITS FOR MANAGEMENT, CONFIDENTIAL AND PART-TIME CLASSES OF EMPLOYMENT WITH THE CITY

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, REGARDING EMPLOYMENT AND ESTABLISHING SALARY RANGES AND BENEFITS FOR MANAGEMENT, CONFIDENTIAL, AND PART-TIME CLASSES OF EMPLOYMENT WITH THE CITY AND RESCINDING RESOLUTION NO. 2011-07-12-2."

7.2 Assistant City Manager

7.2.1 POLICE SERVICES STUDY - AUTHORIZATION TO ISSUE REQUEST FOR PROPOSALS FOR CONSULTANT SERVICES AND APPOINTMENT OF AN AD HOC ADVISORY COMMITTEE

RECOMMENDATION: THAT THE CITY COUNCIL AUTHORIZE STAFF TO ISSUE A CONSULTANT SERVICES REQUEST FOR PROPOSALS FOR A POLICE SERVICES STUDY AND APPOINT AN AD HOC ADVISORY COMMITTEE COMPOSED SOLELY OF TWO MEMBERS OF THE CITY COUNCIL TO EVALUATE PROPOSALS AND TO MAKE FINAL RECOMMENDATION TO THE CITY COUNCIL REGARDING CONSULTANT SELECTION.

7.3 Public Services Director/City Engineer

7.3.1 EVALUATION OF THE HOLIDAY BANNER PROGRAM

RECOMMENDATION: THAT THE CITY COUNCIL REFER THE EVALUATION OF THE HOLIDAY BANNER PROGRAM TO THE PARKS AND RECREATION COMMISSION WITH DIRECTION TO RETURN THEIR RECOMMENDATIONS TO THE CITY COUNCIL WITHIN SIX MONTHS.

7.4 Deputy City Manager/Community Services

7.4.1 2013 MEMORIAL DAY RACE POST EVENT REPORT AND A RESOLUTION AUTHORIZING COMMUNITY ASSISTANCE FUNDING FOR THE 3/5 MARINE SUPPORT COMMITTEE

RECOMMENDATION: THAT THE CITY COUNCIL: (1) RECEIVE AND FILE THE REPORT; AND (2) ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AUTHORIZING COMMUNITY ASSISTANCE FUNDING FOR THE 3RD BATTALION, 5TH MARINES, 1ST DIVISION SUPPORT COMMITTEE, A CALIFORNIA NONPROFIT CORPORATION."

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

**9. CITY COUNCIL MEMBER COMMENTS**

**ADJOURNMENT**

The next Regular Meeting of the City Council will be September 10, 2013, in the City Council Chamber, located at 24035 El Toro Road, Laguna Hills, California.

**CERTIFICATION**

I, PEGGY J. JOHNS, City Clerk of the City of Laguna Hills, do hereby certify that a copy of the foregoing Agenda was posted at Laguna Hills City Hall, Laguna Hills Community Center, and La Paz Center by August 23, 2013, at 5:00 PM.

Peggy J. Johns
**PEGGY J. JOHNS, CITY CLERK**

August 23, 2013
**DATE**

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

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

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

# City of Laguna Hills
## City Council Meeting Agenda
## Staff Report

**DATE:** AUGUST 27, 2013

**TO:** MAYOR AND COUNCIL MEMBERS

**FROM:** PEGGY J. JOHNS
CITY CLERK

**ISSUE:** TEN YEAR ANNIVERSARY AWARD

**RECOMMENDATION: THAT MAYOR KOGERMAN RECOGNIZE NANCY GAGGIOLI, RECEPTIONIST/CASHIER, FOR TEN YEARS OF SERVICE TO THE CITY OF LAGUNA HILLS AND PRESENT A CERTIFICATE OF RECOGNITION AND GIFT.**

**SUMMARY:**

At this meeting, Mayor Kogerman will recognize Nancy Gaggioli, Receptionist/Cashier, for ten years of service to the City of Laguna Hills. Nancy was first hired as a part time clerical “floater” on April 15, 2002; she was promoted to her present position as full time Receptionist/Cashier on August 25, 2003.

Employees are recognized when they are with the City for five years with a Certificate of Recognition and Laguna Hills Pen and Pencil Set. Employees with ten and fifteen years of service are recognized at a City Council meeting with the Mayor presenting a Certificate of Recognition and a gift.

**ATTACHMENT:**

- Certificate of Recognition

# CERTIFICATE OF RECOGNITION

# NANCY GAGGIOLI

## RECEPTIONIST/CASHIER

## Ten Year Service Award

**WHEREAS,** *Nancy Gaggioli was hired by the City on April 15, 2002, as a part-time clerical "floater"; and was promoted to her present position as full time Receptionist/Cashier on August 25, 2003; and*

**WHEREAS,** *it is the policy and practice of the City of Laguna Hills to attract and retain highly qualified and motivated people; and*

**WHEREAS,** *Nancy Gaggioli has served the City of Laguna Hills in a professional, caring, and conscientious manner for ten years now; and*

**WHEREAS,** *such service has greatly contributed to the overall success of the City in its efforts to provide quality local government services, programs, and projects to the residents and businesses of Laguna Hills; and*

**WHEREAS,** *it is an honor to recognize the length and quality of your service to the City.*

**NOW, THEREFORE,** *I, Barbara D. Kogerman, Mayor, on behalf of the City Council, do hereby express appreciation to Nancy Gaggioli for ten years of service to the City of Laguna Hills.*

**Dated this 27th day of August 2013.**

*Barbara D. Kogerman, Mayor*

# City of Laguna Hills
## City Council Meeting Agenda
## Staff Report

**DATE:** JULY 9, 2013

**TO:** MAYOR AND COUNCIL MEMBERS

**FROM:** PEGGY J. JOHNS
CITY CLERK

**ISSUE:** CERTIFICATE OF RECOGNITION FOR KIDS KONNECTED, A NON-PROFIT ORGANIZATION, FOR 20 YEARS OF SERVICE TO THE COMMUNITY

**RECOMMENDATION:** THAT MAYOR KOGERMAN PRESENT A CERTIFICATE OF RECOGNITION TO REPRESENTATIVES OF KIDS KONNECTED RECOGNIZING THEIR SERVICE TO THE COMMUNITY.

**SUMMARY:**

Kids Konnected is a non-profit organization, founded twenty years ago to provide frienship, understanding, education, and support for kids and teens who have a parent with cancer or have lost a parent with cancer. Laguna Hills has been home to Kids Konnected corporate offices for the past 19 years, serving our community by providing a compassionate and caring environment through support groups, summer camps, education, bereavement workshops, and fun events.

The City of Laguna Hills would like to recognize Kids Konnected for their 20-year milestone by presenting a Certificate of Recognition to Executive Director Jackie Leeman, and Youth leaders from Kids Konnected, who would also like to briefly speak about how the organization has changed their lives.

**ATTACHMENT:**

- Certificate

# CERTIFICATE OF RECOGNITION
# KIDS KONNECTED
## 20-YEAR ANNIVERSARY

**WHEREAS**, *founded twenty years ago by then 11 year-old, John Wagner-Holtz, from Mission Viejo, California, Kids Konnected is dedicated to providing friendship, understanding, education, and support for kids and teens who have a parent with cancer or have lost a parent with cancer; and*

**WHEREAS**, *Laguna Hills has been home to Kids Konnected corporate offices for the past 19 years, serving our community by providing a compassionate and caring environment through support groups, summer camps, education, bereavement workshops, and fun events; and*

**WHEREAS**, *Kids Konnected, in the past 20 years, has been able to reach 6,200 families nationwide through their "Hope the Bear" Cancer Resource Package; 8,450 children have received their own "Hope" teddy bear to help them cope with their parent's cancer or loss of a parent; 2,450 children and teens have gotten a break from cancer through attending their summer camp program; and 25,400 children and teens have received much needed friendship and understanding through support groups.*

**NOW, THEREFORE**, *I, Barbara D. Kogerman, Mayor, on behalf of the City Council of the City of Laguna Hills, California, do hereby commend Kids Konnected on their 20-Year Milestone and for their positive support to the community, and encourage all residents to participate in activities held to commemorate this observance.*

**Dated this 27th day of August 2013.**

**BARBARA D. KOGERMAN, MAYOR**

# City of Laguna Hills
## City Council Meeting Agenda
## Staff Report

**DATE:** AUGUST 27, 2013

**TO:** MAYOR AND COUNCIL MEMBERS

**FROM:** PEGGY J. JOHNS
CITY CLERK

**ISSUE:** CERTIFICATE OF RECOGNITION FOR CROSSLINE COMMUNITY CHURCH

**RECOMMENDATION: THAT MAYOR KOGERMAN PRESENT A CERTIFICATE OF RECOGNITION TO EXECUTIVE PASTOR GREG MUNCK, OF CROSSLINE COMMUNITY CHURCH, FOR SERVICE TO THE COMMUNITY.**

**SUMMARY:**

Crossline Community Church, located in Laguna Hills, has been a positive and supportive force in the community by providing many important services and events. The Laguna Hills City Council is proud to recognize community-based organizations for their contributions.

Some of their notable contributions to the community are the Crossline Church Food Pantry, Soul Surfin TVBS (Total Vacation Bible Sensation) attended by over 800 kids from the community, the Big Ring Century Ride with 100-, 62- and 20-mile Orange County road bike courses, with proceeds benefitting the poor in Malawi, Africa, through the Crossline Missions partner World Vision and FaithQuest, Helicopter Easter Egg Drop, and their annual Christmas Festival, to name a few.

**ATTACHMENT:**

- Certificate

# CERTIFICATE OF RECOGNITION

# CROSSLINE COMMUNITY CHURCH

**WHEREAS,** *Crossline Community Church has been a positive and supportive force in the community by providing many services and events; and*

**WHEREAS,** *Crossline Community Church operates their community food pantry, which is open every Sunday – Wednesday 10 – 1 and Thursday night from 6 – 8 pm; and*

**WHEREAS,** *from July 15-19, Crossline Community Church conducted their Soul Surfin TVBS (Total Vacation Bible Sensation), where over 800 kids from the community participated daily to play water games, crafts, sing, learn and had the time of their lives; and*

**WHEREAS, on** *June 15, 2013, Crossline Community Church participated in the Big Ring Century Ride, with 100-, 62- and 20-mile Orange County road bike courses, with the proceeds benefitting the poor in Malawi, Africa, through Crossline Missions partner World Vision and FaithQuest; and*

**WHEREAS,** *on March 30, 2013, Crossline Community Church conducted their helicopter egg drop and parachuting Easter Bunny, where over 6,000 people attended Crossline's 2nd Annual Community Egg Drop to enjoy a modern take on the classic Easter Egg Hunt.*

**NOW, THEREFORE,** *I, Barbara Kogerman, Mayor, on behalf of the City Council of the City of Laguna Hills, California, do hereby commend Crossline Community Church's efforts to serve the Community and work together to meet the needs of our neighbors.*

**Dated this 27th day of August 2013.**

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**BARBARA D. KOGERMAN, MAYOR**

# City of Laguna Hills
## City Council Meeting Agenda
## Staff Report

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**DATE:** AUGUST 27, 2013

**TO:** MAYOR AND COUNCIL MEMBERS

**FROM:** PEGGY JOHNS
CITY CLERK

**ISSUE:** SDG&E SUMMER READINESS PROGRAM

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**RECOMMENDATION: THAT THE CITY COUNCIL RECEIVE AN ORAL PRESENTATION FROM DUANE CAVE, EXTERNAL RELATIONS MANAGER - SOUTH ORANGE COUNTY, ON SDG&E'S SUMMER READINESS PROGRAM.**

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**SUMMARY:**

Duane Cave, External Relations Manager – South Orange County, will be presenting an overview of SDG&E's 2013 Summer Readiness Program. With San Onofre off line permanently and the recent CPUC Rate Case completed, this summer will see some challenges.

**ATTACHMENTS:**

- PowerPoint Presentation

# Summer Preparedness in South Orange County

Duane Cave – External Relations Manager
August 27, 2013

A Sempra Energy utility™



8/27/2013 ITEM NO. 1.4

# *2013 SDG&E Summer Outlook*

SDGE connected
A Sempra Energy utility™

- SDG&E expects to meet summer demand, but there could be tight days when we will need help from customers conserving and demand response
  - Without SONGS, there are challenges
- SDG&E's projected **peak demand** is around **4,600 MW** under normal summer conditions, however, an unusually hot summer **peak demand** can reach **5,100 MW**
- In 2012, SDG&E completed the Sunrise Powerlink which has greatly increased reliability, allowed renewable development in Imperial Valley to flourish and increased Southern California's ability to import power
- In addition, SDG&E has completed several transmission upgrade projects that will strengthen the system and help us reliably serve our customers in 2013 and beyond

# Hot and/or High Risk Days

SDGE connected
A Sempra Energy utility

- Historically, the peak electric demand in SDG&E's service territory occurs in late August to early September.
  - However , heat waves can occur any time during the summer months.
- South Orange County normally gets 2-3 heat waves each summer, each lasting about 3-4 days.
  - Consequently, calls for conservation could be made 6 – 12 days due to weather variability.
- Last year was an average summer and we are expecting warmer than average (2-4 degrees) summer this year.
- Operational issues, such as the loss of a major plant or transmission line, or statewide issues, could trigger the need for conservation at any time.

# Summer Bills Outlook

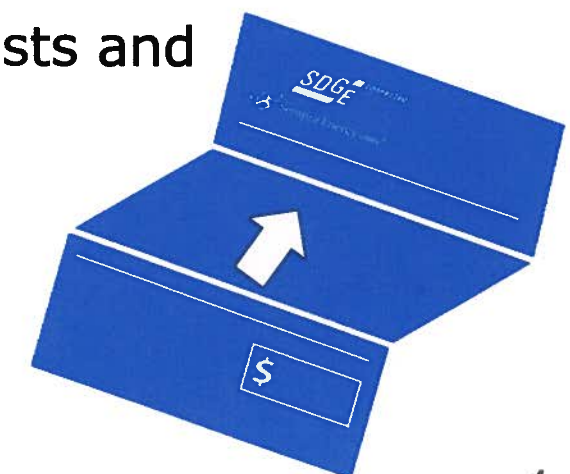
SDGE connected
A Sempra Energy utility

- Several changes in SDG&E's electric rates will go into effect this year increasing bills for about **25 percent of customers** as soon as **June 1**

- These changes in 2013 are among the **toughest challenges** SDG&E and **our customers have faced in a decade**

- A number of factors are driving up utility costs and customers' bills

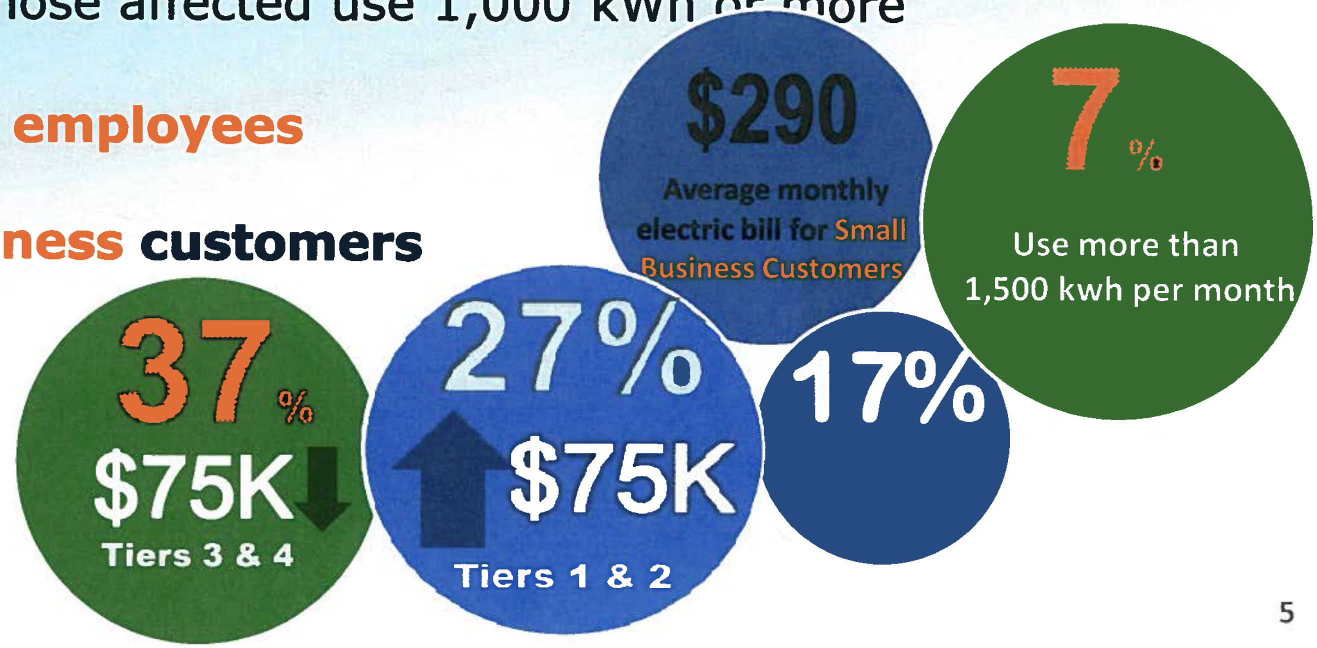
- Customers in **Tiers 3 & 4 will carry the burden** of these increases



# Who's affected?

About **25 percent or 1 in 4 SDG&E customers**, including:

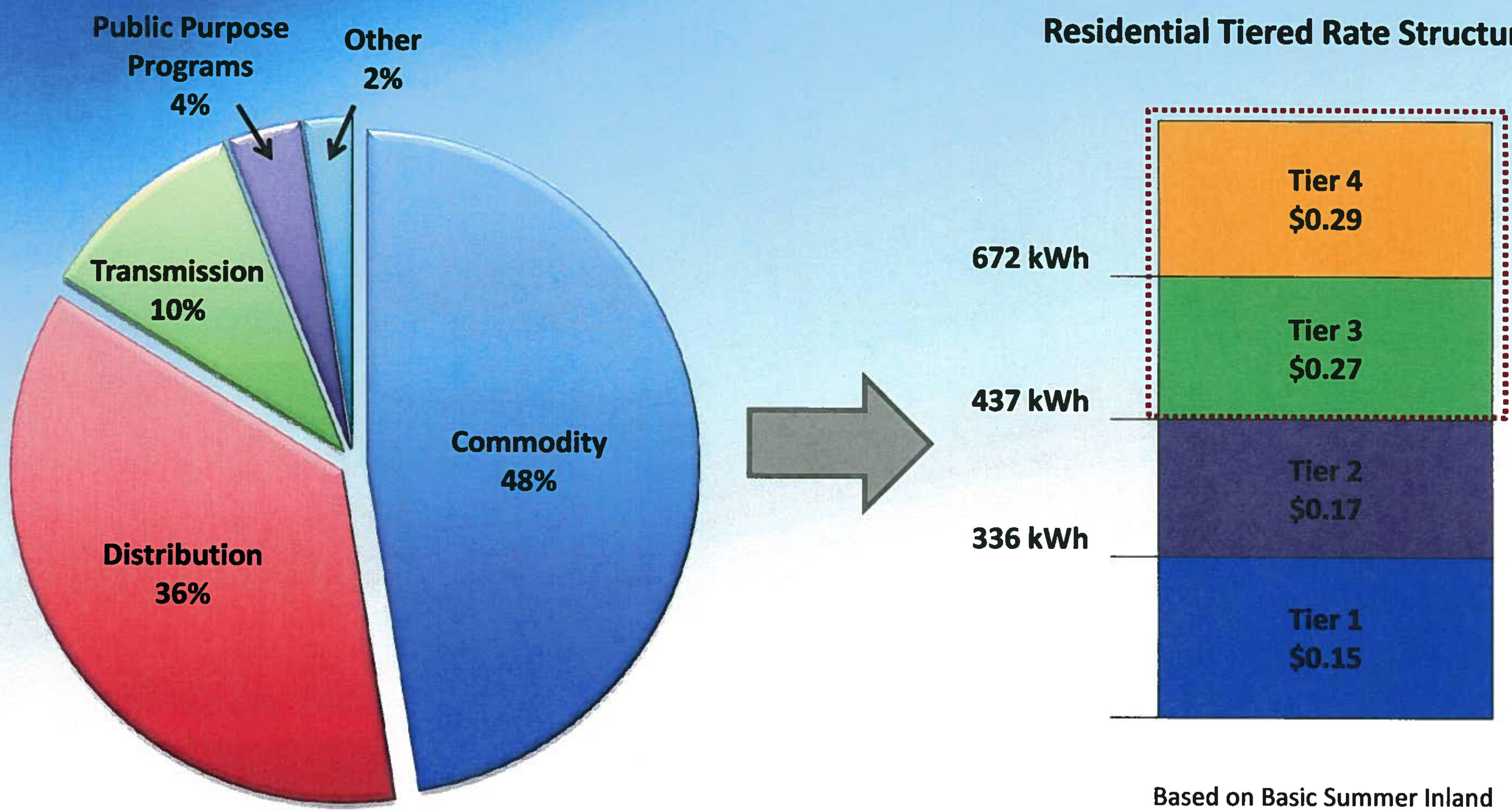
- **Approximately 300,000 residential customers**
  - Electricity usage in Tiers 3 and 4
  - Monthly electric bills of more than $80
  - Usage of more than 500 kilowatt-hours (kWh)/month
  - Majority of those affected use 1,000 kWh or more
- **~1,200 SDG&E employees**
- **All 80,000 business customers**






8/27/2013 ITEM NO. 1.4

# For residential customers, what's included in an electric bill?




Based on Basic Summer Inland
Effective as of 01/01/13

# What's causing Summer bill increases?

SDGE connected
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**GRC costs**

- **A Smart & Reliable Grid** to manage intermittent solar, wind, & growing EV demand, to re-route power automatically through smart switches
- **Safety** through fire hardening & weather stations
- **Higher insurance costs** of wildfire liability, health care
- **Compliance** with more stringent GHG environmental laws

**Commodity Costs (ERRA pending)**

- **33%** renewable resources required by 2020, cost of renewable contracts hits bills this year
- **SONGS** replacement power
- **DWR** replacement contracts

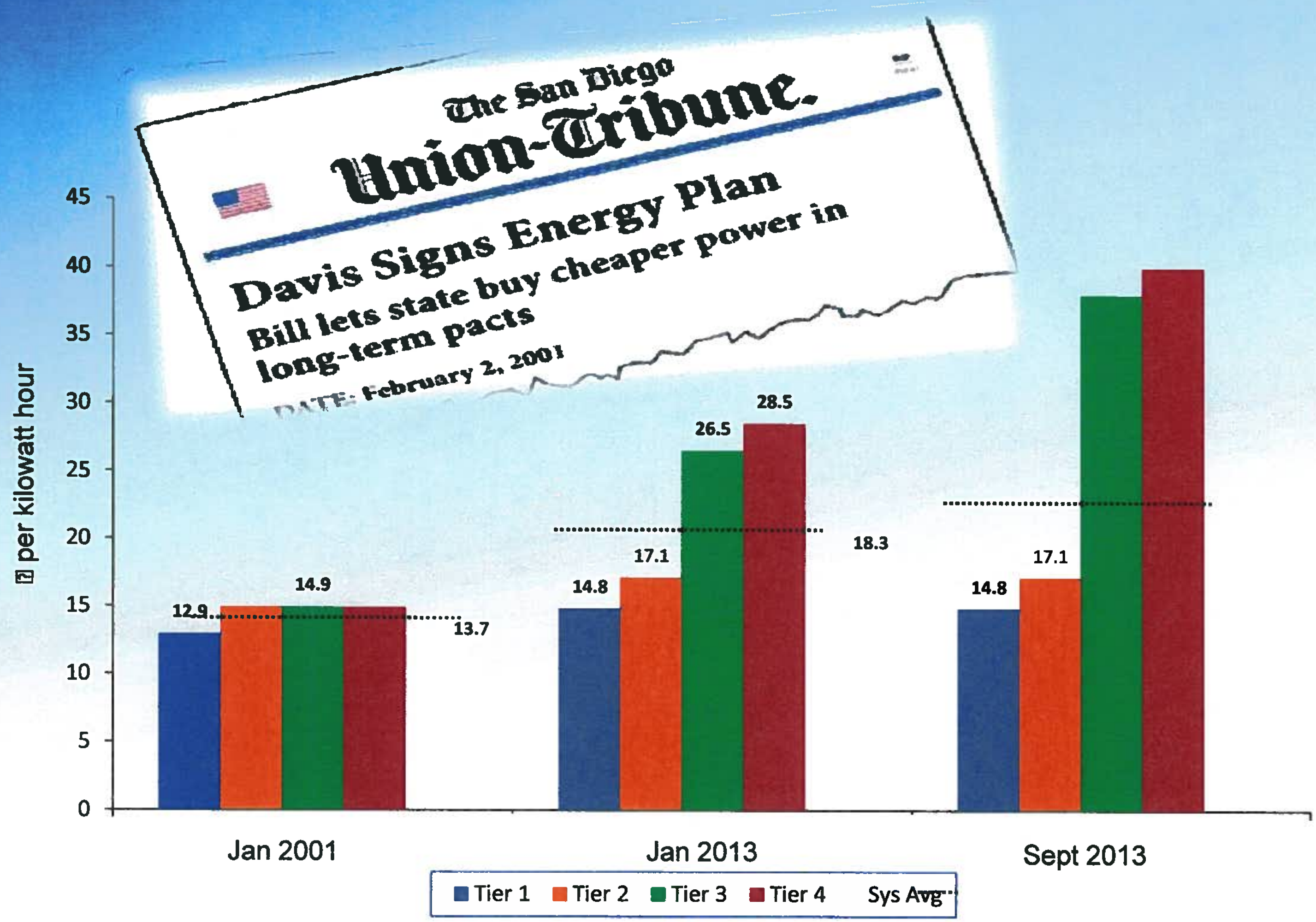
**Regulatory Timing**

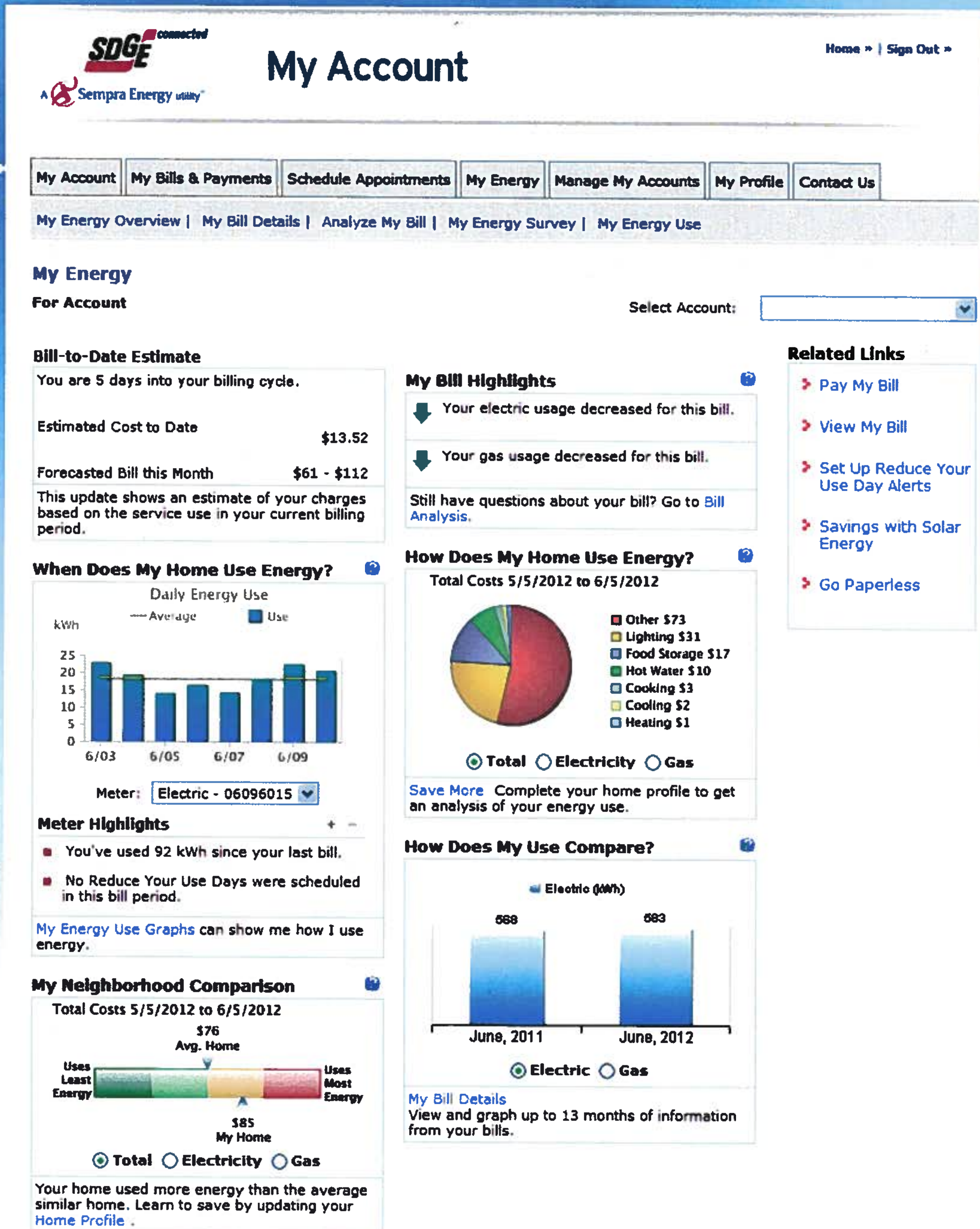
- GRC covers 2012-2015 period
- 17 months without an operating budget
- Catch-up 2012-2013 revenues to be collected **Sept 1**
- **FLAWED RATE DESIGN...**

# Legacy AB1x Rate Design

New Costs Disproportionately Borne by Tiers 3 & 4

SDGE connected
A Sempra Energy utility



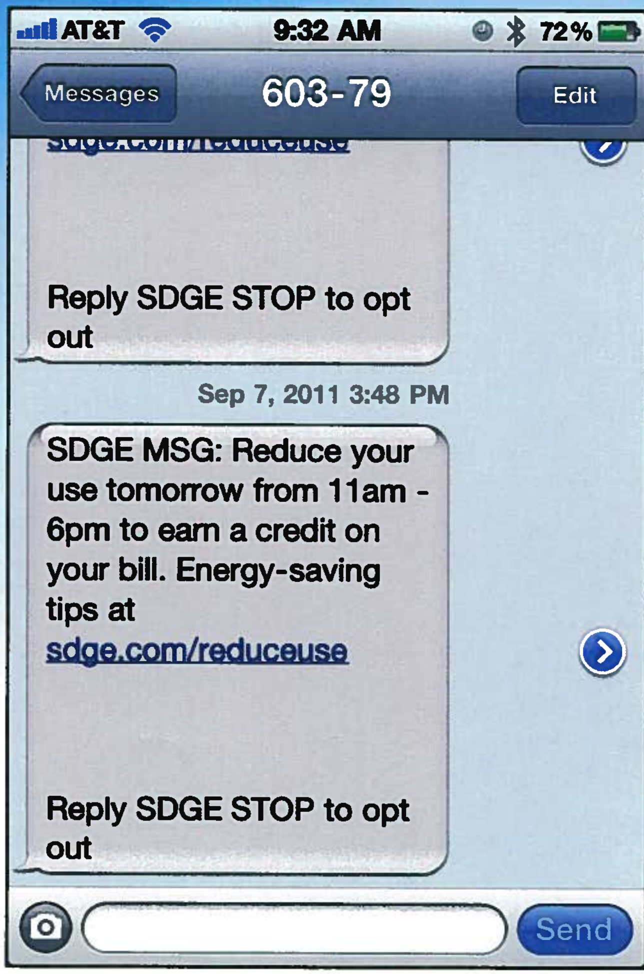


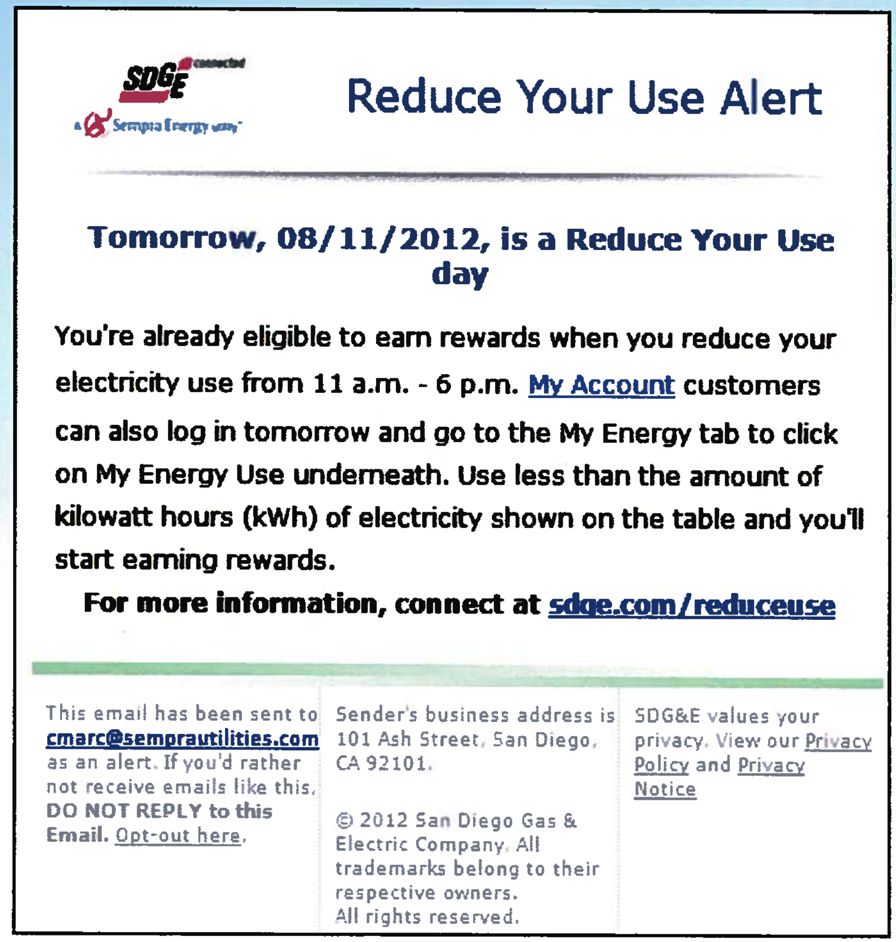

- Snapshot of your Energy Information
- Enhanced Energy Management functionality
- Links for more in depth analysis
- Tools you can use to customize Energy Plan

# Reduce Your Use Day Rewards

SDGE connected
A Sempra Energy utility

- In 2012, SDG&E rolled out Reduce Your Use. All residential customers are encouraged to sign up for alerts:



## Reduce Your Use Alert

**Tomorrow, 08/11/2012, is a Reduce Your Use day**

You're already eligible to earn rewards when you reduce your electricity use from 11 a.m. - 6 p.m. My Account customers can also log in tomorrow and go to the My Energy tab to click on My Energy Use underneath. Use less than the amount of kilowatt hours (kWh) of electricity shown on the table and you'll start earning rewards.

**For more information, connect at sdge.com/reduceuse**

This email has been sent to cmarc@semprautilities.com as an alert. If you'd rather not receive emails like this, **DO NOT REPLY to this Email.** Opt-out here.

Sender's business address is 101 Ash Street, San Diego, CA 92101.



SDG&E values your privacy. View our Privacy Policy and Privacy Notice

# *What can you and your family do to help?*

SDGE connected
A Sempra Energy utility

- **Conservation/Energy-saving tips:**
  - Turn off unneeded lights, computers and appliances when not in use
  - Close your blinds, shades or drapes during the hottest part of the day to block out the sun's heat
  - Replace regular light bulbs with CFLs or LEDs
  - Filter pools and spas in the early morning or after the sun goes down
  - Use smart strips and reduce vampire loads (unplugging unused charging devices)
  - Change out a single speed pool pump to a variable speed one
  - Sign up for our Summer Saver AC load cycling program—reduce your bills and get a credit

## CAISO Flex Alerts

SDGE connected
A Sempra Energy utility

# If CAISO officials call a **Flex Alert:**

- Turn off unneeded lights
- Use electric appliances after 6 p.m.
- Adjust your A/C to 78 or higher

www.flexalert.org

SDGE connected

A Sempra Energy utility

# Thank you!

# CITY OF LAGUNA HILLS, CALIFORNIA
# CITY COUNCIL/PLANNING AGENCY
# REGULAR MEETING
# MINUTES
# JULY 09, 2013

## GENERAL BUSINESS - CONVENING AT 7:00 PM

## CALL TO ORDER

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

**PLEDGE OF ALLEGIANCE:** Mayor Pro Tempore Blount

## ROLL CALL OF CITY COUNCIL MEMBERS

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

## 1. PRESENTATIONS AND PROCLAMATIONS

1.1 RECOGNITION OF ANNIE PANKOWSKI, U.S. WOMEN'S HOCKEY NATIONAL TEAM

MAYOR KOGERMAN PRESENTED A CERTIFICATE TO ANNIE PANKOWSKI RECOGNIZING HER ACCOMPLISHMENT OF BEING SELECTED FOR THE U.S. WOMEN'S HOCKEY NATIONAL TEAM.

1.2 ORANGE COUNTY TRANSPORTATION AUTHORITY PRESENTATION ON THE I-5 WIDENING FROM SR-73 TO EL TORO ROAD

THE CITY COUNCIL RECEIVED A PRESENTATION FROM HAMID TORKAMANHA, PROJECT MANAGER, HIGHWAY PROJECT DELIVERY FROM THE ORANGE COUNTY TRANSPORTATION AUTHORITY ON THE I-5 WIDENING FROM SR-73 TO EL TORO ROAD.

## 2. PUBLIC COMMENTS

**NEIGHBORHOOD DISTURBANCE**

Janice Weitz, Laguna Hills, spoke regarding the loud parties and barking dogs adjacent to her property.

## 3. MINUTES

3.1 REGULAR MEETING, JUNE 25, 2013

**MOTION TO APPROVE THE MINUTES OF THE JUNE 25, 2013, REGULAR MEETING, BY M/COUNCIL MEMBER BRESSETTE, S/COUNCIL MEMBER GILBERT.**
**APPROVED BY A VOTE OF 5-0**

**4. CONSENT CALENDAR**

**MOTION TO APPROVE THE CONSENT CALENDAR, WITH CITY MANAGER CHANNING/COUNCIL MEMBER BRESSETTE REMOVING ITEM NO. 4.2; COUNCIL MEMBER BRESSETTE REMOVING ITEM NO. 4.4; MAYOR KOGERMAN REMOVING ITEM NO. 4.9; AND COUNCIL MEMBER CARRUTH REMOVING ITEM NOS. 4.10 AND 4.11, BY M/COUNCIL MEMBER BRESSETTE, S/COUNCIL MEMBER CARRUTH.**
**APPROVED BY A VOTE OF 5-0.**

4.1 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.

4.3 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ESTABLISHING EMPLOYER PAID MEMBER CONTRIBUTIONS TO THE CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM AS SET FORTH IN SECTION 414(H)(2) OF THE INTERNAL REVENUE CODE (IRC) AND RESCINDING RESOLUTION NO. 2008-12-09-5

THE CITY COUNCIL ADOPTED RESOLUTION NO. 2013-07-09-1, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ESTABLISHING EMPLOYER PAID MEMBER CONTRIBUTIONS TO THE CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM AS SET FORTH IN SECTION 414(H)(2) OF THE INTERNAL REVENUE CODE (IRC) AND RESCINDING RESOLUTION NO. 2008-12-09-5.

4.5 ADOPTION OF THE 2013-14 CIVIC CENTER BUDGET

THE CITY COUNCIL APPROVED AND ADOPTED THE 2013-14 CIVIC CENTER BUDGET.

4.6 APPROVE PROPOSED LEASE AGREEMENT FOR 24031 EL TORO ROAD, SUITE 260, LAGUNA HILLS, CALIFORNIA, WITH THE LAW OFFICES OF RICK J. FINELLI, LLP

THE CITY COUNCIL APPROVED THE PROPOSED LEASE AGREEMENT, FOR 24031 EL TORO ROAD, SUITE 260, LAGUNA HILLS, CALIFORNIA, WITH THE LAW OFFICES OF RICK J. FINELLI, LLP, AND AUTHORIZED THE CITY MANAGER TO EXECUTE THE PROPOSED LEASE AGREEMENT.

4.7 SOLID WASTE AND RECYCLING CONSULTING SERVICES AGREEMENT WITH ECONOMICS, INC., FOR THE TWO YEAR BUDGET CYCLE

THE CITY COUNCIL APPROVED THE RECYCLING CONSULTING SERVICES AGREEMENT BETWEEN ECONOMICS, INC., AND THE CITY OF LAGUNA HILLS AND AUTHORIZED THE CITY MANAGER TO EXECUTE THE AGREEMENT.

4.8 CONTRACT CHANGE ORDER NO. 1 AND PROGRESS PAYMENT NO. 2, FINAL, FOR CIVIC CENTER SUITE 100B IMPROVEMENTS

THE CITY COUNCIL APPROVED CONTRACT CHANGE ORDER NO. 1 AND PROGRESS PAYMENT NO. 2, FINAL, IN THE NET AMOUNT OF $17,740.56, TO INNOVATIVE BUILDERS & DESIGN, FOR THE CIVIC CENTER SUITE 100B IMPROVEMENTS, AND AUTHORIZED THE FILING OF THE NOTICE OF COMPLETION AND SUBSEQUENT RELEASE OF RETENTION IN 35 DAYS IF NO LIENS HAVE BEEN FILED.

4.12 FY 2013-2014 SCHOOL CROSSING GUARD AGREEMENT

THE CITY COUNCIL APPROVED THE PROPOSED CROSSING GUARD SERVICES AGREEMENT FOR FY 2013-2014 AND AUTHORIZED THE CITY MANAGER TO EXECUTE THE AGREEMENT BETWEEN THE CITY OF LAGUNA HILLS AND ALL CITY MANAGEMENT SERVICES.

4.13 APPROVE ACCOMMODATION LICENSE AGREEMENT FOR THE USE OF 24031 EL TORO ROAD, SUITE 220, LAGUNA HILLS, CALIFORNIA, WITH VILMA M. AARONS AND GENEVIEVE WALLS

THE CITY COUNCIL APPROVED THE PROPOSED ACCOMMODATION LICENSE AGREEMENT, AS REVISED, FOR 24031 EL TORO ROAD, SUITE 220, LAGUNA HILLS, CALIFORNIA, WITH VILMA M. AARONS AND GENEVIEVE WALLS AND AUTHORIZED THE CITY MANAGER TO EXECUTE THE ACCOMMODATION LICENSE AGREEMENT.

**ITEMS REMOVED FROM THE CONSENT CALENDAR**

4.2 APPROVAL OF WARRANT REGISTER FOR PERIOD ENDED JULY 09, 2013

City Manager Channing/Council Member Bressette removed this item from the Consent Calendar to discuss the second payment scheduled to Pyro

Engineering, Inc. City Manager Channing recommended not issuing the warrant for this payment and had invited Orange County Fire Authority (OCFA) Fire Marshall, Dave Montgomery, and Mr. Newman, representative with Bay Fireworks (Pyro Engineering), to comment on the outcome of the fireworks display on Thursday, July 4, 2013, at the City of Laguna Hills. It was noted for the record that Mr. Newman was not present at the meeting.

OCFA Fire Marshall Montgomery explained his reasoning for cancelling the remainder of the 4th of July fireworks show due to safety reasons.

**MOTION THAT THE CITY COUNCIL NOT AUTHORIZE FINAL PAYMENT TO PYRO ENGINEERING, INC., AND DIRECTED STAFF TO DEMAND A FULL REFUND FROM PYRO ENGINEERING, INC., AS A RESULT OF THEIR FAILURE TO PERFORM THE SERVICES AS CONTRACTED FOR BY THE CITY OF LAGUNA HILLS, BY M/MAYOR KOGERMAN, S/COUNCIL MEMBER BRESSETTE. APPROVED BY A VOTE OF 5-0.**

**MOTION TO APPROVE THE BALANCE OF THE WARRANT REGISTER, IN THE AMOUNT OF $397,891.64, WITHOUT PAYMENT TO PYRO ENGINEERING, INC., THE AMOUNT OF $12,250.00, BY M/COUNCIL MEMBER BRESSETTE, S/COUNCIL MEMBER CARRUTH.**
**APPROVED BY A VOTE OF 5-0.**

4.4 AUTHORIZATION TO LEASE CITY VEHICLE

Council Member Bressette inquired whether staff had analyzed the difference between leasing and purchasing a City vehicle.

City Manager Channing stated that staff had not made a thorough comparison of the cost of purchasing versus the cost of leasing. Staff took this approach as they understood it was a preference on the part of the City Council in regards to this particular vehicle. City Manager Channing indicated that it was less expensive to keep a vehicle for a sufficient period of time, particularly when purchased with cash without financing charges. City Manager Channing recommended that staff bring back a report with options on purchasing rather than leasing a City vehicle.

**THE CITY COUNCIL DIRECTED STAFF TO AUTHORIZE COMMENCEMENT OF THE PROCUREMENT PROCESS FOR A PURCHASED CITY VEHICLE, BY M/COUNCIL MEMBER BRESSETTE, S/COUNCIL MEMBER CARRUTH.**
**APPROVED BY A VOTE OF 5-0.**

4.9 APPLICATION FOR THE CYCLE 6 HIGHWAY SAFETY IMPROVEMENT PROGRAM (HSIP), SAFE ROUTES TO SCHOOL

Mayor Kogerman removed this item from the Consent Calendar to state that if the City was successful in this grant, additional funds would be available to assist with the City project of widening the sidewalk adjacent to Valencia Elementary School.

**THE CITY COUNCIL APPROVED THE GRANT APPLICATION FOR THE CYCLE 6 HIGHWAY SAFETY IMPROVEMENT PROGRAM (HSIP), BY M/MAYOR KOGERMAN, S/COUNCIL MEMBER CARRUTH.**
**APPROVED BY A VOTE OF 5-0.**

4.10 CONTRACT CHANGE ORDER NO. 1 FOR CIVIC CENTER IMPROVEMENTS - CARPETING & FLOORING

Council Member Carruth indicated she removed this item from the Consent Calendar to inquire about the source of the moisture found in the concrete foundation. Public Services Director Rosenfield stated that a singular source was not identified; however, the building was sitting on silt-clay soil and it was possible the moisture had accumulated over several years. Public Services Director Rosenfield stated that the only solution was to seal the concrete slab, and that staff would be monitoring future moisture concerns within the building.

**THE CITY COUNCIL APPROVED CONTRACT CHANGE ORDER NO. 1 FOR CIVIC CENTER IMPROVEMENTS - CARPETING & FLOORING, BY M/COUNCIL MEMBER CARRUTH, S/COUNCIL MEMBER BRESSETTE.**
**APPROVED BY A VOTE OF 5-0.**

4.11 FY 2013-2014 TRAUMA INTERVENTION PROGRAM AGREEMENT

Council Member Carruth removed this item from the Consent Calendar to indicate that she would not be supporting this item. Council Member Carruth stated she had never been persuaded that there was a direct connection or benefit for Laguna Hills residents. Council Member Carruth believed Saddleback Memorial Medical Center should pick up the cost of this Agreement.

**THE CITY COUNCIL APPROVED THE PROPOSED VICTIM SUPPORT SERVICES AGREEMENT WITH TRAUMA INTERVENTION PROGRAM FOR FY 2013-2014 AND AUTHORIZED THE CITY MANAGER TO EXECUTE THE AGREEMENT BETWEEN THE CITY OF LAGUNA HILLS AND TRAUMA INTERVENTION PROGRAMS, INC., BY M/COUNCIL MEMBER BRESSETTE, S/COUNCIL MEMBER GILBERT.**
**APPROVED BY A VOTE OF 4-1 (COUNCIL MEMBER CARRUTH VOTING NO).**

## 5. PLANNING AGENCY

Mayor Kogerman recessed the City Council meeting and acting in the capacity of Chair, called the regular meeting of the Planning Agency of the City of Laguna Hills, California, to order at 8:15 PM.

5.1 ROLL CALL OF PLANNING AGENCY MEMBERS

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

5.2 PUBLIC COMMENTS

There were no Public Comments.

5.3 MINUTES

5.3.1 REGULAR MEETING, JUNE 25, 2013

**MOTION TO APPROVE THE MINUTES OF THE JUNE 25, 2013, REGULAR MEETING, BY M/AGENCY MEMBER CARRUTH, S/VICE CHAIR BLOUNT. APPROVED BY A VOTE OF 5-0.**

5.4 ADMINISTRATIVE REPORTS

There were no Administrative Reports.

5.5 PLANNING AGENCY PUBLIC HEARINGS

5.5.1 TENTATIVE PARCEL MAP & VARIANCE NO. 11-12-2428, A REQUEST TO SUBDIVIDE THE CABOT TOWN CENTER PROPERTY INTO FOUR PARCELS AT 25214-25272 CABOT ROAD IN THE (FC) FREEWAY COMMERCIAL ZONING DISTRICT.

Chair Kogerman opened the Public Hearing.

Jared Mathis, Mouldy LLC, representative indicated that he agreed to the additional Condition No. 13.

Chair Kogerman closed the Public Hearing.

**THE PLANNING AGENCY ADOPTED RESOLUTION NO. PA2013-07-09-1, A RESOLUTION OF THE PLANNING AGENCY OF THE CITY OF LAGUNA HILLS, CALIFORNIA, APPROVING TENTATIVE PARCEL MAP/VARIANCE NO. 11-12-2428, A REQUEST TO SUBDIVIDE THE CABOT TOWN CENTER PROPERTY INTO FOUR PARCELS AT 25214-25272 CABOT ROAD IN THE (FC) FREEWAY COMMERCIAL ZONING DISTRICT AND A REQUEST FOR A VARIANCE FROM THE MINIMUM SIDE SETBACK REQUIREMENT FOR THE EXISTING BUILDING ON PROPOSED PARCEL 2, AS AMENDED TO ADD CONDITION NO. 13 TO READ: "PRIOR TO RECORDATION, THE APPLICANT SHALL SUBMIT THE DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS ("CC&R'S"), IF ANY, PREPARED BY THE APPLICANT FOR THE SUBJECT PROPERTY TO THE CITY FOR REVIEW AND APPROVAL BY THE COMMUNITY DEVELOPMENT DIRECTOR, CITY ENGINEER, AND CITY ATTORNEY," BY M/AGENCY MEMBER BRESSETTE, S/AGENCY MEMBER CARRUTH. APPROVED BY A VOTE OF 5-0.**

**PLANNING AGENCY ADJOURNMENT**

Mayor Kogerman reconvened the City Council Meeting at 8:33 PM. All Council Members were present.

## 6. CITY COUNCIL PUBLIC HEARINGS

6.1 PUBLIC HEARING AND RECEIPT OF 2013 WEED ABATEMENT COST REPORT

Mayor Kogerman opened the Public Hearing and upon seeing no one rise, closed the Public Hearing.

**THE CITY COUNCIL RECEIVED AND FILED THE 2013 WEED ABATEMENT COST REPORT, BY M/COUNCIL MEMBER CARRUTH, S/MAYOR PRO TEMPORE BLOUNT.**
**APPROVED BY A VOTE OF 5-0.**

## 7. ADMINISTRATIVE REPORTS

Mayor Kogerman took this item out of order on the agenda.

7.2 Public Services Director/City Engineer

7.2.1 APPROVAL OF THE PLANS AND SPECIFICATIONS AND AUTHORIZATION TO ADVERTISE FOR BIDS FOR THE LA PAZ OPEN SPACE IMPROVEMENTS, MOULTON PARKWAY TO ALAMEDA AVENUE, CIP NO. 615A

Jerry Garner, representative of Vintage Real Estate, indicated that his firm opposed the proposed horse corral feature.

**THE CITY COUNCIL APPROVED THE PLANS AND SPECIFICATIONS ON FILE WITH THE OFFICE OF THE CITY CLERK AND AUTHORIZED THE ADVERTISEMENT FOR BIDS OF THE LA PAZ OPEN SPACE IMPROVEMENTS, MOULTON PARKWAY TO ALAMEDA AVENUE, CIP NO. 615A, BY M/COUNCIL MEMBER GILBERT, S/COUNCIL MEMBER CARRUTH.**
**APPROVED BY A VOTE OF 4-1 (COUNCIL MEMBER BRESSETTE VOTING NO).**

7.1 City Manager

7.1.1 EMPLOYMENT CLASSIFICATIONS, SALARY RANGES AND BENEFITS FOR MANAGEMENT, CONFIDENTIAL AND PART-TIME CLASSES OF EMPLOYMENT WITH THE CITY

**IT WAS THE CONSENSUS OF THE CITY COUNCIL TO CONTINUE THIS ITEM TO THE MEETING OF AUGUST 27, 2013, TO BRING BACK A REVISED RESOLUTION WITH THOSE OPTIONS AS PROVIDED BY CITY COUNCIL FOR MANAGEMENT, CONFIDENTIAL, AND PART-TIME CLASSES OF EMPLOYMENT WITH THE CITY.**

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

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

## 9. CITY COUNCIL MEMBER COMMENTS

**COUNCIL MEMBER CARRUTH**

Council Member Carruth thanked the Community Services staff for their hard work they gave to this year's Fourth of July event.

Council Member Carruth commented on the beautiful landscaping on Moulton Parkway in North Laguna Hills.

Council Member Carruth indicated the equestrian crossing at Gallup and Nellie Gail Road was complete.

Council Member Carruth commented on the very positive article that appeared in the Nellie Gail Pony Express regarding the City's Memorial Day Half Marathon 5K/10K Race.

**MAYOR KOGERMAN**

Mayor Kogerman reported that the Laguna Hills High School choir would be performing the National Anthem, on July 24, 2013, at 12:30 PM at the Orange County Fair.

Mayor Kogerman indicated that she would like the City of Laguna Hills to spear-head, along with other cities in South Orange County, the coordinating and encouraging everyone to pause on Veteran's Day, the eleventh day, eleventh hour, and eleventh minute, for a two-minute remembrance to honor all Veterans. Mayor Kogerman also requested that staff bring back a proclamation to the City Council for this event, and ask other South County Cities to follow the City's lead.

**ADJOURNMENT**

There being no further business before the City Council at this session, Mayor Kogerman declared the meeting adjourned at 10:55 PM.

________________________________
PEGGY J. JOHNS, CITY CLERK

ATTEST:

________________________________

BARBARA D. KOGERMAN, MAYOR

APPROVED AT MEETING OF _____________.

# City of Laguna Hills
## City Council Meeting Agenda
## Staff Report

**DATE:** AUGUST 27, 2013

**TO:** MAYOR AND COUNCIL MEMBERS

**FROM:** DONALD J. WHITE, ASSISTANT CITY MANAGER

**ISSUE:** APPROVAL OF WARRANT REGISTER FOR PERIOD ENDED AUGUST 27, 2013.

**RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE WARRANT REGISTER IN THE AMOUNT OF $2,292,471.20.**

**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:

*original signed*
DONALD J. WHITE
Assistant City Manager

August 27, 2013
DATE

**FISCAL IMPACT:**

The warrant register total is $2,292,471.20.

**ATTACHMENTS:**

1. **Warrant Register**

**CITY OF LAGUNA HILLS**
**WARRANT REGISTER**
**August 27, 2013**

| VENDOR | DESCRIPTION | CHECK NO. | AMOUNT |
|---|---|---|---|
| **PREPAID WARRANTS:** | | | |
| A. C. LANDSCAPE, INC. | *Water Management Services, Irrigation Repairs, Jul '13* | 8805792 | $ 1,089.04 |
| AGE WELL SENIOR SERVICES | *Florence Sylvester Senior Center Rehabilitation Project, CDBG, Jul '13* | 8805772 | 19,574.00 |
| ALICEA, MIA | *Contract Instructor Fee, Dancing Summer Session, Community Services* | 8805746 | 5,446.00 |
| ALISO MEADOWS CONDOMINIUM ASN. | *Progress Payment #2 12/13, Aliso Meadows Rehabilitation Project, CDBG, Jul '13* | 8805747 | 22,914.00 |
| ALISO MEADOWS CONDOMINIUM ASN. | *Progress Payment #3 12/13, Aliso Meadows Rehabilitation Project, CDBG, Jul '13* | 8805873 | 13,068.00 |
| ALL AMERICAN ASPHALT | *Progress Payment #5, Annual Street Maintenance CIP # 101-H* | 8805660 | 17,166.25 |
| ALL CITY MANAGEMENT, INC. | *Crossing Guard Services, 06/16/13 - 06/29/13* | 8805661 | 1,051.20 |
| ANDERSON AUDIO VISUAL - L. P. | *Audio Visual System Update, Council Chambers, Jun '13* | 8805662 | 2,594.35 |
| ANDERSON AUDIO VISUAL - L. P. | *Audio Visual System Update, Council Chambers, Jun '13* | 8805850 | 5,329.25 |
| AT&T | *Communication Expense, Administrative Services Fax Line, Jul '13* | 8805748 | 73.64 |
| AT&T- CALNET 2 | *Communication Expense, Alarm System, 2-Way Line, Switchboard, Modem, T-1 Line and Traffic Control, Jul '13* | 8805795 | 2,024.57 |
| AT&T MOBILITY | *Wireless Service, Jun '13* | 8805664 | 60.92 |
| AT&T MOBILITY | *Wireless Service, Jul '13* | 8805793 | 60.92 |
| ATHALYE CONSULTING ENGINEERING | *Professional Services, La Paz Widening @ I-5 CIP # 159* | 8805665 | 2,180.00 |
| BANK OF AMERICA | *Departmental Operating Expenditures, Jun '13* | 8805666 | 13,783.04 |
| BANK OF AMERICA | *Departmental Operating Expenditures, Jul '13* | 8805856 | 14,252.94 |
| BARNES, SCOTT | *Refund, Permit Fees, CR# 45212* | 8805749 | 825.00 |
| BIG TOP RENTALS | *Program Expense, 4th of July Event, Community Services* | 8805796 | 3,692.70 |
| BRADLEY, SABRINA | *Contract Instructor Fee, CPR Class Summer Session, Community Services* | 8805876 | 105.00 |
| BRAME, MARILYN | *Contract Instructor Fee, Drawing Spring Session, Community Services* | 8805857 | 196.00 |
| BUCKNAM & ASSOCIATES, INC. | *Professional Services, Pavement Management System Update, Jun '13* | 8805667 | 2,474.00 |
| BUREAU VERITAS NORTH AMERICA | *Professional Services, On-Call Inspections, Apr - Jun '13* | 8805668 | 22,040.00 |
| C&D ELECTRIC, INC. | *Lighting Repairs, Parks, Jun '13* | 8805669 | 130.84 |

**CITY OF LAGUNA HILLS**
**WARRANT REGISTER**
**August 27, 2013**

| VENDOR | DESCRIPTION | CHECK NO. | AMOUNT |
|---|---|---|---|
| C&D ELECTRIC, INC. | *Program Expense, 4th of July Event, Community Services* | 8805717 | 130.00 |
| C&D ELECTRIC, INC. | *Program Expense, 4th of July Event, Community Services, and Park Lighting Repairs, Jul '13* | 8805797 | 1,626.56 |
| C2 REPROGRAPHICS | *Printing Expense, Engineering, Jun '13* | 8805670 | 62.06 |
| C2 REPROGRAPHICS | *Printing Expense, Engineering, Ridge Route Pavement Rehabilitation CIP # 172, El Toro Road Pavement Rehabilitation CIP # 179 and Open Space Riparian Habitat CIP # 615* | 8805798 | 865.91 |
| CA BUILDINGS STANDARD COMMISSION | *Remittance, Building Fees Collected, Apr - Jun '13* | 8805671 | 464.00 |
| CALIF PARK & REC SOCIETY, INC. | *Membership, Parks, FY 13/14* | 8805799 | 625.00 |
| CALIFORNIA OFFICE SYSTEMS | *Usage - Copier, City Hall, Jun '13* | 8805773 | 844.20 |
| CALIFORNIA YELLOW CAB | *Dial-a-Taxi Senior Transportation Program, Jun '13* | 8805672 | 590.00 |
| CARL WARREN & COMPANY | *Processing Fee, Small Claims, Feb - Mar '13* | 8805674 | 78.85 |
| CARLSEN, SANDY | *Mileage Reimbursement, City Clerk, Apr - Jun '13* | 8805651 | 22.60 |
| CARR, JANE, PH.D. | *Professional Services, Employee Training, Jun '13* | 8805675 | 100.00 |
| CHARLES ABBOTT ASSOCIATES, INC. | *Professional Services, Plan Checking and Building & Safety Services, Jun '13* | 8805774 | 7,390.84 |
| COMMUNICATIONS LAB | *Professional Services, Combined Issue, City Views/Community Services Fall 2013 Activity Guide* | 8805718 | 1,050.00 |
| COMMUNITY BANK | *Retention Deposit, All American Asphalt, Progress Payment # 5, Annual Street Maintenance* | 8805676 | 1,907.36 |
| COMPLETE OFFICE OF CALIFORNIA | *Office Supplies, Community Center, Jun '13* | 8805677 | 272.46 |
| COMPLETE OFFICE OF CALIFORNIA | *Program and Operating Supplies, Community Center, Jul '13* | 8805719 | 331.52 |
| COMPLETE OFFICE OF CALIFORNIA | *Office Supplies, Community Center, Jul '13* | 8805800 | 133.44 |
| COSTCO/CAPITAL ONE COMMERCIAL | *Program Supplies, Community Services, Jun '13* | 8805673 | 50.23 |
| COSTCO/CAPITAL ONE COMMERCIAL | *Program Supplies, Community Services, Jul '13* | 8805858 | 510.89 |
| COUNTY OF ORANGE\PF&RD | *Remittance, CARITS & Moulton Pkwy Fees Collected, Apr - Jun '13* | 8805678 | 6,423.45 |
| COX COMMUNICATION | *Wi-Fi Service, Community Center, Jul '13* | 8805720 | 130.00 |
| COX COMMUNICATION | *Communication Expense, Traffic Control, Jul '13* | 8805750 | 179.00 |
| COX COMMUNICATION | *Wi-Fi Service, City Hall, Aug '13* | 8805801 | 130.00 |
| COX COMMUNICATION | *Wi-Fi Service, Community Center, Aug '13* | 8805859 | 130.00 |

**CITY OF LAGUNA HILLS**
**WARRANT REGISTER**
**August 27, 2013**

| VENDOR | DESCRIPTION | CHECK NO. | AMOUNT |
|---|---|---|---|
| COX COMMUNICATION | *Communication Expense, Traffic Control, Aug '13* | 8805885 | 179.00 |
| CRYSTAL DIGITAL IMAGES | *Annual Web Hosting GotFossils.com* | 8805679 | 100.00 |
| CT WEST, INC. | *Signal Control Devices, Traffic Signal Improvement Coordination CIP # 168* | 8805680 | 3,969.00 |
| CYBERSOURCE CORPORATION | *eCommerce Payment Gateway Service, Online Permits, Community Development, Jun '13* | 8805740 | 29.00 |
| CYBERSOURCE CORPORATION | *eCommerce Payment Gateway Service, Online Permits, Community Development, Jul '13* | 8805886 | 29.00 |
| DATA TICKET, INC. | *Parking Citation Processing Fee, Jun '13* | 8805851 | 505.67 |
| DELL COMPUTER CORPORATION | *Computer Hardware, Jun '13* | 8805681 | 37,694.21 |
| DELL COMPUTER CORPORATION | *Computer Hardware, Jun '13* | 8805775 | 11,112.16 |
| DELL COMPUTER CORPORATION | *Computer Hardware, Administrative Services, Jun '13* | 8805852 | 4,981.11 |
| DEPARTMENT OF CONSERVATION | *Remittance, SMIP Fees Collected, Apr - Jun '13* | 8805682 | 946.59 |
| DUNBAR ARMORED, INC. | *Courier Fee, Armored Transport, Jul '13* | 8805802 | 111.21 |
| ECHEVARRIA, LUCY | *Mileage Reimbursement, Community Services, Apr - Jun '13* | 8805776 | 101.70 |
| ECONOMICS, INC. | *Professional Services, Recycling Program, Jun '13* | 8805683 | 1,758.34 |
| EISENBERG, DALE | *Contract Instructor Fee, Aikido Summer Session, Community Services* | 8805803 | 665.00 |
| EL TORO WATER DISTRICT | *Water Usage, Parks, May '13* | 8805652 | 13,992.41 |
| EL TORO WATER DISTRICT | *Water Usage, Parks, Jun '13* | 8805932 | 15,406.42 |
| ELKINS, CHRISTINA | *Contract Instructor Fee, Dancing Summer Session, Community Services* | 8805804 | 480.20 |
| EVERBANK COMMERCIAL FINANCE | *Lease - Copier, City Hall, Jul '13* | 8805751 | 221.55 |
| FARHADI, DORNA | *Mileage Reimbursement, Administrative Services, Apr - Jun '13* | 8805653 | 19.21 |
| FAST FORMS | *Operating Supplies, Police Services, Jul '13* | 8805805 | 1,225.25 |
| FIRST STUDENT | *Program Expense, 1/2 Marathon and 5K Event, Community Services, May '13* | 8805684 | 1,503.75 |
| FIVE STAR TROPHIES | *Office Supplies, Jul '13* | 8805806 | 12.96 |
| FUN SERVICES | *Program Expense, 4th of July Event, Community Services* | 8805721 | 803.00 |
| GARNER, JERRY N. | *Refund SDP Fees, CR# 45825* | 8805752 | 1,675.00 |
| GOVPARTNER | *Hosting Fees, Request Partner, Jul '13* | 8805808 | 500.00 |

| VENDOR | DESCRIPTION | CHECK NO. | AMOUNT |
|---|---|---|---|
| GOV'T FINANCE OFFICERS ASSN | *Membership, Administrative Services, FY 13/14* | 8805807 | 250.00 |
| GREEN MART, INC. | *Operating Supplies, Parks, Jul '13* | 8805809 | 1,026.00 |
| GUADAGNO & SONS AMUSEMENTS | *Program Expense, 4th of July Event, Community Services* | 8805722 | 4,500.00 |
| HARTZOG & CRABILL, INC. | *Professional Services, Traffic Engineering Services, Jun '13* | 8805777 | 5,642.92 |
| HEART OF GOLD FOUNDATION, INC. | *Contract Instructor Fee, Cooking Class Summer Session, Community Services* | 8805723 | 126.00 |
| HENRY, LUCIA | *Contract Instructor Fee, Ceramics Summer Session, Community Services* | 8805724 | 608.30 |
| HINDERLITER, DE LLAMAS & ASSOC | *Professional Services, Sales Tax Recovery Fee 4th Qtr '12, Partial Payment* | 8805778 | 36.56 |
| HOME DEPOT | *Program Supplies and Building Maintenance, Community Services, Jun - Jul '13* | 8805810 | 953.19 |
| HYDROPOINT DATA SYSTEMS, INC. | *Subscription, Smart Irrigation Program Solutions, Parks, FY 13/14* | 8805811 | 360.00 |
| HYLAND SOFTWARE, INC. | *Agenda Management and Audio Web Access, Annual Software Maintenance, Oct '13 - Sep '14* | 8805725 | 5,399.00 |
| IP INTEGRATION, INC. | *Signal Control Devices, Traffic Signal Improvement Coordination CIP # 168* | 8805685 | 26,942.75 |
| IRON MOUNTAIN OFFSITE | *Off Site Data Storage, Jun '13* | 8805779 | 216.59 |
| IRV SEAVER MOTORCYCLES | *Motorcycle Maintenance, Police Services, Jul '13* | 8805812 | 47.00 |
| IRVINE COMMUNITY DEVEL COMPANY | *Refund Encroachment Permit Fees, CR# 42654* | 8805753 | 1,439.08 |
| IRVINE RANCH WATER DISTRICT | *Water Usage, Parks, Jun '13* | 8805741 | 159.99 |
| JAMEY CLARK, INC. | *Park Repairs and Graffiti Removal, Jun '13* | 8805686 | 2,507.39 |
| JAMEY CLARK, INC. | *Janitorial Services, Parks, Jul '13* | 8805726 | 3,391.10 |
| JAMEY CLARK, INC. | *Park Repairs, July 4th Janitorial Services, Graffiti Removal and Safety Inspections, Jul '13* | 8805813 | 2,144.78 |
| JCTEES.COM CORPORATION | *Program Supplies, Community Services, Jul '13* | 8805727 | 1,729.21 |
| JOE A. GONSALVES & SON | *Professional Services, Legislative Services, Aug '13* | 8805814 | 2,900.00 |
| KNIGHT, LORNA ANGELA | *Contract Instructor Fee, Yoga Summer Session, Community Services* | 8805815 | 2,822.40 |
| KOSMONT COMPANIES | *Professional Services, Economic Development, Jun '13* | 8805780 | 8,735.69 |
| KPRS CONSTRUCTION SERVICES, INC. | *Refund, C&D Deposit, CR# 45466* | 8805754 | 5,000.00 |
| KVO INDUSTRIES | *Park, Playground Signage, Jul '13* | 8805728 | 4,321.40 |
| LINDY OFFICE PRODUCTS | *Operating Supplies, Jul '13* | 8805818 | 93.62 |

CITY OF LAGUNA HILLS
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| VENDOR | DESCRIPTION | CHECK NO. | AMOUNT |
|---|---|---|---|
| MARTIN LOCK & SAFE CO. | *Facility Maintenance, Lock Service, City Hall, Jul '13* | 8805819 | 194.92 |
| MARTIN-RUSK, DINA | *Contract Instructor Fee, Zumba Summer Session, Community Services* | 8805729 | 353.50 |
| MARTIN-RUSK, DINA | *Contract Instructor Fee, Zumba Summer Session, Community Services* | 8805820 | 67.20 |
| MEDLOCK, GEORGE | *Contract Instructor Fee, Drumming Summer Session, Community Services* | 8805821 | 34.30 |
| MEEHAN, DANIEL | *Petty Cash Replenishment, Community Services, May - Jun '13* | 8805654 | 219.20 |
| MEEHAN, DANIEL | *Petty Cash Replenishment, Community Services, Jul '13* | 8805860 | 102.28 |
| MISSION HILLS PLAZA | *Refund, SDPA Fees, CR# 46014* | 8805688 | 275.00 |
| MOBILE MINI, INC. | *Storage Rental Fee, Community Services, Jul '13* | 8805730 | 83.16 |
| MOBILE MINI, INC. | *Storage Rental Fee, Community Services, Aug '13* | 8805822 | 83.16 |
| MOGAN, SANDI | *Mileage Reimbursement, City Clerk, Apr - Jun '13* | 8805655 | 6.78 |
| MOIR, CASEY | *Contract Instructor Fee, Build-A-Fort Program, Community Services* | 8805861 | 3,570.00 |
| MOULDY, LLC | *Refund, Grading Permit Fees, CR# 43628* | 8805755 | 432.12 |
| MOULTON NIGUEL WATER DISTRICT | *Water Usage Parks and Community Center, May - Jun '13* | 8805689 | 30,272.99 |
| MOULTON NIGUEL WATER DISTRICT | *Water Usage, Parks, Jun - Jul '13* | 8805862 | 26,091.89 |
| MUSCO SPORTS LIGHTING, LLC | *Maintenance, Lighting, Community Center Sports Complex, Jul '13 - Jun '14* | 8805823 | 1,600.00 |
| MYERS, JOHN | *Contract Instructor Fee, Tennis Classes Summer Session, Community Services* | 8805824 | 520.00 |
| N.E.A.D., INC. | *Professional Services, My City App, Information Technology, Jun '13* | 8805690 | 1,750.00 |
| N.E.A.D., INC. | *Professional Services, My City App, Information Technology, Jul '13* | 8805825 | 1,750.00 |
| NIEVES LANDSCAPE, INC. | *Other Assorted Landscape Services, May '13* | 8805691 | 304.21 |
| NIEVES LANDSCAPE, INC. | *Monthly Landscape Services, Jul '13* | 8805731 | 74,238.05 |
| NIEVES LANDSCAPE, INC. | *Other Assorted Landscape Services, Jul '13* | 8805826 | 801.56 |
| OC COUNCIL OF GOVERNMENTS | *Membership and Demographic Research, Jul '13 - Jun '14* | 8805827 | 4,826.21 |
| OFFICE SOLUTIONS | *Office and Operating Supplies, Jun '13* | 8805692 | 131.05 |
| OFFICE SOLUTIONS | *Office and Operating Supplies, Jul '13* | 8805732 | 274.32 |
| OFFICE SOLUTIONS | *Office and Operating Supplies, Jul '13* | 8805829 | 2,169.97 |

CITY OF LAGUNA HILLS
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| VENDOR | DESCRIPTION | CHECK NO. | AMOUNT |
|---|---|---|---|
| O'NEIL, STEPHEN | *Contract Instructor Fee, OC History Series, Spring Session, Community Services* | 8805742 | 150.00 |
| ORANGE COUNTY FIRE AUTHORITY | *Remittance, Fire Fees Collected, Jun '13* | 8805693 | 3,021.00 |
| ORANGE COUNTY POOLS | *Refund, Pool Bond, CR# 46193* | 8805899 | 500.00 |
| ORANGE COUNTY REGISTER-FREEDOM | *Legal Advertising, City Clerk, Jun '13* | 8805694 | 391.04 |
| ORANGE COUNTY TREASURER | *Animal Care Services, Jan - Mar '13* | 8805663 | 10,547.00 |
| ORANGE COUNTY TREASURER | *Public Safety 800 MHZ Communication Charge 4th Qtr 12/13* | 8805687 | 1,051.50 |
| ORANGE COUNTY TREASURER | *Traffic Signal Maintenance, Mar '13* | 8805711 | 14,719.37 |
| ORANGE COUNTY TREASURER | *LAFCO, City's Share, Jul '13 - Jun '14* | 8805733 | 3,462.30 |
| ORANGE COUNTY TREASURER | *Road Maintenance, Jun '13* | 8805782 | 48,472.26 |
| ORANGE COUNTY TREASURER | *Law Enforcement Services, Jul '13* | 8805816 | 557,370.85 |
| ORANGE COUNTY TREASURER | *Communication Charge, Law Enforcement, 1st Qtr 12/13* | 8805817 | 2,306.00 |
| ORANGE COUNTY TREASURER | *Parking Fee Surcharge, Jun '13* | 8805853 | 1,582.50 |
| OROS CONSULTING SERVICES, LLC | *Professional Services, Computer Consulting Services, Jun '13* | 8805656 | 6,207.50 |
| OROS CONSULTING SERVICES, LLC | *Professional Services, Computer Consulting Services, Jul '13* | 8805830 | 6,305.00 |
| PACK, DWAYNE | *Event Promotional Services, 1/2 Marathon and 5K Event, Community Services, May '13* | 8805695 | 325.00 |
| PARCELQUEST | *Subscription, On-Line Parcel Service, Planning, Jul '13 - Jun '14* | 8805831 | 960.00 |
| PARSONS BRINCKERHOFF | *Professional Services, La Paz Widening @ I-5 CIP # 159* | 8805781 | 10,770.15 |
| PLAY-WELL TEKNOLOGIES | *Contract Instructor Fee, Lego Creations Summer Session, Community Services* | 8805696 | 980.00 |
| PLAY-WELL TEKNOLOGIES | *Contract Instructor Fee, Lego Creations Summer Session, Community Services* | 8805734 | 980.00 |
| PLAY-WELL TEKNOLOGIES | *Contract Instructor Fee, Lego Creations Summer Session, Community Services* | 8805832 | 1,372.00 |
| PUBLIC STORAGE | *Storage Rental Fee, Public Works, Sep '13 - Aug '14* | 8805903 | 3,948.00 |
| QUESTYS SOLUTIONS | *Employee Training, City Clerk, Jun '13* | 8805854 | 600.00 |
| QUIKSILVER COURIER | *Delivery Services, Jun '13* | 8805697 | 59.28 |
| RALPHS GROCERY COMPANY | *Program Supplies, Community Services, May - Jun '13* | 8805698 | 232.43 |
| RALPHS GROCERY COMPANY | *Program Supplies, Community Services, Jun - Jul '13* | 8805833 | 114.50 |

CITY OF LAGUNA HILLS
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| VENDOR | DESCRIPTION | CHECK NO. | AMOUNT |
|---|---|---|---|
| REESE, HARRY E. | *Professional Services, Public Art Project, Mar '12 - Jul '13* | 8805855 | 3,000.00 |
| REFUND, COMMUNITY SVCS PROGRAM | *C. Fabarez, V# 2002840.002* | 8805699 | 69.00 |
| REFUND, COMMUNITY SVCS PROGRAM | *D. Mertens, V# 2002815.002* | 8805756 | 10.00 |
| REFUND, COMMUNITY SVCS PROGRAM | *T. Mays, V# 2002846.002* | 8805757 | 165.00 |
| REFUND, COMMUNITY SVCS PROGRAM | *D. Walsh, V# 2002853.002* | 8805758 | 138.00 |
| REFUND, COMMUNITY SVCS PROGRAM | *D. Bista, V# 2002883.002* | 8805905 | 169.00 |
| REFUND, FACILITY RENTAL DEPOSIT | *South Coast Singers, Inc., V# 2002830.002* | 8805657 | 500.00 |
| REFUND, FACILITY RENTAL DEPOSIT | *L. Vu, V# 2002836.002* | 8805658 | 250.00 |
| REFUND, FACILITY RENTAL DEPOSIT | *J. Hamilton, V# 2002831.002* | 8805701 | 263.75 |
| REFUND, FACILITY RENTAL DEPOSIT | *Advocates for Language Learning, V# 2002823.002* | 8805760 | 160.00 |
| REFUND, FACILITY RENTAL DEPOSIT | *Ketterman College Funding, V# 2002818.002* | 8805761 | 250.00 |
| REFUND, FACILITY RENTAL DEPOSIT | *P. Arboleda, V# 2002832.002* | 8805762 | 50.00 |
| REFUND, FACILITY RENTAL DEPOSIT | *P. Worcester, V# 2002869.002* | 8805763 | 250.00 |
| REFUND, FACILITY RENTAL DEPOSIT | *K. Rodriguez, V# 2002868.002* | 8805764 | 250.00 |
| REFUND, FACILITY RENTAL DEPOSIT | *I. Hipolito, V# 2002867.002* | 8805765 | 500.00 |
| REFUND, FACILITY RENTAL DEPOSIT | *PTA - Valencia Elementary, V# 2002835.002* | 8805766 | 500.00 |
| REFUND, FACILITY RENTAL DEPOSIT | *N. Lopez, V# 2002872.002* | 8805767 | 500.00 |
| REFUND, FACILITY RENTAL DEPOSIT | *A. Beebe, V# 2002866.002* | 8805834 | 500.00 |
| REFUND, FACILITY RENTAL DEPOSIT | *J. Arroyo, V# 2002873.002* | 8805835 | 290.00 |
| REFUND, FACILITY RENTAL DEPOSIT | *OC Sliders, V# 2002898.002* | 8805907 | 500.00 |
| REFUND, FACILITY RENTAL DEPOSIT | *P. Thomas, V# 2002894.002* | 8805908 | 500.00 |
| REFUND, FACILITY RENTAL DEPOSIT | *E. Najar, V# 2002861.002* | 8805909 | 500.00 |
| REFUND, FACILITY RENTAL DEPOSIT | *R. Shoh, V# 2002892.002* | 8805910 | 250.00 |
| REFUND, FACILITY RENTAL DEPOSIT | *S. Olamendi, V# 2002890.002* | 8805911 | 500.00 |
| REFUND, FACILITY RENTAL DEPOSIT | *R. Bravo, V# 2002893.002* | 8805912 | 500.00 |

# CITY OF LAGUNA HILLS
## WARRANT REGISTER
**August 27, 2013**

| VENDOR | DESCRIPTION | CHECK NO. | AMOUNT |
|---|---|---|---|
| REFUND, FACILITY RENTAL DEPOSIT | *Aliso Meadows Condominium Association, V# 2002891.002* | 8805913 | 250.00 |
| REFUND, FACILITY RENTAL FEE | *Lil Cub Basketball Camp, V# 2002837.002* | 8805700 | 580.00 |
| REFUND, FACILITY RENTAL FEE | *D. Lopez, V# 2002897.002* | 8805906 | 355.00 |
| REFUND, VEHICLE CITATION | *A. Garcia, Citation # P0614738* | 8805759 | 70.00 |
| RENEGADE RACING | *Event Management Services, 1/2 Marathon and 5K Event, May '13, Final Payment* | 8805702 | 19,141.35 |
| REYES, JANICE MATEO | *Petty Cash Replenishment, Departmental Operating Expenditures, Jun - Jul '13* | 8805768 | 620.07 |
| RICHARD FISHER ASSOCIATES | *Professional Services, Paseo de Valencia Widening CIP # 145 and La Paz Open Space Riparian Habitat CIP # 615* | 8805836 | 19,538.00 |
| RPW SERVICES, INC. | *Rodent Control, Parks, May '13* | 8805703 | 1,560.00 |
| SABERI & ASSOCIATES, INC. | *Professional Services, Engineering, Jun '13* | 8805704 | 4,500.00 |
| SADDLEBACK VALLEY UNIFIED | *Lighting, Laguna Hills High School Ball Field, Jul '12 - Jun '13* | 8805783 | 2,312.29 |
| SAFECHECKS | *Printing Expense, Jul '13* | 8805837 | 429.02 |
| SAN DIEGO GAS & ELECTRIC | *Electric Usage, Street Lights, Jun '13* | 8805705 | 12,451.67 |
| SAN DIEGO GAS & ELECTRIC | *Electric Usage, Street Lights and Traffic Control, Jun '13* | 8805743 | 255.55 |
| SAN DIEGO GAS & ELECTRIC | *Electric Usage, Community Center, Traffic Control and Street Lights, Jun '13* | 8805784 | 22,284.70 |
| SAN DIEGO GAS & ELECTRIC | *Electric Usage, Street Lights, Jul '13* | 8805863 | 12,451.18 |
| SAN DIEGO GAS & ELECTRIC | *Electric Usage, Street Lights and Traffic Control, Jul '13* | 8805915 | 206.88 |
| SAN JOAQUIN HILLS TRANSPORT | *Remittance, Transportation Corridor, Fees Collected, Jun '13* | 8805785 | 16,020.60 |
| SCANNING SERVICE CORPORATION | *Document Imaging Services, City Clerk, Jun '13* | 8805786 | 1,434.02 |
| SECURE LIVE SCAN | *Pre-employment Fingerprinting, Jun '13* | 8805706 | 15.00 |
| SHARPS COMPLIANCE, INC. | *Hazardous Waste Containers, Recycling Program, Jul '13* | 8805838 | 932.76 |
| SHEPPARD CONSTRUCTION, INC. | *Refund C&D Deposit, CR# 45917* | 8805769 | 949.55 |
| SKYHAWK ACADEMY | *Contract Instructor Fee, Sports Camp Summer Session, Community Services* | 8805839 | 2,100.70 |
| SMART & FINAL | *Program Supplies, Community Services and Office Supplies, City Hall, Jul '13* | 8805864 | 559.30 |
| SOCAL OFFICE TECHNOLOGIES-LEAS | *Lease - Copier, Community Services, Jul '13* | 8805770 | 798.14 |

CITY OF LAGUNA HILLS
WARRANT REGISTER
August 27, 2013

| VENDOR | DESCRIPTION | CHECK NO. | AMOUNT |
|---|---|---|---|
| SOCAL OFFICE TECHNOLOGIES-LEAS | *Lease - Copier, Community Services, Aug '13* | 8805865 | 849.87 |
| SOUTH COAST WATERS | *Facility Maintenance and Repairs, Water Feature, Community Center, Jul '13* | 8805735 | 770.00 |
| SOUTH COUNTY OUTREACH | *Remit Proceeds, 1/2 Marathon and 5K Event, Garden Ticket Sales* | 8805744 | 2,530.00 |
| SOUTHERN CALIFORNIA EDISON | *Electric Usage, Street Lights and Traffic Control, Jun '13* | 8805659 | 883.05 |
| SOUTHERN CALIFORNIA EDISON | *Electric Usage, Street Lights and Traffic Control, Jun '13* | 8805707 | 9,170.51 |
| SOUTHERN CALIFORNIA EDISON | *Electric Usage, Street Lights and Traffic Control, Jun '13* | 8805745 | 436.58 |
| SOUTHERN CALIFORNIA EDISON | *Electric Usage, Street Lights and Traffic Control, Jul '13* | 8805840 | 2,614.34 |
| SOUTHERN CALIFORNIA EDISON | *Electric Usage, Street Lights and Traffic Control, Jul '13* | 8805866 | 624.18 |
| SOUTHERN CALIFORNIA EDISON | *Electric Usage, Street Lights and Traffic Control, Jul '13* | 8805918 | 8,969.93 |
| SPARKLETTS | *Operating Supplies, Community Services, Jul '13* | 8805771 | 62.10 |
| SPARKLETTS | *Operating Supplies, Community Services, Aug '13* | 8805867 | 62.07 |
| SPECIALIZED INSTALLATONS | *Equipment, Traffic Signal Improvement Coordination CIP # 168* | 8805841 | 9,055.80 |
| SPRINT | *Communication Expense, Community Services, Jun '13* | 8805787 | 149.33 |
| SPRINT | *Communication Expense, Community Services, Jul '13* | 8805919 | 149.33 |
| STAGE PLUS | *Program Expense, 4th of July Event, Community Services* | 8805736 | 1,400.00 |
| STAPLETON, VIVIAN | *Contract Instructor Fee, Early Childhood Music Summer Session, Community Services* | 8805737 | 703.50 |
| STATE CONTROLLER'S OFFICE | *Audit Confirmation Fee, FY 12/13* | 8805871 | 100.00 |
| STATE DEPARTMENT OF JUSTICE | *Pre-employment Fingerprinting, Jun '13* | 8805708 | 32.00 |
| STRAIGHT 78 | *Program Expense, 4th of July Event, Community Services* | 8805738 | 1,500.00 |
| STUDIO TWO BLACK DIAMOND | *Printing Services, Jun - Jul '13* | 8805842 | 191.52 |
| STV INCORPORATED | *Professional Services, Paseo de Valencia Widening CIP # 145* | 8805788 | 30,705.19 |
| SUNSET PROPERTY SERVICES | *Graffiti Removal and Street Sweeping, Apr - Jun '13* | 8805709 | 11,030.93 |
| SUNSET PROPERTY SERVICES | *Street Sweeping, 4th of July Event* | 8805843 | 270.00 |
| SWAN POOLS | *Refund, Pool Bond, CR# 45705* | 8805868 | 500.00 |
| TAB PRODUCTS COMPANY | *Office Supplies, City Clerk, Jul '13* | 8805844 | 518.91 |

CITY OF LAGUNA HILLS
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| VENDOR | DESCRIPTION | CHECK NO. | AMOUNT |
|---|---|---|---|
| TARGET STORES | *Program Supplies, Community Services, Jul '13* | 8805845 | 274.84 |
| TOMARK SPORTS, INC. | *Program Supplies, Community Services, Jun '13* | 8805710 | 2,799.36 |
| TOMARK SPORTS, INC. | *Program Supplies, Community Services, Jul '13* | 8805846 | 639.03 |
| TRAUMA INTERVENTION PROGRAMS | *Community Program, TIP, Jul - Sep '13* | 8805847 | 910.32 |
| US BANK VOYAGER FLEET SYSTEM | *Vehicle Fuel, Jun '13* | 8805713 | 1,375.12 |
| US BANK VOYAGER FLEET SYSTEM | *Vehicle Fuel, Jul '13* | 8805869 | 2,129.64 |
| VERIZON WIRELESS | *Communication Expense, Jun '13* | 8805712 | 715.55 |
| VERIZON WIRELESS | *Communication Expense, Jul '13* | 8805870 | 732.03 |
| WELLS FARGO FINANCIAL LEASING | *Lease - Copier, Community Center, Aug '13* | 8805739 | 572.92 |
| WELLS FARGO FINANCIAL LEASING | *Lease - Copier, Community Center, Sep '13* | 8805926 | 572.92 |
| WEST COAST ARBORISTS, INC. | *Tree Planting, Urban Reforestation, CIP # 320 and Tree Trimming, Jun '13* | 8805714 | 26,851.80 |
| WEST COAST ARBORISTS, INC. | *Tree Trimming, Jun '13* | 8805789 | 1,134.00 |
| WEST PUBLISHING CORPORATION | *Subscription, City Clerk, May '13* | 8805715 | 427.68 |
| WEST PUBLISHING CORPORATION | *Subscription, City Clerk, Jun '13* | 8805790 | 380.16 |
| WOODRUFF, SPRADLIN & SMART | *Professional Services, Legal, Jun '13* | 8805791 | 40,991.23 |
| XEROX CORPORATION | *Usage - Copier, City Hall, Jun '13* | 8805716 | 2,241.30 |
| XEROX CORPORATION | *Lease - Copier, City Hall, Jul '13* | 8805848 | 486.63 |
| YOUNG REMBRANDTS | *Contract Instructor Fee, Drawing Summer Session, Community Services* | 8805849 | 485.01 |
| | ***Total Prepaid Warrants:*** | | **$ 1,477,513.50** |
| **REGULAR WARRANTS:** | | | |
| A. C. LANDSCAPE, INC. | *Water Management Services, Irrigation Repairs, Aug '13* | 8805872 | $ 1,540.85 |
| ANIMAL PEST MGMT SERVICES, INC. | *Coyote Control Program, Jul '13* | 8805874 | 2,500.00 |
| ATHALYE CONSULTING ENGINEERING | *Professional Services, La Paz Widening @ I-5 CIP # 159* | 8805930 | 360.00 |
| BEE MAN, THE | *Bee Removal, Parks, Jul '13* | 8805875 | 175.00 |

**CITY OF LAGUNA HILLS**
**WARRANT REGISTER**
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| VENDOR | DESCRIPTION | CHECK NO. | AMOUNT |
|---|---|---|---|
| BRAME, MARILYN | *Contract Instructor Fee, Drawing Summer Session, Community Services* | 8805877 | 784.00 |
| BUCKNAM & ASSOCIATES, INC. | *Professional Services, Pavement Management System Update, Jul '13* | 8805878 | 375.00 |
| C&D ELECTRIC, INC. | *Meter Pedestal Replacement, Lighting Repairs and Inspections, Parks, Jul - Aug '13* | 8805879 | 8,174.37 |
| C2 REPROGRAPHICS | *Printing, Engineering and La Paz Open Space Riparian Habitat CIP # 615* | 8805880 | 628.99 |
| CALIFORNIA YELLOW CAB | *Dial-a-Taxi Senior Transportation Program, Jul '13* | 8805881 | 1,043.00 |
| CARL WARREN & COMPANY | *Processing Fee, Small Claims, May - Jul '13* | 8805882 | 317.61 |
| COMMUNICATIONS LAB | *Professional Services, Combined Issue, City Views/Community Services Fall 2013 Activity Guide* | 8805883 | 11,431.25 |
| COMPLETE OFFICE OF CALIFORNIA | *Office and Operating Supplies, Community Center, Aug '13* | 8805884 | 320.06 |
| DELL COMPUTER CORPORATION | *Computer Hardware, Administrative Services, Jul '13* | 8805931 | 905.68 |
| ECONOMICS, INC. | *Professional Services, Recycling Program, Jul '13* | 8805887 | 4,323.51 |
| G2 CONSTRUCTION INC. | *Progress Payment # 1, Water Quality Improvements CIP # 412* | 8805888 | 66,832.50 |
| GAIL MATERIALS, INC. | *Professional Services, General Park Renovations CIP # 241* | 8805889 | 1,709.52 |
| HEART OF GOLD FOUNDATION, INC. | *Contract Instructor Fee, Cooking Class Summer Session, Community Services* | 8805890 | 178.50 |
| JAMEY CLARK, INC. | *Miscellaneous Park Repairs, Janitorial Services, Graffiti Removal and Safety Inspections, Jul - Aug '13* | 8805891 | 9,274.80 |
| JCTEES.COM CORPORATION | *Program Supplies, 4th of July Event, Community Services* | 8805892 | 243.80 |
| LINDY OFFICE PRODUCTS | *Operating Supplies, Aug '13* | 8805894 | 85.94 |
| NIEVES LANDSCAPE, INC. | *Monthly Maintenance and Other Assorted Landscape Services, Jul - Aug '13* | 8805895 | 74,387.78 |
| OC DIV, LEAGUE OF CAL CITIES | *Meeting Expense, City Council, Jul '13* | 8805896 | 40.00 |
| OFFICE SOLUTIONS | *Office and Operating Supplies, Aug '13* | 8805897 | 553.96 |
| ORANGE COUNTY FIRE AUTHORITY | *Remittance, Fire Fees Collected, Jul '13* | 8805898 | 4,324.00 |
| ORANGE COUNTY TREASURER | *Law Enforcement Services, Aug '13* | 8805893 | 567,617.25 |
| ORANGE COUNTY TREASURER | *Animal Care Services, Apr - Jun '13* | 8805929 | 35,570.00 |
| PD' PROGRAMMING, INC. | *Professional Services, Annual Software Agreement, Engineering* | 8805900 | 2,500.00 |
| PRICE, LEAANNE | *Referee Fees, Volleyball, Community Services* | 8805901 | 72.00 |

| VENDOR | DESCRIPTION | CHECK NO. | AMOUNT |
|---|---|---|---|
| PRICE, ROBIN | *Referee Fees, Volleyball, Community Services* | 8805902 | 72.00 |
| QUIKSILVER COURIER | *Delivery Service, Jul '13* | 8805904 | 29.64 |
| SALISBURY, ELENA | *Contract Instructor Fee, Music Classes Summer Session, Community Services* | 8805914 | 563.50 |
| SOCAL OFFICE TECHNOLOGIES | *Usage - Copier, Community Center and Printer Maintenance and Supplies, Apr - Jul '13* | 8805933 | 1,293.97 |
| SOUTH COAST WATERS | *Facility Maintenance, Water Feature, Community Center, Aug '13* | 8805916 | 475.00 |
| SOUTHERN CAL ASSOC OF GOVTS | *Annual Membership, Administrative Services, FY 13/14* | 8805917 | 3,145.00 |
| STUDIO TWO BLACK DIAMOND | *Printing Services, Aug '13* | 8805920 | 132.86 |
| SUNSET PROPERTY SERVICES | *Street Sweeping, Jul '13* | 8805921 | 11,149.55 |
| TOMARK SPORTS, INC. | *Program Supplies, Community Services, Jul '13* | 8805922 | 1,050.03 |
| U-HAUL | *Program Expense, Community Services, Aug '13* | 8805923 | 40.35 |
| WATER TECHNIQUES, INC. | *Facility Maintenance, Water Filtration System, City Hall, Aug '13* | 8805924 | 341.43 |
| WATKINS, CHRIS | *Umpire Fees, Adult Softball, Community Services* | 8805925 | 90.00 |
| WEST COAST ARBORISTS, INC. | *Tree Planting, Jul '13* | 8805927 | 255.00 |
| WOMEN LEADING GOVERNMENT | *Membership, Administrative Services, FY 13/14* | 8805928 | 50.00 |
| | ***Total Regular Warrants:*** | | **$ 814,957.70** |

| | |
|---|---|
| *****WARRANT REGISTER TOTAL***** | **$ 2,292,471.20** |



**8/27/2013 ITEM NO. 4.2**

# City of Laguna Hills
## City Council Meeting Agenda
## Staff Report

**DATE:** AUGUST 27, 2013

**TO:** MAYOR AND COUNCIL MEMBERS

**FROM:** KEN ROSENFIELD
DIRECTOR OF PUBLIC SERVICES/CITY ENGINEER

**ISSUE:** PROGRESS PAYMENT NO. 1, FINAL, FOR CIVIC CENTER IMPROVEMENTS - CARPETING & FLOORING

**RECOMMENDATION: THAT THE CITY COUNCIL APPROVE PROGRESS PAYMENT NO. 1, FINAL, IN THE NET AMOUNT OF $104,985.82, TO G & S CARPET MILLS, INC., FOR CIVIC CENTER IMPROVEMENTS - CARPETING & FLOORING, 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 Civic Center Improvements – Carpeting & Flooring, began on June 21, 2013, and is being performed by G & S Carpet Mills, Inc. Work performed in June and July included mobilization; flooring removal; installation of carpet, pad, and four-inch rubber base; demolition, removal, and installation of tiles; installation of floor sealant per Contract Change Order No. 1 and cleaning the work site. The work has been satisfactorily completed and it is appropriate to file the Notice of Completion. The contractor has submitted the first and final progress payment request for approval. Approval of the Progress Payment is recommended.

**BACKGROUND:**

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

| ITEM # | DESCRIPTION | QUANTITY | UNIT | $ | AMOUNT |
|---|---|---|---|---|---|
| 1 | Mobilization | 1 | LS | $ 6,256.16 | $ 6,256.16 |
| 2 | Remove Flooring | 1 | LS | $ 5,416.40 | $ 5,416.40 |
| 3 | Carpet & Pad Installation | 1 | LS | $57,901.34 | $57,901.34 |
| 4 | Install Rubber Base | 1 | LS | $ 5,980.26 | $ 5,980.26 |
| 5 | Tile Demolition/Removal | 1 | LS | $ 679.05 | $ 679.05 |
| 6 | Tile Installation | 1 | LS | $ 763.39 | $ 763.39 |
| 7 | Clean the Site | 1 | LS | $ 1,217.61 | $ 1,217.61 |
| CCO No. 1 | | 1 | LS | $32,297.18 | $32,297.18 |

| | | |
|---|---|---|
| Total To Date | $110,511.39 | |
| Less Prior Billing | $ 0 | |
| Total This Period | $110,511.39 | $110,511.39 |
| Less 5% Retention | | $( 5,525.57) |
| | | $104,985.82 |

The project is complete and it is appropriate to file the Notice of Completion.

**FISCAL IMPACT:**

The progress payment is within the budget for Civic Center Improvements to be paid through the Civic Center Enterprise Fund.

**ATTACHMENTS:**

- Notice of Completion

Recording Requested by and
When Recorded Mail to:

Peggy J. Johns, 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 August 27, 2013.

Description of Improvements

Civic Center Improvements - Carpeting and Flooring: Replacing carpeting throughout City offices and common areas of the building and limited tile replacement.

General Location

Within the Civic Center located at 24035 El Toro Road, Laguna Hills, California, 92653.

| Owner of Property Address | Contractor |
| --- | --- |
| City of Laguna Hills<br>24035 El Toro Road<br>Laguna Hills, CA 92653 | G & S Carpet Mills, Inc.<br>Mr. Ali Gorginfar<br>3205 Pomona Boulevard<br>Pomona, CA 91768 |

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: August 27, 2013

______________________________

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:** AUGUST 27, 2013

**TO:** MAYOR AND COUNCIL MEMBERS

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

**ISSUE:** PROGRESS PAYMENT NO. 5, FINAL, AND CONTRACT CHANGE ORDER NO. 1, FOR CITYWIDE PAVEMENT REHABILITATION PROJECT, CIP NO. 101-H

**RECOMMENDATION: THAT THE CITY COUNCIL APPROVE CONTRACT CHANGE ORDER NO. 1 AND PROGRESS PAYMENT NO. 5, FINAL, IN THE NET AMOUNT OF $17,166.25, TO ALL AMERICAN ASPHALT, FOR CITYWIDE PAVEMENT REHABILITATION PROJECT, CIP NO. 101-H, 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 Citywide Pavement Rehabilitation Project, CIP No. 101-H, began on July 16, 2012, and is being performed by All American Asphalt. Work performed for this payment period included completion of punch-list work. The contractor has submitted the fifth progress payment request for approval. In addition, Contract Change Order No. 1 is presented for approval to address necessary extra work. Approval of the Progress Payment and Contract Change Order No. 1 is recommended.

**BACKGROUND:**

A routine monthly action for capital improvement projects is the submission, review, and approval of the contractor's invoice. Procedurally, field staff verifies the contractor's quantities and matches them with the submitted invoice. The unit prices and total costs of the project are confirmed by the office staff and a progress payment is then processed. A ten-percent (10%) retention is withheld from each payment to assure final performance of the work. The contractor for the project, All American Asphalt, has submitted the fifth progress payment for the subject project as follows:

| ITEM # | DESCRIPTION | QUANTITY | UNIT | $ | AMOUNT |
|---|---|---|---|---|---|
| CCO No. 1 | | 1 | LS | $19,073.61 | $19,073.61 |

| | | |
|---|---|---|
| Total To Date | $1,772,502.12 | |
| Less Prior Billing | $1,753,428.51 | |
| Total This Period | $ 19,073.61 | $ 19,073.61 |
| Less 10% Retention | | $( 1,907.36) |
| | | $ 17.166.25 |

**CONTRACT CHANGE ORDER:**

Contract Change Order No. 1, attached, addresses necessary extra work to complete the project in the amount of $19,073.61. This includes additional pavement repairs uncovered during the course of the work and additional landscape restoration of areas disturbed during construction. The Change Order also includes a credit of $5,704.70 for the deletion of paving fabric on one street.

**FISCAL IMPACT:**

The progress payment is within the Capital Improvement Program Budget for the Citywide Pavement Rehabilitation Project, CIP No. 101-H. The final construction cost is $6,000 below the original bid amount even after including Contract Change Order No. 1.

**ATTACHMENTS:**

- Contract Change Order No. 1
- Notice of Completion

# CITY OF LAGUNA HILLS
# CONTRACT CHANGE ORDER

CONTRACT CHANGE ORDER NO. 1 SHEET 1 OF 2 SHEETS

PROJECT: Citywide Pavement Rehabilitation Project, CIP No. 101-H

CONTRACTOR: All American Asphalt

In accordance with contract provisions, the following changes in the contract and/or contract work are hereby authorized and as compensation therefore, the following addition to or deductions from the contract price are hereby approved.

**Note: This change order is not effective until approved by the City Engineer.**

Description of work to be done, estimate of quantities, and prices to be paid. Segregate between additional work at contract price, agreed price and force account. Unless otherwise stated, rates for rental of equipment is actually used and no allowance will be made for idle time.

Change requested by City Engineer

| | | | |
|---|---|---|---|
| 1. | Hidden Trail Pavement Repairs – May 24, 2012 | Agreed Price | $13,965.00 |
| 2. | Miscellaneous Repairs – March 8, 2013 | Time & Materials | $ 2,544.97 |
| 3. | High Early Concrete – May 16, 2013 | Agreed Price | $ 650.44 |
| 4. | Landscape Repairs – March 8, 2013 | Time & Materials | $ 7,617.90 |
| 5. | Credit for deleted fabric on Vista Viejo | @ $0.10 /SF | $(5,704.70 |
| | | TOTAL EXTRA WORK ADD: | $19,073.61 |

This change order also serves to document the traffic control extra work on Alicia Parkway for ramp replacement paid in PP #4 in the amount of $500, Agreed Price.

Increase $19,073.61 Decrease $________

By reason of this order the time of completion will be adjusted as follows:

Add 0 Working Days

CONTRACT CHANGE ORDER NO. 1 SHEET 2 OF 2 SHEETS

The compensation (time and cost) set forth in this Change Order comprises the total compensation due the Contractor, all Subcontractors and all suppliers, for the work or change defined in this Change Order, including all impact on any unchanged work. By signing this Change Order, the Contractor acknowledges and agrees, on behalf of himself, all Subcontractors, and all suppliers, that the stipulated compensation includes payment for all work contained in this Change Order, plus all payment for the interruption of schedules.

Extended overhead costs, delay, and all impact, ripple effect or cumulative impact on all other, work under this Contract. The signing of this Change Order shall indicate that the Change Order constitutes full mutual accord and satisfaction for the change, and that the time and/or cost under the Change Order constitutes the total equitable adjustment owed the Contractor, all Subcontractors, and all suppliers, as a result of the change. The Contractor, on behalf of himself, all Subcontractors, and all suppliers, agrees to waive all rights, without exception or reservation of any kind whatsoever, to file any further claim or request for equitable adjustment of any type, for any reasonably foreseeable cause that shall arise out of or as a result of this Change Order or the impact of this Change Order on the remainder of the work under this Contract.

SUMMARY OF CONTRACT TIME

| | |
|---|---|
| Original Contract Date: | July 16, 2012 |
| Original Contract Time: | 70 Working Days |
| Original Completion Date: | October 22, 2012 |
| Time Extension this C.O.: | 0 |
| Time Extension Other: | 3 |
| Revised Contract Time: | 73 |
| Revised Final Completion Due Date: | October 25, 2012 – Substantially Complete |
| Time Subject to Liquidated Damages: | - 0 - |
| Actual Final Completion Date: | |

| | |
|---|---|
| Original Contract Price | $1,778,169.00 |
| Prev. Authorized Changes | $ 500.00 |
| This Change (Add) | $ 19,073.61 |
| Amended Contract Price | $1,797,742.61 |

If the Contractor does not sign acceptance of this order, his attention to the requirements of the specifications as to proceeding with the order work and filing a written protest within the time therein specified.

Approved by: Accepted by:

Director of Public Services Date

Contractor 6/4/13 Date

Recording Requested by and
When Recorded Mail to:

Peggy J. Johns, City Clerk
City of Laguna Hills
24035 El Toro Road
Laguna Hills, CA 92653

No Fee Exempt per GC§27383

By: ____________________________

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**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 August 27, 2013.

Description of Improvements

Citywide Pavement Rehabilitation Project, CIP No. 101-H: unclassified excavation, pavement repairs, concrete repairs, cold planing, crack sealing, asphalt concrete overlay with fabric, access ramps, subdrains, adjustment of manhole and water valve covers, and related work.

General Location

Various streets throughout the City.

| Owner of Property Address | Contractor |
|---|---|
| City of Laguna Hills<br>24035 El Toro Road<br>Laguna Hills, CA 92653 | All American Asphalt<br>Mr. Robert Bradley<br>P.O. Box 2229<br>Corona, CA 92878-2229 |

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: August 27, 2013

______________________________________________

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

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**DATE:** AUGUST 27, 2013

**TO:** MAYOR AND COUNCIL MEMBERS

**FROM:** DONALD J. WHITE
ASSISTANT CITY MANAGER

**ISSUE:** APPROVE PROPOSED LEASE AGREEMENT FOR 24031 EL TORO ROAD, SUITE 220, LAGUNA HILLS, CALIFORNIA, WITH DONALD C. LEWELLEN

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**RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE PROPOSED LEASE AGREEMENT FOR 24031 EL TORO ROAD, SUITE 220, LAGUNA HILLS, CALIFORNIA WITH DONALD C. LEWELLEN AND AUTHORIZE THE CITY MANAGER TO EXECUTE THE PROPOSED LEASE AGREEMENT.**

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**SUMMARY:**

Staff has negotiated a three year lease for Suite 220 with the Donald C. Lewellen. They are relocating to the Civic Center from the Taj Mahal building. The following rate structure was negotiated:

10/1/13 to 9/30/14 - $1.80
10/1/14 to 9/30/15 - $1.85
10/1/15 to 9/30/16 - $1.90

The lease includes one month of free rent in February 2014 and a half-month of free rent in February 2015. The suite contains 1,836 rentable square feet. There are no tenant improvements. A standard lease agreement is attached to this report.

**FISCAL IMPACT:**

This lease will generate $117,275 in rental income over the next three years. Accounting for upfront costs, including one and one-half months of free rent, and utilizing a discount rate of 12%, the net present value on this lease is $68,855.

**ATTACHMENTS:**

- Lease for 24031 El Toro Road, Suite 220, Laguna Hills, California.

# STANDARD MULTI-TENANT OFFICE LEASE - GROSS

AIR COMMERCIAL REAL ESTATE ASSOCIATION

1. **Basic Provisions ("Basic Provisions")**.

1.1 **Parties**: This Lease ("**Lease**"), dated for reference purposes only August 27, 2013, is made by and between The City of Laguna Hills, a municipal corporation organized and existing under the laws of the State of California ("**Lessor**") and Donald C. Lewellen, an individual ("**Lessee**"), (collectively the "**Parties**", or individually a "**Party**").

1.2(a) **Premises**: That certain portion of the Project (as defined below), known as Suite Numbers(s) 220, Second floor(s), consisting of approximately 1,836 rentable square feet and approximately 1,550 useable square feet("**Premises**"). The Premises are located at: 24031 El Toro Road, in the City of Laguna Hills, County of Orange, State of California, with zip code 92654. In addition to Lessee's rights to use and occupy the Premises as hereinafter specified, Lessee shall have non-exclusive rights to the Common Areas (as defined in Paragraph 2.7 below) as hereinafter specified, but shall not have any rights to the roof, the exterior walls, the area above the dropped ceilings, or the utility raceways of the building containing the Premises ("**Building**") or to any other buildings in the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "**Project**." The Project consists of approximately 51,943 rentable square feet. (See also Paragraph 2)

1.2(b) **Parking**: 4/1000 unreserved and N/A reserved vehicle parking spaces at a monthly cost of $N/A per unreserved space and $N/A per reserved space. (See Paragraph 2.6)

1.3 **Term**: Three (3) years and Three (3) months ("**Original Term**") commencing September 1, 2013 ("**Commencement Date**") and ending December 31, 2016 ("**Expiration Date**"). (See also Paragraph 3)

1.4 **Early Possession**: If the Premises are availabl e Lessee may have nonexclusive possession of the Premises commencing ______ ("**Early Possession Date**"). (See also Paragraphs 3.2 and 3.3)

1.5 **Base Rent**: $3,304.80 per month ("**Base Rent**)", payable on the first day of each month commencing October 1, 2013. (See also Paragraph 4 *below*)

☑ If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted. See Paragraph 4.4 (See Addendum Paragraph 1).

1.6 **Lessee's Share of Operating Expense Increase**: 3.53% percent (3.53%) ("**Lessee's Share**"). In the event that that size of the Premises and/or the Project are modified during the term of this Lease, Lessor shall recalculate Lessee's Share to reflect such modification.

1.7 **Base Rent and Other Monies Paid Upon Execution**:
- (a) **Base Rent**: $3,304.80 for the period October 1-31, 2013.
- (b) **Security Deposit**: $3,672.00 ("**Security Deposit**"). (See also Paragraph 5)
- (c) **Parking**: $N/A for the period N/A.
- (d) **Other**: $N/A for N/A.
- (e) **Total Due Upon Execution of this Lease**: $6,976.80.

1.8 **Agreed Use**: Accounting Agengy, General Office. (See also Paragraph 6)

1.9 **Base Year; Insuring Party**. The Base Year is 2013. Lessor is the "**Insuring Party**". (See also Paragraphs 4.2 and 8)

1.10 **Real Estate Brokers**: (See also Paragraph 15 and 25)

(a) **Representation**: The following real estate brokers ( the "**Brokers**") and brokerage relationships exist in this transaction (check applicable boxes):

☑ Essex Realty Management, Inc. represents Lessor exclusively ("**Lessor's Broker**");

☐ ______ represents Lessee exclusively ("**Lessee's Broker**"); or

☐ ______ represents both Lessor and Lessee ("**Dual Agency**").

(b) **Payment to Brokers**: Upon execution and delivery of this Lease by both Parties, Lessor shall pay to the Brokers for the brokerage services rendered by the Brokers the fee agreed to *under a* ~~in the attached~~ separate written agreement. ~~or if no such agreement is attached, the sum of ______ or ______% of the total Base Rent payable for the Original Term, the sum of ______ or ______ of the total Base Rent payable during any period of time that the Lessee occupies the Premises subsequent to the Original Term, and/or the sum of ______ or ______% of the purchase price in the event that the Lessee or anyone affiliated with Lessee acquires from Lessor any rights to the Premises.~~

1.11 **Guarantor**. The obligations of the Lessee under this Lease shall be guaranteed by Donald C. Lewellen, personally ("**Guarantor**"). (See also Paragraph 37)

1.12 **Business Hours for the Building:** 7:00 a.m. to 6:00 p.m., Mondays through Fridays (except Building Holidays) and

8:00 a.m. to 2:00 p.m. on Saturdays (except Building Holidays). "**Building Holidays**" shall mean the dates of observation of New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, and N/A .

1.13 **Lessor Supplied Services**. Notwithstanding the provisions of Paragraph 11.1, Lessor is NOT obligated to provide the following within the Premises:

☐ Janitorial services

☐ Electricity

☐ Other (specify): N/A

1.14 **Attachments**. Attached hereto are the following, all of which constitute a part of this Lease:

☑ an Addendum consisting of Paragraphs 1 through 6;

☑ a plot plan depicting the Premises; Exhibit "A"

☑ a current set of the Rules and Regulations; Exhibit "B"

☑ a Work Letter;/ Requirements for Improvemetns or alterations by Lessee(" Exhibit "D")

☐ a janitorial schedule;

☑ other (specify): Exhibit "C" Waiver and Release

.

2. **Premises**.

2.1 **Letting**. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. **Note: Lessee is advised to verify the actual size prior to executing this Lease.**

2.2 **Condition**. Lessor shall deliver the Premises to Lessee in a clean condition on the Commencement Date or the Early Possession Date, whichever first occurs ("**Start Date**"), and warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("**HVAC**"), and all other items which the Lessor is obligated to construct pursuant to the Work Letter attached hereto, if any, other than those constructed by Lessee, shall be in good operating condition on said date, that the structural elements of the roof, bearing walls and foundation of the Unit shall be free of material defects, and that the Premises do not contain hazardous levels of any mold or fungi defined as toxic under applicable state or federal law.

2.3 **Compliance**. Lessor warrants to the best of its knowledge that the improvements comprising the Premises and the Common Areas comply with the building codes that were in effect at the time that each such improvement, or portion thereof, was constructed, and also with all applicable laws, covenants or restrictions of record, regulations, and ordinances ("**Applicable Requirements**") in effect on the Start Date. Said warranty does not apply to the use to which Lessee will put the Premises, modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Lessee's use (see Paragraph 49), or to any Alterations or Utility Installations (as defined in Paragraph 7.3(a)) made or to be made by Lessee. **NOTE: Lessee is responsible for determining whether or not the zoning and other Applicable Requirements are appropriate for Lessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify the same. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Premises, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Premises ("**Capital Expenditure**"), Lessor and Lessee shall allocate the cost of such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with uses by tenants in general, Lessee shall be fully responsible for the cost thereof, provided, however that if such Capital Expenditure is required during the last 2 years of this Lease and the cost thereof exceeds 6 months' Base Rent, Lessee may instead terminate this Lease unless Lessor notifies Lessee, in writing, within 10 days after receipt of Lessee's termination notice that Lessor has elected to pay the difference between the actual cost thereof and the amount equal to 6 months' Base Rent. If Lessee elects termination, Lessee shall immediately cease the use of the Premises which requires such Capital Expenditure and deliver to Lessor written notice specifying a termination date at least 90 days thereafter. Such termination date shall, however, in no event be earlier than the last day that Lessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor shall pay for such Capital Expenditure and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease or any extension thereof, on the date that on which the Base Rent is due, an amount equal to 1/144th of the portion of such costs reasonably attributable to the Premises. Lessee shall pay Interest on the balance but may prepay its obligation at any time. If, however, such Capital Expenditure is required during the last 2 years of this Lease or if Lessor reasonably determines that it is not economically feasible to pay its share thereof, Lessor shall have the option to terminate this Lease upon 90 days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within 10 days after receipt of Lessor's termination notice that Lessee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Lessee may advance such funds and deduct same, with Interest, from Rent until Lessor's share of such costs have been fully paid. If Lessee is unable to finance Lessor's share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall have the right to terminate this Lease upon 30 days written notice to Lessor.

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to nonvoluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall either: (i) immediately cease such changed use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Capital Expenditure, or (ii) complete such Capital Expenditure at its own expense. Lessee shall not have any right to terminate this Lease.

2.4 **Acknowledgements**. Lessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) Lessee has been advised by Lessor and/or Brokers to satisfy itself with respect to the size and condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements), and their suitability for Lessee's intended use, (c) Lessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Lessor, (e) the square footage of the Premises was not material to Lessee's decision to lease the Premises and pay the Rent stated herein, and (f) neither Lessor, Lessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. In addition, Lessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Lessee's ability to honor the Lease or suitability to occupy the Premises, and (ii) it is Lessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 **Lessee as Prior Owner/Occupant**. The warranties made by Lessor in Paragraph 2 shall be of no force or effect if immediately prior to the Start Date, Lessee was the owner or occupant of the Premises. In such event, Lessee shall be responsible for any necessary corrective work.

2.6 **Vehicle Parking**. So long as Lessee is not in default, and subject to the Rules and Regulations attached hereto, and as established by Lessor from time to time, Lessee shall be entitled to rent and use the number of parking spaces specified in Paragraph 1.2(b) at the rental rate applicable from time to time for monthly parking as set by Lessor and/or its licensee.

(a) If Lessee commits, permits or allows any of the prohibited activities described in the Lease or the rules then in effect, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

(b) The monthly rent per parking space specified in Paragraph 1.2(b) is subject to change upon 30 days prior written notice to Lessee. The rent for the parking is payable one month in advance prior to the first day of each calendar month.

2.7 **Common Areas - Definition**. The term "**Common Areas**" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Project and interior utility raceways and installations within the Premises that are provided and designated by the Lessor from time to time for the general nonexclusive use of Lessor, Lessee and other tenants of the Project and their respective employees, suppliers, shippers, customers, contractors and invitees, including, but not limited to, common entrances, lobbies, corridors, stairwells, public restrooms, elevators, parking areas, loading and unloading areas, trash areas, roadways, walkways, driveways and landscaped areas.

2.8 **Common Areas - Lessee's Rights**. Lessor grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Lease, the nonexclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Lessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Lessor or Lessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.9 **Common Areas - Rules and Regulations**. Lessor or such other person(s) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to adopt, modify, amend and enforce reasonable rules and regulations ("**Rules and Regulations**") for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Project and their invitees. The Lessee agrees to abide by and conform to all such Rules and Regulations, and shall use its best efforts to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessor shall not be responsible to Lessee for the noncompliance with said Rules and Regulations by other tenants of the Project.

2.10 **Common Areas - Changes**. Lessor shall have the right, in Lessor's sole discretion, from time to time:

(a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of the lobbies, windows, stairways, air shafts, elevators, escalators, restrooms, driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;

(b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

(c) To designate other land outside the boundaries of the Project to be a part of the Common Areas;

(d) To add additional buildings and improvements to the Common Areas;

(e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and

(f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Project as Lessor may, in the exercise of sound business judgment, deem to be appropriate.

3. **Term**.

3.1 **Term**. The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 **Early Possession**. Any provision herein granting Lessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. If Lessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such Early Possession. All other terms of this Lease (including but not limited to the obligations to pay Lessee's Share of the Operating Expense Increase) shall be in effect during such period. Any such Early Possession shall not affect the Expiration Date.

3.3 **Delay In Possession**. Lessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises to Lessee by the Commencement Date. If, despite said efforts, Lessor is unable to deliver possession by such date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or change the Expiration Date. Lessee shall not, however, be obligated to pay Rent or perform its other obligations until Lessor delivers possession of the Premises and any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of Lessee. If possession is not delivered within 60 days after the Commencement Date, as the same may be extended under the terms of any Work Letter executed by Parties, Lessee may, at its option, by notice in writing within 10 days after the end of such 60 day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Lessor within said 10 day period, Lessee's right to cancel shall terminate. If possession of the Premises is not delivered within 120 days after the Commencement Date, this Lease shall terminate unless other agreements are reached between Lessor and Lessee, in writing.

3.4 **Lessee Compliance**. Lessor shall not be required to deliver possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (~~Paragraph 8.5)~~ Paragraphs 8.2 &8.3 of this Lease (See Addendum Paragraph 3). Pending delivery of such evidence, Lessee shall be required to perform all of its obligations under this Lease from and after the Start Date, including the payment of Rent, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Lessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.

4. **Rent**.

4.1. **Rent Defined**. All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent ("**Rent**").

4.2 **Operating Expense Increase.** Lessee shall pay to Lessor during the term hereof, in addition to the Base Rent, Lessee's Share of the amount by which all Operating Expenses for each Comparison Year exceeds the amount of all Operating Expenses for the Base Year, such excess being hereinafter referred to as the **"Operating Expense Increase"**, in accordance with the following provisions:

(a) "**Base Year**" is as specified in Paragraph 1.9.

(b) "**Comparison Year**" is defined as each calendar year during the term of this Lease subsequent to the Base Year; provided, however, Lessee shall have no obligation to pay a share of the Operating Expense Increase applicable to the first 12 months of the Lease Term (other than such as are mandated by a governmental authority, as to which government mandated expenses Lessee shall pay Lessee's Share, notwithstanding they occur during the first twelve (12) months). Lessee's Share of the Operating Expense Increase for the first and last Comparison Years of the Lease Term shall be prorated according to that portion of such Comparison Year as to which Lessee is responsible for a share of such increase.

(c) The following costs relating to the ownership and operation of the Project, calculated as if the Project was at least 95% occupied, are defined as "**Operating Expenses**" :

(i) Costs relating to the operation, repair, and maintenance in neat, clean, safe, good order and condition, but not the replacement (see subparagraph (g)), of the following:

(aa) The Common Areas, including their surfaces, coverings, decorative items, carpets, drapes and window coverings, and including parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, stairways, parkways, driveways, landscaped areas, striping, bumpers, irrigation systems, Common Area lighting facilities, building exteriors and roofs, fences and gates;

(bb) All heating, air conditioning, plumbing, electrical systems, life safety equipment, communication systems and other equipment used in common by, or for the benefit of, tenants or occupants of the Project, including elevators and escalators, tenant directories, fire detection systems including sprinkler system maintenance and repair.

(cc) All other areas and improvements that are within the exterior boundaries of the Project but outside of the Premises and/or any other space occupied by a tenant.

(ii) The cost of trash disposal, janitorial and security services, pest control services, and the costs of any environmental inspections;

(iii) The cost of any other service to be provided by Lessor that is elsewhere in this Lease stated to be an "Operating Expense";

(iv) The cost of the premiums for the insurance policies maintained by Lessor pursuant to paragraph 8 and any deductible portion of an insured loss concerning the Building or the Common Areas;

(v) The amount of the Real Property Taxes payable by Lessor pursuant to paragraph 10;

(vi) The cost of water, sewer, gas, electricity, and other publicly mandated services not separately metered;

(vii) Labor, salaries, and applicable fringe benefits and costs, materials, supplies and tools, used in maintaining and/or cleaning the Project and accounting and management fees attributable to the operation of the Project;

(viii) The cost of any capital improvement to the Building or the Project not covered under the provisions of Paragraph 2.3 provided; however, that Lessor shall allocate the cost of any such capital improvement over a 12 year period and Lessee shall not be required to pay more than Lessee's Share of 1/144th of the cost of such Capital Expenditure in any given month;

(ix) The cost to replace equipment or improvements that have a useful life for accounting purposes of 5 years or less.

(x) Reserves set aside for maintenance, repair and/or replacement of Common Area improvements and equipment.

(d) Any item of Operating Expense that is specifically attributable to the Premises, the Building or to any other building in the Project or to the operation, repair and maintenance thereof, shall be allocated entirely to such Premises, Building, or other building. However, any such item that is not specifically attributable to the Building or to any other building or to the operation, repair and maintenance thereof, shall be equitably allocated by Lessor to all buildings in the Project.

(e) The inclusion of the improvements, facilities and services set forth in Subparagraph 4.2(c) shall not be deemed to impose an obligation upon Lessor to either have said improvements or facilities or to provide those services unless the Project already has the same, Lessor already provides the services, or Lessor has agreed elsewhere in this Lease to provide the same or some of them.

(f) Lessee's Share of Operating Expense Increase is payable monthly on the same day as the Base Rent is due hereunder. The amount of such payments shall be based on Lessor's estimate of the Operating Expense Expenses. Within 60 days after written request (but not more than once each year) Lessor shall deliver to Lessee a reasonably detailed statement showing Lessee's Share of the actual Common Area Operating Expenses for the preceding year. If Lessee's payments during such Year exceed Lessee's Share, Lessee shall credit the amount of such over-payment against Lessee's future payments. If Lessee's payments during such Year were less than Lessee's Share, Lessee shall pay to Lessor the amount of the deficiency within 10 days after delivery by Lessor to Lessee of said statement. Lessor and Lessee shall forthwith adjust between them by cash payment any balance determined to exist with respect to that portion of the last Comparison Year for which Lessee is responsible as to Operating Expense Increases, notwithstanding that the Lease term may have terminated before the end of such Comparison Year.

(g) Operating Expenses shall not include the costs of replacement for equipment or capital components such as the roof, foundations, exterior walls or a Common Area capital improvement, such as the parking lot paving, elevators, fences that have a useful life for accounting purposes of 5 years or more.

(h) Operating Expenses shall not include any expenses paid by any tenant directly to third parties, or as to which Lessor is otherwise reimbursed by any third party, other tenant, or by insurance proceeds.

4.3 **Payment**. Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States on or before the day on which it is due, without offset or deduction (except as specifically permitted in this Lease). All monetary amounts shall be rounded to the nearest whole dollar. In the event that any invoice prepared by Lessor is inaccurate such inaccuracy shall not constitute a waiver and Lessee shall be obligated to pay the amount set forth in this Lease. Rent for any period during the term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating. In the event that any check, draft, or other instrument of payment given by Lessee to Lessor is dishonored for any reason, Lessee agrees to pay to Lessor the sum of $~~25~~ 75 in addition to any Late Charge and Lessor, at its option, may require all future Rent be paid by cashier's check. Payments will be applied first to accrued late charges and attorney's fees, second to accrued interest, then to Base Rent and Common Area Operating Expenses, and any remaining amount to any other outstanding charges or costs.

5. **Security Deposit**. Lessee shall deposit with Lessor upon execution hereof the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent, or otherwise Defaults under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount already due Lessor, for Rents which will be due in the future, and/ or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within 10 days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within 90 days after the expiration or termination of this Lease, Lessor shall return that portion of the Security Deposit not used or applied by Lessor. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Lessee under this Lease.

6. **Use**. (See Addendum)

6.1 ~~**Use**. Lessee shall use and occupy the Premises only for the Agreed Use, or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs occupants of or causes damage to neighboring premises or properties. Other than guide, signal and seeing eye dogs, Lessee shall not keep or allow in the Premises any pets, animals, birds, fish, or reptiles. Lessor shall not unreasonably withhold or delay its consent to any written request for a modification of the Agreed Use, so long as the same will not impair the structural integrity of the improvements of the Building, will not adversely affect the mechanical, electrical, HVAC, and other systems of the Building, and/or will not affect the exterior appearance of the Building. If Lessor elects to withhold consent, Lessor shall within 7 days after such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in the Agreed Use.~~

6.2 **Hazardous Substances**.

(a) **Reportable Uses Require Consent**. The term "**Hazardous Substance**" as used in this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, byproducts or fractions thereof. Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable Requirements. "**Reportable Use**" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use such as ordinary office supplies (copier toner, liquid paper, glue, etc.) and common household cleaning materials, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or increasing the Security Deposit.

(b) **Duty to Inform Lessor**. If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

(c) **Lessee Remediation**. Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, or any third party.

(d) **Lessee Indemnification**. Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee, or any third party (provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from areas outside of the Project not caused or contributed to by Lessee). Lessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.

(e) **Lessor Indemnification**. Except as otherwise provided in paragraph 8.7, Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which result from Hazardous Substances which existed on the Premises prior to Lessee's occupancy or which are caused by the gross negligence or willful misconduct of Lessor, its agents or employees. Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

(f) **Investigations and Remediations**. Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to Lessee's occupancy, unless such remediation measure is required as a result of Lessee's use (including "Alterations", as defined in paragraph 7.3(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.

(g) **Lessor Termination Option**. If a Hazardous Substance Condition (see Paragraph 9.1(e)) occurs during the term of this Lease, unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(d) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds 12 times the then monthly Base Rent or $100,000, whichever is greater, give written notice to Lessee, within 30 days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds an amount equal to 12 times the then monthly Base Rent or $100,000, whichever is greater. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.

6.3 **Lessee's Compliance with Applicable Requirements**. Except as otherwise provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants which relate in any manner to the Premises, without regard to whether said requirements are now in effect or become effective after the Start Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to comply with any Applicable Requirements. Likewise, Lessee shall immediately give written notice to Lessor of: (i) any water damage to the Premises and any suspected seepage, pooling, dampness or other condition conducive to the production of mold; or (ii) any mustiness or other odors that might indicate the presence of mold in the Premises.

6.4 **Inspection; Compliance**. Lessor and Lessor's "**Lender**" (as defined in Paragraph 30) and consultants shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times, after reasonable notice, for the purpose of inspecting the condition of the Premises and for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a Hazardous Substance Condition (see paragraph 9.1e) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspection, so long as such inspection is reasonably related to the violation or contamination. In addition, Lessee shall provide copies of all relevant material safety data sheets (**MSDS**) to Lessor within 10 days of the receipt of written request therefor.

7. **Maintenance; Repairs; Utility Installations; Trade Fixtures and Alterations**.

7.1 **Lessee's Obligations**. Notwithstanding Lessor's obligation to keep the Premises in good condition and repair, Lessee shall be responsible for payment of the cost thereof to Lessor as additional rent for that portion of the cost of any maintenance and repair of the Premises, or any equipment (wherever located) that serves only Lessee or the Premises, to the extent such cost is attributable to abuse or misuse. In addition, Lessee rather than the Lessor shall be responsible for the cost of painting, repairing or replacing wall coverings, and to repair or replace any similar improvements within the Premises. Lessor may, at its option, upon reasonable notice, elect to have Lessee perform any particular such maintenance or repairs the cost of which is otherwise Lessee's responsibility hereunder."

7.2 **Lessor's Obligations**. Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 4.2 (Operating Expenses), 6 (Use), 7.1 (Lessee's Obligations), 9 (Damage or Destruction) and 14 (Condemnation), Lessor, subject to reimbursement pursuant to Paragraph 4.2, shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler system, fire alarm and/or smoke detection systems, fire hydrants, and the Common Areas. Lessee expressly waives the benefit of any statute now or hereafter in effect to the extent it is inconsistent with the terms of this Lease.

7.3 **Utility Installations; Trade Fixtures; Alterations**.

(a) **Definitions**. The term "**Utility Installations**" refers to all floor and window coverings, air lines, vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, and plumbing in or on the Premises. The term "**Trade Fixtures**" shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term " **Alterations**" shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. "**Lessee Owned Alterations and/or Utility Installations**" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a).

(b) **Consent**. Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent. Lessee may, however, make non-structural Alterations or Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof, ceilings, floors or any existing walls, will not affect the electrical, plumbing, HVAC, and/or life safety systems, and the cumulative cost thereof during this Lease as extended does not exceed $2,000. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor. Lessor may, as a precondition to granting such approval, require Lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with asbuilt plans and specifications. For work which costs an amount in excess of one month's Base Rent, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to 150% of the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor. In addition to, and without limiting the other requirements of this Paragraph 7.3, all utilities, installations, and alterations made by Lessee shall also be subject to the provisions of Exhibit "D" attached to this Lease.

(c) **Liens; Bonds**. Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than 10 days notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require, Lessee shall furnish a surety bond in an amount equal to 150% of the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's attorneys' fees and costs.

7.4 **Ownership; Removal; Surrender; and Restoration**.

(a) **Ownership**. Subject to Lessor's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per paragraph 7.4(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.

(b) **Removal**. By delivery to Lessee of written notice from Lessor not earlier than 90 and not later than 30 days prior to the end of the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

(c) **Surrender; Restoration**. Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. Notwithstanding the foregoing, if this Lease is for 12 months or less, then Lessee shall surrender the Premises in the same condition as delivered to Lessee on the Start Date with NO allowance for ordinary wear and tear. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall also completely remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee, or any third party (except Hazardous Substances which were deposited via underground migration from areas outside of the Premises) even if such removal would require Lessee to perform or pay for work that exceeds statutory requirements. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. Any personal property of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as Lessor may desire. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 26 below.

8. (See Addendum) **Insurance; Indemnity**.

~~8.1 **Insurance Premiums**. The cost of the premiums for the insurance policies maintained by Lessor pursuant to paragraph 8 are included as Operating Expenses (see paragraph 4.2 (c)(iv)). Said costs shall include increases in the premiums resulting from additional coverage related to requirements of the holder of a mortgage or deed of trust covering the Premises, Building and/or Project, increased valuation of the Premises, Building and/or Project, and/or a general premium rate increase. Said costs shall not, however, include any premium increases resulting from the nature of the occupancy of any other tenant of the Building. If the Project was not insured for the entirety of the Base Year, then the base premium shall be the lowest annual premium reasonably obtainable for the required insurance as of the Start Date, assuming the most nominal use possible of the Building and/or Project. In no event, however, shall Lessee be responsible for any portion of the premium cost attributable to liability insurance coverage in excess of $2,000,000 procured under Paragraph 8.2(b).~~

~~8.2 **Liability Insurance**.~~

~~(a) **Carried by Lessee**. Lessee shall obtain and keep in force a Commercial General Liability policy of insurance protecting Lessee and Lessor as an additional insured against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than $1,000,000 per occurrence with an annual aggregate of not less than $2,000,000. Lessee shall add Lessor as an additional insured by means of an endorsement at least as broad as the Insurance Service Organization's "Additional Insured-Managers or Lessors of Premises" Endorsement and coverage shall also be extended to include damage caused by heat, smoke or fumes from a hostile fire. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "**insured contract**" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. Lessee shall provide an endorsement on its liability policy(ies) which provides that its insurance shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only.~~

~~(b) **Carried by Lessor**. Lessor shall maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.~~

~~8.3 **Property Insurance - Building, Improvements and Rental Value**.~~

~~(a) **Building and Improvements**. Lessor shall obtain and keep in force a policy or policies of insurance in the name of Lessor, with loss payable to Lessor, any ground-lessor, and to any Lender insuring loss or damage to the Building and/or Project. The amount of such insurance shall be equal to the full insurable replacement cost of the Building and/or Project, as the same shall exist from time to time, or the amount required by any Lender, but in no event more than the commercially reasonable and available insurable value thereof. Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee not by Lessor. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed $5,000 per occurrence.~~

~~(b) **Rental Value**. Lessor shall also obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 180 days **("Rental Value insurance")**. Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next 12 month period.~~

~~(c) **Adjacent Premises**. Lessee shall pay for any increase in the premiums for the property insurance of the Building and for the Common Areas or other buildings in the Project if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.~~

~~(d) **Lessee's Improvements**. Since Lessor is the Insuring Party, Lessor shall not be required to insure Lessee Owned Alterations and Utility Installations unless the item in question has become the property of Lessor under the terms of this Lease.~~

~~8.4 **Lessee's Property; Business Interruption Insurance; Worker's Compensation Insurance.**~~

~~(a) **Property Damage**. Lessee shall obtain and maintain insurance coverage on all of Lessee's personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed $1,000 per occurrence. The proceeds from any such insurance shall be used by Lessee for the replacement of personal property, Trade Fixtures and Lessee Owned Alterations and Utility Installations.~~

~~(b) **Worker's Compensation Insurance.** Lessee shall obtain and maintain Worker's Compensation Insurance in such amount as may be required by Applicable Requirements. Such policy shall include a 'Waiver of Subrogation' endorsement. Lessee shall provide Lessor with a copy of such endorsement along with the certificate of insurance or copy of the policy required by paragraph 8.5.~~

~~(c) **Business Interruption**. Lessee shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.~~

~~(d) **No Representation of Adequate Coverage**. Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease.~~

~~8.5 **Insurance Policies**. Insurance required herein shall be by companies maintaining during the policy term a "General Policyholders Rating" of at least A-, VII, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be required by a Lender. Lessee shall not do or permit to be done anything which invalidates the required insurance policies. Lessee shall, prior to the Start Date, deliver to Lessor certified copies of policies of such insurance or certificates with copies of the required endorsements evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after 10 days prior written notice to Lessor. Lessee shall, at least 30 days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.~~

~~8.6 **Waiver of Subrogation**. Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.~~

8.7 **Indemnity**. Except for Lessor's gross negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the use and/or occupancy of the Premises by Lessee. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified.

8.8 **Exemption of Lessor and its Agents from Liability**. Notwithstanding the negligence or breach of this Lease by Lessor or its agents, neither Lessor nor its agents shall be liable under any circumstances for: (i) injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the Building, or from other sources or places, (ii) any damages arising from any act or neglect of any other tenant of Lessor or from the failure of Lessor or its agents to enforce the provisions of any other lease in the Project, or (iii) injury to Lessee's business or for any loss of income or profit therefrom. Instead, it is intended that Lessee's sole recourse in the event of such damages or injury be to file a claim on the insurance policy(ies) that Lessee is required to maintain pursuant to the provisions of paragraph 8.

8.9 **Failure to Provide Insurance.** Lessee acknowledges that any failure on its part to obtain or maintain the insurance required herein will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, for any month or portion thereof that Lessee does not maintain the required insurance and/or does not provide Lessor with the required binders or certificates evidencing the existence of the required insurance, the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or $100, whichever is greater. The parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to maintain the required insurance. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to maintain such insurance, prevent the exercise of any of the other rights and remedies granted hereunder, nor relieve Lessee of its obligation to maintain the insurance specified in this Lease.

9. **Damage or Destruction**.

9.1 **Definitions**.

(a) "**Premises Partial Damage**" shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in 3 months or less from the date of the damage or destruction, and the cost thereof does not exceed a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(b) "**Premises Total Destruction**" shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in 3 months or less from the date of the damage or destruction and/or the cost thereof exceeds a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) "**Insured Loss**" shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraphs 8.1 &8.2 of this Lease ( See Addendum Paragraph 3) ~~Paragraph 8.3(a)~~, irrespective of any deductible amounts or coverage limits involved.

(d) "**Replacement Cost**" shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

(e) "**Hazardous Substance Condition**" shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance, in, on, or under the Premises which requires restoration.

9.2 **Partial Damage - Insured Loss**. If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect; provided, however, that Lessee shall, at Lessor's election, make the repair of any damage or destruction the total cost to repair of which is $5,000 or less, and, in such event, Lessor shall make any applicable insurance proceeds available to Lessee on a reasonable basis for that purpose. Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, the Insuring Party shall promptly contribute the shortage in proceeds as and when required to complete said repairs. In the event, however, such shortage was due to the fact that, by reason of the unique nature of the improvements, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within 10 days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said 10 day period, the party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such funds or assurance are not received, Lessor may nevertheless elect by written notice to Lessee within 10 days thereafter to: (i) make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect, or (ii) have this Lease terminate 30 days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 **Partial Damage - Uninsured Loss**. If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), Lessor may either: (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Lessee within 30 days after receipt by Lessor of knowledge of the occurrence of such damage. Such termination shall be effective 60 days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within 10 days after receipt of the termination notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage without reimbursement from Lessor. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

9.4 **Total Destruction**. Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 60 days following such Destruction. If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except as provided in Paragraph 8.3 (e) of this Lease ( See Addendum Paragraph 3) ~~Paragraph 8.6~~.

9.5 **Damage Near End of Term**. If at any time during the last 6 months of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss, Lessor may terminate this Lease effective 60 days following the date of occurrence of such damage by giving a written termination notice to Lessee within 30 days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by, (a) exercising such option and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is 10 days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished.

9.6 **Abatement of Rent; Lessee's Remedies**.

(a) **Abatement**. In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease, the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not to exceed the proceeds received from the Rental Value insurance. All other obligations of Lessee hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

(b) **Remedies**. If Lessor is obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within 90 days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than 60 days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such 30 days, this Lease shall continue in full force and effect. "Commence" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.7 **Termination; Advance Payments**. Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

10. **Real Property Taxes**.

10.1 **Definitions**. As used herein, the term "**Real Property Taxes**" shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Project, Lessor's right to other income therefrom, and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Project address and where the proceeds so generated are to be applied by the city, county or other local taxing authority of a jurisdiction within which the Project is located. **"Real Property Taxes"** shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Project, (ii) a change in the improvements thereon, and/or (iii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease.

10.2 **Payment of Taxes**. Except as otherwise provided in Paragraph 10.3, Lessor shall pay the Real Property Taxes applicable to the Project, and said payments shall be included in the calculation of Operating Expenses in accordance with the provisions of Paragraph 4.2.

10.3 **Additional Improvements**. Operating Expenses shall not include Real Property Taxes specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Project by other lessees or by Lessor for the exclusive enjoyment of such other lessees. Notwithstanding Paragraph 10.2 hereof, Lessee shall, however, pay to Lessor at the time Operating Expenses are payable under Paragraph 4.2, the entirety of any increase in Real Property Taxes if assessed solely by reason of Alterations, Trade Fixtures or Utility Installations placed upon the Premises by Lessee or at Lessee's request or by reason of any alterations or improvements to the Premises made by Lessor subsequent to the execution of this Lease by the Parties.

10.4 **Joint Assessment**. If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.5 **Personal Property Taxes**. Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee contained in the Premises. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. **Utilities and Services**.

11.1 **Services Provided by Lessor.** Lessor shall provide heating, ventilation, air conditioning, reasonable amounts of electricity for normal lighting and office machines, water for reasonable and normal drinking and lavatory use in connection with an office, and replacement light bulbs and/or fluorescent tubes and ballasts for standard overhead fixtures. Lessor shall also provide janitorial services to the Premises and Common Areas 5 times per week, excluding Building Holidays, or pursuant to the attached janitorial schedule, if any. Lessor shall not, however, be required to provide janitorial services to kitchens or storage areas included within the Premises.

11.2 **Services Exclusive to Lessee.** Lessee shall pay for all water, gas, light, power, telephone and other utilities and services specially or exclusively supplied and/or metered exclusively to the Premises or to Lessee, together with any taxes thereon. If a service is deleted by Paragraph 1.13 and such service is not separately metered to the Premises, Lessee shall pay at Lessor's option, either Lessee's Share or a reasonable proportion to be determined by Lessor of all charges for such jointly metered service.

11.3 **Hours of Service.** Said services and utilities shall be provided during times set forth in Paragraph 1.12. Utilities and services required at other times shall be subject to advance request and reimbursement by Lessee to Lessor of the cost thereof.

11.4 **Excess Usage by Lessee.** Lessee shall not make connection to the utilities except by or through existing outlets and shall not install or use machinery or equipment in or about the Premises that uses excess water, lighting or power, or suffer or permit any act that causes extra burden upon the utilities or services, including but not limited to security and trash services, over standard office usage for the Project. Lessor shall require Lessee to reimburse Lessor for any excess expenses or costs that may arise out of a breach of this subparagraph by Lessee. Lessor may, in its sole discretion, install at Lessee's expense supplemental equipment and/or separate metering applicable to Lessee's excess usage or loading.

11.5 **Interruptions.** There shall be no abatement of rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor's reasonable control or in cooperation with governmental request or directions.

12. **Assignment and Subletting**.

12.1 **Lessor's Consent Required**.

(a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, "**assign or assignment**") or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent.

(b) Unless Lessee is a corporation and its stock is publicly traded on a national stock exchange, a change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of 25% or more of the voting control of Lessee shall constitute a change in control for this purpose.

(c) The involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buyout or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee by an amount greater than 25% of such Net Worth as it was represented at the time of the execution of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Lease to which Lessor may withhold its consent. "**Net Worth of Lessee**" shall mean the net worth of Lessee (excluding any guarantors) established under generally accepted accounting principles.

(d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(c), or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a noncurable Breach, Lessor may either: (i) terminate this Lease, or (ii) upon 30 days written notice, increase the monthly Base Rent to 110% of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to 110% of the price previously in effect, and (ii) all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to 110% of the scheduled adjusted rent.

(e) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.

(f) Lessor may reasonably withhold consent to a proposed assignment or subletting if Lessee is in Default at the time consent is requested.

(g) Notwithstanding the foregoing, allowing a de minimis portion of the Premises, i e. 20 square feet or less, to be used by a third party vendor in connection with the installation of a vending machine or payphone shall not constitute a subletting.

12.2 **Terms and Conditions Applicable to Assignment and Subletting**.

(a) Regardless of Lessor's consent, no assignment or subletting shall: (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.

(b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.

(c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

(d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefore to Lessor, or any security held by Lessor.

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of $500 as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested. (See also Paragraph 36)

(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment, entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.

(g) Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing. (See Paragraph 39.2)

12.3 **Additional Terms and Conditions Applicable to Subletting**. The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

(b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

(c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.

(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

13. **Default; Breach; Remedies**.

13.1 **Default; Breach**. A "**Default**" is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or Rules and Regulations under this Lease. A "**Breach**" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

(a) The abandonment of the Premises; or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraphs 8.1 &8.2 of this Lease (See Addendum Paragraph 3) ~~Paragraph 8.3~~ is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.

(b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to Lessee. THE ACCEPTANCE BY LESSOR OF A PARTIAL PAYMENT OF RENT OR SECURITY DEPOSIT SHALL NOT CONSTITUTE A WAIVER OF ANY OF LESSOR'S RIGHTS, INCLUDING LESSOR'S RIGHT TO RECOVER POSSESSION OF THE PREMISES.

(c) The failure of Lessee to allow Lessor and/or its agents access to the Premises or the commission of waste, act or acts constituting public or private nuisance, and/or an illegal activity on the Premises by Lessee, where such actions continue for a period of 3 business days following written notice to Lessee.

(d) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) an Estoppel Certificate or financial statements, (v) a requested subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 41, (viii) material data safety sheets (MSDS), or (ix) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following written notice to Lessee.

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 2.9 hereof, other than those described in subparagraphs 13.1(a), (b) or (c), above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.

(f) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "**debtor**" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor was materially false.

(h) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within 60 days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13.2 **Remedies**.. If Lessee fails to perform any of its affirmative duties or obligations, within 10 days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor an amount equal to 115% of the costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Breach, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover any damages to which Lessor is otherwise entitled. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

13.3 **Inducement Recapture**. Any agreement for free or abated rent or other charges, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as "**Inducement Provisions**", shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease. Upon Breach of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initiated the operation of this paragraph shall not be deemed a waiver by Lessor of the provisions of this paragraph unless specifically so stated in writing by Lessor at the time of such acceptance.

13.4 **Late Charges**. Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time late charge equal to 10% of each such overdue amount or $100, whichever is greater. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 **Interest**. Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due shall bear interest from the 31st day after it was due. The interest ("**Interest**") charged shall be computed at the rate of 10% per annum but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.

13.6 **Breach by Lessor**. (see Addendum)

(a) **Notice of Breach**. Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than 30 days after receipt by Lessor, and any Lender whose name and address shall have been furnished Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than 30 days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such 30 day period and thereafter diligently pursued to completion.

~~(b) **Performance by Lessee on Behalf of Lessor**. In the event that neither Lessor nor Lender cures said breach within 30 days after receipt of said notice, or if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to cure said breach at Lessee's expense and offset from Rent the actual and reasonable cost to perform such cure, provided however, that such offset shall not exceed an amount equal to the greater of one month's Base Rent or the Security Deposit, reserving Lessee's right to seek reimbursement from Lessor for any such expense in excess of such offset. Lessee shall document the cost of said cure and supply said documentation to Lessor.~~

14. **Condemnation**. If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "**Condemnation**"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the rentable floor area of the Premises, or more than 25% of Lessee's Reserved Parking Spaces, if any, are taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation paid by the condemnor for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph. All Alterations and Utility Installations made to the Premises by Lessee, for purposes of Condemnation only, shall be considered the property of the Lessee and Lessee shall be entitled to any and all compensation which is payable therefor. In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation.

15. **Brokerage Fees**.

~~15.1 **Additional Commission**. In addition to the payments owed pursuant to Paragraph 1.10 above, and unless Lessor and the Brokers otherwise agree in writing, Lessor agrees that: (a) if Lessee exercises any Option, (b) if Lessee or anyone affiliated with Lessee acquires from Lessor any rights to the Premises or other premises owned by Lessor and located within the Project, (c) if Lessee remains in possession of the Premises, with the consent of Lessor, after the expiration of this Lease, or (d) if Base Rent is increased, whether by agreement or operation of an escalation clause herein, then, Lessor shall pay Brokers a fee in accordance with the fee schedule of the Brokers in effect at the time the Lease was executed.~~

~~15.2 **Assumption of Obligations**. Any buyer or transferee of Lessor's interest in this Lease shall be deemed to have assumed Lessor's obligation hereunder. Brokers shall be third party beneficiaries of the provisions of Paragraphs 1.10, 15, 22 and 31. If Lessor fails to pay to Brokers any amounts due as and for brokerage fees pertaining to this Lease when due, then such amounts shall accrue Interest. In addition, if Lessor fails to pay any amounts to Lessee's Broker when due, Lessee's Broker may send written notice to Lessor and Lessee of such failure and if Lessor fails to pay such amounts within 10 days after said notice, Lessee shall pay said monies to its Broker and offset such amounts against Rent. In addition, Lessee's Broker shall be deemed to be a third party beneficiary of any commission agreement entered into by and/or between Lessor and Lessor's Broker for the limited purpose of collecting any brokerage fee owed.~~

15.3 **Representations and Indemnities of Broker Relationships**. Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder (other than the Brokers, if any) in connection with this Lease, and that no one other than said named Brokers is entitled to any commission or finder's fee in connection herewith. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

16. **Estoppel Certificates**.

(a) Each Party (as "**Responding Party**") shall within 10 days after written notice from the other Party (the "**Requesting Party**") execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current "**Estoppel Certificate**" form published by the AIRCommercial Real Estate Association, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such 10 day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance, and (iii) if Lessor is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate. In addition, Lessee acknowledges that any failure on its part to provide such an Estoppel Certificate will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to execute and/or deliver a requested Estoppel Certificate in a timely fashion the monthly Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or $100, whichever is greater for remainder of the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to provide the Estoppel Certificate. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to provide the Estoppel Certificate nor prevent the exercise of any of the other rights and remedies granted hereunder.

(c) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall within 10 days after written notice from Lessor deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past 3 years. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. **Definition of Lessor**. The term "**Lessor**" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.

18. **Severability**. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

19. **Days**. Unless otherwise specifically indicated to the contrary, the word "**days**" as used in this Lease shall mean and refer to calendar days.

20. **Limitation on Liability**. The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor or its partners, members, directors, officers or shareholders, and Lessee shall look to the Project, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against Lessor's partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction.

21. **Time of Essence**. Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

22. **No Prior or Other Agreements; Broker Disclaimer**. This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or

with respect to any default or breach hereof by either Party.

23. **Notices**.

23.1 **Notice Requirements**. All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate in writing.

23.2 **Date of Notice**. Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given 72 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantees next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices transmitted by facsimile transmission or similar means shall be deemed delivered upon telephone confirmation of receipt (confirmation report from fax machine is sufficient), provided a copy is also delivered via delivery or mail. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

24. **Waivers**.

(a) No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent.

(b) The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of moneys or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

(c) THE PARTIES AGREE THAT THE TERMS OF THIS LEASE SHALL GOVERN WITH REGARD TO ALL MATTERS RELATED THERETO AND HEREBY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE TO THE EXTENT THAT SUCH STATUTE IS INCONSISTENT WITH THIS LEASE.

25. **Disclosures Regarding The Nature of a Real Estate Agency Relationship.**

(a) When entering into a discussion with a real estate agent regarding a real estate transaction, a Lessor or Lessee should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Lessor and Lessee acknowledge being advised by the Brokers in this transaction, as follows:

(i) <u>Lessor's Agent.</u> A Lessor's agent under a listing agreement with the Lessor acts as the agent for the Lessor only. A Lessor's agent or subagent has the following affirmative obligations: <u>To the Lessor:</u> A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessor. <u>To the Lessee and the Lessor:</u> a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(ii) <u>Lessee's Agent.</u> An agent can agree to act as agent for the Lessee only. In these situations, the agent is not the Lessor's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Lessor. An agent acting only for a Lessee has the following affirmative obligations. <u>To the Lessee:</u> A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessee. <u>To the Lessee and the Lessor:</u> a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(iii) <u>Agent Representing Both Lessor and Lessee.</u> A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both the Lessor and the Lessee in a transaction, but only with the knowledge and consent of both the Lessor and the Lessee. In a dual agency situation, the agent has the following affirmative obligations to both the Lessor and the Lessee: a. A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Lesser or the Lessee. b. Other duties to the Lessor and the Lessee as stated above in subparagraphs (i) or (ii). In representing both Lessor and Lessee, the agent may not without the express permission of the respective Party, disclose to the other Party that the Lessor will accept rent in an amount less than that indicated in the listing or that the Lessee is willing to pay a higher rent than that offered. The above duties of the agent in a real estate transaction do not relieve a Lessor or Lessee from the responsibility to protect their own interests. Lessor and Lessee should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advise is desired, consult a competent professional.

(b) Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this Lease may be brought against Broker more than one year after the Start Date and that the liability (including court costs and attorneys' fees), of any Broker with respect to any such lawsuit and/or legal proceeding shall not exceed the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

(c) Lessor and Lessee agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

26. **No Right To Holdover**. Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to 150% of the Base Rent applicable immediately preceding the expiration or termination. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

27. **Cumulative Remedies**. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. **Covenants and Conditions; Construction of Agreement**. All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

29. **Binding Effect; Choice of Law**. This Lease shall be binding upon the Parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. **Subordination; Attornment; Non-Disturbance**.

30.1 **Subordination**. This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "**Security Device**"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices (in this Lease together referred to as "**Lender**") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 **Attornment**. In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Devise to which this Lease is subordinated (i) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of the new owner, this Lease will automatically become a new lease between Lessee and such new owner, and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor which was not paid or credited to such new owner.

30.3 **Non-Disturbance**. With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "**Non-Disturbance Agreement**") from the Lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises. Further, within 60 days after the execution of this Lease, Lessor shall, if requested by Lessee, use its commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises. In the event that Lessor is unable to provide the Non-Disturbance Agreement within said 60 days, then Lessee may, at Lessee's option, directly contact Lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement.

30.4 **Self-Executing**. The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

31. **Attorneys' Fees**. If any Party or Broker brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "**Prevailing Party**" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach ($200 is a reasonable minimum per occurrence for such services and consultation).

32. **Lessor's Access; Showing Premises; Repairs**. Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable prior notice for the purpose of showing the same to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect on Lessee's use of the Premises. All such activities shall be without abatement of rent or liability to Lessee.

33. **Auctions**. Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

34. **Signs**. Lessor may place on the Premises ordinary "For Sale" signs at any time and ordinary "For Lease" signs during the last 6 months of the term hereof. Lessor may not place any sign on the exterior of the Building that covers any of the windows of the Premises. Except for ordinary "For Sublease" signs which may be placed only on the Premises, Lessee shall not place any sign upon the Project without Lessor's prior written consent. All signs must comply with all Applicable Requirements.

35. **Termination; Merger**. Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. **Consents**. Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

37. **Guarantor**.

37.1 **Execution**. The Guarantors, if any, shall each execute a guaranty in the form most recently published by the AIR Commercial Real Estate Association.

37.2 **Default**. It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements, (c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.

38. **Quiet Possession**. Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

39. **Options**. If Lessee is granted any Option, as defined below, then the following provisions shall apply.

39.1 **Definition**. "**Option**" shall mean: (a) the right to extend or reduce the term of or renew this Lease or to extend or reduce the term of or renew any lease that Lessee has on other property of Lessor; (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor; (c) the right to purchase, the right of first offer to purchase or the right of first refusal to purchase the Premises or other property of Lessor.

39.2 **Options Personal To Original Lessee**. Any Option granted to Lessee in this Lease is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting.

39.3 **Multiple Options**. In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

39.4 **Effect of Default on Options**.

(a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Lessee), (iii) during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessee has been given 3 or more notices of separate Default, whether or not the Defaults are cured, during the 12 month period immediately preceding the exercise of the Option.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a).

(c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any necessity of Lessor to give notice thereof), or (ii) if Lessee commits a Breach of this Lease.

40. **Security Measures**. Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties. In the event, however, that Lessor should elect to provide security services, then the cost thereof shall be an Operating Expense.

41. **Reservations**.

(a) Lessor reserves the right: (i) to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, (ii) to cause the recordation of parcel maps and restrictions, (iii) to create and/or install new utility raceways, so long as such easements, rights, dedications, maps, restrictions, and utility raceways do not unreasonably interfere with the use of the Premises by Lessee. Lessor may also: change the name, address or title of the Building or Project upon at least 90 days prior written notice; provide and install, at Lessee's expense, Building standard graphics on the door of the Premises and such portions of the Common Areas as Lessor shall reasonably deem appropriate; grant to any lessee the exclusive right to conduct any business as long as such exclusive right does not conflict with any rights expressly given herein; and to place such signs, notices or displays as Lessor reasonably deems necessary or advisable upon the roof, exterior of the Building or the Project or on signs in the Common Areas. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate such rights. The obstruction of Lessee's view, air, or light by any structure erected in the vicinity of the Building, whether by Lessor or third parties, shall in no way affect this Lease or impose any liability upon Lessor.

(b) Lessor also reserves the right to move Lessee to other space of comparable size in the Building or Project. Lessor must provide at least 45 days prior written notice of such move, and the new space must contain improvements of comparable quality to those contained within the Premises. Lessor shall pay the reasonable out of pocket costs that Lessee incurs with regard to such relocation, including the expenses of moving and necessary stationary revision costs. In no event, however, shall Lessor be required to pay an amount in excess of two months Base Rent. Lessee may not be relocated more than once during the term of this Lease.

(c) Lessee shall not: (i) use a representation (photographic or otherwise) of the Building or Project or their name(s) in connection with Lessee's business; or (ii) suffer or permit anyone, except in emergency, to go upon the roof of the Building.

42. **Performance Under Protest**. If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay. A Party who does not initiate suit for the recovery of sums paid "under protest" within 6 months shall be deemed to have waived its right to protest such payment.

43. **Authority; Multiple Parties; Execution**

(a) If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each Party shall, within 30 days after request, deliver to the other Party satisfactory evidence of such authority.

(b) If this Lease is executed by more than one person or entity as "Lessee", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessees, and Lessor may rely on the same as if all of the named Lessees had executed such document.

(c) This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

44. **Conflict**. Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

45. **Offer**. Preparation of this Lease by either party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

46. **Amendments**. This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable nonmonetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.

47. **Waiver of Jury Trial. THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.**

48. **Arbitration of Disputes**. An Addendum requiring the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease ☐ is ☑ is not attached to this Lease.

49. **Accessibility; Americans with Disabilities Act**.

(a) The Premises: ☑ have not undergone an inspection by a Certified Access Specialist (CASp). ☐ have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises met all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. ☐ have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq.

(b) Since compliance with the Americans with Disabilities Act (ADA) is dependent upon Lessee's specific use of the Premises, Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. In the event that Lessee's use of the Premises requires modifications or additions to the Premises in order to be in ADA compliance, Lessee agrees to make any such necessary modifications and/or additions at Lessee's expense.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALLY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

**ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AIR COMMERCIAL REAL ESTATE ASSOCIATION OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:**

**1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.**

**2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING AND SIZE OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.**

**WARNING: IF THE PREMISES ARE LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PREMISES ARE LOCATED.**

The parties hereto have executed this Lease at the place and on the dates specified above their respective signatures.

| | |
|---|---|
| Executed at: 24031 El Toro Road, Suite 100 | Executed at: 23521 Paseo De Valencia, Suite 205 |
| On: | On: |
| **By LESSOR:** | **By LESSEE:** |
| The City of Laguna Hills | Donald C. Lewellen, an individual |
| By: | By: |
| Name Printed: Bruce E. Channing | Name Printed: Donald C. Lewellen |
| Title: City Manager | Title: |
| By: | By: |
| Name Printed: Peggy Johns | Name Printed: |
| Title: City Clerk | Title: |
| Address: 24031 El Toro Road, Suite 100 | Address: |
| Laguna Hills, CA 92654 | |
| Telephone:(___) | Telephone:(___) |
| Facsimile:(___) | Facsimile:(___) |
| Email: | Email: |
| Email: | Emai: |
| Federal ID No. | Federal ID No. |

**LESSOR'S BROKER:**

Essex Realty Management, Inc.

Attn: Sandi Montez

Address: 111 Corporate Drive, Suite 110

Ladera Ranch, CA 92694

Telephone:(949) 218-3801

Facsimile:(____) ____

Email: ____

Broker/Agent DRE License #: 00965485

**LESSEE'S BROKER:**

____

Attn: ____

Address: ____

Telephone:(____) ____

Facsimile:(____) ____

Email: ____

Broker/Agent DRE License #: ____

**NOTICE: These forms are often modified to meet changing requirements of law and industry needs. Always write or call to make sure you are utilizing the most current form: AIR Commercial Real Estate Association, 500 N Brand Blvd, Suite 900, Glendale, CA 91203. Telephone No. (213) 687-8777. Fax No.: (213) 687-8616.**

# ADDENDUM TO LEASE

**THIS ADDENDUM TO LEASE** (this "Addendum") shall constitute part of that certain STANDARD MULTI-TENANT OFFICE LEASE – GROSS ("Lease"), dated as of August 27, 2013, between The City of Laguna Hills ("Lessor"), and Donald C. Lewellen, an individual ("Lessee"). The terms of this Addendum shall be incorporated into the Lease for all purposes. In the event of any conflict between the terms of the Lease and the terms of this Addendum, the terms of this Addendum shall control.

1. Base Rent Increase. Paragraph 4.4. is hereby added to the Lease to read as follows:

4.4.1 The monthly Base Rent payable as set forth Paragraph 1.5 and as set forth in Paragraph 1.7 (a) of the Lease shall be adjusted annually on the Commencement Date of the Lease, and on such other dates stated, to the amounts set forth below:

| | |
|---|---|
| 10/1/13 – 1/31/14 | $3,304.80 ($1.80psf) |
| 2/1/14 – 2/28/14 | 1/Mo Free @ ($3,304.80) |
| 3/1/14 – 9/30/14 | $3,304.80 ($1.80psf) |
| 10/1/14 – 1/31/15 | $3,396.60 ($1.85psf) |
| 2/1/15 – 2/14/15 | 1/2 Mo free @ ($3,396.60) |
| 2/15/15 –9/30/15 | $3,396.60 ($1.85psf) |
| 10/1/15 – 9/30/16 | $3,488.40 ($1.90psf) |

2. Use. Paragraph 6.1 of the Lease is hereby deleted in its entirety and replaced by the following:

"6.1. Use. The Premises shall be used only for the Agreed Use and for no other use. Lessee's use of the Premises shall be in compliance with and subject to all Applicable Requirements relating to or affecting the Project, the Premises or the Building or the use or operation thereof, whether now existing or hereafter enacted, including, without limitation, the Americans with Disabilities Act of 1990, 42 USC 12111 et seq. (the "ADA") as the same may be amended from time to time, any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Lessee, the Premises, the Building, or the Project ("Environmental Laws"), any transportation or traffic management plan in satisfaction of any requirement imposed on the Project by a governmental agency with jurisdiction over the Project, and any CC&Rs or any supplement thereto recorded in any official or public records with respect to the Project or any portion thereof (collectively, "Applicable Laws"). Lessee shall be responsible for obtaining any permit, business license, or other permits or licenses required by any governmental agency permitting Lessee's use or occupancy of the Premises. Lessee shall not commit waste, overload the floors or structure of the Building, subject the Premises, the Building, the Common Area or the Project to any use which would damage the same or increase the risk of loss or violate any insurance coverage, permit any unreasonable odors, smoke, dust, gas, substances, noise or vibrations to emanate from the Premises, take any action which would constitute a nuisance or would disturb, obstruct or endanger any other tenants, take any action which would abrogate any warranties, or use or allow the Premises to be used for any unlawful purpose. Lessor shall not be responsible for non-compliance by any other tenant or occupant of the Project with, or Lessor's failure to enforce, any of the rules or regulations or CC&Rs or any other terms or provisions of such tenant's or occupant's lease. Lessee shall promptly comply with the reasonable requirements of any board of fire insurance underwriters or other similar body now or hereafter constituted. Lessee shall not do any act which shall in any way encumber the title of Lessor in and to the Premises, the Building or the Project.

3. Insurance; Indemnity. Paragraph 8.1 through 8.6 of the Lease are hereby deleted in their entirety and replaced by the following:

"8.1 Lessor's Insurance. Lessor shall maintain insurance through individual or blanket policies insuring the Building against fire and extended coverage (including, if Lessor elects, "all risk" coverage, earthquake/volcanic action, flood and/or surface water insurance) for the full replacement cost of the Building, with deductibles and the form and endorsements of such coverage as selected by Lessor, together with rental abatement insurance against loss of Rent in an amount equal to the amount of Rent for a period of at least twelve (12) months commencing on the date of loss. Lessor may also carry such other insurance as Lessor may deem prudent or advisable, including, without limitation, liability insurance in such amounts and on such terms as Lessor shall determine. Lessee shall pay to Lessor, as a portion of the Operating Expenses, the costs of the insurance coverages described herein, including, without limitation, Lessor's cost of any self-insurance deductible or retention.

8.2 Lessee's Insurance. Lessee shall, at Lessee's expense, obtain and keep in force at all times the following insurance:

(a) Commercial General Liability Insurance (Occurrence Form). A policy of commercial general liability insurance (occurrence form) having a combined single limit of not less than Two Million Dollars ($2,000,000) per occurrence and Two Million Dollars ($2,000,000) aggregate per location if Lessee has multiple locations, providing coverage for, among other things, blanket contractual liability, premises, products/completed operations with an "Additional Insured Managers or Lessors of Premises Endorsement" and personal and advertising injury coverage, with deletion of the exclusion for explosion, collapse or underground hazard, if applicable, and, if necessary, Lessee shall provide for restoration of the aggregate limit, and provided that the policy shall not contain any intra insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under the Lease as an "insured contract" for the performance of Lessee's indemnity obligations under the Lease;

(b) Automobile Liability Insurance. Comprehensive automobile liability insurance having a combined single limit of not less than Two Million Dollars ($1,000,000) per occurrence and insuring Lessee against liability for claims arising out of ownership, maintenance, or use of any owned, hired or non-owned automobiles;

(c) Workers' Compensation and Employer's Liability Insurance. Workers' compensation insurance having limits not less than those required by state statute and federal statute, if applicable, and covering all persons employed by Lessee in the conduct of its operations on the Premises (including the all states endorsement and, if applicable, the volunteers endorsement), together with employer's liability insurance coverage in the amount of at least One Million Dollars ($1,000,000);

(d) Property Insurance. "Special Form" property insurance including boiler and machinery comprehensive form, if applicable, covering damage to or loss of any of Lessee's personal property, fixtures, equipment and alterations, including electronic data processing equipment (collectively "Lessee's Property") (and coverage for the full replacement cost thereof including business interruption of the Lessee), together with, if the property of Lessee's invitees is to be kept in the Premises, warehouseman's legal liability or bailee customers insurance for the full replacement cost of the property belonging to invitees and located on the Premises.

(e) Business Interruption. Loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all peril commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.

8.3 General.

(a) Insurance Companies. Insurance required to be maintained by Lessee shall be written by companies licensed to do business in the state in which the Premises are located and having a "General Policyholders Rating" of at least "A-" (or such higher rating as may be required by a lender having a lien on the Premises) and a financial rating of no less than VII as set forth in the most current issue of "Best's Insurance Guide."

(b) Certificates of Insurance. Lessee shall deliver to Lessor certificates of insurance and endorsements for all insurance required to be maintained by Lessee in the form acceptable to Lessor no later than seven (7) days prior to the date of possession of the Premises. Lessee shall, at least ten (10) days prior to expiration of the policy, furnish Lessor with certificates of renewal or "binders" thereof. If Lessee fails to maintain any insurance required in the Lease, Lessee shall be liable for all losses and costs suffered or incurred by Lessor (including litigation costs and attorneys' fees and expenses) resulting from said failure.

(c) Additional Insureds. Lessor, Lessor's lender, and any property management company of Lessor for the Premises shall be named as additional insureds (utilizing ISO Form CG2010 (11/85) or its equivalent) under all of the policies required by section 8.2(a). The policies required under Section 8.2(a) shall provide for severability of interest.

(d) Primary Coverage. All insurance to be maintained by Lessee shall, except for workers' compensation and employer's liability insurance, be primary, without right of contribution from insurance of Lessor. Any umbrella liability policy or excess liability policy (which shall be in "following form") shall provide that if the underlying aggregate is exhausted, the excess coverage will drop down as primary insurance. The limits of insurance maintained by Lessee shall not limit Lessee's liability under the Lease.

(e) Waiver of Subrogation. Notwithstanding any other provisions of the Lease, Lessee and Lessor each waive all rights to recover damages against the other, for loss or damage caused by fire and other perils and any other risk to the extent covered by policies of insurance or required to be covered by policies of insurance which are required to be carried in accordance with this Lease. This provision is intended to waive fully, any rights and/or claims which might give rise to a right of subrogation in favor of any insurance carrier. The coverages obtained by each of Lessee and Lessor pursuant to the Lease shall include, without limitation, a waiver of subrogation endorsement attached to the certificate of insurance.

(f) Notification of Incidents. Lessee shall notify Lessor within twenty-four (24) hours after the occurrence of any accidents or incidents in the Premises, the Building, Common Areas or the Project which could give rise to a claim under any of the insurance policies required under this Paragraph 8.

4. Breach by Lessor; Performance by Lessee on Behalf of Lessor. Paragraph 13.6(b) of the Lease is hereby deleted in its entirety and replaced with the following:

"13.6(b). Lessee's Remedies**.** Lessee and all successors and assigns covenant and agree that, in the event of any actual or alleged default by Lessor, Lessee's sole and exclusive remedy shall be either to seek either specific performance or monetary damages, provided that Lessor shall not be liable for loss of business profits or consequential damages, and provided further, that any recourse for monetary damages by Lessee against Lessor shall be limited solely and exclusively to an amount which is equal to the amounts paid by Lessee to Lessor under the Lease (and Lessee hereby expressly waives and releases personal liability of Lessor in excess of such amount on behalf of itself and all persons claiming by through, or under the lease) Further, in no event shall the obligations of Lessor under the Lease constitute the personal obligations of Lessor or its elected or appointed officers and officials, employees, agents, and volunteers, and Lessee shall have no right to seek recourse against Lessor's elected or appointed officers and officials, employees, agents, and volunteers, or any of their personal assets for the satisfaction of any liability of Lessor with respect to the Lease. Lessee expressly waives all remedies except those specifically set forth in the Lease, including, without limitation, any right of offset or abatement except as specifically set forth in the Lease, any right to terminate the Lease under Civil Code Sections 1932(2), 1933(4) and 1941 or any other successor statute, or any statutory, legal or equitable self-help remedy including, without limitation, Civil Code Section 1942 or any other current or future law. Nothing contained in the Lease shall entitle Lessee to terminate the Lease as a result of Lessor's default nor excuse Lessee from paying Rent or Additional Rent due hereunder."

5. Estoppel Certificates. All references in the Lease to "Estoppel Certificate", including, but not limited to the definition in Paragraph 16(a), shall refer to Lessor's standard form certificate.

6. Recordation. Lessee shall not have any right to cause the Lease or any short form or memorandum thereof to be recorded.

**IN WITNESS WHEREOF**, the parties have executed this Addendum as of the date of the Lease.

"Lessor"

THE CITY OF LAGUNA HILLS

By: Bruce E. Channing

By:________________________________
Its: City Manager

By: Peggy Johns

By:_______________________________
Its: City Clerk

APPROVED AS TO FORM:

By:______________________________
City Attorney

"Lessee"

Donald C. Lewellen, an individual

By:________________________
Donald C. Lewellen

Its:____________________________

EXHIBIT "A"

SPACE PLAN

SUITE 220
1551 USF
1/8" =1'-0" SCALE

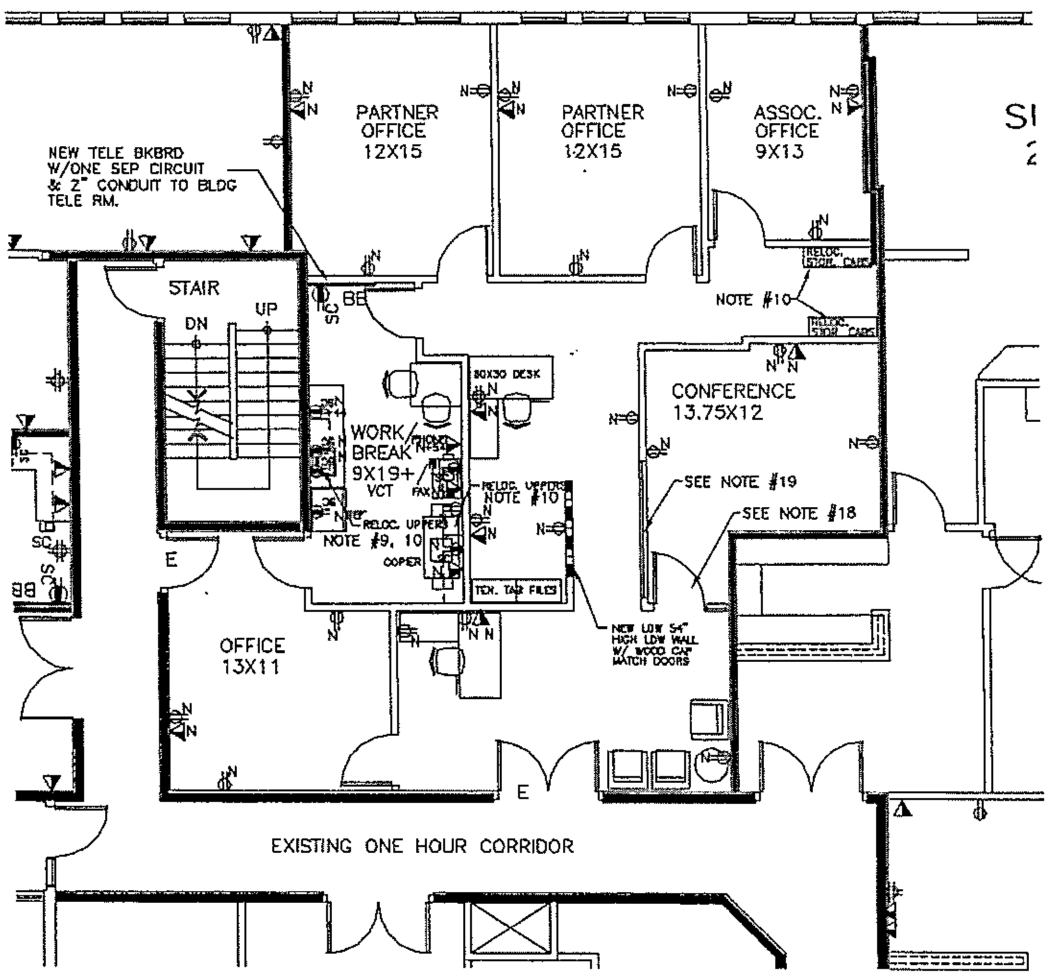

**EXHIBIT B**

**RULES AND REGULATIONS**

**ATTACHED TO AND MADE A PART OF STANDARD OFFICE LEASE**

The following Rules and Regulations shall be in effect at the Office Building Project. Lessor reserves the right to adopt reasonable modifications and additions hereto. In the case of any conflict between these Rules and Regulations and the Lease, the Lease shall be controlling.

1. Except with the prior written consent of Lessor, no Lessee shall conduct any retail sales or any manufacturing of any kind in or from the Premises, or any business other than that specifically provided for in the Lease.

2. Lessor reserves the right to prohibit personal goods and services vendors from access to the Office Building Project except upon such reasonable terms and conditions, including but not limited to the payment of a reasonable fee and provision for insurance coverage, as are related to the safety, care and cleanliness of the Office Building Project, the preservation of good order thereon, and the relief of any financial or other burden on Lessor occasioned by the presence of such vendors or the sale by them of personal goods or services to the Lessee or its employees. If reasonably necessary for the accomplishment of these purposes, Lessor may exclude a particular vendor entirely or limit the number of vendors who may be present at any one time in the Office Building Project. The term "personal goods or services vendors" means persons who periodically enter the Office Building Project of which the Premises are a part for the purpose of selling goods or services to a Lessee, other than goods or services, which are used by a lessee only for the purpose of conducting its business on the Premises. "Personal goods or services" include, but are not limited to, drinking water and other beverages, food, barbering services, and shoe shining services. This Section 2 shall not apply to Lessee's vendors and suppliers in connection with Lessee's operation of its business.

3. The sidewalks, halls, passages, elevators and stairways shall not be obstructed by any Lessee or used by it for any purpose other than for ingress to and egress from their respective Premises. The halls, passages, entrances, elevators, stairways, balconies and roof are not for the use of the general public, and Lessor shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of Lessor shall be prejudicial to the safety, character, reputation and interests of the Office Building Project and its lessees, provided that nothing herein contained shall be construed to prevent such access to persons with whom Lessee normally deals only for the purpose of conducting its business on the Premises (such as clients, customers, office suppliers and equipment vendors, and the like) unless such persons are engaged in illegal activities. No Lessee and no employees of any Lessee shall go upon the roof of the Building without the written consent of Lessor. This Section 3 shall not apply to Lessee's vendor's suppliers in connection with Lessee's operation of its business.

4. The sashes, sash doors, windows, glass lights, and any lights or skylights that reflect or admit light into the halls or other places of the Building shall not be covered or obstructed. The toilet rooms, water and wash closets and other water apparatus shall not be used for any purpose other than that or which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein, and the expense of any breakage, stoppage or damage, resulting from the violation of this rule shall be borne by the Lessee who, or whose clerks, agents, employees, or visitors, shall have caused it.

5. No sign, advertisement or notice visible from the exterior of the Premises or Building shall be inscribed, painted or affixed by Lessee on any part of the Office Building Project or the Premises without the prior written consent of Lessor. If Lessor shall have given such consent at any time, whether before or after the execution of this Lease, such consent shall in no way operate as a waiver or release of any of the

provisions hereof or of this Lease, and shall be deemed to relate only to the particular sign, advertisement or notice so consented to by Lessor and shall not be construed as dispensing with the necessity or obtaining the specific written consent of Lessor with respect to each and every such sign, advertisement or notice, as the case may be, so consented to by Lessor. Lessor shall have the right to remove any non-approved sign, advertisement or notice, without notice to and at the expense of Lessee, and Lessor shall not be liable in damages for such removal.

6. In order to maintain the outward professional appearance of the Office Building Project all window coverings to be installed at the Premises shall be subject to Lessor's prior approval. If Lessor, by a notice in writing to Lessee, shall object to any curtain, blind, shade or screen attached to or hung in, or used in connection with, any window door of the Premises, such use of such curtain, blind, shade or screen shall be forthwith discontinued by Lessee. No awnings shall be permitted on any part of the Premises.

7. Lessee shall not lay linoleum, tile, carpet or other similar floor covering so that the same shall be affixed to the floor of the Premises in any manner except as approved by Lessor.

8. Lessee shall not do or permit anything to be done in the Premises, or bring or keep anything therein, which shall in any way increase the rate of fire insurance on the Office Building Project, or on the property kept therein, or obstruct or interfere with the rights of other Lessees, or in any way injure or annoy them, or conflict with the regulations of the Fire Department or the fire laws, or with any insurance policy upon the Office Building Project, or any part thereof, or with any rules and ordinances established by the Board of Health or other governmental authority.

9. No Lessee shall sweep or throw or permit to be swept or thrown from the Premises any dirt or other substance into any of the corridors or halls or elevators, or out of the doors or windows or stairways of the Building. Lessee shall not use, keep or permit to be used any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Lessor or other occupants of the Office Building Project by reason of noise, odors, fire hazards and/or vibrations, or interfere in any way with other Lessees or those having business therein, nor shall any animals or birds be kept in or about the Office Building Project.

10. Lessee and its employees, agents and invitees shall not smoke any tobacco products or any other smoking materials whatsoever in the Premises, Building, common areas or any other area of the Project except in such areas, if any, as shall be designated by Lessor for smoking, in Lessor's sole and absolute discretion.

11. No cooking shall be done or permitted by Lessee on the Premises, except for the use of a microwave oven for food or Underwriter's Laboratory approved equipment for brewing coffee, tea, and similar beverages shall be permitted, provided that such use is in compliance with law. Offices in the Office Building Project shall not be used for the storage of merchandise or for sleeping or lodging.

12. Lessee, upon the termination of its tenancy, shall deliver to Lessor all the keys of offices, rooms and toilet rooms which shall have been furnished Lessee or which Lessee shall have had made, and in the event of loss of any keys so furnished, shall pay Lessor therefore.

13. On Saturdays after 6:00pm., Sundays and legal holidays, and on other days between the hours of 9:00 p.m. and 7:00 a.m., access to the Office Building Project or to the halls, corridors, elevators or stairways in the Building, or to the Premises may be refused unless the person seeking access is known to the building watchman, if any, in charge and has a pass or is properly identified. Lessor shall in no case be liable for damages for the admission to or exclusion from the Office Building Project of any person whom Lessor has the right to exclude under Rule 3 above. In case of invasion, mob, riot, public excitement, or other commotion, Lessor reserves the right but shall not be

obligated to prevent access to the Office Building Project during the continuance of the same by closing the doors or otherwise, for the safety of the tenants and protection of property in the Office Building Project.

14. Lessee shall see that the windows and doors of the Premises are closed and securely locked before leaving the building and Lessee shall exercise extraordinary care and caution that all water faucets or water apparatus are entirely shut off before Lessee or Lessee's employees leave the Building, and that all electricity, gas or air shall likewise be carefully shut off, so as to prevent waste or damage, and for any default or carelessness Lessee shall make good all injuries sustained by other Lessees or occupants of the Building or Lessor.

15. Lessee shall not alter any lock or install a new or additional lock or any bolt on any door of the Premises without prior written consent of Lessor. If Lessor shall give its consent, Lessee shall in each case furnish Lessor with a key for any such lock.

16. Lessee shall not install equipment such as, but not limited to, electronic tabulating or computer equipment requiring electrical or air conditioning service in excess of those to be provided by Lessor under the Lease and any such equipment shall be placed in the Premises in settings approved by Lessor to adsorb or prevent any vibration, noise or annoyance.

17. No bicycle, or shopping cart, or other vehicle or any animal shall be brought into the Premises or the halls, corridors, elevators or any part of the Building by Lessee.

18. Lessor shall have the right to prohibit the use of the name of the Office Building Project or any other publicity by Lessee which in Landlord's opinion tends to impair the reputation of the Office Building Project, or their desirability for other Lessees, and upon written notice from Lessor, Lessee will refrain from or discontinue such publicity.

19. Lessee shall not erect any aerial or antenna on the roof or exterior walls of the Premises, the Building, or the Office Building Project.

20. Lessee shall not overload the floor of the Premises. In addition, Lessee shall not mark, drive nails, screw or drill into partitions, ceilings or floor of the Premises or deface the Premises.

21. No furniture, freight or equipment of any kind shall be brought into the Building or the Building's elevator without the consent of Lessor and all moving of the same into or out of the Building shall be done at such time and in such manner, as Lessor shall designate. Lessor shall have the right to prescribe the weight, size and position of all safes and other heavy equipment brought into the Building and also the times and manner of moving the same in and out of the Office Building Project. Safes or other heavy objects shall, if considered necessary by Lessor, stand on wood strips of such thickness as is necessary to properly distribute the weight. However, Lessor's consent to placement of Lessee's safes, heavy equipment or furniture shall not constitute a representation or warranty by Lessor that the safe, heavy equipment or furniture complies, with regard to distribution of weight and/or vibration, with the provisions of the Rule 21 nor relieve Lessee from responsibility for the consequences of noncompliance. Lessor will not be responsible for loss of or damage to any safe or property from any cause and all damage done to the Building by moving or maintaining any such safe or property from any cause and all damage done to the Building by moving or maintaining any such safe or other property shall be repaired at the expense of Lessee. There shall not be used in any space, or in the public halls of the Building, either by any Lessee or others, any hand trucks except those equipped with rubber tires and side guards.

22. Except with the written consent of Lessor, no person or persons other than those approved by Lessor shall be permitted to enter the Building for their purpose of cleaning the same. Lessee shall not cause any unnecessary labor by reason of Lessee's carelessness or indifference in the preservation of good order and cleanliness. Lessor shall in no way be responsible to any Lessee for any loss of property on the Premises, however occurring, or for any damage done to the effects of any lessee by the janitor or any other employee or any other person. Janitor service shall include ordinary dusting and cleaning by the janitor assigned to such work and shall not include cleaning of carpets or rugs, except normal vacuuming, or moving of furniture and other special services. Janitor service may not be furnished on nights when rooms are occupied after 9:00p.m.

23. Lessor will direct electricians as to where and how telephone and telegraph wires are to be introduced. No boring or cutting for wires will be allowed without the consent of Lessor. The location of telephones, call boxes and other office equipment affixed to the Premises shall be subject to the approval of Lessor.

24. No furniture, packages, supplies, equipment or merchandise will be received in the Building or carried up or down in the elevators, except between such hours and in such elevators as shall be designated by Lessor.

25. Lessor reserves the right to exclude or expel from the Office Building Project any person who in the judgment of Lessor, is intoxicated or under the influence of liquor or illegal, non-prescription drugs, or who shall in any manner do any act in violation of any of the Rules and Regulations of the Office Building Project.

26. The requirements of Lessee will be attended to only upon application to Lessor. Contractors, vendors and employees of Lessor shall not perform any work or do anything outside of their regular duties unless under special instructions from the Lessor or Lessor's agent.

27. No vending machine shall be installed, maintained or operated upon the Premises without the written consent of the Lessor.

28. Lessor shall have the right, exercisable without notice and without liability to Lessee, to change the name and the street address of the Building and/or Office Building Project of which the Premises are a part.

29. Lessee agrees that it shall comply with all fire and security regulations that may be issued from time-to-time by Lessor and Lessee also shall provide Lessor with the name of a designated responsible employee to represent Lessee in all matters pertaining to such fire or security regulations.

30. Lessor reserves the right by written notice to Lessee, to rescind, alter or waive any rule or regulation at any time prescribed for the Office Building Project when, in Lessor's judgment, it is necessary, desirable or proper for the best interest of the Office Building Project and its lessees.

31. Lessees shall not disturb, solicit, or canvas any occupant of the Office Building Project and shall cooperate to prevent same.

32. Lessor shall furnish heating and air conditioning during the hours of 7:00 a.m. to 6:00 p.m., Monday through Friday, and 8:00 a.m. to 12:00 p.m. on Saturday except for holidays. In the event Lessee requires heating and air conditioning during off hours, Sundays or Holidays, Lessor shall on notice provide such services at the then prevailing rate for such extra services.

33. Lessee shall cooperate with Lessor in obtaining maximum effectiveness of the cooling system by closing blinds when the sun's rays fall directly on windows of the premises. Lessee shall not obstruct, alter, or in any way impair the efficient operation of Lessor's heating, ventilating and air-conditioning system. Lessee shall not tamper with or change the setting of any thermostats or control valves.

34. Parking

(a) The parking lot shall be accessible twenty-four (24) hours per day, subject to parking card or other reasonable Identification or security restriction as may be reasonably established by Lessor from time-to-time. Lessee agrees to cooperate with Lessor in completing regular maintenance of the parking lot.

(b) Automobiles must be parked entirely within the stall lines.

(c) All directional signs and arrows must be observed and the speed limit shall be 5 miles per hour.

(d) Parking is prohibited in areas not striped for parking.

(e) Lessor may refuse to permit any person who violates the within rules to park in the parking lot, and any violation of the rules shall subject the automobile to removal from the parking lot at the parker's expense.

(f) Every parker is required to park and lock his or her own automobile. All responsibility for any loss or damage to automobile or any personal property therein is assumed by the parker.

(g) The parking lot is for the sole purpose of parking one automobile per space. Washing, waxing, cleaning or servicing of any vehicles by the parker or his agents is prohibited.

(h) Storage of vehicles in the parking facilities is prohibited. Lessee and Lessee's employees and visitors shall not leave vehicles in the parking lot overnight.

(I ) Lessor reserves the right to restrict customer, Lessee and Lessee's employees parking to a limited designated area or areas.

35. Lessee agrees to comply and acquaint its employees with such reasonable rules and regulations in the use of such Common areas as Lessor may adopt from time to time for the orderly and proper operation of said Common Areas.

Lessor reserves the right to make such other and further rules and regulations as in its judgment may be for the safety, care and cleanliness of the Office Building Project and for the preservation of good order therein. Lessee agrees to abide by these Rules and Regulations herein above stated and any additional rules and regulations, which are adopted hereafter.

Date: ____________________ Date: ___________________

Lessor's Initials: ___________________ Lessee's Initials: ________________

# EXHIBIT "C"

## Waiver and Release.

It is the express and understood intent, purpose, desire, and agreement of the parties in the event of termination for cause or expiration of the Lease term, that Lessee, on behalf of itself, its officers, heirs, agents, shareholders, employees, subcontractors, executors, successors and assigns, shall and does hereby release and discharge Lessor, and its respective elected and appointed officials, officers, directors, employees, attorneys, accountants, consultants, other professionals, and agents, from and against the following: any claims, penalties, actions or causes of action, obligations, and demands of any kind including but not limited to, any claims arising under the California Eminent Domain Law (Title 7 (commending with Section 1230.010) of Part 3 of the California Code of Civil Procedure), the Relocation Statutes and Regulations set forth in Chapter 16 (commending with Section 7260) of Division 7 of the California Government Code and Subchapter 1 (commencing with Section 6000) Division 3 of Title 25 of the California Code of regulations, and claims for a "taking" or inverse condemnation arising under the United States or California Constitutions or under any federal, state, or local law, statute, ordinance, regulation, rule, official policy, court order, or common law (collectively, the "Released Claims").

The parties further acknowledge that the Released Claims include any claims for loss of business goodwill pursuant to Code of Civil Procedure §1263.510 et seq., for precondemnation damages and severance damages.

Date: ___________________

Lessee's Initials: ________________

# EXHIBIT "D"

WORK LETTER/REQUIREMENTS FOR IMPROVEMENTS OR ALTERATIONS BY LESSEE

If Lessor shall permit Lessee to construct any interior improvements (subsequent to the initial improvements to be constructed by Lessor, if any) in the Premises or to have any work performed in the Premises at any time prior to or during the Lease term by a contractor retained by Lessee ("Lessee's Work"), then Lessee shall comply with the requirements set forth herein. If Lessee's Work has been properly authorized, Lessee will receive written approval and consent for alterations to the Premises. All alterations to the Premises, excepting movable furniture and trade fixtures, shall, at Lessor's option, become a part of the realty and belong to Lessor.

1. SUBMITTAL OF PLANS. Prior to commencing any work in the Premises, Lessee shall submit to Lessor for approval its proposed plans for the work. Without limiting the foregoing, Lessee shall provide:

(a) A separate scale drawing denoting all proposed construction and/or demolition, if necessary.

(b) A separate drawing for each trade proposing structural, electrical, mechanical, civil or landscaping modifications.

(c) Specify all dimensions and complete references to all work to be performed in the affected areas.

(d) If adding extra electrical or mechanical equipment, provide complete operating and maintenance specifications for each item.

2. CHECKLIST. With respect to each project, Lessor will provide Lessee with a checklist listing the items required to be furnished to Lessor in connection with the proposed work. Lessee shall furnish to Lessor prior to, during, or upon completion of Lessee's Work, as applicable, each of the items specified in the checklist attached hereto as Attachment 1.

3. CONTRACTORS PROVIDING INTERIOR IMPROVEMENT SERVICES.

(a) The contractor employed by Lessee and any subcontractors shall be (i) duly licensed in the state in which the Premises are located, and (ii) subject to Lessor's prior written approval, which approval shall not be unreasonably withheld. If more than one trade is employed on a single job, state law requires the services of a general contractor in addition to contractors for specialty work being performed.

(b) Each contractor shall provide proof of licensing as a general or specialty contractor in accordance with state law. Additionally, each contractor shall furnish proof of licensing in the city or municipality in which the construction related activity is to take place.

(c) Lessee shall use Lessor's subcontractor for mechanical, electrical, plumbing, roofing and roofing consultant if available at competitive rates.

(d) Lessee and Lessee's contractors shall comply with all Applicable Laws pertaining to the performance of Lessee's Work and the completed improvements and all applicable safety regulations established by Lessor or the general contractor.

(e) Prior to commencement of any work in the Premises, Lessee and Lessee's contractors (and any subcontractors) shall obtain and provide Lessor with certificates evidencing Workers' Compensation, public liability and property damage insurance in amounts and forms and with companies satisfactory to Lessor. Each general contractor (and any subcontractor) employed on the Premises shall provide Lessor with a current certificate of insurance in effect for that contractor with a thirty day notice of cancellation or revocation clause. Insurance requirements are as follows:

(i) Comprehensive General Liability with a $1,000,000 Combined Single Limit covering the liability of Lessor and contractor for bodily injury and property damage arising as a result of the construction of the improvements and the services performed thereunder. Lessor and any Management Company shall be named as an additional insured.

(ii) Comprehensive Automobile Liability with a $1,000,000 Combined Single Limit covering Lessor and vehicles used by contractor (and any subcontractor) in connection with the construction of the improvements.

(iii) Workers' Compensation and Employer's Liability as required by law, for employees of the contractor (and any subcontractors) performing work on the Premises.

(f) The following requirements shall be incorporated as "Special Conditions" into the contract between Lessee and its contractors and a copy of the contract shall be furnished to Lessor prior to the commencement of Lessee's Work:

(i) Prior to start of Lessee's Work, Lessee's contractor shall provide Lessor with a construction schedule in "bar graph" form indicating the completion dates of all phases of Lessee's Work.

(ii) Lessee's contractor shall be responsible for the repair, replacement or clean-up of any damage done by it to other contractors' work which specifically includes accessways to the Premises which may be concurrently used by others.

(iii) Lessee's contractor shall accept the Premises prior to starting any trenching operations. Any rework of sub-base or compaction required after the contractor's initial acceptance of the Premises shall be done by Lessee's contractor, which shall include the removal from the Project of any excess dirt or debris.

(iv) Lessee's contractor shall contain its storage of materials and its operations within the Premises and such other space as it may be assigned by Lessor or Lessor's contractor. Should Lessee's contractor be assigned space outside the Premises, it shall move to such other space as Lessor or Lessor's contractor shall direct from time to time to avoid interference or delays with other work.

(v) Lessee's contractor shall clean up the construction area and surrounding exterior areas daily. All trash, demolition materials and surplus construction materials shall be stored within the Premises and promptly removed from the Premises and the Project and disposed of in an approved sanitation site.

(vi) Lessee's contractor shall provide temporary utilities, portable toilet facilities, and potable drinking water as required for its work within the Premises and shall pay to Lessor's contractor the cost of any temporary utilities and facilities provided by Lessor's contractor at Lessee's contractor's request.

(vii) Lessee's contractor shall notify Lessor or Lessor's project manager of any planned work to be done on weekends or other than normal job hours.

(viii) Lessee's contractor or subcontractors shall not post signs on any part of the Project or on the Premises.

4. COSTS.

(a) Lessee shall promptly pay any and all costs and expenses in connection with or arising out of the performance of Lessee's Work (including the costs of permits thereof) and shall furnish to Lessor evidence of such payment upon request.

(b) Except in the case of carpet replacement or repainting, Lessee shall pay Lessor an amount equal to five percent (5%) of the total hard costs of construction and installation of Lessee's Work as compensation to Lessor for review of plans, use of facilities and other miscellaneous costs of Lessor incurred as a result of such work.

5. CONTRACTOR'S BONDS. At Lessor's sole discretion, Lessor may require Lessee to obtain performance and completion bonds to insure Interior Work

6. MECHANIC'S LIENS.

(a) Lessee shall not suffer or permit to be enforced against the Premises or any part of the Project any mechanic's, materialman's, contractor's or subcontractor's lien arising out of any work of improvement, however it may arise.

(b) Lessee shall notify Lessor at least ten (10) days prior to the commencement of construction of any Lessee's Work and Lessor shall have the right to post and record a notice of no responsibility in conformity with applicable law. Within ten (10) days following completion of Lessee's Work, Lessee shall file a Notice of Completion and deliver to Lessor an unconditional release and waiver of lien executed by each contractor, subcontractor and materialman involved in Lessee's Work.

(c) In the event any lien is filed against the Project or any portion thereof or against Lessee's leasehold interest therein as a result of Lessee's work, Lessee shall obtain the release and/or discharge of said lien, within ten (10) days after the filing thereof. In the event Lessee fails to do so, Lessor may obtain the release and/or discharge of said lien and Lessee shall indemnify Lessor for the costs thereof, including reasonable attorney's fees, together with interest at the Applicable Interest Rate from the date of demand. Nothing herein shall prohibit Lessee from contesting the validity of any such asserted claim, provided Lessee has furnished to Lessor a lien release bond freeing the Premises from the effect of the lien claim.

7. INDEMNITY. Lessee shall indemnify, defend (with counsel satisfactory to Lessor) and hold Lessor harmless from and against any and all suits, claims, actions, loss, cost or expense (including claims for workers' compensation, attorney's fees and costs) based on personal injury or property damage, or otherwise (including, without limitation, contract and breach of warranty claims) arising from the performance of Lessee's Work. Lessee shall repair or replace (or, at Lessor's election, reimburse Lessor for the cost of repairing or replacing) any portion of the Building or item of Lessor's equipment or any of Lessor's real or personal property damaged, lost or destroyed in the performance of Lessee's Work.

8. BUILDING STANDARDS. All work shall conform to Lessor's established building standards and specifications. Lessee is required to make these standards part of the construction documents.

9. ROOF PENETRATIONS. If improvements penetrate the roof membrane, the penetrations will be sealed per Lessor/IRC roofing specifications and inspected by IRC to maintain roof warranty. The cost of inspection and all corrective work shall be borne by Lessee. Lessee shall use Lessor's original roofing contractor.

10. BUILDING MODIFICATIONS. Work will only be approved within the confines of a given space. Lessee will not be allowed to modify building exterior or mechanical and electrical service as provided to the building in common with other tenants.

11. ELECTRICAL WORK. All electrical work shall be approved from the unit space electrical panel only. Additional service requirements shall be secured only by direction of Lessor. Lessee shall use Lessor's original electrical contractor if available at competitive rates.

12. SCHEDULE OF WORK. Lessee shall be required to provide a schedule of all work to be performed, subject to Lessor approval. All costs to produce such schedule shall be borne solely by Lessee.

13. CLEAN UP AND DISPOSAL OF CONSTRUCTION DEBRIS. Building trash containers are provided for office generated trash only and are not to be used for disposal of construction-related materials and debris. Unapproved usage will result in a penalty assessment to the Lessee equal to the cost of an extra pick-up service as provided under the current rate schedule of regular trash removal service.

14. INSPECTION BY LANDLORD. Lessor reserves the following rights: (i) the right of inspection prior to, during and at completion of all construction and/or demolition, (ii) the right to post and record a notice of nonresponsibility in conformity with California law, and (iii) the right to order, if reasonable, a total stop to all improvements underway for non-compliance with any of the requirements hereof.

15. GENERAL PROVISIONS.

(a) If Lessor has agreed to provide an allowance toward the cost of tenant improvements (other than the initial Lessee Improvement Allowance), Lessor shall retain from such funds an amount determined by Lessor until Lessee has fully complied with the requirements hereof.

(b) All materials, work, installations and decorations of any nature whatsoever brought on or installed in the Premises before the commencement of the Term or throughout the Term shall be at Lessee's risk, and neither Lessor nor any party acting on Lessor's behalf shall be responsible for any damage thereto or loss or destruction thereof due to any reason or cause whatsoever.

(c) Nothing contained herein shall make or constitute Lessee as the agent of Lessor.

**<u>Attachment 1 to "Exhibit D"</u>**

**ITEMS TO BE FURNISHED TO LESSOR FOR EACH WORK OF IMPROVEMENT**

1. Plan of Alterations for Lessor Approval.
2. Contractor(s), Address, Telephone Number, Contact Person.
3. Copy of Contractor's State and City Business License.
4. Copy of Building Permit.
5. Copy of Final Inspection and Signed Building Permit Cards.
6. Copy of Certificate of Insurance Naming The City of Laguna Hills and Essex Realty Management as Additional Insured. Insurance to include Comprehensive General Liability, Comprehensive Auto, Workers' Compensation, Employer's Liability and original Endorsement.
7. Signed Unconditional Lien Waiver in favor of Development Corporation.
8. Schedule of Work.
9. Copy of Completion and Payment Bond.
10. Architect's License and Expiration.
11. Copy of Permit Plans.
12. Copy of As-Builts.
13. Copy of Recorded Notice of Completion.
14. Certificate of Occupancy.
15. Evidence of Insurance for All-Risk/Builder's Risk Insurance to the Amount of Improvements.

# City of Laguna Hills
## City Council Meeting Agenda
## Staff Report

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**DATE:** AUGUST 27, 2013

**TO:** MAYOR AND COUNCIL MEMBERS

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

**ISSUE:** ACCEPTANCE AND ADOPTION OF THE 2013 SOUTH ORANGE COUNTY INTEGRATED REGIONAL WATER MANAGEMENT PLAN

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**RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ACCEPTING AND ADOPTING THE 2013 SOUTH ORANGE COUNTY INTEGRATED REGIONAL WATER MANAGEMENT PLAN."**

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**SUMMARY:**

The South Orange County Integrated Regional Water Management Group (Group) was formed in January 2005 to comply with Senate Bill 1672 (Integrated Regional Water Management Planning Act of 2002) and to allow for the Group to apply for grant funds under Proposition 50 (the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002). The Group is comprised of all South Orange County cities, and water and wastewater agencies. The County of Orange acts as the lead Agency for this Group and an Executive Committee of elected officials from each participating Agency provides policy direction. The Group developed the 2005 Integrated Regional Water Management Plan (IRWMP) that coordinates existing plans and research documents provided by the participating agencies in a manner that identifies and integrates regional objectives, projects, and plans to improve water supply and quality. The 2005 plan was subsequently adopted, accepted and or supported by the City Councils and Boards of all participating agencies. In order to meet new guidelines for Proposition 84 (the Safe Drinking Water, Water Quality, and Supply, Flood Control, River and Coastal Protection Bond Act of 2006) and seek grant funding under this funding program, the IRWMP had to be updated. The Executive Committee approved the updated IRWMP on July 18, 2013. It is recommended that the City Council accept and adopt the 2013 IRWMP by the adoption of the attached Resolution.

**BACKGROUND:**

In 2005, in response to State Law, Senate Bill 1672 (Integrated Regional Water Management Planning Act of 2002), and funding opportunities through Proposition 50 (the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002) and subsequently through Proposition 84 (the Safe Drinking Water, Water Quality, and Supply, Flood Control, River and Coastal Protection Bond Act of 2006), multiple South Orange County agencies grouped together to form the South Orange County Integrated Regional Water Management Plan Group (Group) and developed and adopted the 2005 IRWMP. An Executive Committee consisting of elected officials from each participating Agency provides policy direction with Council member Melody Carruth representing the City of Laguna Hills.

The City Council previously adopted the IRWMP. However, new guidelines for accessing Proposition 84 grant funds have caused a need to update the IRWMP in order to stay competitive in seeking these grant funds and an approval of the updated IRWMP is being sought.

Over the past year, numerous meetings and workshops were held to work on updating the 2005 IRWMP. Stakeholders provided input through a formal public comment period. A Stakeholder Workshop was also conducted on April 30, 2013, to solicit additional input from the public. The updated 2013 IRWMP retains nearly all of the original information assembled in the previous version with appropriate updates and also includes enhancements that have been set out in the guidelines regarding Flood Management and Climate Change. Two new components were also developed as appendices to the 2013 IRWMP Plan. The first component is the Salt and Nutrient Management Plan for which South Orange County Wastewater Authority is serving as the lead agency. The second component, the Groundwater Management Plan, is being led by Santa Margarita Water District on behalf of the San Juan Basin Authority. Both of these appendices are going through a separate review and adoption process by their lead agencies.

The 2013 IRWMP, which was adopted by the Executive Committee on July 18, 2013, is to be approved and adopted by all participating agencies. The County of Orange will then file the IRWMP with the State of California Department of Water Resources, State Water Resources Control Board, State Department of Health Services, or CALFED, as appropriate. Due to the large size of the 2013 IRWMP, the document is being made available in the office of the City Clerk and is provided at this meeting on the dais. In addition, a PowerPoint presentation provided to the Executive Committee is attached to further describe the IRWMP and its approval process.

In order for the City to remain eligible for Proposition 84 funding, staff recommends that City Council adopt a Resolution, attached, to accept and adopt the 2013 South Orange County Integrated Regional Water Management Plan.

**FISCAL IMPACT:**

The South Orange County Region has received substantial grant funds through Proposition 50 with the City of Laguna Hills indirectly benefitting by the related projects. For example, the El Toro Water District Recycled Water Project in North Laguna Hills is partially funded by these grant funds. Adopting the 2013 South Orange County Integrated Regional Water Management Plan will allow the City to request funding through Proposition 84 for future Water Quality Projects.

**ATTACHMENT:**

- Resolution
- PowerPoint

RESOLUTION NO. 2013-08-27-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ACCEPTING AND ADOPTING THE 2013 SOUTH ORANGE COUNTY INTEGRATED REGIONAL WATERSHED MANAGEMENT PLAN

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

WHEREAS, a mission of the City of Laguna Hills is the management of water resources and environmental quality throughout its service area; and

WHEREAS, the City of Laguna Hills has participated in the development of the South Orange County Integrated Regional Watershed Management Plan (IRWMP) pursuant to Senate Bill 1672 (SB 1672) of the State of California, known as the Integrated Regional Water Management Planning Act of 2002, approved by the Governor on September 20, 2002, to encourage local agencies to work cooperatively to manage local and imported water supplies to improve the quality, quantity, and reliability of water resources; and

WHEREAS, in November 2002, California voters passed Proposition 50, the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (California Water Code §79560 to §79565), to fund competitive grants for projects consistent with an adopted IRWMP; and

WHEREAS, the City of Laguna Hills is a member of the South Orange County IRWMP Group (Group), which was formed with cities and water/special districts located within the South Orange County Watershed Management Area as adopted by the State's Regional Acceptance Program, within the San Diego Regional Water Quality Control Board boundary in Orange County, with the County of Orange Public Works Department serving as the Group's lead; and

WHEREAS, in November 2006, California voters passed Proposition 84, the Safe Drinking Water, Water Quality, and Supply, Flood Control, River and Coastal Protection Bond Act (PRC Section 75001-75130) which required that an IRWMP be updated to new guidelines in order to be eligible for Proposition 84 grant funding; and

WHEREAS, the Group has updated the IRWMP to the new guidelines required by Proposition 84 and has identified the updated IRWMP as the "2013 South Orange County Integrated Regional Water Management Plan."

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 of the City of Laguna Hills does hereby accept and adopt the 2013 South Orange County Integrated Regional Water Management Plan.

PASSED, APPROVED, AND ADOPTED this 27th day of August 2013.

______________________________
BARBARA KOGERMAN, MAYOR

ATTEST:

______________________________
PEGGY J. JOHNS, CITY CLERK

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

I, Peggy J. Johns, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. 2013-08-27- adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 27th day of August 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

______________________________
PEGGY J. JOHNS, CITY CLERK

ORANGE COUNTY PublicWorks
Our Community, Our Commitment

# South Orange County Integrated Regional Water Management Plan Update

July 1, 2013

# OVERVIEW

- Adoption of Plan
- South OC Integrated Regional Water Management Plan (Plan) History
- Summary of Changes from Adopted 2005 Plan to 2013 Adoption
- 2013 Plan Update Highlights
- Plan Update Process
- Schedule

# WHO ADOPTS THE PLAN?

Answer – The Executive Committee

*The Executive Committee will have the following duties and powers:*

> *Approve significant amendments of the South Orange County Integrated Regional Water Management Plan and its prioritized list of projects and activities.*

Cooperative Agreement for the South Orange County Watershed Management Area, page 3e

Included in Executive Committee Handbook

# WHO ADOPTS THE PLAN? (CONT.)

Answer – All Project Proponents who have or may apply for grant funding. Includes entities participating in multi – partner projects such as the water use efficiency programs led by MWDOC.

*Each project proponent named in an IRWM Grant application must adopt the IRWM Plan.*

November 2012 Integrated Regional Water Management Proposition 84 and 1E Guidelines, page 30

# WHY ADOPT THE IRWM PLAN?

**Answer** The governing bodies of each agency that is part of the Regional Water Management Group (our Executive Committee) responsible for the development of the IRWM Plan and have responsibility for implementation of the Plan must formally adopt the IRWM Plan. Each Project proponent named in an IRWM Grant Application must also adopt the IRWM Plan.

November 2012 Integrated Regional Water Management Proposition 84 and 1E Guidelines, page 35

# BENEFITS OF ADOPTING THE IRWM PLAN

- ✓ Increased efficiency and effectiveness for regional projects
- ✓ Enhanced collaboration across agencies and stakeholders
- ✓ Improved responsiveness to regional needs and priorities
- ✓ Provides opportunities to apply for other Proposition 84 grant programs (1E and Storm water) as well as local funding (Measure M2).

# DOES THE PLAN HAVE ANY REGULATORY AUTHORITY?

Answer - No.

*The purpose of developing this plan is to identify potential projects intended to improve water quality and supply in order to investigate their feasibility, to engage in long range water planning, to establish priorities among the proposals of member entities and help obtain future funding. The Plan in itself does not commit any resources to implementation of any project nor does its creation constitute a commitment by any member entity to carry out any of the proposed projects.*

SOC WMA Executive Committee Handbook, Page 3

# South OC IRWMP History

| | |
|---|---|
| **2013** | **IRWM Plan Update Adoption** |
| 2013 | Applied for $1,708,646 Proposition 84 Round 2 Grant |
| 2011 | Awarded $2,316,780 Proposition 84 Round 1 Grant |
| 2011 | SOC WMA Executive Committee Formed |
| 2010 | Awarded $457,416 Proposition 84 Planning Grant |
| 2009 | SOC WMA Regional Acceptance Process (RAP) |
| 2008 | Tri-County Funding Area Coordination Committee (Tri-FACC) |
| 2007 | Awarded $25M Proposition 50 Grant |
| 2006 | Plan Update for Grant Submittal |
| 2005 | First IRWM Plan Approved/Adopted by Cities and Water Districts |

# 2005 PROPOSITION 50 IRWMP REQUIREMENTS

- Water supply reliability
- Drinking water quality
- Protection and improvement of water quality
- Threats to groundwater resources from overdraft
- Resources stewardship
- Protection of groundwater from contamination
- Water-related needs of disadvantaged communities
- DACs
- California Water Plan (CWP) Resource Management Strategies
- Objectives of Basin Plan
- Measurable objectives
- ID and consider needs of DAC
- Consideration of greenhouse gas (GHG) emissions
- Evaluation of adaptability to climate change, etc.

# PROPOSITION 50 VS. 84 REQUIREMENTS

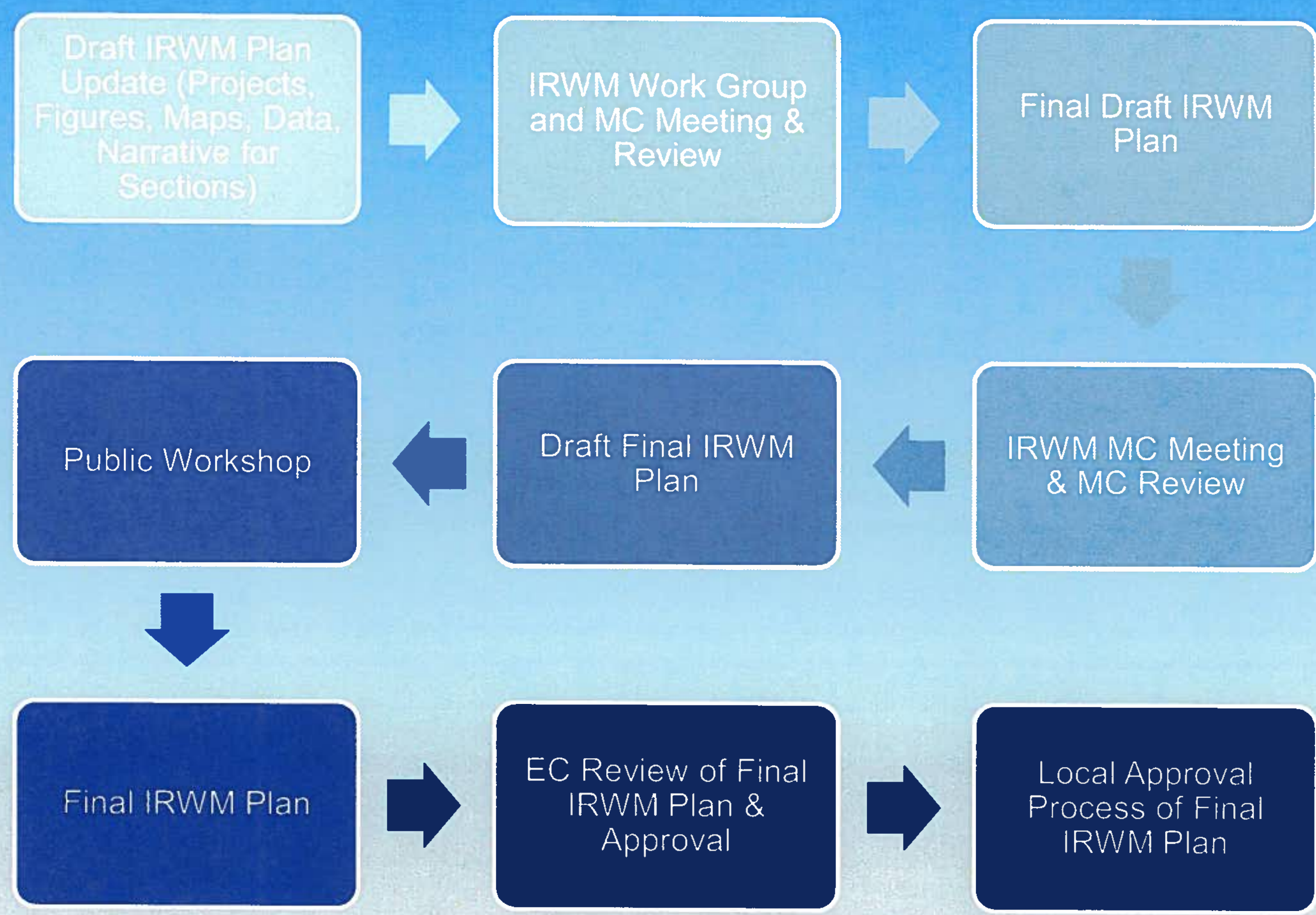
| Proposition 50 | Proposition 84 |
|---|---|
| Regions self defined | Regions coincide with funding areas and participate in Regional Acceptance Process |
| State wide competition for funding | Regional funding area competition for funding |
| $25 M funding per grant | Funding distributed to funding area in 3 rounds |
| Focus - water quality, water supply, water conservation and habitat restoration | Focus – same as Proposition 50 with integrated flood management added |

# NEW IRWMP REQUIREMENTS FOR PROPOSITION 84

| Additions/Edits | IRWM Page Number |
|---|---|
| Climate Change Analysis | 12-1 |
| Salt and Nutrient Management Plan* | 13-1, Appendix G (SOCWA Review Process) |
| Flood Management and Plan | 4-15 to 4-18, Appendix H |
| Groundwater Management and Facility Plan* | Appendix I (SJBA Review Process) |
| Governance | 2-1 |
| Projects and Project Review Process | 6-1 to 6-6, Appendix F |
| Relation to Local Land Use Planning | 10-9 |
| Description of Region | 3-1 |
| Objectives and Statewide Priorities | 4-1 to 4-8 |
| Resource Management Strategies | 5-1 to 5-5 |

* Planning Grant Requirement

# IRWMP UPDATE PROCESS



# WHY ARE SOME OF THE APPENDICES NOT COMPLETE?

A – The Salt and Nutrient Management Plan (SNMP), led by SOCWA and Groundwater Management Plan (GMP), led by SJBA received Proposition 84 Planning Grant funding, and as a condition must be included in the Plan. Because they are being developed by agency's with specific expertise they are undergoing a separate review process. Completed Plans will be incorporated into the final Integrated Regional Water Management Plan as Appendices and will be submitted to the California Department of Water Resources as a Planning Grant requirement prior to the September 30, 2013 deadline.

# PLAN REVIEW AND ADOPTION SCHEDULE

| Task Name | Start | Finish |
|---|---|---|
| **IRWMP Update** | **6/25/12** | **9/30/13** |
| Prepare Draft IRWM | 12/14/12 | 2/22/13 |
| IRWM Management Committee Review | 2/25/13 | 3/22/13 |
| Public Review | 4/15/13 | 5/03/13 |
| Public Workshop (during review) | 4/30/13 | 4/30/13 |
| Prepare Draft Final IRWM (incl. Flood Protection and Climate Change) | 5/06/13 | 5/17/13 |
| IRWM Management Committee Review | 5/20/13 | 5/31/13 |
| Prepare Final IRWM (incl. Groundwater, Salt-Nutrient Plans) | 6/03/13 | 6/14/13 |
| Executive Committee review of Final IRWM | 6/17/13 | 6/28/13 |
| Executive Committee meeting: presentations on Salt and Nutrient Management Plan and Groundwater Management Plan; and adopt IRWMP | 07/18/13 | 07/18/13 |
| SOCWMA Member Agency Approval | 8/05/13 | 9/20/13 |
| **Adopted 2013 IRWMP (incl. Groundwater, Salt-Nutrient Plans) Due to State - 9/30/13** | **9/30/13** | **9/30/13** |

# City of Laguna Hills
## City Council Meeting Agenda
## Staff Report

**DATE:** AUGUST 27, 2013

**TO:** MAYOR AND COUNCIL MEMBERS

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

**ISSUE:** 17TH ANNUAL INNER-COASTAL AND WATERSHED CLEANUP DAY

**RECOMMENDATION: THAT THE CITY COUNCIL DECLARE SEPTEMBER 21, 2013, AS INNER-COASTAL AND WATERSHED CLEANUP DAY AND ENCOURAGE VOLUNTEER PARTICIPATION IN THIS EVENT.**

**SUMMARY:**

The "Inner-Coastal & Watershed Cleanup Day" is held in conjunction with the Annual Coastal Cleanup Day and is scheduled for September 21, 2013. This event brings together residents and volunteers to increase water quality awareness and to pick up trash and debris within the Aliso Creek watershed. The City of Laguna Hills staff proposes to organize volunteers and direct efforts to clean up the City Wetlands along Alicia Parkway, from Via Lomas to Laguna Court, and the Southern California Edison open space and trail behind the High School from Alicia Parkway to Indian Hill Lane. It is recommended that the City Council support and declare September 21, 2013, as Inner-Coastal & Watershed Cleanup Day and encourage volunteer participation in the event.

**BACKGROUND:**

Trash and debris in our inner-coastal waterways, including local creeks that empty into the ocean, have been determined to be contributors of litter into the Pacific Ocean. This may cause the ocean waters to be unhealthy for swimming and other water activities; and it can also be harmful to marine life. Annually, a statewide volunteer effort is organized to clean up the creeks, watersheds, and coastline. The 17th Annual Inner-Coastal Watershed Cleanup Day is being held in conjunction with the Annual California Cleanup Day on September 21, 2013. One of the objectives of the Cleanup Day is to raise awareness of water quality issues amongst the public. It is also a great opportunity for residents to volunteer to clean up the community and preserve its beauty.

The City of Laguna Hills has regularly participated in this statewide effort to diminish litter from entering the ocean and to help clean up the community since 2004. City Staff and volunteers will meet at the Community Center and then cleanup a portion of the City Wetlands along Alicia Parkway, from Via Lomas to Laguna Court, and the Southern California Edison open space and trail behind the High School on September 21, 2013, from 9 a.m. to Noon. The City of Laguna Hills' announcement of the Clean-up Day is attached to this report. In 2012, 28 volunteers collected approximately 350 pounds of trash and recyclables in a similar event.

**FISCAL IMPACT:**

Approximately eight staff hours will be necessary to coordinate the event.

**ATTACHMENTS:**

- City of Laguna Hills Flyer

# The City of Laguna Hills

# 17th Annual Inner- Coastal Watershed Cleanup Day


**What:** A day for you and your family to help clean our local creeks, watersheds & trails and preserve the beauty of our community.

**When:** Saturday, September 21, 2013 9:00 a.m. - 12:00 noon

**Where:** Laguna Hills Community Center (Meeting Location)
25555 Alicia Parkway, Laguna Hills, CA 92653

**Who:** Volunteers / Community Groups / Residents / Families


**Laguna Hills Community Center**

Directions: From Interstate 5, exit Alicia Parkway and turn west. Travel to Community Center Drive and turn right. Turn left into the parking lot.

★ = Meeting location. Look for the booth setup in the parking lot.

For more information please visit www.ci.laguna-hills.ca.us or contact the Public Services Department at (949) 707-2657. Volunteer groups may pre-register by sending an email to hjaved@ci.laguna-hills.ca.us or by visiting www.trails4all.org

Wear appropriate clothes including closed-toe shoes or hiking boots (no sandals or open toed shoes). Bring gardening or work gloves if you have them. **Remember your sunscreen and a hat!**

This event is in conjunction with California Coastal Clean-up Day.

**Come join your neighbors in helping to keep our Community beautiful!**

TRAILS4ALL "Sharing the Responsibility"

EL TORO WATER DISTRICT Serving the Public Respecting the Environment

PROJECT Pollution PREVENTION

ORANGE COUNTY STORMWATER POLLUTION PREVENTION PROGRAM.
"THE OCEAN BEGINS AT YOUR FRONT DOOR"

# City of Laguna Hills
## City Council Meeting Agenda
## Staff Report

**DATE:** AUGUST 27, 2013

**TO:** MAYOR AND COUNCIL MEMBERS

**FROM:** DONALD J. WHITE
ASSISTANT CITY MANAGER

**ISSUE:** GOVERNMENT CODE SECTION 66006 - DEVELOPMENT IMPACT FEES

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

**BACKGROUND:**

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

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

The following fees collected by the City have been identified as fees subject to the above-mentioned requirements: Public Art Fees, Traffic Mitigation Fees, and Quimby Act Fees.
Section 66006 requires the following information be made available to the public in an annual report:

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

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, $6,477 in Public Art Fees was expended in FY 2012-2013. No fees were collected for the Public Art Fees fund, the Traffic Mitigation Fees fund or the Quimby Act Fees fund. Therefore, the Public Art Fees fund balance on June 30, 2013 is ($245,214). Due to the negative balance of the fund, as Public Art Fees are collected, they will be used to reimburse the General Fund. There was no activity in the Traffic Mitigation Fee fund or the Quimby Act Fee Fund.

Section 66001 (d) specifies that every fifth fiscal year following the first deposit into the account, the following findings must be made with respect to the unexpended portion of the funds: (1) identify the purpose to which the fee is to be put; (2) demonstrate a reasonable relationship between the fee and the purpose for which it is charged; (3) identify all sources and amounts of funding anticipated to complete financing of incomplete improvements; and (4) designate the approximate dates on which the funding referred to in (3) is expected to be deposited into the appropriate account or fund. 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 August 12, 2013, thereby satisfying the law's requirement that the report be available to the public by that date. The Building Industry Association (BIA) received an advance copy of this report by that date as well. In addition, the public was able to view the agenda and staff report in the City Clerk's office and on the City's website.

**FISCAL IMPACT:**

No fiscal impact.

**ATTACHMENTS:**

- Exhibit A-Development Impact Fees Annual Report for Fiscal Year Ended 6/30/2013

**Exhibit A**

**City of Laguna Hills**
**Annual Report on Development Impact Fees**
**Pursuant to Government Code Section 66006**
**Fiscal Year 2012/2013**

| | Public Art Fees* | Traffic Mitigation Fees | Quimby Fees |
|---|---|---|---|
| | | | |
| Revenues: | | | |
| Fees | $ - | $ - | $ - |
| Interest | $ - | $ - | $ - |
| Misc Revenue | $ - | $ - | $ - |
| Total Revenue | $ - | $ - | $ - |
| | | | |
| | | | |
| Expenditures: | $ 6,477 | | |
| | | | |
| Total Expenditures | $ 6,477 | $ - | $ - |
| | | | |
| | | | |
| Transfers In/Out | $ - | $ - | |
| | | | |
| Change in Fund Balance | $ (6,477) | $ - | $ - |
| | | | |
| Beginning Fund Balance, July 1 | $ (238,737) | $ - | $ - |
| Ending Fund Balance, June 30 | $ (245,214) | $ - | $ - |

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

**ANNUAL REPORT ON DEVELOPMENT IMPACT FEES**
**FY 2012/2013**

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

**Type of Fee**

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

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

- Traffic Mitigation Fees: This fee provides funding for additional or improved traffic signal, operation, and infrastructure improvements for which the need is generated by new development within the 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 or 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 (7/1/2012) | $ (238,737) | $ - | $ - |
| Ending Balance (6/30/2013) | $ (245,214) | $ - | $ - |

The Public Art Fees 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. This year, no fees were collected to go toward reimbursing the General Fund.

**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 | $ - | $ - | $ - |
| Interest Earned | $ - | $ - | $ - |

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

| Improvement | Fee Used | Amount of Fees Expended | % of Cost Funded by Fees to Date |
|---|---|---|---|
| Civic Center Public Art | Public Art Fee | $ 6,477 | 100% |

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

**Interfund Transfers and Loans**
The Public Art Fees 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. This fiscal year, $0.00 was used to reimburse the General Fund.

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

**Amount of Refunds**
No refunds of any of these fees were made or required in FY 2012/2013.

# City of Laguna Hills
## City Council Meeting Agenda
## Staff Report

**DATE:** AUGUST 27, 2013

**TO:** MAYOR AND COUNCIL MEMBERS

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

**ISSUE:** APPROVAL AND IMPLEMENTATION OF THE DESIGN OF A "50/70" LITTLE LEAGUE BASEBALL FIELD AT CABOT PARK

**RECOMMENDATION:** THAT THE CITY COUNCIL APPROVE THE DESIGN OF THE "50/70" LITTLE LEAGUE BASEBALL FIELD FOR THE LOWER FIELD OF CABOT PARK AS PREPARED BY RICHARD FISHER ASSOCIATES AND DIRECT STAFF TO IMPLEMENT THE DESIGN.

**SUMMARY:**

A Major Plan adopted by the City Council for the Fiscal Years 2013-2015 Budget is the conversion of the lower baseball field at Cabot Park into a multiple age group use baseball field that will accommodate the Intermediate Division of Laguna Hills Little League. The field was originally designed to the "46/60" baseball field dimensions for the use by only younger division baseball players and will need to be converted to the "50/70" baseball field dimensions to also accommodate the 11 to 13 year-old age group to play baseball games at this location. Staff contacted the Landscape Architecture firm of Richard Fisher Associates to prepare a design for the "50/70" field at the lower Cabot Park baseball field as members of this firm had prepared the original design of Cabot Park (formerly Rapid Falls Park). Richard Fisher Associates has determined that lower Cabot Park baseball field is suitable for a "50/70" baseball field and has prepared a Design Memorandum for this facility. It is recommended that the City Council approve the design of the "50/70" Little League Baseball Field for the lower field of Cabot Park and direct staff to implement the design.

**BACKGROUND:**

The Laguna Hills Little League has requested that a baseball field be established on which to practice and play games for the Intermediate Division level (11 to 13 year-old) baseball players. The City Council adopted a Major Plan for the Fiscal Year 2013-2015 Budget which states, "Modify the lower Cabot Park Little League field to allow for a new Little

League 50/70 Intermediate Division play for 11 to 13 year olds." (sic) Staff has sought the services of Richard Fisher Associates to evaluate and recommend a design for this baseball field. The "50/70" designation denotes the dimension of the pitcher's mound to home plate of 50' and a base to base dimension of 70'. Similarly, the "46/60" designation denotes the dimension of the pitcher's mound to home plate of 46' and a base to base dimension of 60'. The field dimensions are sized for particular age groups.

Richard Fisher, Landscape Architect, has prepared the attached August 16, 2013, Design Memorandum providing his recommendation for the establishment of a "50/70" baseball field at lower Cabot Park baseball field. As shown on the attached aerial photograph of the lower field, there exists adequate outfield dimensions to allow the Intermediate Division players to use this baseball field once it is modified to the Little League Baseball standard field dimensions. Also, attached is the Little League Baseball manual for conversion of an existing "46/60" baseball field to a dual use field allowing for the "50/70" baseball field dimensions.

Staff is prepared to implement the "50/70" baseball field on lower Cabot Park baseball field in sufficient time for the Laguna Hills Little League's scheduled use of the field for fall 2013. Approval of the above-mentioned modification of the lower Cabot Park baseball field to the Intermediate "50/70" baseball field is recommended.

**FISCAL IMPACT:**

The conversion of the lower Cabot Park baseball field to accommodate the Intermediate "50/70" Little League Baseball field design is estimated to cost $1,700 in materials and $7,200 for installation based upon a proposal prepared by CSA Holdings, Inc. dba Sports Field Services, a specialty service provider of baseball field maintenance. Funds are available for this work in the current Capital Improvement Program Budget for General Park Renovations, CIP No. 241.

**CEQA FINDINGS:**

Categorically Exempt, existing facilities, Class 1 per Section 15301 of Title 14, California Code of Regulations, of Chapter 3, Guidelines for Implementation of the California Environmental Quality Act, of Article 19, Categorical Exemptions.

**ATTACHMENTS:**

- August 16, 2013 Design Memorandum by Richard Fisher Associates
- Annotated Aerial Photograph of lower Cabot Park baseball field
- Manual – "How to convert a standard Little League field to a Little League Intermediate (50/70) Baseball Division field"

Richard
Fisher
Associates

ASSOCIATES

# DESIGN MEMORANDUM

Date: August 16, 2013

To: Kenneth H. Rosenfield, Director of Public Services/City Engineer
**City of Laguna Hills**

From: Richard A. Fisher, Project Landscape Architect

**Subject: Design of the "50/70" Baseball Field at the Cabot Park Lower Little League Baseball Field**

This Memorandum is in response to a request by the City of Laguna Hills to evaluate the modification of the lower baseball field at Cabot Park to accommodate the Laguna Hills Little League request for a 50/70 baseball field in accordance with the Little League Intermediate (50/70) Baseball Division standards.

I was the supervising Landscape Architect during the design and development of Cabot Park (formerly Rapid Falls Park) in 1993. The lower baseball field was originally designed for the Little League standard 46/60 baseball field with additional expansive outfield areas for use during the soccer season as an overlay zone. I have inspected the lower baseball field and reviewed the design plans.

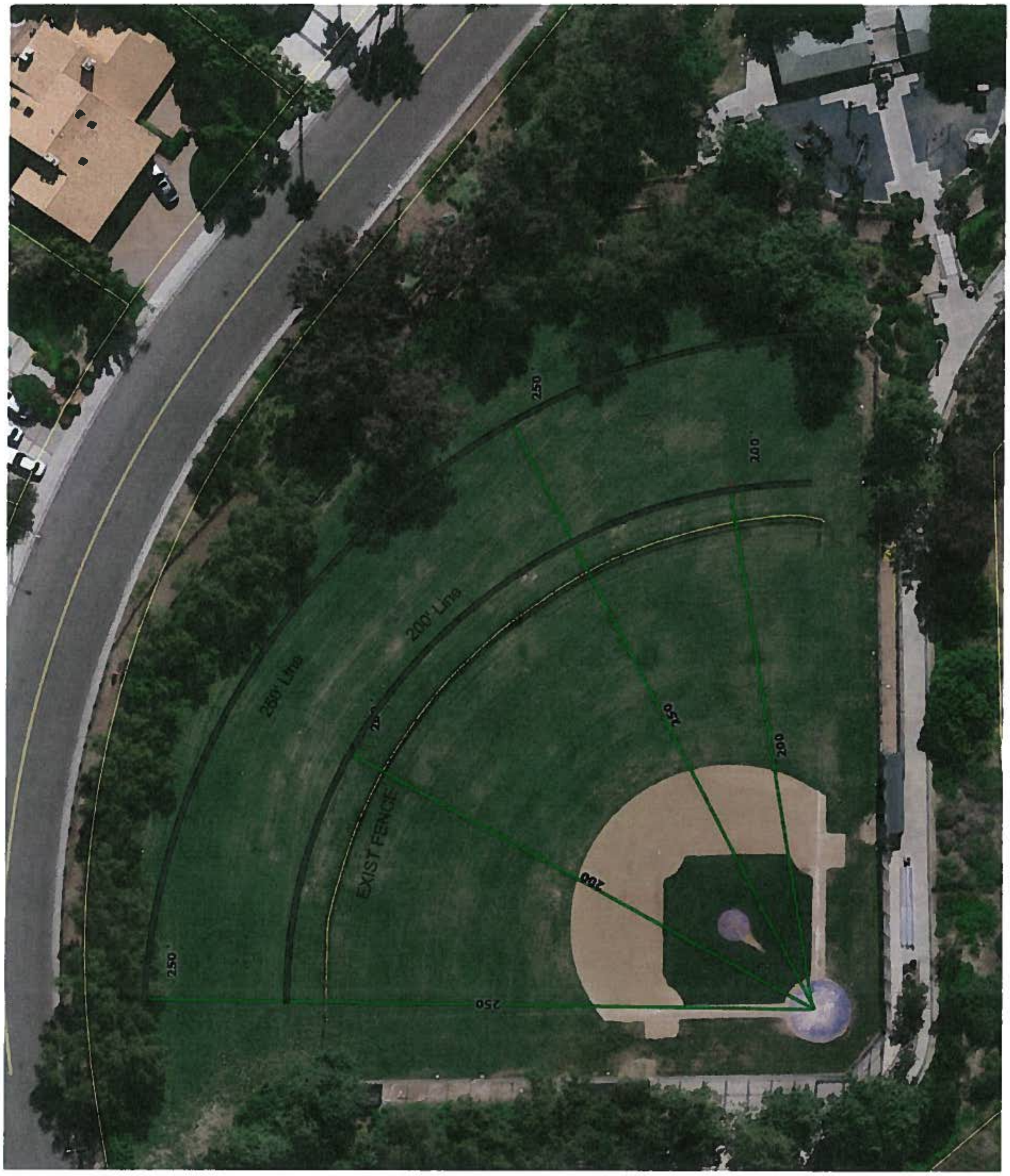
At the lower Cabot Park baseball field, the existing total distances of open turf area from home plate to a wood decorative fence at the top of slope are 250' along the first base line; 268' at the center field location; and 259' along the third base line. In addition, a dense grove of trees exists on the slope area beyond this wood fence line. Access to this turf area can only be gained by passing through the lower baseball field infield area gates. There exists a temporary outfield fence at a distance of 170' from home plate. This current distance for the outfield fence does not meet the standard distance of 200' as published by the national Little League Baseball organization.

Based upon a review of the site, the design plans and the Little League Baseball published standards for the Intermediate (50/70) Baseball field layout and use, I approve the design of the lower Cabot Park baseball field to these standards. This design approval is conditioned upon the following being continuously met by the City:

1. The outfield fence is to be at a minimum distance of 200' from home plate.
2. No scheduled activities or additional park improvements are to be allowed in this outfield area during use of the baseball field at the 50/70 field design, as exceptionally hard hit balls by exceptionally competent ball players could land in this area, creating potential conflicts in the safe use of this area by others not involved in the game.

The implementation design of the 50/70 baseball field should follow the document published by the Little League Baseball organization entitled, "How to convert a standard Little League field to a Little League Intermediate (50/70) Baseball Division field."

LICENSED LANDSCAPE ARCHITECT
RICHARD A. FISHER
#1429
Signature
AUGUST 31, 2009
Renewal Date
8-19-13
Date
STATE OF CALIFORNIA




CABOT PARK LOWER BASEBALL FIELD


Not drawn to scale

# How to convert a standard Little League field to a Little League Intermediate (50/70) Baseball Division field


This presentation will explain the step-by-step process of converting a standard Little League field, so that it can also be used for the Little League Intermediate (50/70) Baseball Division.

A standard Little League field has base paths of 60 feet, and a pitching distance of 46 feet (measured from the back point of home plate to the front edge of the pitcher's plate) .

The distance from the back point of home plate to the outfield fence should be at least 200 feet, but not more than 275 feet, for a field that will be used for both the standard 46-60 Little League Division, and the Intermediate League.


# Extending the "Skin" Area

**In this first section, part of the outfield grass is removed, which will extend the clay area of the infield.**


# Extending the "Skin" Area

**Drive a stake into the ground at the center of the back edge of the pitcher's plate.**


# Extending the "Skin" Area

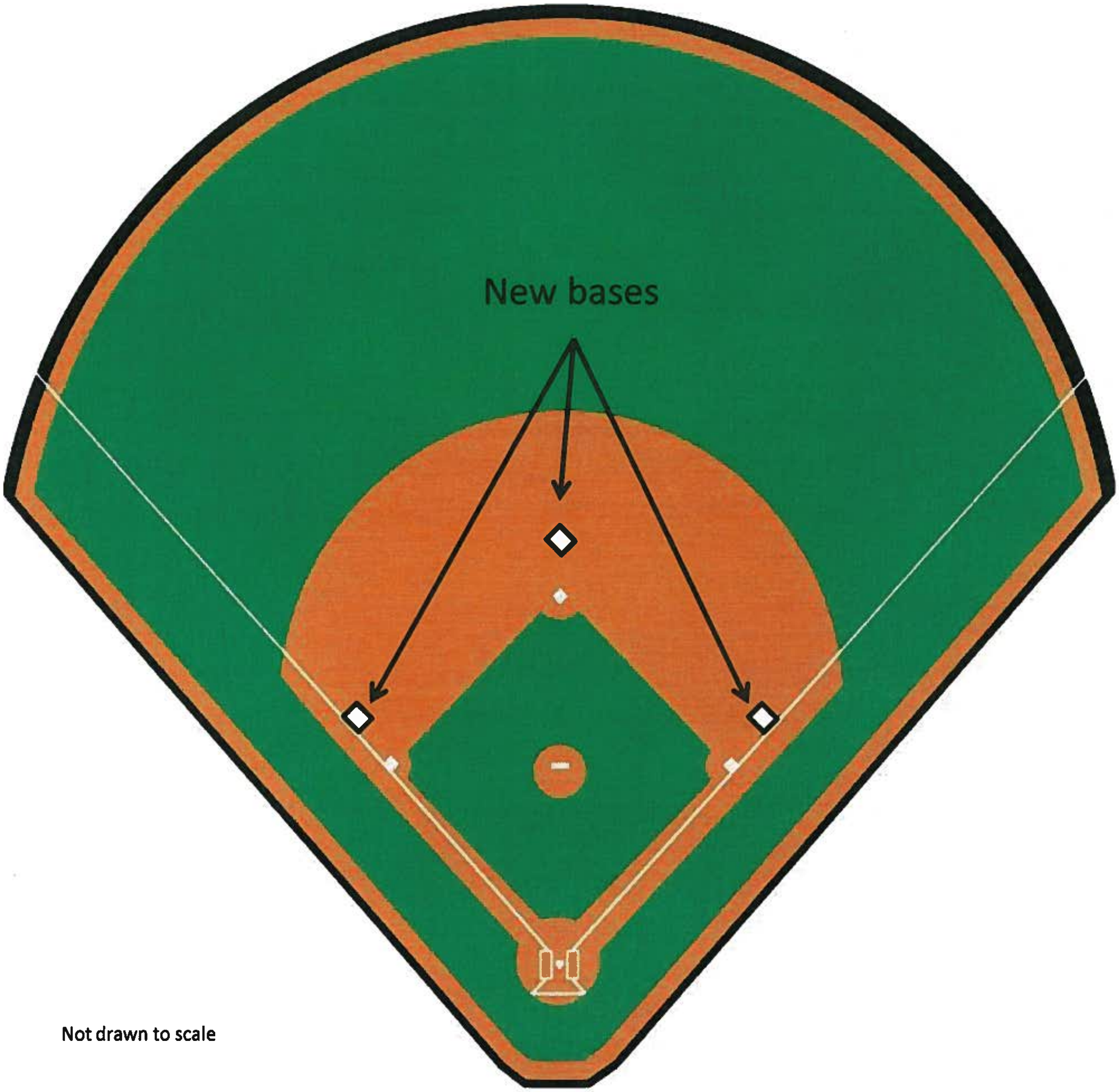
**Extend the measuring tape (or 69-foot chain/rope) 69 feet until it intersects with one of the foul lines as shown.**


# Extending the "Skin" Area

**Using eco-friendly field marking paint or chalk, create an arc through the outfield grass to the other foul line, maintaining the 69-foot distance from the back of the pitcher's plate.**


# Extending the "Skin" Area

**Using a sod-cutter (ideally), remove the grass inside the arc. Replace soil with clay or infield mix.**

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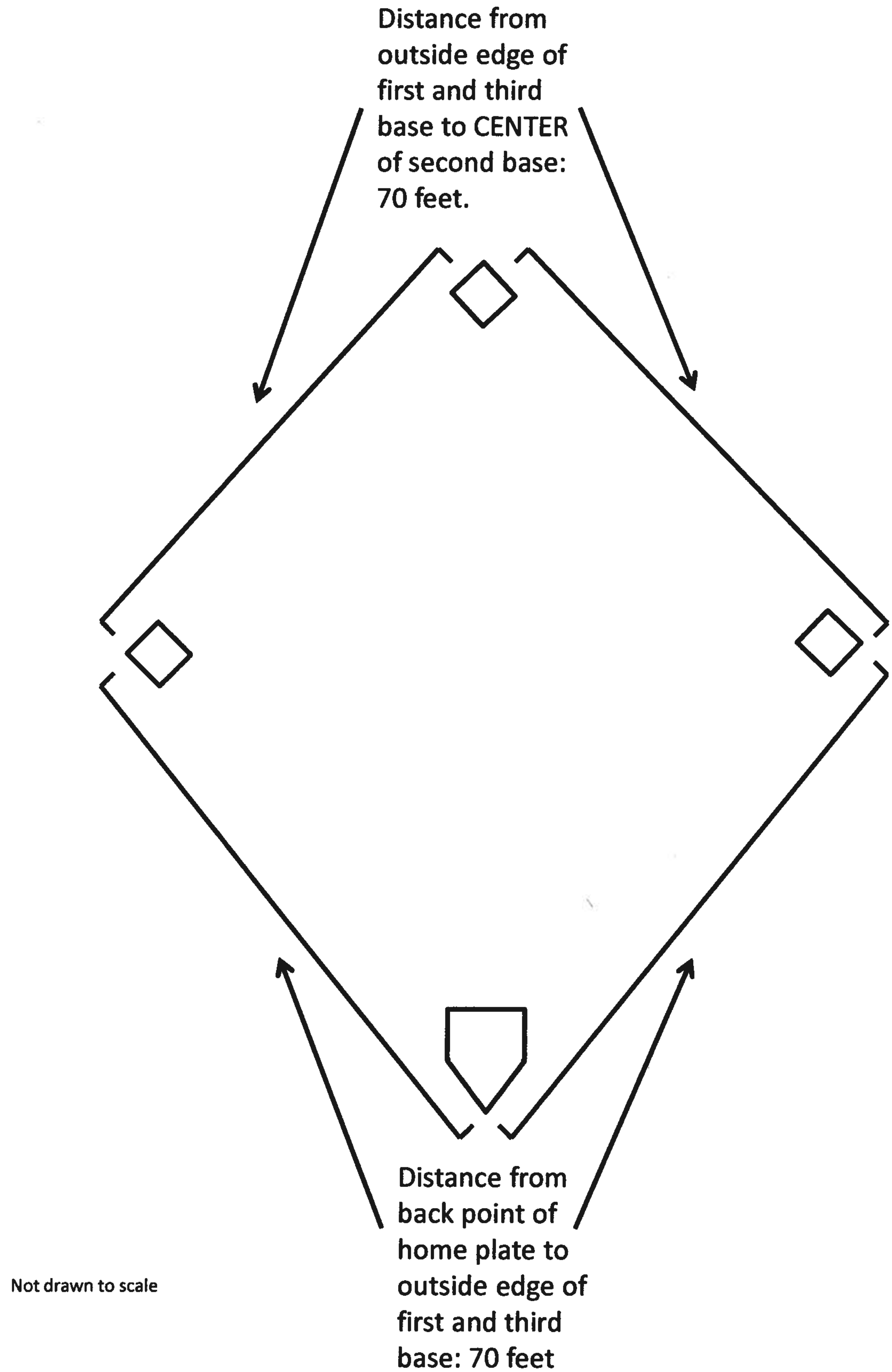
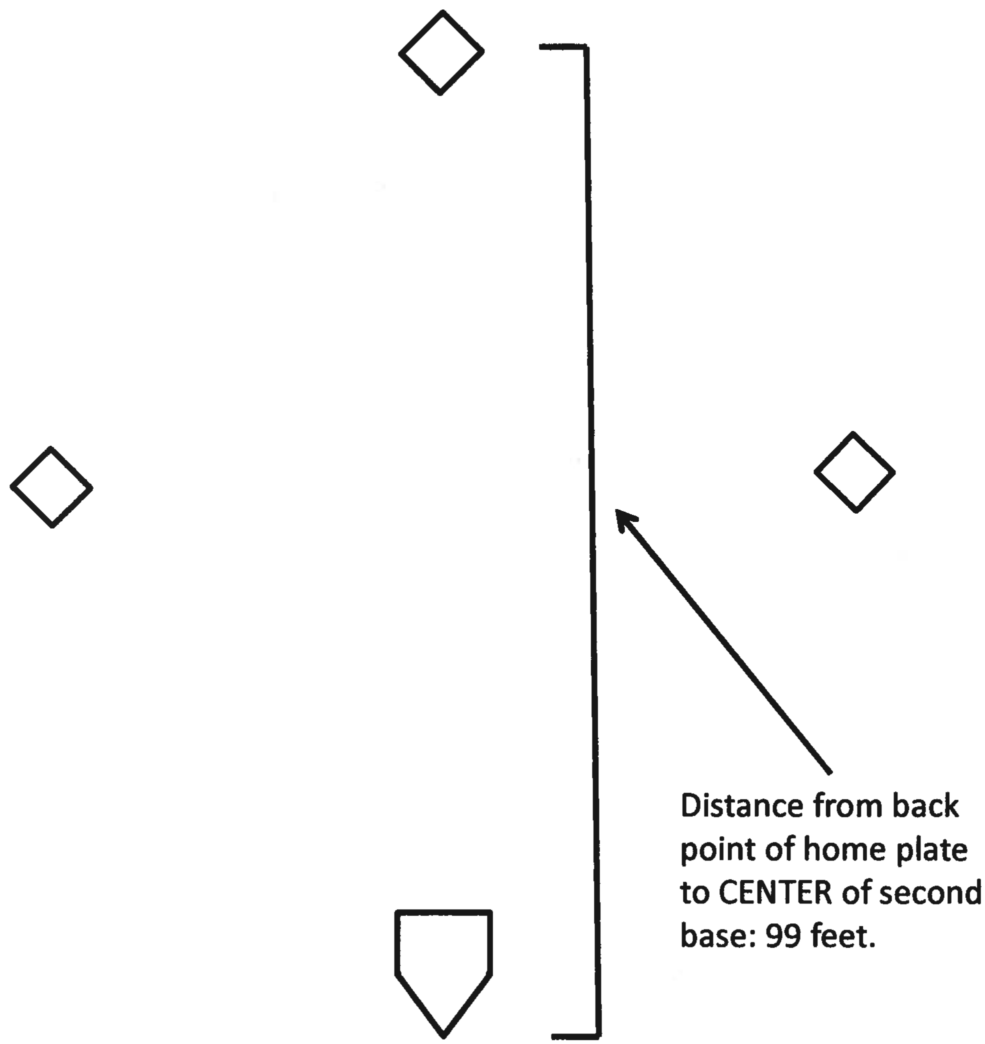
## Adding New Bases

The anchors for three new bases will need to be installed underground. First, second and third base at all levels are required to disengage their anchor.




# Adding New Bases

**The distances between bases for Intermediate League layout are shown.**

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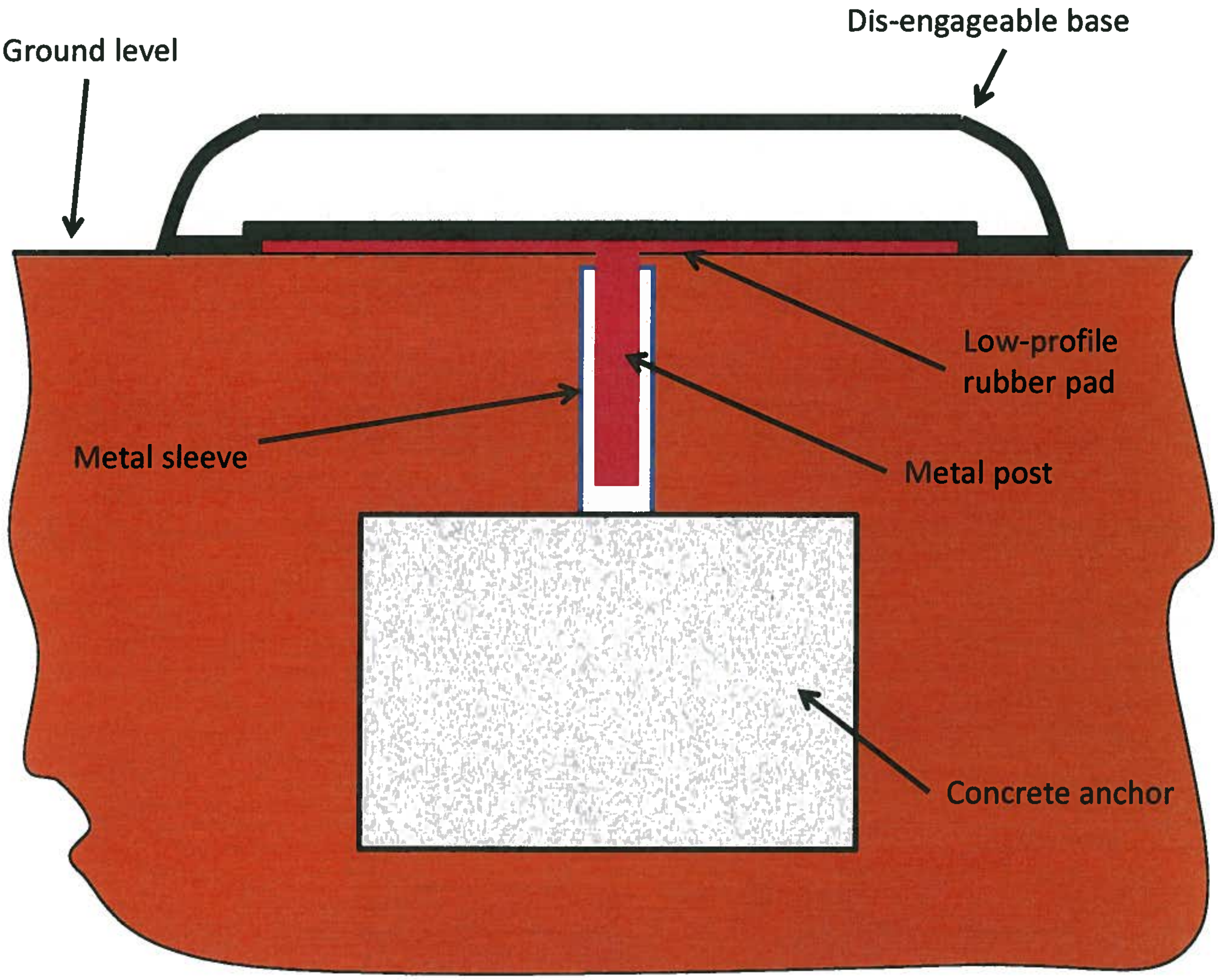
# Adding New Bases

**The distances between bases for Intermediate League layout are shown.**

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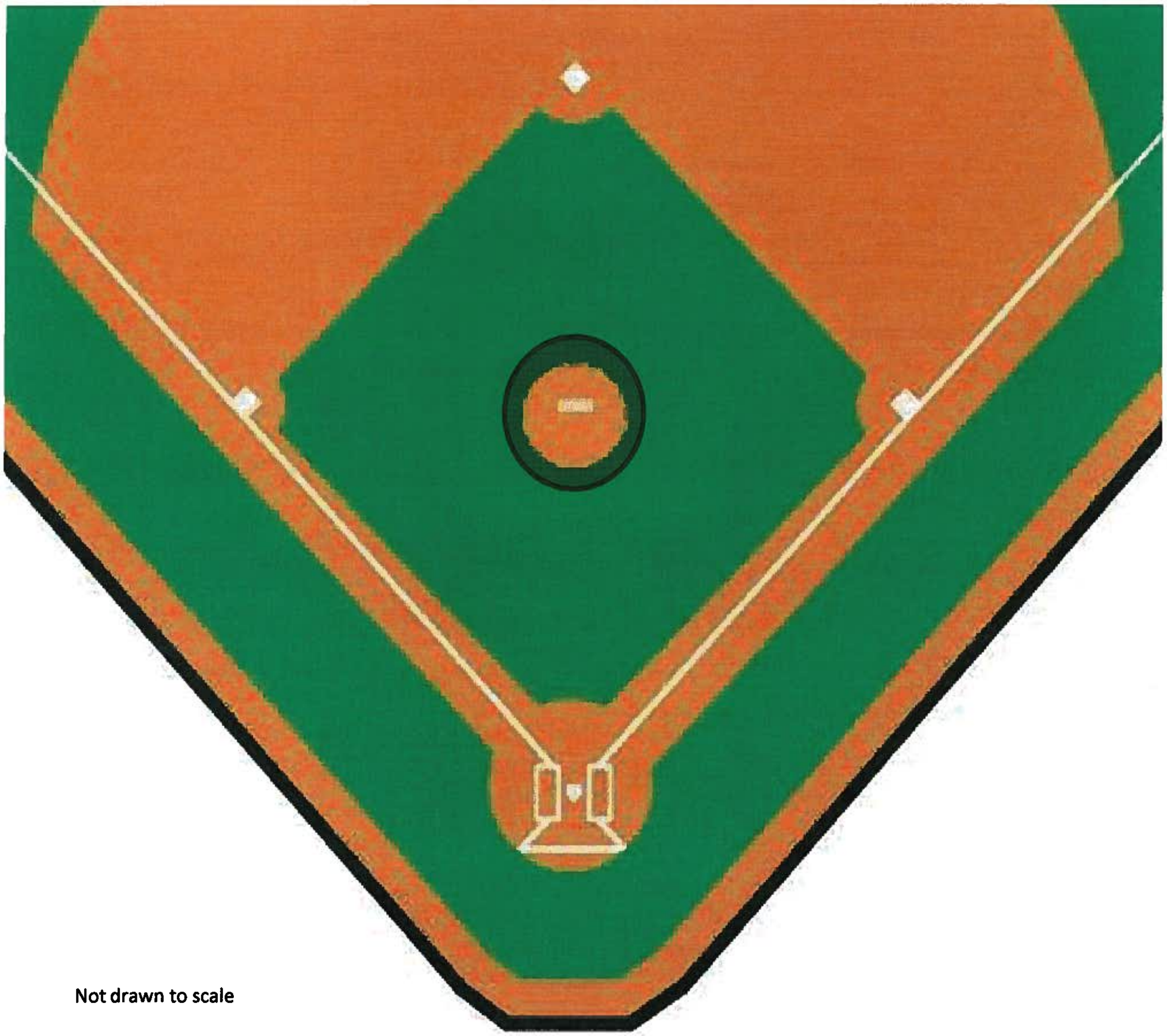
## Adding New Bases

The base must dislodge from its anchor. One style of such a base is shown above in cutaway view. The low-profile pad (shown in red) is at ground level, so it can be left in place while the dis-engageable base is removed. This permits the bases to be moved back and forth as needed, so that the field can be used for either 46-60 games, or Intermediate League games.



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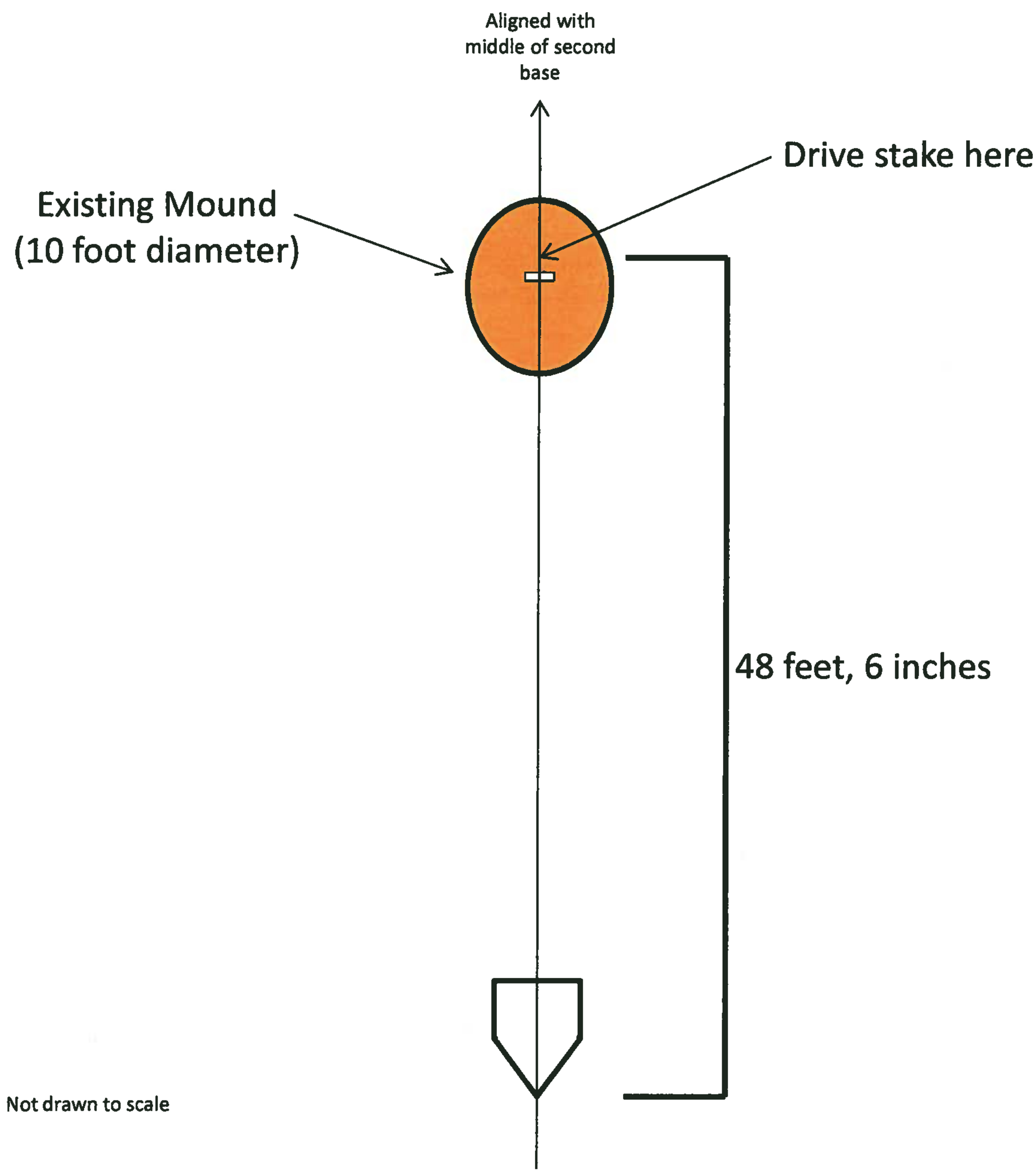
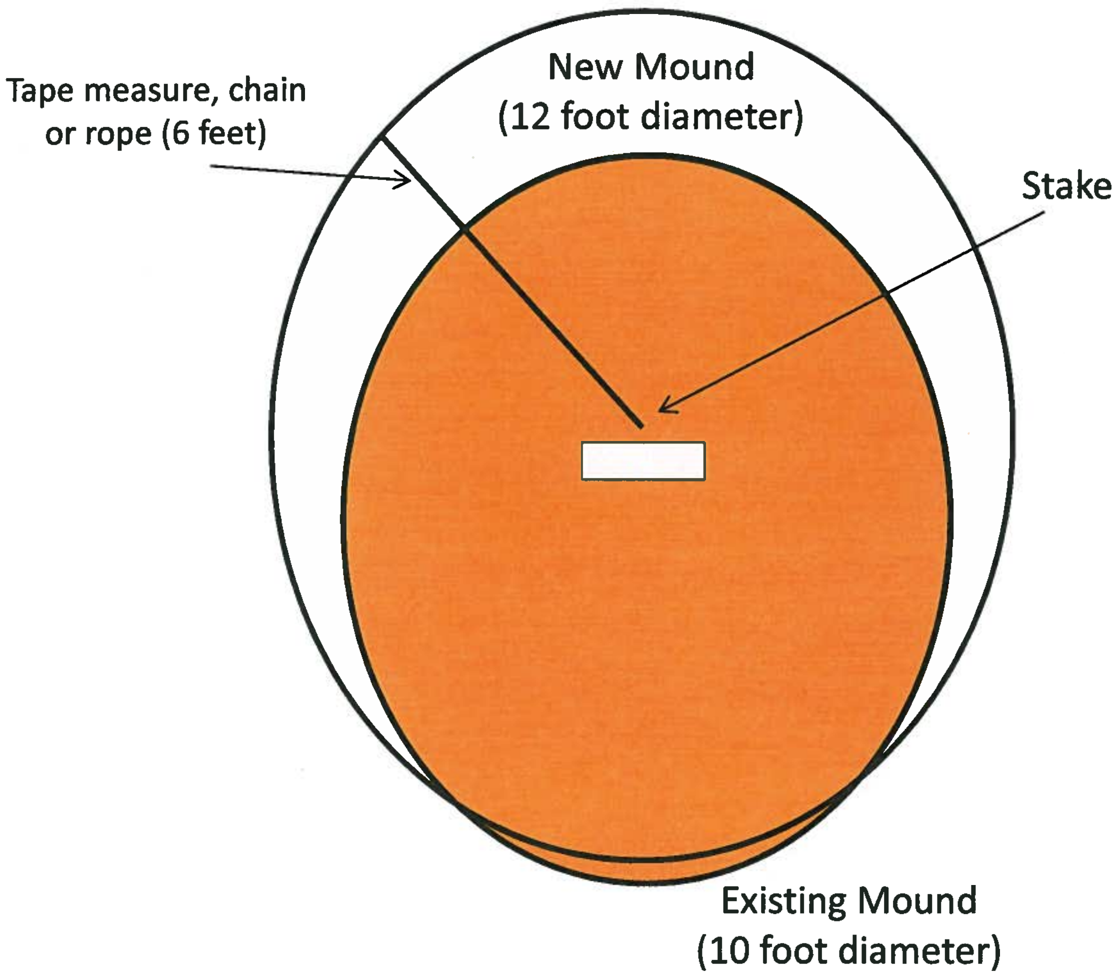
# Modifying the Pitcher's Mound

**The next step is to enlarge the pitcher's mound and install a new pitcher's plate.**




# Modifying the Pitcher's Mound

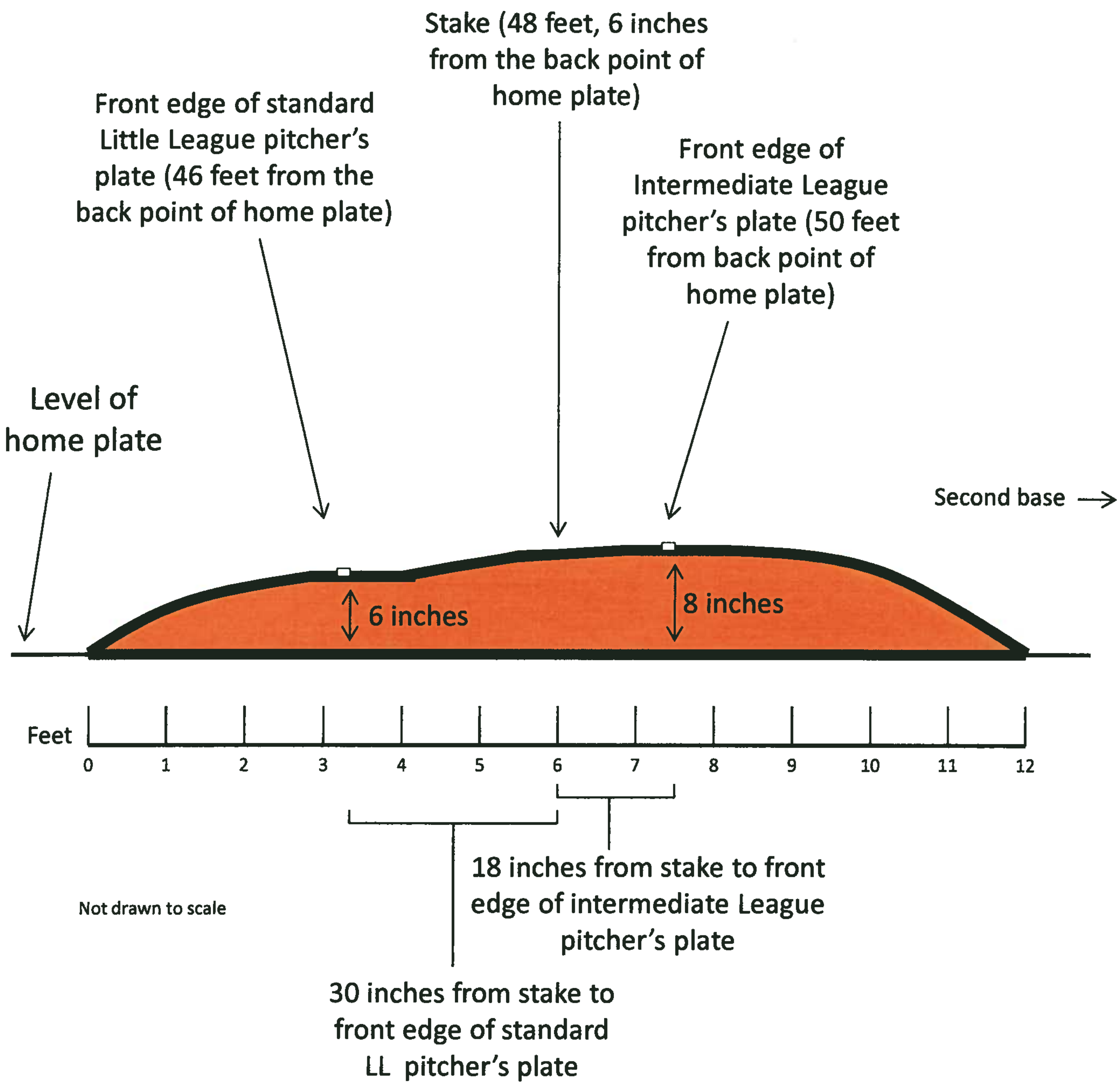
**Remove the stake placed in the mound earlier. Now, drive that stake into the ground, centered on a line between home plate and second base, 48 feet, six inches from the back point of home plate. (It will be 18 inches back from the front edge of the existing pitcher's plate.)**




Not drawn to scale

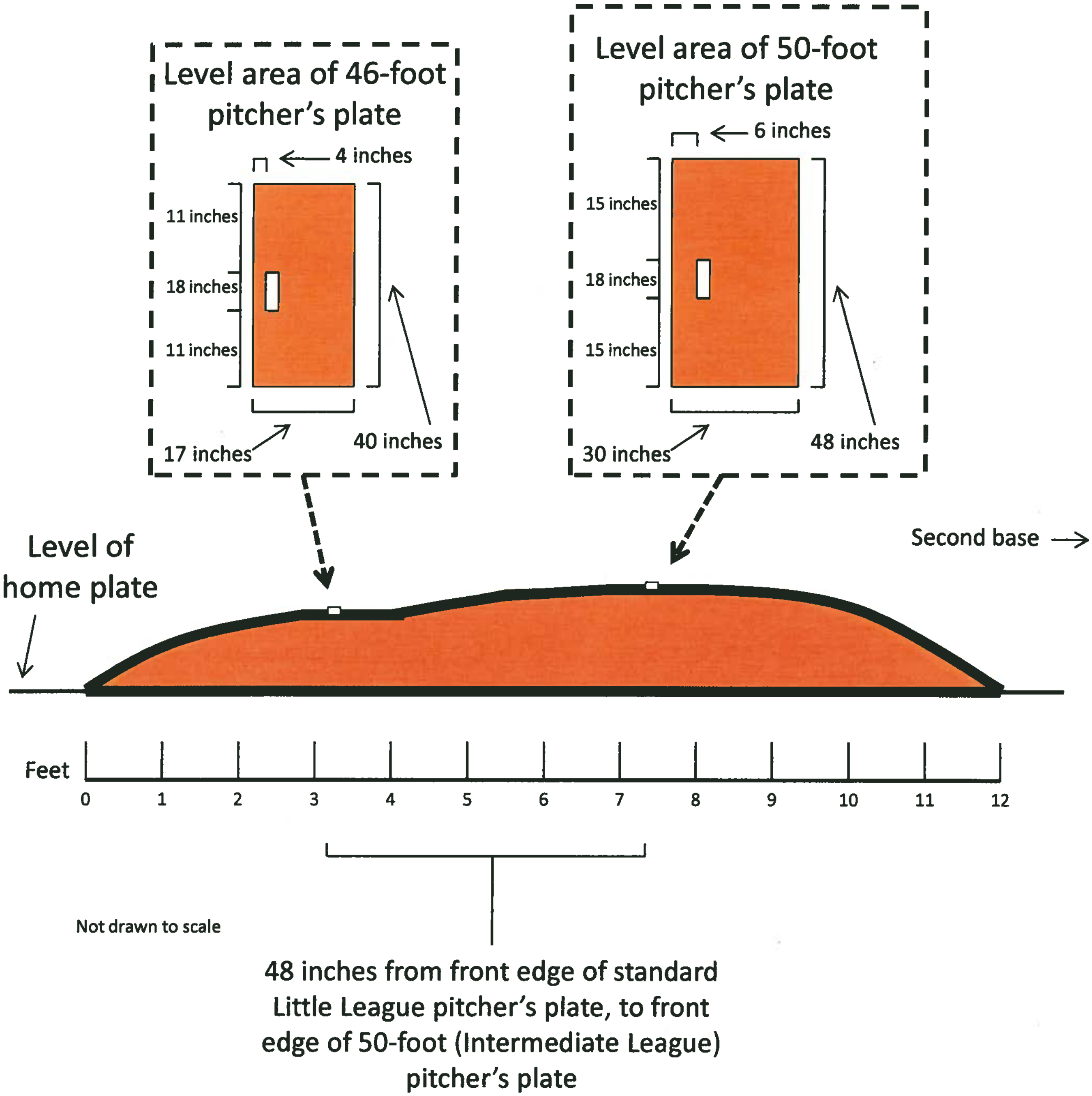
# Modifying the Pitcher's Mound

**Using a tape measure or pre-measured length of rope or chain (6 feet ), create a 12-foot diameter circle as shown. Contouring the mound, detailed on the next page, is not necessary if the infield is "crowned" so that the rise from home plate to the pitcher's plate is gradual.**



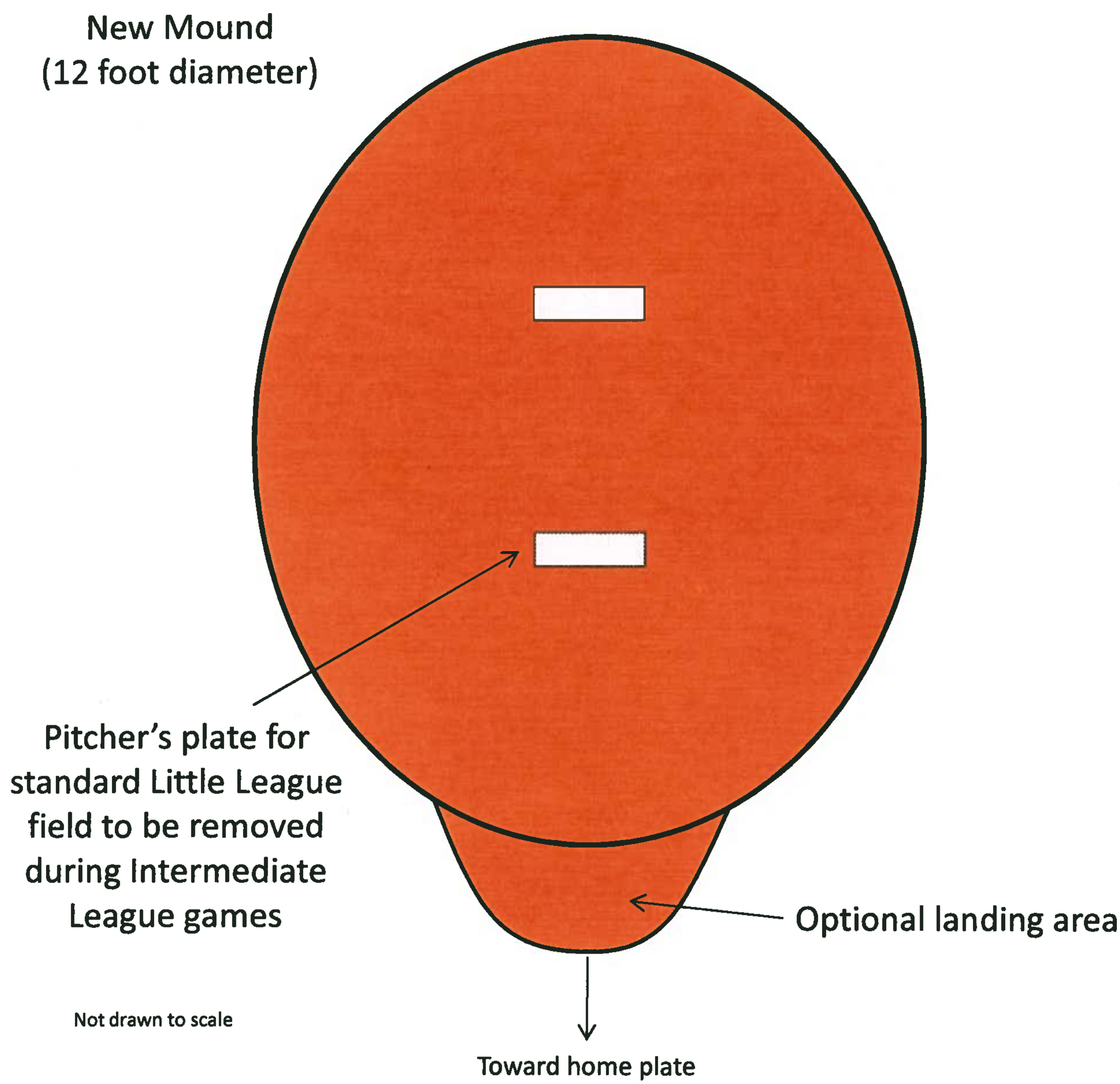

# Modifying the Pitcher's Mound

**Contour the mound as shown above in a cutaway view, with a gradual/even degree of slope. Both pitcher's plates for Little League Majors and the Intermediate League are 18 inches by four inches. (Shown from the first-base side of the infield.)**




# Modifying the Pitcher's Mound

**Create level areas as shown above for the two pitcher's plates. (Shown from the first-base side of the infield.)**




# Modifying the Pitcher's Mound

**The pitcher's plate that is noted above must be removed during Intermediate League games. Also, an optional extended area may be added, to help prevent loss of grass in front of the mound. However, this area is not considered part of the mound.**

# City of Laguna Hills
## City Council Meeting Agenda
## Staff Report

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**DATE:** AUGUST 27, 2013

**TO:** MAYOR AND COUNCIL MEMBERS

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

**ISSUE:** FIRST AND FINAL PAYMENT TO G2 CONSTRUCTION, INC., FOR THE WATER QUALITY IMPROVEMENT CATCH BASIN DEBRIS GATE PROJECT, CIP NO. 412B

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**RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE FIRST AND FINAL PAYMENT TO G2 CONSTRUCTION, INC., IN THE NET AMOUNT OF $66,832.50, THE FILING OF THE NOTICE OF COMPLETION AND RELEASE OF RETENTION IN 35-DAYS, IF NO LIENS HAVE BEEN FILED, FOR THE WATER QUALITY IMPROVEMENT CATCH BASIN DEBRIS GATE PROJECT, CIP NO. 412B.**

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**SUMMARY:**

The Catch Basin Debris Gate Phase 2 project began in March 2013 and has been fully completed with the installation of gates at 55 catch basin locations. The Contractor, G2 Construction, Inc., has fabricated and installed the debris gates and Staff has inspected and field checked all the locations. The Contractor has requested the final payment. Approval of the first and final payment is recommended.

**BACKGROUND:**

As a part of Orange County Transportation Authority's (OCTA) Measure M2 Environmental Cleanup Allocation Program (ECP) Tier 1 Grant Program, the City was awarded $70,350 to install catch basin debris gates/screens at various locations in the City. The City's selected contractor, G2 Construction, Inc., installed debris gates at 55 locations throughout the City. The contractor completed construction in late July 2013 and it is appropriate to accept the project as complete and file the Notice of Completion.

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 (5%) retention is withheld from each payment to assure final performance of the work.

The contractor for the project, G2 Construction, Inc., has submitted the first and final progress payment for the subject project as follows:

| ITEM # | DESCRIPTION | QUANTITY | UNIT | $ | AMOUNT |
|---|---|---|---|---|---|
| 1 | CB #106 Paseo de Valencia | 1 | LS | $1,350.00 | $1,350.00 |
| 2 | CB #105 Paseo de Valencia | 1 | LS | $1,950.00 | $1,950.00 |
| 3 | CB #103 Paseo de Valencia | 1 | LS | $1,350.00 | $1,350.00 |
| 4 | CB #103 Paseo de Valencia | 1 | LS | $1,950.00 | $1,950.00 |
| 5 | CB #104 Paseo de Valencia | 1 | LS | $2,550.00 | $2,550.00 |
| 6 | No Tag – Cabot Road | 1 | LS | $1,350.00 | $1,350.00 |
| 7 | CB #343 Cabot Road | 1 | LS | $ 700.00 | $ 700.00 |
| 8 | CB #348 Cabot Road | 1 | LS | $ 700.00 | $ 700.00 |
| 9 | No Tag – Oso Parkway | 1 | LS | $1,950.00 | $1,950.00 |
| 10 | CB #518 Oso Parkway | 1 | LS | $1,350.00 | $1,350.00 |
| 11 | CB #519 Oso Parkway | 1 | LS | $1,350.00 | $1,350.00 |
| 12 | CB #375 Oso Parkway | 1 | LS | $1,350.00 | $1,350.00 |
| 13 | CB #521 Oso Parkway | 1 | LS | $1,950.00 | $1,950.00 |
| 14 | No Tag - Oso Parkway | 1 | LS | $ 700.00 | $ 700.00 |
| 15 | No Tag - Oso Parkway | 1 | LS | $ 700.00 | $ 700.00 |
| 16 | CB #125 Creekview | 1 | LS | $ 600.00 | $ 600.00 |
| 17 | CB #124 Christina Court | 1 | LS | $ 300.00 | $ 300.00 |
| 18 | CB #123 Christina Court | 1 | LS | $ 600.00 | $ 600.00 |
| 19 | CB #121 Ave de la Carlota | 1 | LS | $1,200.00 | $1,200.00 |
| 20 | CB# 126 Kennington | 1 | LS | $2,400.00 | $2,400.00 |
| 21 | CB #127 Kennington | 1 | LS | $ 600.00 | $ 600.00 |
| 22 | CB #128 Clarington | 1 | LS | $ 600.00 | $ 600.00 |
| 23 | CB #131 Jorie | 1 | LS | $ 600.00 | $ 600.00 |
| 24 | CB #130 Jorie | 1 | LS | $ 600.00 | $ 600.00 |
| 25 | CB #134 Georgia Sue | 1 | LS | $ 600.00 | $ 600.00 |
| 26 | CB #132 Georgia Sue | 1 | LS | $ 600.00 | $ 600.00 |
| 27 | CB #133 Paige | 1 | LS | $ 600.00 | $ 600.00 |
| 28 | No Tag – Hon Avenue | 1 | LS | $ 600.00 | $ 600.00 |
| 29 | CB #283 Costeau | 1 | LS | $ 600.00 | $ 600.00 |
| 30 | CB #145 Southport | 1 | LS | $ 600.00 | $ 600.00 |
| 31 | No Tag - Southport | 1 | LS | $ 600.00 | $ 600.00 |
| 32 | CB #143 Wilkes Place | 1 | LS | $ 600.00 | $ 600.00 |
| 33 | CB #144 Wilkes Place | 1 | LS | $1,200.00 | $1,200.00 |
| 34 | CB #141 Wilkes Place | 1 | LS | $1,200.00 | $1,200.00 |
| 35 | No Tag – Wilkes Place | 1 | LS | $1,800.00 | $1,800.00 |
| 36 | CB #140 Wilkes Place | 1 | LS | $1,800.00 | $1,800.00 |
| 37 | CB #138 Wilkes Place | 1 | LS | $ 600.00 | $ 600.00 |
| 38 | No Tag – Oso Parkway | 1 | LS | $ 700.00 | $ 700.00 |
| 39 | CB #525 Oso Parkway | 1 | LS | $1,350.00 | $1,350.00 |
| 40 | CB #376 Oso Parkway | 1 | LS | $1,950.00 | $1,950.00 |

| | | | | | |
|---|---|---|---|---|---|
| 41 | CB #527 Oso Parkway | 1 | LS | $1,950.00 | $1,950.00 |
| 42 | CB #528 Oso Parkway | 1 | LS | $2,550.00 | $2,550.00 |
| 43 | CB #529 Oso Parkway | 1 | LS | $1,350.00 | $1,350.00 |
| 44 | No Tag – Oso Parkway | 1 | LS | $1,350.00 | $1,350.00 |
| 45 | No Tag – Lost Trail at Pinto (E) | 1 | LS | $3,300.00 | $3,300.00 |
| 46 | No Tag – Lost Trail at Pinto (W) | 1 | LS | $3,300.00 | $3,300.00 |
| 47 | CB #464 Empty Saddle | 1 | LS | $ 350.00 | $ 350.00 |
| 48 | CB #467 Empty Saddle | 1 | LS | $1,350.00 | $1,350.00 |
| 49 | No Tag - Empty Saddle | 1 | LS | $2,200.00 | $2,200.00 |
| 50 | CB #466 Empty Saddle | 1 | LS | $2,200.00 | $2,200.00 |
| 51 | No Tag – Nellie Gail | 1 | LS | $1,950.00 | $1,950.00 |
| 52 | CB #322 – La Paz Road | 1 | LS | $1,350.00 | $1,350.00 |
| 53 | CB #137 Hon | 1 | LS | $ 600.00 | $ 600.00 |
| 54 | CB # 282 - Costeau | 1 | LS | $1,800.00 | $1,800.00 |
| 55 | CB #139 – Wilkes Place | 1 | LS | $ 600.00 | $ 600.00 |

| | |
|---|---|
| Total To Date | $70,350.00 |
| Less Prior Billing | $ 0 |
| Total This Period | $70,350.00 |
| Less 5% Retention | $( 3,517.50) |
| | $66,832.50 |

**FISCAL IMPACT:**

The Water Quality Improvement catch basin debris gate project, CIP No. 412B, is included in the current Fiscal Year Capital Improvement Program Budget.

**ATTACHMENTS:**

- Notice of Completion

Recording Requested by and
When Recorded Mail to:

Peggy J. Johns, 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 August 27, 2013.

Description of Improvements

Catch Basin Debris Gate Project, CIP No. 412B - fabrication and installation of automatic retractable screens at fifty-five catch basin locations.

General Location

Various locations with the City of Laguna Hills.

| Owner of Property Address | Contractor |
|---|---|
| City of Laguna Hills<br>24035 El Toro Road<br>Laguna Hills, CA 92653 | G2 Construction, Inc.<br>Mr. Eric Taylor<br>13331 Garden Grove Boulevard, Unit K<br>Garden Grove, CA 92843 |

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: August 27, 2013

______________________________________________
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

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**DATE:** AUGUST 27, 2013

**TO:** MAYOR AND COUNCIL MEMBERS

**FROM:** DAVID REYNOLDS
DEPUTY CITY MANAGER/COMMUNITY SERVICES

**ISSUE:** 2013 FOURTH OF JULY POST EVENT REPORT

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

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**SUMMARY:**

The City of Laguna Hills held the annual Fourth of July celebration at the Laguna Hills Sports Complex on Thursday, July 4, 2013. The special event took place between the hours of 4:00 p.m. to 9:30 p.m. and included a number of activities in addition to the fireworks show. A firework shell malfunction in this year's show caused the Fire Marshall to terminate the show less than five minutes after it had started. Expenditures for the 2013 Fourth of July Celebration totaled $24,535, which accounts for the full refund of the fireworks deposit. Net costs for the event totaled $18,809, when factoring in $4,426 in ticket sales revenue and $1,300 in vendor booth rentals revenue.

**BACKGROUND:**

Staff is estimating that more than 11,000 people attended the City of Laguna Hills' annual Fourth of July event this year. The 2013 Fourth of July event once again included carnival rides, games, informational and food booths, and entertainment. Total ticket sales revenue was $4,426 for the two carnival rides. The Laguna Hills non-profit groups that sold food and other items informed staff that they were very pleased with their total profits. The non-profit vendors that participated in this year's event were:

- Boy Scout Troop 1602: Pizza and B-B-Q Corn
- LHHS Music Boosters: Nachos, Churros, and Candy
- Armenian Festival: Kebabs and Sandwiches
- Festival Singers: Hot Dogs
- LHHS Culinary Arts: Herb Spread, Bagel Bites, Chips, Jalapeno Spread

- LHHS Football Boosters: Drinks
- AYSO Region 1422: Chili and Cornbread
- LHHS Basketball: Hamburgers
- LHHS Water Polo Boosters: Shaved Ice
- LHHS Lacrosse Boosters: Iced Coffee and Cupcakes
- LHHS PTSA: Dippin' Dots
- LHHS Mandarin Club: Boba and Chinese Candy

As the City Council is aware, the event concludes each year with a musically choreographed fireworks show. Unfortunately this year two or three of the mortars misfired at ground level due to a manufacturing defect according to the Fire Marshall. This occurred just under five minutes into the show, and as a result the show was cut short. The planned duration of the fireworks show was 18:33 with a total of 1,100 shells. Per the agreement with Bay Fireworks the City received a full refund of the $12,250 deposit that was paid and at its last meeting the City Council withheld the final payment of $12,250. The original cost of the show, per the agreement, was $24,500.

A highlight of the 2013 event was the presence of Marines of the 3/5 Battalion. At the request of the 3/5 Support Committee several Marines attended the event, bringing with them static displays including vehicles, weapons and other equipment.

As the City Council will recall, the firing location for the fireworks display was moved away from the high school buildings at the direction of OCFA. On Friday, July 5, 2013, City staff walked the campus and found that no shells or debris had fallen on the track or football field, and that the pool area was free from any debris as well. A total of 10 Community Services staff members were on the Laguna Hills High School campus on Thursday July 5, clearing firework debris from the upper field and tennis courts. In addition, City staff arranged with Sunset Property Services to provide a street sweeper and staff to assist in the clean-up of the campus.

Staff intends to solicit proposals from fireworks vendors in upcoming months. In the weeks following this year's event, staff contacted surrounding cities to inquire about the quality of their fireworks display, any issues that were experienced, and how pleased they were with the overall performance of the vendor. Staff will bring three proposals back to the City Council for its review in early 2014.

The Parks and Recreation Commission was presented with this information at its August 7, 2013, meeting.

**FISCAL IMPACT:**

The adopted budget for FY 2013-2014 includes $53,750 for the City’s 2013 Fourth of July Celebration event. Expenditures for the 2013 Fourth of July Celebration totaled $24,535 which does not include the total cost of the fireworks show. Net costs for the event totaled $18,809, which accounts for $4,426 in ticket sales revenue and $1,300 in vendor booth rentals revenue. A nominal expense may be added to the overall total for SVUSD clean-up efforts of firework debris in areas that City staff could not access (e.g. roof areas). This expense is not currently represented in the figures presented in this staff report.

# City of Laguna Hills
## City Council Meeting Agenda
## Staff Report

**DATE:** AUGUST 27, 2013

**TO:** MAYOR AND COUNCIL MEMBERS

**FROM:** DONALD J. WHITE
ASSISTANT CITY MANAGER

**ISSUE:** RESPONSE TO THE ORANGE COUNTY GRAND JURY REPORT DATED JUNE 27, 2013, ENTITLED "THE GOAL OF EQUAL EMPLOYMENT OPPORTUNITY: NO VICTIMS"

**RECOMMENDATION:** THAT THE CITY COUNCIL AUTHORIZE THE MAYOR TO SIGN THE LETTER OF RESPONSE TO THE ORANGE COUNTY GRAND JURY REPORT ENTITLED "THE GOAL OF EQUAL EMPLOYMENT OPPORTUNITY: NO VICTIMS."

**SUMMARY:**

On June 20, 2013, the Orange County Grand Jury released a report regarding Equal Employment Opportunity procedures in Orange County cities and the County of Orange. State law requires any public agency which the Grand Jury has reviewed, and about which it has issued a final report, to comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under control of the agency within ninety (90) days of the report's release date. Staff has prepared the attached proposed response to the four findings and three recommendations included within the Grand Jury report, and is recommending that the City Council authorize the Mayor to sign the response and send it to the Presiding Judge of the Superior Court. A copy of the final Orange County Grand Jury Report is included as an attachment to this staff report.

Overall, the City's efforts to educate employees and maintain an environment free from harassment, discrimination, and retaliation are consistent with the recommendations of the Orange County Grand Jury.

**ATTACHMENTS:**

- Orange County Grand Jury Report "The Goal of Equal Employment Opportunity: No Victims"
- Response to Orange County Grand Jury Report

# The Goal of Equal Employment Opportunity: NO VICTIMS

## *FOREWORD*

The 2012-2013 Grand Jury was sworn in on July 2, 2012. Within two weeks, the Grand Jury learned of allegations of inappropriate behavior which resulted in employee victimization. Whether a spouse, parent, significant other, or friend, the Grand Jury believed strongly that "NO MORE VICTIMS" was the goal for 2012-2013. This concern has resulted in three related studies: *A Call for Ethical Standards: Corruption in Orange County,* The *Culture of Harassment: Change on the Horizon*, and this report comparing Equal Employment Opportunity (EEO) procedures in Orange County cities to County government.

## *SUMMARY*

Under (EEO) protections, sexual harassment is unlawful. Harassment can include unwelcome sexual advances, requests for sexual favors, and other verbal or physical harassment.

Throughout 2011 and 2012, intrigue, rumors, and eventually the OC District Attorney filed criminal charges against a high-ranking County executive. News outlets reported that the senior employee sexually battered co-workers in the workplace. The Grand Jury was privy to information concerning the alleged behavior. Although details will not be nor can they be revealed in this study, suffice it to say that each Grand Jury Panel Member was appalled at the alleged behavior and alarmed by the ineptitude of County managers who investigated complaints of sexual misconduct. Clearly these events were traumatizing for the victims and an embarrassment to the County. Subsequently, County leaders made changes to ensure the swift and appropriate handling of future EEO complaints.

The Grand Jury is pleased to report that Orange County cities, as employers, appear to be on the cutting edge in their awareness of the potential tragedies and/or liabilities associated with sexual harassment and discrimination. We commend these municipalities for their vigilance, the seriousness with which they approach these very important topics and the training provided to all employees. Orange County municipalities not only adhere to Federal and State legislation, but honor it.

Since the revelations and the exit of the accused county executive, the County's efforts are worthy of note as well. Recentralization of the Human Resources function, now called the Human Resource Services Department (HRSD), and a significant investment in a broad training initiative will enhance employee protections and reduce liability exposure. The County's continued efforts are critical to achieving these goals.

Commendations, while satisfying to report, carry with them the obligation to continue the crusade against discrimination, harassment, and retaliation. Consistent attention to fine tuning these efforts will ensure strict adherence to the law.

# The Goal of Equal Employment Opportunity: NO VICTIMS

*<u>REASON FOR STUDY</u>*

The Grand Jury's role as civil watchdog led the Grand Jury to further explore the matter of sexual harassment in public sector government.

How well are the EEO policies, procedures, and practices actually protecting City and County government employees? Realistically, policies and procedures merely define the rules. It is people who enforce the rules that truly protect other people. Some will claim that information in this report is history and old news. It is the opinion of the Grand Jury that this information is not only relevant, but is required in order to raise the public's awareness to the importance of compliance with Federal and State EEO legislation. The goal is to learn from mistakes and to take cautionary action to avoid repeating them.

Sexual harassment, discrimination, and retaliation have no place in any employment setting, particularly those where the entities are expected to respect the value of its employees and the people they serve.

## *<u>METHOD OF INVESTIGATION</u>*

The 2012-2013 Orange County Grand Jury performed the following tasks to collect information:

- Developed and sent questionnaires to all 34 OC cities and to the County's Director of the newly recentralized HRSD regarding topics including training, receipt of complaints and method of investigations;
- Interviewed City a sampling of executives and Human Resource Managers;
- Interviewed all County Supervisors, a number of executives and department heads;
- Reviewed EEO complaint statistics for the past 5 years in both OC cities and the County;
- Documented and reviewed confidential communications with County and City personnel regarding EEO incidents and violations;
- Conducted research on legal regulations and protected classes covered under both State of California and Federal harassment and discrimination laws.[1]

## In the Beginning – The Genesis of Protections

The Civil Rights Act of 1964 was passed on July 2nd of that year. The untimely loss of President John F. Kennedy in November 1963 to an assassin's bullet threatened to derail the legislation he had long championed. However, a new champion, an unlikely one in the minds of most civil rights organizations, was found in the person of the new President, Lyndon B. Johnson.

[1] http://www.history.com/topics/civil-rights-act
[2] www.quotes.net/authors/Lyndon+B.+Johnson

July 2, 1964 LBJ signs Civil rights Legislation as members of Congress look on.

Five days after the assassination, with the nation still grieving, President Johnson eloquently invoked the recent tragedy in an effort to give some meaning to that most senseless of acts. Addressing a Joint Session of Congress, President Johnson stated

> *"We have talked long enough in this country about civil rights. It is time to write the next chapter and to write it in the books of law . . . . No eulogy could more eloquently honor President Kennedy's memory than the earliest possible passage of the civil rights bill for which he fought so long."* [2]

From the Civil Rights Act of 1964 to the present, civil rights have expanded from primarily a rural issue (strongly linked to voting rights) to now include many categories/classes to ensure all Americans are afforded equal opportunity, dignity and respect in all aspects of American life. This report focuses on the employment aspect.

## The Federal Definition of Sexual Harassment

In 1972, the United States Congress created the Equal Employment Opportunity Commission (EEOC). The EEOC was empowered to enforce Title VII of the Civil Rights

[2] www.quotes.net/authors/Lyndon+B.+Johnson

Act of 1964. The EEOC created regulations prohibiting sexual harassment and defined harassment as a form of sexual discrimination. Since 1972, the definitions and categories of what constitutes sexual harassment have expanded and now include several areas not originally defined.

It is unlawful to harass individuals because of gender. Harassment can include any unwelcome sexual advances, requests for sexual favors, and other verbal or physical harassment of a sexual nature only. Harassment does not have to be of a sexual nature and can include offensive remarks about a person's gender. For example, it is illegal to harass a woman by making offensive comments about women in general.

Both the victim and the harasser can be either a woman or a man, and the victim and harasser can be the same gender.[3]

The law doesn't prohibit simple teasing, offhand comments, or isolated incidents that may not be considered serious. But teasing or off-hand comments are illegal when they are so frequent or so severe that they create a hostile or offensive work environment.

The harasser can be the victim's supervisor, a supervisor in another area, a co-worker, any employee, or someone who is not an employee at all, such as a client or vendor. When a manager or supervisor expects "Quid Pro Quo"[4],[5] to achieve their goals, it is considered sexual harassment in the eyes of the law.

Sexual harassment is not specifically aimed at protected classes. Federal laws identify legally protected classes as race, color, religion, national origin, age, gender and disability.

Several regulations comprise Federal (EEO) Laws:

- Title VII of the Civil Rights Act of 1964 - prohibits employment discrimination based on race, color, religion, sex, or national origin;
- Equal Pay Act of 1963 (EPA) protects men and women who perform substantially equal work in the same establishment from sex-based wage discrimination;
- Age Discrimination in Employment Act of 1967 (ADEA) protects individuals who are 40 years of age or older;
- Title I and Title V of the Americans with Disabilities Act (ADA) of 1990 prohibits employment discrimination against qualified individuals with

[3] httP://oag.ca.gov/publications/CRhandbook/ch2
[4] www.fs.fed.us/cr/sepm/fwp/correspondence/sex_harassment.html
[5] "Quid Pro Quo" in Latin refers to a favor or advantage granted in return for something

disabilities in the private sector, and in State and local governments; in addition, reasonable accommodation for the disabled was mandated.

- Sections 501 and 505 of the Rehabilitation Act of 1973 prohibit discrimination against qualified individuals with disabilities who work in the Federal government;
- Title II of the Genetic Information Nondiscrimination Act of 2008 (GINA) prohibits employment discrimination based on genetic information about an applicant, employee, or former employee;
- The Civil Rights Act of 1991 includes the ability to award monetary damages in cases of intentional employment discrimination;
- It is legally unlawful to retaliate against a person because the person complained about discrimination, filed a charge of discrimination, or participated in an employment discrimination investigation or lawsuit;
- Regulations require that employers reasonably accommodate applicants' and employees' sincerely held religious practices, unless doing so would impose an undue burden on the operation of the employer's business. [6]

The Equal Employment Opportunities Commission (EEOC) enforces these laws and provides oversight and coordination of all EEO regulations, practices and policies. Employers are required to post notices to all employees advising them of their rights under the law and an employee's right to be free from retaliation. These notices must be accessible to persons with visual or other disabilities that affect their ability to read.

## State of California – Additional Regulations

In California, the Fair Employment and Housing Act (FEHA) is the primary law prohibiting discrimination in employment, housing and public accommodation. At the time of its adoption, the Legislature reaffirmed that it is the public policy of California to protect and safeguard such rights and opportunities. [7] The Law is administered by the Department of Fair Employment and Housing (DFEH).

Laws related to harassment and discrimination are not automatically duplicative between Federal and State governments. While the basic tenets remain the same, protected classes and the right to sue for monetary damages may differ.

In California, prohibitions against harassment, discrimination and retaliation are based on race, religious creed, color, national origin, ancestry, physical disability (including HIV/AIDS), mental disability, medical condition, marital status, sex (including pregnancy, childbirth, or related medical conditions), age (40 or above), or sexual orientation. The law refers specifically to an affected person in a protected class.

[6] http://www.eeoc.gov/facts/qanda.html
[7] http://oag.ca.gov/publications/CRhandbook/ch2

FEHA also protects contract workers from harassment in the workplace. The same protection as outlined above applies to contract workers.

## State of California - Definition of Sexual Harassment

The State of California defines sexual harassment as any unsolicited or unwelcome sexual advance, requests for sexual favors or other verbal, physical, visual or written conduct of a sexual nature directed to persons of the same or opposite sex when:

1. Submission to such conduct is made either explicitly or implicitly as a term or condition of employment;
2. Submission to or rejection of such conduct by an employee is used as a basis for employment decisions affecting the employee; or
3. Such conduct has the purpose or effect of substantially interfering with an employee's work performance or creating an intimidating, hostile or otherwise offensive work environment.

Additionally, State court has defined two types of sexual harassment:

1. **Quid Pro Quo**: This form of sexual harassment occurs when a supervisor or manager:
    a. Demands, as an explicit or implied term or condition of employment or employment-related decisions, a subordinate submit to sexual advances (this may include situations which began as consensual relationships, but which later ceased to be consensual); and/or
    b. Makes requests for sexual favors or other verbal, visual or physical conduct of a sexual nature that is an explicit or implied term or condition of employment decisions.

    Examples of Quid Pro Quo harassment include:
    a. Requests for sexual favors in exchange for a promotion or raise;
    b. Expressed or implied statements that a person will be demoted or fired if she or he does not submit to a sexual request; and/or
    c. Carrying out the threat.

2. **Hostile Work Environment**: The courts look at the totality of the circumstances surrounding the alleged incidents of harassment to determine whether unlawful conduct has occurred. Generally, there must be a pattern of unlawful conduct, although a single serious incident in some cases, such as a sexual battery, is enough to constitute sexual harassment. This form of sexual harassment occurs when an individual is subjected to any unwelcome sexual advances or other gender-based conduct that is sufficiently severe or pervasive as to interfere with the individual's work performance or creates an intimidating, hostile or offensive work environment. The harasser can be a manager, supervisor, co-worker, any employee, or in certain circumstances, possibly even a non-employee, such as a supplier or customer. The intent of the person accused of sexual harassment is

of secondary importance. The impact of the offensive behavior on the offended person is the primary factor in determining if sexual harassment has occurred. [8]

## Cities – How They Handle EEO Matters

The 2012-2013 Grand Jury developed and distributed a questionnaire to the Human Resource Managers of the 34 cities in Orange County which included questions related to EEO. All cities responded, with the exception of the City of Westminster. The County's Director of HRSD also responded to the same questions. [9]

The Grand Jury's study is based on responses from 33 cities and the County. Because the Grand Jury cannot presume to interpret or somehow guess at the meaning of an entity's response, the responses have been reported as indicated on the questionnaire. Where partial responses were given, efforts were made to obtain additional clarification.

### The following represents feedback from the cities and County HRSD:

**Do you have policies and procedures that comply with EEO laws, specifically Harassment, Discrimination and Retaliation prevention?**

All cities and the County have established policies and procedures that comply with EEO law.

**Are employees given an employee Handbook that includes EEO Anti-Harassment, Anti-Discrimination and Anti-Retaliation materials?**

All cities provided materials documenting their comprehensive compliance with Federal and State legal requirements. These materials included Employee Handbooks, Memorandums of Understanding with labor groups and specific city-adopted policies.

The County has policies and procedures governing harassment, discrimination, retaliation, methods for filing complaints which the County updates annually to ensure compliance. The Chair of the Orange County Board of Supervisors sends an annual letter to employees reminding them of their rights and responsibilities. In addition, the New Hire Packet contains EEO information.

**Is your Human Resources Department Centralized?**

Because cities have fewer employees than the County, it is no surprise that all cities responded that their HR Department is centralized. Centralization refers to the grouping of all traditional HR functions within one Department.

As a cost-saving measure, the County moved to a decentralized human resources model after the bankruptcy in 1994. Under decentralization most County

[8] www.hostileworkenvironmentguide.com/definitionwhostileworkenvironment.html
[9] Grand Jury Questionnaire, December, 2012

agencies had their own HR division responsible for the delivery of HR services. Although each agency HR staff could and was encouraged to consult regularly with the County's Human Resource Department, the reality was that communication was limited. Some agency HR departments had issues with compliance, harassment, discrimination, and/or retaliation violations which they often did not recognize. As a consequence, some violations were observed or, at a minimum overlooked, and not reported to Central HRD as mandated by County policy. In addition, there were routine deviations from recruitment and selection processes. HR staff frequently lacked specific HR expertise and experience. The lack of training contributed to some instances of favoritism and recruitment violations.

In the wake of the HRD Performance Audit, the County is currently implementing the recentralization of all HR functions into one department (HRSD). To further reinforce the change in functionality, the former HRD has been renamed the Human Resource Services Department (HRSD). This change will involve additional training of existing personnel and hiring of skilled HR professionals.

**Is Anti-Harassment, Anti-Discrimination and Prevention of Retaliation training given to HR staff, with particular attention to conducting investigation of complaints?**

All cities indicated that HR personnel receive EEO training with an emphasis on investigatory training. This training includes, but is not limited to, Americans with Disabilities Act (ADA) Compliance, Leave Rights, Preventing Harassment and Discrimination in the Workplace.

County restructuring into HRSD resulted in the implementation of procedures to train HR staff throughout the year. [10]

**How often is EEO Anti-Harassment, Anti-Discrimination and Prevention of Retaliation training given to management, supervision and line staff?**

State and Federal law require training for management and supervision every two years, but defines no specific requirement for line staff. The cities responded to this question as shown in Table 1 – Grand Jury Questionnaire, Question No. 6.

| FREQUENCY OF TRAINING | MANAGEMENT | SUPERVISION | LINE STAFF |
|---|---|---|---|
| County Board of Supervisors | Every 2 Years | Every 2 Years | None |
| County HRSD | Every 2 Years | Every 2 Years | In late 2013 |
| Aliso Viejo | Every 2 Years | Every 2 Years | None |
| Anaheim | Every Year | Every Year | Every Year |
| Brea | Every 2 Years | Every 2 Years | As Needed |

[10] Presentation by HRSD Director, November 26, 2012

| | | | |
|---|---|---|---|
| Buena Park | Every 2 Years | Every 2 Years | Every 2 Years |
| Costa Mesa | Every 6 Months | 2+ Per Year | None |
| Cypress | Every 2 Years | Every 2 Years | As Needed |
| Dana Point | Every 2 Years | Every 2 Years | Every 2 Years |
| Fountain Valley | Every 2 Years | Every 2 Years | Every 2 Years |
| Fullerton | Every 2 Years | Every 2 Years | As Needed |
| Garden Grove | Every 2 Years | Every 2 Years | Every 2 Years |
| Huntington Beach | Every 2 Years | Every 2 Years | Every 2 Years |
| Irvine | Every 2 Years | Every 2 Years | As Needed |
| La Habra | Every 2 Years | Every 2 Years | As Needed |
| La Palma | Every 2 Years | Every 2 Years | As Needed |
| Laguna Beach | Every 2 Years | Every 2 Years | As Needed |
| Laguna Hills | Every 2 Years | Every 2 Years | Every 2 Years |
| Laguna Niguel | Every 2 Years | Every 2 Years | None |
| Laguna Woods | Every 2 Years | Every 2 Years | Every 2 Years |
| Lake Forest | Every 2 Years | Every 2 Years | As Needed |
| Los Alamitos | Every Year | Every Year | Every Year |
| Mission Viejo | Every 2 Years | Every 2 Years | As Needed |
| Newport Beach | Every 2 Years | Every 2 Years | As Needed |
| Orange | Every 2 Years | Every 2 Years | None |
| Placentia | Every 2 Years | Every 2 Years | As Needed |
| Rancho Santa Margarita | Every 2 Years | Every 2 Years | None |
| San Clemente | Every 2 Years | Every 2 Years | As Needed |
| San Juan Capistrano | Every 2 Years | Every 2 Years | None |
| Santa Ana | Every 2 Years | Every 2 Years | As Needed |
| Seal Beach | Every 2 Years | Every 2 Years | As Needed |
| Stanton | Every 2 Years | Every 2 Years | Every 2 Years |
| Tustin | Every 2 Years | Every 2 Years | Every 2 Years |
| Villa Park | Every 2 Years | Every 2 Years | None |
| Westminster | NO RESPONSE | NO RESPONSE | NO RESPONSE |
| Yorba Linda | Every 2 Years | Every Two Years | None |

All cities are compliant with State and Federal law. Best practices and risk management make it prudent to provide training for line staff. Since it is line staff that generally files EEO complaints, it is critical that they understand their rights and their recourse when filing complaints, i.e. being able to make the distinction between acceptable and unacceptable behavior. While a behavior may be annoying, it may not meet the test of unacceptability in EEO terms.

The County provides on-line training for management and supervisors, however, limited training has been offered to line staff in only some departments. In 2013, HRSD will begin classroom training for management and supervisors and, at a minimum, online training for line staff. It is the considered opinion and experience of the Grand Jury that classroom training is far more effective than on-line training which provides limited opportunity for personal interaction.

**How soon after promotion to management or supervision is an employee required to attend EEO Anti-Harassment, Discrimination and Retaliation training (AB1825 law requires training within 6 months)?**

All cities complete training within six months of a promotion to supervisor.

Historically, County government did not have policies and procedures to comply with AB1825. Recent changes in HRSD address this issue and a policy to train new supervisors within six months as required by law has already been established, yet another example of the proactive efforts of the newly reorganized HRSD.

**Do you use outside companies/consultants for EEO training?**

All cities in Orange County use highly recognized and respected companies/consultants such as Liebert Cassidy Whitmore, Global Compliance, HR Consortiums, and Willis Training Solutions. Some training firms, in order to make training more cost-effective for public sector employers, invite employers within a geographic area to join training consortiums and share the cost thus enabling more cities to provide training to their employees.

The County has also used Liebert Cassidy Whitmore etc. and has recently solicited a Request for Proposal (RFP) to prospective vendors, seeking bids to expand human resource training for all employees as well as for HRSD staff.

**What is your annual budget to comply with EEO mandated laws and regulations?**

Cities generally budget annually for training. EEO training expenditures are often included in the Human Resource Services Department budget. HR training budgets range from zero to $157,000 annually. The range in budgets appears to be proportional to the number of city employees. Smaller cities (Aliso Viejo, Villa Park, Dana Point, and Fountain Valley) do not have a dedicated budget line item, where larger cities (Irvine, Anaheim, Orange, etc.) have a dedicated budget line item to cover training expenses.

The County currently has budgeted sufficient funds ($234,952) to provide training for management and supervision and for expenses to hire outside expertise to investigate EEO complaints and issues when needed. The Board of Supervisors has committed funds for increasing the budget for EEO training to include all employees.

**Do you have a documented process for EEO complaint notification, investigation and resolution?**

All responding cities in Orange County have documented processes to manage EEO complaints (notification, investigation and resolution).

County HRSD recently implemented procedures to define a clear and concise process for the receipt, investigation and resolution of EEO complaints/incidents.

**When a conflict of interest exists, what options are available to employees and/or staff to ensure a fair and unbiased investigation?**

All responding cities in Orange County have escalation processes to effectively address conflicts of interest related to complaints as they may arise.

The County recently established a comprehensive escalation process. To reinforce this new process, the Directors of HRSD, Internal Audit, and County Counsel created a Compliance Oversight Committee (COC) to review EEO related complaints received by the Department of Internal Audit's fraud hotline, the EEO Access Office, and complaints regarding executive management or elected officials. An example of concern the COC might explore is how best to handle a complaint directed at the complainant's supervisor, ensuring that a subordinate is never assigned to investigate his or her supervisor.

**Are the names and phone numbers of internal and /or external EEO contacts documented and distributed to all employees regarding HR/EEO reporting?**

All responding cities answered affirmatively to this question. Commendably, the cities have multiple methods for an employee to file a grievance or complaint.

As noted earlier, the County issues an annual letter from the Chair of the Board of Supervisors, which includes the various filing procedures available to its 17,000 employees. Lunch and break rooms contain posters that include procedures to file an EEO complaint. The existing County EEO Access Office has been chronically understaffed. With the recent hiring of an individual experienced in EEO and related investigations, communication with employees and executive management is expected to improve dramatically. In addition, an additional position has been allocated to the EEO Access Office and will be filled in the near future.

**Is your city currently involved in any litigation concerning EEO Harassment, Discrimination or Retaliation complaints**?

The cities responded as follows:

1. **Yes** - Buena Park, Huntington Beach, Newport Beach, Santa Ana,
2. **No** - Aliso Viejo, Anaheim, Brea, Costa Mesa, Cypress, Dana Point, Fountain Valley, Fullerton, Garden Grove, Irvine, Laguna Beach, La Habra, La Palma, Laguna Hills, Laguna Niguel, Lake Forest, Laguna Woods, Los Alamitos, Mission Viejo, Orange, Seal Beach, Placentia, Rancho Santa Margarita, San Clemente, San Juan Capistrano ,Stanton, Tustin, Villa Park, Yorba Linda.

The County responded as follows:

**Yes** - With approximately 17,000 employees, the County has averaged 50 EEO complaints per year. It is worth noting that the 50 complaints may represent only those actually received by the previous HRD and could easily have excluded statistics from the decentralized HRD staff within individual departments. Centralized HRSD will be able to provide more comprehensive statistics. County departments headed by an elected official are not required to report to or be part of the recentralized HRSD. Major problems for the County are all County-wide complaints not being reported and whether or not the assigned investigator is properly trained

The Grand Jury acknowledges that the difference in the number of complaints, when comparing cities with the County, is not statistically material. All of the responding entities have had EEO complaints; all have procedures for handling EEO complaints. Given size, and notwithstanding the reporting concerns noted above, proportionately both cities and County appear to have a similar number of EEO complaints.

**Do you have employment practices liability coverage for HR/EEOC?**

There are several types of insurance coverage that a city may have. Employment practices liability coverage for EEO would likely be part of a governmental entity's Liability Protection Program. Not all, but many, public entities avail themselves of membership in Joint Powers Authorities which provide insurance coverage at a more reasonable cost for members of their multi-member insurance pool. In this type of arrangement, each member's initial premiums are based on its size and annual budget. Member entities also carry their own Self-Insured Retention (SIR), which is similar to either a stop-loss or deductible. If the liability cost of a claim exceeds the individual member's SIR, Pool coverage would then take over. Ultimately, all members of the Pool share costs, making a Joint Powers Authority a prudent risk management protection route. [11]

Responses from cities vary as shown in the following:

1. Aliso Viejo is insured up to $50 million (SIR not specified);
2. Anaheim is insured for $4 million through SIR and ACCEL;
3. Brea is insured up to $41 million, with an SIR of the first $150,000;
4. Buena Park is insured (maximum amount not specified) and is self-insured for the first $150,000;
5. Costa Mesa is insured up to $10 million and self-insured for the first $150,000;
6. Cypress is insured up to $41 million and self-insured for the first $150,000;
7. Dana Point is insured up to $50 million (Deductible not specified);
8. Fountain Valley – Has insurance, but did not specify the amount;

[11] www.cjpia.org/4dcgi/programs/coverage_summaries.html

9. Fullerton is self-insured for claims up to $2 million, with additional coverage up to $30 million;
10. Garden Grove is self-insured;
11. Huntington Beach is insured up to $20,000,000 and is self-insured for the first $1,000,000;
12. Irvine is insured up to $1 million, with an SIR of the first $150,000;
13. La Habra is insured up to $12 million. (Deductible not specified);
14. La Palma is insured up to $50 million, with an SIR of the first $5 million;
15. Laguna Beach is self-insured with Pool coverage to $1million; additional coverage to $40 million;
16. Laguna Hills is insured for the first $1 million (maximum amount was not specified).
17. Laguna Niguel is insured up to $50 million (Deductible not specified);
18. Laguna Woods is self-insured;
19. Lake Forest is insured up to $50 million (Deductible not specified);
20. Los Alamitos is self-insured;
21. Mission Viejo is insured up to $15 million and self-insured for the first $5.5 million;
22. Newport Beach is insured up to $10 million and self-insured for the first $500,000;
23. Orange has a $200,000 policy through the California Insurance Pool Authority;
24. Placentia is self-insured;
25. Rancho Santa Margarita is insured up to $1 million and self-insured for the first $10,000;
26. San Clemente is insured up to $50 million (Deductible not specified);
27. San Juan Capistrano is insured up to $50 million with no deductible;
28. Santa Ana is self-insured for Liability up to $1 million with Excess Liability coverage up to $52 million;
29. Seal Beach is insured up to $50 million (Deductible not specified);
30. Stanton is self-insured up to $25,000;
31. Tustin is insured up to $2 million with an SIR of the first $150,000;
32. Villa Park is insured up to $50 million.
33. Yorba Linda is insured up to $28 million and self-insured for the first $150,000.

The County is self-insured for the first $5 million and has coverage for claims extending beyond the first $5 million, up to maximum coverage of $100 million per occurrence.

## *FINDINGS*

In accordance with California Penal Code Sections 933 and Section 933.05, the 2012 - 2013 Grand Jury requests responses from each agency affected by the findings presented in this section. The responses are to be submitted to the Presiding Judge of the Superior Court.

Based on its investigation of the policies, procedures and level of EEO protections City and County government provide employees in municipal and county government in Orange County, the 2012 - 2013 Orange County Grand Jury has arrived at the principal findings as follows (NOTE: These findings are unconfirmed with the City of Westminster who did not respond to the Grand Jury's Questionnaire):

F1. Municipalities in Orange County cities are well-versed in EEO issues and maintain exemplary compliance strategies.

F2. In an effort to improve Human Resource efficiencies and increase focus on EEO, the County has centralized its Human Resource functions in the new HRSD.

F3. The County has implemented a Compliance Oversight Committee (COC) to review all EEO complaints in the County.

F4. Complaint ratios between OC cities and the County of Orange are similar; but differences in how previous complaints were handled in the County led to major problems.

F5. The County and several cities do not offer, or provide limited, training in harassment, discrimination, and retaliation, particularly for line staff. At this time, although line staff training is not required, all staff benefit from EEO training.

F6. There are several Risk Management Joint Powers Insurance Pools (of which most cities are members) to ensure adequate coverage and sharing of liability with other member entities.

## *RECOMMENDATIONS*

In accordance with California Penal Code Sections §933 and §933.05, the 2012 - 2013 Grand Jury requests responses from each agency affected by the recommendations presented in this section. The responses are to be submitted to the Presiding Judge of the Superior Court.

# The Goal of Equal Employment Opportunity: NO VICTIMS

Based on its investigation of EEO practices and compliance in the 33 responding cities and Orange County Government, the Grand Jury makes the following recommendations:

R1. All OC cities and County government shall include funding for training of management and supervision as required by law and ensure training for all employees every two to three years. (F2,3,4,5)

R2. OC cities shall review SIR aggregate limits every five years to assess changes in risk management economies and insurance pool mix. (F6)

R3. OC cities and the County of Orange government shall continue efforts to utilize best practices with respect to Harassment, Discrimination, and Retaliation. (F1,3)

R4. The OC Board of Supervisors shall continue to provide funding and resources sufficient to complete HRSD's centralization program. (F2)

## *REQUIRED RESPONSES*

California Penal Code Section 933 requires any public agency which the Grand Jury has reviewed, and about which it has issued a final report, to comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the agency. Such comment shall be made *no later than 90 days* after the Grand Jury publishes its report (filed with the Clerk of the Court); except that in the case of a report containing findings and recommendations pertaining to a department or agency headed by an elected County official (e.g. District Attorney, Sheriff, etc.) such comment shall be made *within 60 days* to the Presiding Judge with an information copy sent to the Board of Supervisors.

Furthermore, California Penal Code Section 933.05 (a), (b), and (c), details, as follows, the manners in which such comments are to be made:

(a) As to each Grand Jury finding, the responding person or entity shall indicate one of the following:
1. The respondent agrees with the finding.
2. The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.

(b) As to each Grand Jury recommendation, the responding person or entity shall report one of the following actions:
1. The recommendation has been implemented, with a summary regarding the implemented action.
2. The recommendation has not yet been implemented, but will be

implemented in the future, with a time frame for implementation.

3. The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the Grand Jury report.
4. The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefore.

(c) If a finding or recommendation of the Grand Jury addresses budgetary or personnel matters of a county agency or department headed by an elected official, both the agency or department head and the Board of Supervisors shall respond if requested by the Grand Jury, but the response of the Board of Supervisors shall address only those budgetary or personnel matters over which it has some decision making aspects of the findings or recommendations affecting his or her agency or department.

Comments to the Presiding Judge of the Superior Court in compliance with Penal Code Section 933.05 are required from:

Responses to **Findings F1, F4, F5, F6** are requested from the Human Resources administrators/directors/managers in 33 responding Orange County municipalities.

Responses to **Finding F2, F3, F4, F5, F6** are requested from the Orange County Human Resource Services Department.

Responses to **Finding F3** are requested from the Orange County Chief Executive Office and the Orange County Internal Audit Department.

Responses to **Finding 6** are requested from the Orange County Chief Executive Office and required from the Board of Supervisors.

# The Goal of Equal Employment Opportunity: NO VICTIMS

| REQUIRED/REQUESTED RESPONSES | F1 | F2 | F3 | F4 | F5 | F6 | | R1 | R2 | R 3 | R 4 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| OC Board of Supervisors | | | | | | | | x | x | | x |
| OC Director of HRSD | | x | x | x | x | | | x | x | x | |
| OC CEO's Office | | | x | | | | | | | | |
| OC Director of Internal Audit | | | x | | | | | | | | |
| Aliso Viejo | x | | _ | _ | x | _ | | x | x | x | |
| Anaheim | x | | | | x | _ | | x | x | x | |
| Brea | x | | | | x | _ | | x | x | x | |
| Buena Park | x | | | | x | _ | | x | x | x | |
| Costa Mesa | x | | | | x | _ | | x | x | x | |
| Cypress | x | | | | x | _ | | x | x | x | |
| Dana Point | x | | | | x | _ | | x | x | x | |
| Fountain Valley | x | | | _ | x | | | x | x | x | |
| Fullerton | x | | _ | | x | _ | | x | x | x | |
| Garden Grove | x | | | | x | _ | | x | x | x | |
| Huntington Beach | x | | | | x | _ | | x | x | x | |
| Irvine | x | _ | | | x | _ | | x | x | x | |
| La Habra | x | _ | | | x | _ | | x | x | x | |
| La Palma | x | | | | x | _ | | x | x | x | |
| Laguna Beach | x | | | | x | _ | | x | x | x | |
| Laguna Hills | x | | | _ | x | _ | | x | x | x | |
| Laguna Niguel | x | | | _ | x | _ | | x | x | x | |
| Laguna Woods | x | _ | | | x | _ | | x | x | x | |
| Lake Forest | x | | | _ | x | _ | | x | x | x | |
| Los Alamitos | x | _ | | _ | x | _ | | x | x | x | |
| Mission Viejo | x | | | | x | _ | | x | x | x | |
| Newport Beach | x | _ | | | x | _ | | x | x | x | |
| Orange | x | | | | x | _ | | x | x | x | |
| Placentia | x | | | | x | _ | | x | x | x | |
| Rancho Santa Margarita | x | | | | x | _ | | x | x | x | |
| San Clemente | x | | | | x | _ | | x | x | x | |
| San Juan Capistrano | x | | | | x | _ | | x | x | x | |
| Santa Ana | x | | | | x | _ | | x | x | x | |
| Seal Beach | x | _ | | _ | x | _ | | x | x | x | |
| Stanton | x | | | | x | _ | | x | x | x | |
| Tustin | x | | | | x | _ | | x | x | x | |
| Villa Park | x | _ | | _ | x | _ | | x | x | x | |
| Westminster | x | | | | x | _ | | x | x | x | |
| Yorba Linda | x | | | | x | _ | | x | x | x | |

***ACRONYMS USED IN THIS REPORT***

*OC = Orange County*

*GJ = Grand Jury*

*EEO = Equal Employment Opportunity*

*EEOC = Federal Equal Employment Opportunities Commission*

*HR = Human Resources*

*HRSD = OC Human Resource Services Department (newly recentralized in second half of 2012)*

*DFEH = State of California Department of Fair Employment and Housing*

*EPA = Equal Pay Act of 1963*

*ADEA = Age Discrimination in Employment Act (1990)*

*ADA = Americans with Disabilities Act (1973)*

*GINA = Gender Information Non-Discrimination Act (2008)*

*FEHA = Fair Employment and Housing Act (State of California)*

*HIV = Human Immunodeficiency Virus*

*AIDS = Auto Immune Deficiency Virus*

*AB 1825 = State of California Assembly Bill Number 1825*

*HRD = Human Resources Department (the decentralized arrangement in place from post-bankruptcy 1994 to mid-2012)*

*HR = Human Resources*

*COC = Compliance Oversight Committee comprised of Director of Human Resource Services Department, Director of Internal Audit and County Counsel*

*OCEA = Orange County Employees' Association*

*RFP = Request for Proposal (essentially a bidding process)*

*SIR = Self Insured Retention (reference to the equivalent of a deductible, the amount a City alone must cover prior to level at which Joint Powers Authority Pool participation takes over)*

*CEO = Orange County's Chief Executive's Officer*

August 27, 2013

The Honorable Thomas J. Borris
Presiding Judge of the Superior Court
County of Orange
700 Civic Center Drive West
Santa Ana, CA 92701

**RE**: California Penal Code Section 933 Response to Orange County Grand Jury Report, "The Goal of Equal Employment Opportunity: NO VICTIMS."

Dear Judge Borris:

As requested by Orange County Grand Jury letter dated June 20, 2013, the City of Laguna Hills is responding to the findings and recommendations of the Grand Jury Report entitled, "The Goal of Equal Employment Opportunity: NO VICTIMS." As specifically directed, the City of Laguna Hills is responding as directed to Findings F1, F4, F5 and F6 and Recommendations R1, R2 and R3.

**GRAND JURY FINDINGS**

**F1. Municipalities in Orange County cities are well-versed in EEO issues and maintain exemplary compliance strategies.**

**Response:** The City of Laguna Hills agrees with this finding. The City strives to maintain a workplace environment free from harassment, discrimination, and retaliation.

**F4. Complaint ratios between OC cities and the County of Orange are similar; but differences in how previous complaints were handled in the County led to major problems.**

**Response:** The City of Laguna Hills agrees with this finding. The City strives to maintain a workplace environment free from harassment, discrimination, and retaliation. In addition, the City has policies and procedures in place to thoroughly investigate all complaints received.

**F5. The County and several cities do not offer, or provide limited, training in harassment, discrimination, and retaliation, particularly for line staff.**

**Response:** The City of Laguna Hills disagrees partially with the finding. While some cities do not offer, or provide limited, training in harassment, discrimination, and retaliation, for their staff, particularly line staff, it has been the practice of the City of Laguna Hills to provide onsite sexual harassment, discrimination, and retaliation prevention training to all full-time employees every 2 years.

**F6. There are several Risk Management Joint Powers Insurance Pools (of which most cities are members) to ensure adequate coverage and sharing of liability with other member entities.**

**Response:** The City of Laguna Hills agrees with this finding. The City belongs to the Exclusive Risk Management Authority of California (ERMAC) which provides excess coverage for employment practices liability.

<u>GRAND JURY RECOMMENDATIONS</u>

**R1. All OC cities and County government shall include funding for training of management and supervision as required by law and ensure training for all employees every two to three years.**

**Response:** The recommendation has already been implemented. The City of Laguna Hills provides funding for the training of all management and supervisory staff every 2 years, as mandated by law. Furthermore, it is the City's practice to provide funding, and it will continue to do so, to ensure harassment, discrimination, and retaliation prevention training for all full-time employees every two years.

**R2. OC cities shall review SIR aggregate limits every five years to assess changes in risk management economies and insurance pool mix.**

**Response:** The recommendation has already been implemented. The City, as well as the Exclusive Risk Management Authority of California (ERMAC), the joint insurance powers pool to which the City belongs, regularly review limits on a biennial basis to assess change in risk management economies and insurance pool mix.

**R3. OC cities and the County of Orange government shall continue efforts to utilize best practices with respect to Harassment, Discrimination, and Retaliation.**

**Response:** The recommendation has been implemented. To that end, the City is committed to utilizing best practices related to and maintaining a workplace environment free from harassment, discrimination, and retaliation.

Should you have any questions or need additional information, please feel free to contact Donald White, Assistant City Manager, at (949) 707-2620.

Sincerely,

BARBARA D. KOGERMAN
Mayor

Cc: Raymond Garcia
Foreman, 2012-2013 Orange County Grand Jury
700 Civic Center Drive West
Santa Ana, CA 92701

**THE CITY COUNCIL APPROVED THE GRANT APPLICATION FOR THE CYCLE 6 HIGHWAY SAFETY IMPROVEMENT PROGRAM (HSIP), BY M/MAYOR KOGERMAN, S/COUNCIL MEMBER CARRUTH.**
**APPROVED BY A VOTE OF 5-0.**

4.10 CONTRACT CHANGE ORDER NO. 1 FOR CIVIC CENTER IMPROVEMENTS - CARPETING & FLOORING

Council Member Carruth indicated she removed this item from the Consent Calendar to inquire about the source of the moisture found in the concrete foundation. Public Services Director Rosenfield stated that a singular source was not identified; however, the building was sitting on silt-clay soil and it was possible the moisture had accumulated over several years. Public Services Director Rosenfield stated that the only solution was to seal the concrete slab, and that staff would be monitoring future moisture concerns within the building.

**THE CITY COUNCIL APPROVED CONTRACT CHANGE ORDER NO. 1 FOR CIVIC CENTER IMPROVEMENTS - CARPETING & FLOORING, BY M/COUNCIL MEMBER CARRUTH, S/COUNCIL MEMBER BRESSETTE.**
**APPROVED BY A VOTE OF 5-0.**

4.11 FY 2013-2014 TRAUMA INTERVENTION PROGRAM AGREEMENT

Council Member Carruth removed this item from the Consent Calendar to indicate that she would not be supporting this item. Council Member Carruth stated she had never been persuaded that there was a direct connection or benefit for Laguna Hills residents. Council Member Carruth believed Saddleback Memorial Medical Center should pick up the cost of this Agreement.

**THE CITY COUNCIL APPROVED THE PROPOSED VICTIM SUPPORT SERVICES AGREEMENT WITH TRAUMA INTERVENTION PROGRAM FOR FY 2013-2014 AND AUTHORIZED THE CITY MANAGER TO EXECUTE THE AGREEMENT BETWEEN THE CITY OF LAGUNA HILLS AND TRAUMA INTERVENTION PROGRAMS, INC., BY M/COUNCIL MEMBER BRESSETTE, S/COUNCIL MEMBER GILBERT.**
**APPROVED BY A VOTE OF 4-1 (COUNCIL MEMBER CARRUTH VOTING NO).**

## 5. PLANNING AGENCY

Mayor Kogerman recessed the City Council meeting and acting in the capacity of Chair, called the regular meeting of the Planning Agency of the City of Laguna Hills, California, to order at 8:15 PM.

5.1 ROLL CALL OF PLANNING AGENCY MEMBERS

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

5.2 PUBLIC COMMENTS

There were no Public Comments.

5.3 MINUTES

5.3.1 REGULAR MEETING, JUNE 25, 2013

**MOTION TO APPROVE THE MINUTES OF THE JUNE 25, 2013, REGULAR MEETING, BY M/AGENCY MEMBER CARRUTH, S/VICE CHAIR BLOUNT. APPROVED BY A VOTE OF 5-0.**

5.4 ADMINISTRATIVE REPORTS

There were no Administrative Reports.

5.5 PLANNING AGENCY PUBLIC HEARINGS

5.5.1 TENTATIVE PARCEL MAP & VARIANCE NO. 11-12-2428, A REQUEST TO SUBDIVIDE THE CABOT TOWN CENTER PROPERTY INTO FOUR PARCELS AT 25214-25272 CABOT ROAD IN THE (FC) FREEWAY COMMERCIAL ZONING DISTRICT.

Chair Kogerman opened the Public Hearing.

Jared Mathis, Mouldy LLC, representative indicated that he agreed to the additional Condition No. 13.

Chair Kogerman closed the Public Hearing.

**THE PLANNING AGENCY ADOPTED RESOLUTION NO. PA2013-07-09-1, A RESOLUTION OF THE PLANNING AGENCY OF THE CITY OF LAGUNA HILLS, CALIFORNIA, APPROVING TENTATIVE PARCEL MAP/VARIANCE NO. 11-12-2428, A REQUEST TO SUBDIVIDE THE CABOT TOWN CENTER PROPERTY INTO FOUR PARCELS AT 25214-25272 CABOT ROAD IN THE (FC) FREEWAY COMMERCIAL ZONING DISTRICT AND A REQUEST FOR A VARIANCE FROM THE MINIMUM SIDE SETBACK REQUIREMENT FOR THE EXISTING BUILDING ON PROPOSED PARCEL 2, AS AMENDED TO ADD CONDITION NO. 13 TO READ: "PRIOR TO RECORDATION, THE APPLICANT SHALL SUBMIT THE DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS ("CC&R'S"), IF ANY, PREPARED BY THE APPLICANT FOR THE SUBJECT PROPERTY TO THE CITY FOR REVIEW AND APPROVAL BY THE COMMUNITY DEVELOPMENT DIRECTOR, CITY ENGINEER, AND CITY ATTORNEY," BY M/AGENCY MEMBER BRESSETTE, S/AGENCY MEMBER CARRUTH. APPROVED BY A VOTE OF 5-0.**

**PLANNING AGENCY ADJOURNMENT**

Mayor Kogerman reconvened the City Council Meeting at 8:33 PM. All Council Members were present.

# City of Laguna Hills
## City Council Meeting Agenda
## Staff Report

**DATE:** AUGUST 27, 2013

**TO:** CHAIR AND AGENCY MEMBERS

**FROM:** DAVID CHANTARANGSU, AICP
DIRECTOR OF COMMUNITY DEVELOPMENT

**ISSUE:** CONDITIONAL USE PERMIT NO. 08-13-2636, A REQUEST TO OPERATE A PET GROOMING BUSINESS AT 27001 MOULTON PARKWAY, SUITE A116, IN THE (CC) COMMUNITY COMMERCIAL ZONING DISTRICT.

**RECOMMENDATION:** THAT THE PLANNING AGENCY: (1) CONDUCT A PUBLIC HEARING FOR CONDITIONAL USE PERMIT NO. 08-13-2636; AND (2) ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE PLANNING AGENCY OF THE CITY OF LAGUNA HILLS, CALIFORNIA, APPROVING CONDITIONAL USE PERMIT NO. 08-13-2636, A REQUEST TO OPERATE A PET GROOMING BUSINESS AT 27001 MOULTON PARKWAY, SUITE A116, IN THE (CC) COMMUNITY COMMERCIAL ZONING DISTRICT."

**SUMMARY:**

The Applicant, owner/ operator Paola Anderson, is requesting approval to relocate her existing pet grooming facility, Judi's Laguna Pet Spa, Inc., to 27001 Moulton Parkway, Suite A116, in the Community Commercial (CC) zoning district. Laguna Pet Spa grooms dogs and cats of all breeds, and performs services such as bathing, hair cutting, and nail clipping. Veterinary and boarding services are not offered. A pet grooming facility is a permitted use within the CC zone, subject to approval of a Conditional Use Permit.

Staff has reviewed the Applicant's proposal and found that it is consistent with the General Plan's goals and strategies and with the City's Development Code ("Code"). In order to approve a Conditional Use Permit application, the City must generally find that the proposed use is appropriate for the subject site and that it will not adversely affect adjacent uses, buildings, or structures.

Staff has also reviewed this project for compliance with the California Environmental Quality Act (CEQA) and determined that this project is exempt from environmental review pursuant to the Class 1, Existing Facilities Exemption (Section 15301 of Title 14, Chapter 3 of the California Code of Regulations), which exempts projects that result in minor

modifications to existing facilities. Conditions of approval have been added to ensure that this project will not result in any significant and adverse impacts to the public health, safety, and general welfare. Therefore, staff is recommending approval of Conditional Use Permit No. 08-13-2636.

**BACKGROUND:**

Judi's Laguna Pet Spa has been located in Laguna Hills since it was originally established in 1984 at Alicia Valencia Shopping Center. In 1992, the business moved to its current location in the Moulton La Paz center (now the Village at Nellie Gail Ranch) where it has operated as a successful business for over twenty years. With its current lease expiring, the business has opted to move half a mile south to the Western Country Plaza shopping center.

Western Country Plaza is located at the southwest corner of Moulton Parkway and Oso Parkway, and contains a variety of restaurant, office, retail, and service businesses including The Original Pancake House, 7-Eleven, and Valvoline Instant Oil Change. According to the City's records, the subject tenant space (suite A116) was last occupied by Frank's Low-Carb Marketplace, a small retail store. The tenant mix at the center is consistent with the intent of the Community Commercial zone, which is to "provide for areas where a variety of goods and services may be obtained within neighborhood related small scale commercial centers." The shopping center is surrounded by multi-family residential homes to the northwest, single-family residential homes to the north and east, and the 73 Freeway to the south.

**PROJECT DESCRIPTION AND ANALYSIS:**

The Applicant is proposing to occupy an approximately 900 square foot suite to operate a pet grooming facility. According to the provided floor plan, one-third of the space will be used as a reception area while the remainder of the space will be outfitted with three grooming stations, two bath tubs, eight kennel units, an office, a restroom, and a laundry room. The business will operate on Tuesdays through Saturdays from 8:00 a.m. to 5:00 p.m. Grooming services are typically provided by appointment, but the business will accept walk-ins and special accommodations. On average, the business will groom between 20 and 30 pets per day with appointments split between the morning and afternoon. The typical customer will drop-off their pet at their appointed time, and then return three to four hours later for pick-up. Due to the length of time it takes to perform the grooming service, customers do not usually wait on-site while their pet is being groomed.

<u>Site Cleanliness:</u>

The Applicant has indicated that as a matter of policy, the pet areas will be cleaned as needed as well as on a daily basis. This is done to keep the facility neat and orderly for their customers and to be considerate of other businesses in the vicinity that could be affected by animal waste odors if left unchecked. **Condition of Approval No. 15** has been added to ensure that waste is disposed of properly.

<u>Access and Parking:</u>

Western Country Plaza has 142 parking spaces available for patrons of the center. The City's parking requirement for an animal grooming facility is one parking stall for every 400 square feet of tenant space, which means Laguna Pet Spa requires two parking spaces. In comparison, a retail use that could be allowed "by-right" in the same tenant space would require five parking spaces (one stall for every 200 square feet of tenant space). Given that the business operates primarily by appointments which are staggered throughout the day, that the majority of customers drop-off and pick-up their pets instead of staying on-site during the service, and that the parking requirement is much less than a typical retail use, parking will not be an issue.

<u>Noise:</u>

The proposed pet grooming facility has the potential to create noise impacts since pets (particularly dogs) are prone to making noise (i.e., barking) when in an unfamiliar environment. Conditions of Approval have been added to address potential noise impacts: **Conditions of Approval No. 12, 13, and 14** have been added to ensure that noise levels from the operation of the business will be compatible with other commercial businesses.

**PUBLIC COMMENT:**

A total of 22 public hearing notices were mailed to surrounding property owners within a 300' radius of the subject site. To date, no comments have been received.

**CEQA FINDINGS:**

Staff has reviewed the proposed project for compliance with the California Environmental Quality Act (CEQA) and determined that this project is categorically exempt from CEQA pursuant to Section 15301 of Title 14, Chapter 3 of the California Code of Regulations (Class 1, Existing Facilities). A Class 1 categorical exemption applies to projects that consist of the licensing, permitting, leasing, or minor alterations to an existing structure.

**CONCLUSION:**

Approval of this project will allow a business to remain in Laguna Hills since its establishment over twenty years ago. Staff believes a pet grooming facility is a positive addition to the Western Country Plaza shopping center and that, consistent with the intent of the Community Commercial zone, the business adds variety to the existing services at the center. The project site has sufficient parking to accommodate the use, and conditions of approval have been added to ensure that the facility does not negatively impact other tenants at the center. Staff has also determined that this project is in compliance with all other requirements of the Development Code and General Plan. Therefore, approval of Conditional Use Permit No. 08-13-2636 is warranted.

**ATTACHMENTS:**

1. Resolution of Approval
2. Letter of Justification submitted by the Applicant
3. Site and floor plans

# CUP-08-13-2636
# Attachment #1

**Resolution of Approval**

RESOLUTION NO. PA2013-

A RESOLUTION OF THE PLANNING AGENCY OF THE CITY OF LAGUNA HILLS, CALIFORNIA, APPROVING CONDITIONAL USE PERMIT NO. 08-13-2636, A REQUEST TO OPERATE A PET GROOMING BUSINESS AT 27001 MOULTON PARKWAY, SUITE A116, IN THE (CC) COMMUNITY COMMERCIAL ZONING DISTRICT.

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

WHEREAS, an application for Conditional Use Permit No. 08-13-2636 has been received from Paola Anderson (hereafter referred to as the "Applicant") for the establishment of a pet grooming business at 27001 Moulton Parkway, suite A116, in the (CC) Community Commercial zoning district; and

WHEREAS, Conditional Use Permit No. 08-13-2636 is hereby found to be categorically exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with the Class 1, Existing Facilities Exemption, Section 15301 of Title 14, Chapter 3 of the California Code of Regulations, since the project involves minor modifications to an existing structure; and

WHEREAS, the Planning Agency has considered evidence presented by the Community Development Department, the Applicant, and other interested parties with respect to the subject application at a public hearing held on August 27, 2013.

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

SECTION 1. The above recitals are true and correct, and are incorporated herein.

SECTION 2. That the required findings by the City for approval of Conditional Use Permit No. 08-13-2636 have been met and made as follows:

1. The proposed use is consistent with the General Plan in that:

   The General Plan designation for the project site is Community Commercial, which seeks to provide appropriately located areas for the general shopping and commercial service needs of area residents. Adding a pet grooming service to the existing tenant mix at Western Country Plaza will further this goal since the center is surrounded by single-family residences that are home to pets that could conceivably require this service. The intent of the General Plan is implemented by the City's Development Code, which allows a pet grooming business in the Community Commercial zone with approval of a Conditional Use Permit. Therefore, the use is consistent with the General Plan.

2. The nature, condition, and development of adjacent uses, buildings, and structures have been considered and the proposed conditional

use will not adversely affect or be materially detrimental to the adjacent uses, buildings, or structures in that:

Conditions of Approval require the use to properly dispose of waste and ensure noise levels will be in compliance with the City noise ordinance which limits exterior noise levels in non-residential settings to 65 decibels. The business layout ensures that pet grooming stations will be away from the business entrance and that all grooming activities will be performed inside the business suite.

3. The proposed site is adequate in size and shape to accommodate the use and integrate it with the existing and planned uses in the vicinity in that:

   The proposed site is an existing shopping center with a mix of restaurant, office, retail, and service uses. Based upon the provided floor plan, the Applicant has reasonably shown that a pet grooming business can comfortably operate in an approximately 900 square foot tenant space. No exterior alterations are planned, so the site will continue to be compatible with existing and planned uses for the center. Adequate parking is anticipated to be available for the business as described. Conditions of Approval have been added to ensure that the use is successfully integrated with the existing uses at the shopping center.

4. All required development standards prescribed by the Laguna Hills Development Code can be achieved in that:

   The primary development standard prescribed by the Development Code for this project is required parking. The Code-required parking ratio for a pet grooming business is one parking stall for every 400 square feet of gross floor area in the tenant space. According this standard, 2 parking spaces are required for the business, which is much less than a typical retail use that would otherwise be permitted by-right at this shopping center. In addition, the majority of patrons to the business simply drop-off and pick up their pets according to their pre-arranged appointment time, rather than park and linger on-site while grooming services are performed. The existing parking supply at the center is sufficient to accommodate the proposed business. Therefore, this project meets the required parking standard and all other required development standards prescribed by the Development Code.

5. The conditions and limitations placed upon the use are necessary to insure compatibility with adjacent or abutting uses and the preservation of the public health, safety, and welfare in that:

   The Conditions of Approval that have been added will ensure that the operation of a pet grooming facility at Western Country Plaza shopping center will not negatively impact the surrounding uses in terms of noise, waste, or parking.

NOW, THEREFORE, based upon the above findings, the Planning Agency of the City of Laguna Hills does hereby approve Conditional Use Permit No. 08-13-2636 subject to the following conditions:

Standard Conditions

1. The following Conditions of Approval shall be binding on and enforceable against, and, whenever used herein, the term “Applicant”, shall mean and refer to, each of the following: the project Applicant, Paola Anderson, the owner(s) and tenants(s) of the property, and each of their respective successors and assigns.

2. The term "Permit" as used in these Conditions of Approval refers to the Conditional Use Permit approved by the City of Laguna Hills Planning Agency pursuant to Conditional Use Permit No. 08-13-2636. This approval constitutes approval of the proposed Permit only to the extent that it complies with the City Development Code and any other applicable zoning regulations. Approval does not include any action or findings as to compliance or approval of the Permit regarding any other applicable ordinance, regulation, or requirement.

3. Failure to abide by and faithfully comply with any and all Conditions of Approval by the Applicant shall constitute grounds for revocation of the approved Conditional Use Permit by the Laguna Hills Planning Agency.

4. To the fullest extent permitted by law, the Applicant shall, at its sole cost and expense, protect, defend, indemnify, and hold harmless the City, its elected and appointed officers and officials, employees, agents, departments, agencies, authorized volunteers, consultants, boards, commissions, and committees, and instrumentalities thereof ("Indemnitees"), from and against any and all claims, liabilities, losses, fines, demands, penalties, lawsuits, writs of mandamus, and any other claims or actions or proceedings of any kind whatsoever (whether legal, equitable, declaratory, administrative or adjudicatory in nature), and alternative dispute resolution procedures (including, but not limited to, arbitrations, mediations, and other such procedures), judgments, orders and decisions (collectively "Claims" and “Actions”), brought against the Indemnitees, which seek to attack, challenge, modify, set aside, void, or annul any action of or any permit or approval issued by the Indemnitees (including actions approved by the voters of the City) for, in connection with, or concerning the approval of this Permit. It is expressly understood and agreed that the City shall have the right to approve, which approval will not be unreasonably withheld, the legal counsel providing the defense of the Indemnitees for the Claims and Actions, and that the Applicant shall promptly reimburse

the City for all costs and expenses directly and necessarily incurred by the City in the course of the defense, including reasonable attorneys' fees. The City shall promptly notify the Applicant of any Claims and Actions brought against the Indemnitees and shall cooperate in the defense of any such Claims and Actions. If the Applicant fails to so defend the Claims and Actions, the City shall have the right but not the obligation to do so and, if it does, the Applicant shall promptly pay the City's full cost thereof.

5. Pursuant to Government Code Section 66020, the Applicant is informed that the 90-day period in which the Applicant may protest the fees, dedications, reservation or other exaction imposed on this Permit through the Conditions of Approval has begun.

6. The Applican shall agree in writing to these Conditions of Approval within 30 days of the Planning Agency's action.

7. The Applicant shall reimburse the City for any outstanding staff time spent on the processing of Conditional Use Permit No. 08-13-2636 within 60 days of Planning Agency action.

8. The Conditional Use Permit shall expire and be of no further force or effect if the permit is not established within two years from August 27, 2013.

<u>Planning</u>

9. The Applicant shall adhere to all of the regulations of Chapter 9-56 of the Laguna Hills Municipal Code regarding animal regulations.

10. The Applicant shall obtain a Certificate of Use and Occupancy prior to commencing any business operations.

11. The Applicant shall operate the subject pet grooming facility consistent with the project description and attachments provided by the Applicant and as described within the staff report for CUP No. 08-13-2636. The use is approved as a pet grooming facility only. Veterinary and boarding services are not permitted.

12. The Applicant shall comply with all applicable noise levels/standards provided in Chapter 5-24 of the L.H.M.C.

13. Any interior doors leading to pet grooming areas shall remain closed during business hours to minimize noise as needed.

14. All services provided by the business shall be conducted entirely within the subject tenant space.

15. The Applicant shall ensure that any waste generated by the use is properly disposed of pursuant to Chapter 5-32 of the LHMC.

16. The Applicant shall comply with all temporary and permanent sign requirements of the City's Sign Ordinance, as specified in Section 9-42.260 of the Laguna Hills Municipal Code.

Building

17. The Applicant or their authorized agent shall be responsible for ensuring applicable building permits are obtained as required by Section 105 of the 2010 California Building Code (see work exempt from permits) prior to commencement of any work for which a permit is required.

18. The Applicant or their authorized agent shall comply with all general construction water quality ordinances as required by the City of Laguna Hills, Ordinance No. 2003-12.

19. The Applicant or their authorized agent shall comply with all California disabled accessibility requirements as required by Chapter 11 of the California Building Code at the time of document submittal for the purpose of permit issuance.

20. All construction shall comply with the 2010 California Building Code, California Plumbing Code, California Mechanical Code, and California Electrical Codes in regards to S-1 occupancies.

Public Services

No comments.

Police Services

No comments.

(The remainder of this page intentionally left blank)

PASSED, APPROVED, AND ADOPTED this 27th day of August 2013.

_____________________________________

BARBARA D. KOGERMAN, CHAIR

ATTEST:

_____________________________________

PEGGY J. JOHNS, CITY CLERK

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

I, Peggy J. Johns, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. PA2013- adopted by the Planning Agency of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 27th day of August, 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____________________________________

PEGGY J. JOHNS, CITY CLERK

# CUP-08-13-2636
# Attachment #2

**Letter of Justification**

July 29, 2013

Chris Dominguez
Laguna Hills Planning Department
24035 El Toro Rd
Laguna Hills, CA 92653
(949) 707-2600

To Whom This May Concern:

My name is Paola Anderson, and I am the Sole Owner and Operator of Judi's Laguna Pet Spa, Inc, otherwise known as DBA Judi's Pet Grooming. This is a well-established pet grooming business located on 26548 Moulton Parkway Suite G, Laguna Hills, CA, 92653. The "original" Judi's was established in 1984 by Judi Lambert, and located on Paseo de Valencia at Alicia Pkwy in the city of Laguna Hills; the business was relocated to our current location on Moulton in 1992. Judi Lambert retired 10 years ago and sold the business to me, Paola Anderson.

Laguna Pet Spa will be relocating to 27001 Moulton Parkway, Suite A-116, Laguna Hills, CA, 92656 as our lease had expired with our current landlord, Vintage Real Estate. Vintage is renovating the shopping center and will be offering leases at significantly higher rates beginning at the end of the year. We were extended a lease offer by Country Western Plaza and have signed this lease that will be commencing on August 1, 2013. This new location consists of approximately 985 square feet, it is complete with all water connections for our bathtubs, all air conditioning units are present, and flooring and walls are in good condition. No additional sound barriers are necessary. If possible we plan to use our current sign on the exterior. In summary, this new location is move-in ready. Laguna Pet Spa is current with its 2013 Animal Community Resources license which will be transferred to the new location, and is covered under a two million dollar aggregate policy.

Judi's Laguna Pet Spa provides pet grooming services to our local community in Laguna Hills, Nellie Gail Ranch, and beyond. Our customers travel to us from San Diego and as far as Las Vegas, Nevada and Arizona. Over the last few years, we have been very engaged with the community of Laguna Hills as well as the City Council. In July 2011 we co-sponsored a doggie adoption event with the Linda Blair/World Heart Foundation for the grand opening of Edible Arrangements in the City of Laguna Hills. In May 2013 we participated in the groundbreaking of the Nellie Gail Village with the planners and councilmembers who participated in the design process. We have held numerous fundraisers for animals around the world, including local shelters and the Pacific Marine Mammal Center in Laguna Beach.

At Laguna Pet Spa, we groom all breeds of dogs and cats; specializing in rescue dogs, difficult pets and senior pets. We perform baths, haircuts, nail clipping, and all other grooming needs for pets on both appointment and walk-in basis. Currently we have more than 3,500 clients. As a member of the Green Business Bureau, Laguna Pet Spa is the only grooming salon in Orange County that offers all natural, biodegradable and organic products. All of our groomers have received certificates in Pet CPR and First Aid.

We are currently open Tuesday through Saturday, closed Sundays and Mondays. Opening at 8am, we begin to accept pet drop-offs; the majority of our appointments are between 8 and 11am, followed by walk ins and special accommodations. Customers generally start to pick up pets at 12 noon and these pickups continue until closing time, which happens at approximately 5pm. Pet parents are not allowed to stay with pets in our location, nor are they allowed to wait in their car. Pets are dropped off and picked up within 3-4 hours. Animals are not boarded overnight at our facility. On a daily basis we service between 20-35 pets; on the most busy days, we split our appointments with drop offs between 8-10am and 1-2pm. This way we do not have all 35 animals in our facility at one time.

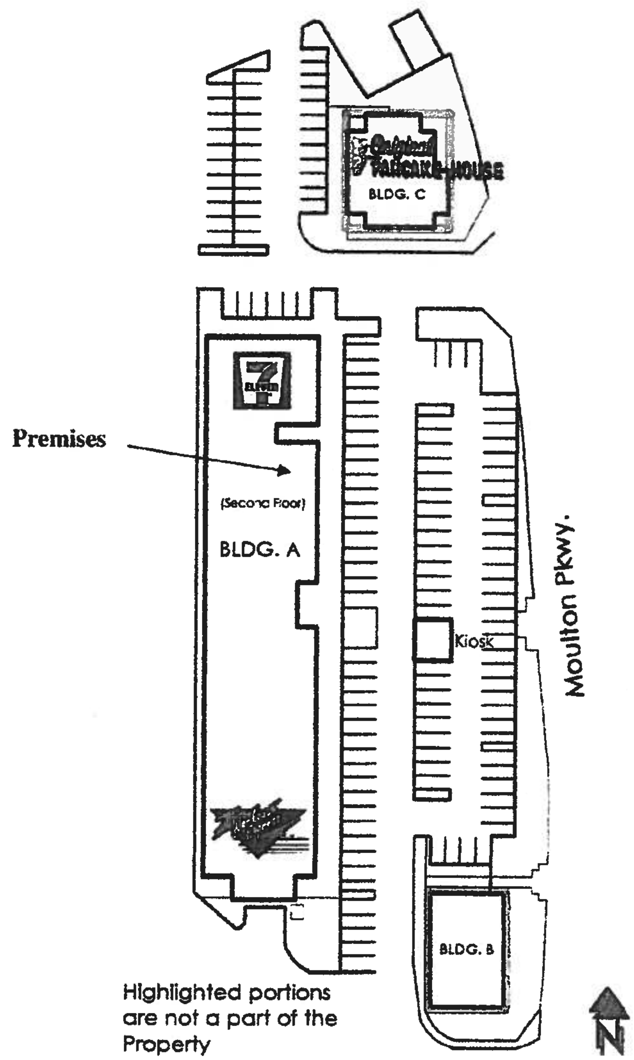
Thank you for your consideration and look forward to working with you. Please feel free to reach me with any questions you might have at 626-483-8807 or by email palola@sbcglobal.net.

Thank you for your consideration,
Paola Anderson
Owner
Judi's Laguna Pet Spa
929-831-2274

# CUP-08-13-2636
# Attachment #3

**Site Plan & Floor Plan**

# EXHIBIT "C"
## SITE PLAN / PREMISES
27001 Moulton Parkway, Suite A-116




Initials:_______________

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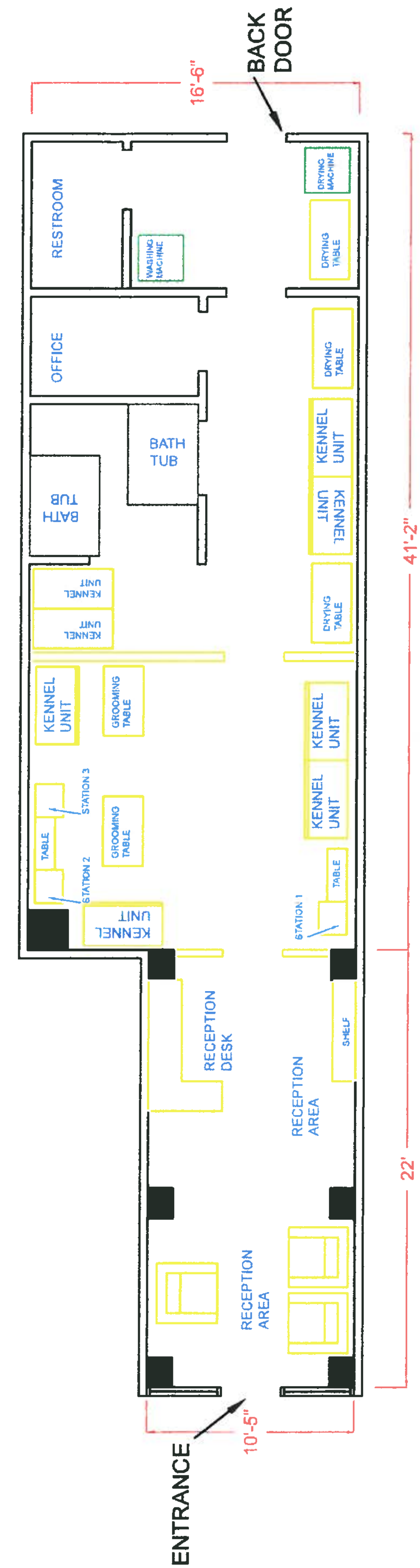
E:\Bueche\Documents\Western Country Plaza\Anderson\Site-Laguna Pet Spa.doc

**8/27/2013 ITEM NO. 5.5.1**


BACK DOOR
16'-6"
RESTROOM
WASHING MACHINE
DRYING MACHINE
DRYING TABLE
OFFICE
DRYING TABLE
BATH TUB
BATH TUB
KENNEL UNIT
KENNEL UNIT
41'-2"
KENNEL UNIT
KENNEL UNIT
DRYING TABLE
KENNEL UNIT
GROOMING TABLE
KENNEL UNIT
KENNEL UNIT
STATION 3
TABLE
GROOMING TABLE
STATION 2
TABLE
STATION 1
KENNEL UNIT
RECEPTION DESK
SHELF
RECEPTION AREA
22'
RECEPTION AREA
10'-5"
ENTRANCE

# City of Laguna Hills
## City Council Meeting Agenda
## Staff Report

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**DATE:** AUGUST 27, 2013

**TO:** MAYOR AND COUNCIL MEMBERS

**FROM:** BRUCE E. CHANNING
CITY MANAGER

**ISSUE:** EMPLOYMENT CLASSIFICATIONS, SALARY RANGES AND BENEFITS FOR MANAGEMENT, CONFIDENTIAL AND PART-TIME CLASSES OF EMPLOYMENT WITH THE CITY

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**RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, REGARDING EMPLOYMENT AND ESTABLISHING SALARY RANGES AND BENEFITS FOR MANAGEMENT, CONFIDENTIAL, AND PART-TIME CLASSES OF EMPLOYMENT WITH THE CITY AND RESCINDING RESOLUTION NO. 2011-07-12-2."**

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**SUMMARY:**

It has been the City's practice to adopt a Salary and Benefits Resolution in conjunction with the adoption of the Biennial Budget to govern salary and benefits for the two year budget cycle in a manner consistent with the adopted budget. This time around, the proposed Resolution is different in that it doesn't cover full-time and extended part-time employees who are members of the Laguna Hills City Employees Association (Association). Those employees are covered by the three-year Memorandum of Understanding (MOU) entered into between the City and the Association. It is nevertheless necessary for the City Council to adopt a Salary and Benefits Resolution that will establish salary ranges and benefits for management, confidential and part-time classes of employment (i.e., the employees not covered by the MOU). Staff prepared such a Resolution for the City Council's consideration at the July 9, 2013 meeting. The City Council discussed the proposed Resolution at length, provided comments and directed staff to return to this meeting with options and a new recommended Resolution based on those comments.

**BACKGROUND:**

Prior to November 27, 2012, all employment classifications, positions, salaries and benefits were governed by a Salary and Benefits Resolution that was typically adopted biennially in conjunction with the City's Biennial Budget cycle. However, on November 27, 2012, the City Council approved a Memorandum of Understanding (MOU) with Laguna Hills City Employees Association (Association); the exclusive bargaining representative for all regular full-time, and extended part-time non-management and non-confidential employees. All issues related to employment, including salary and benefits, as they pertain to represented employees, are exclusively governed by the terms of the MOU. The City's current Salary and Benefits Resolution No. 2011-07-12-2 no longer applies to represented employees. It does continue to apply to all unrepresented (management, confidential and part-time) employees. It has therefore become necessary for the City Council to rescind Resolution No. 2011-07-12-2 and adopt a new resolution that eliminates all references to represented full-time and extended part-time employees and to make other changes to salaries, pay and benefits as deemed appropriate.

**Salaries and Compensation History**

Since February of 2011, management compensation has been available for the public's inspection on the City's web site. There are three years of compensation data on the web site: 2010, 2011 and 2012. The compensation report is updated annually by the end of February of each year. Staff has performed an analysis of this data and included compensation from calendar year 2009. Using total regular compensation as listed in the online compensation report, comparisons reveal that overall management compensation has decreased significantly. Using 2009 as a base year and adjusting for inflation, overall management compensation was reduced by about $39,000 in 2010, $125,000 in 2011, and $184,000 in 2012. Over the past three years, reductions in management compensation have saved the City a total of $347,000. These savings are primarily the result of the following factors:

- Since July 1, 2008, there has been only one cost-of-living adjustment (COLA) in management salary ranges. Pursuant to Resolution No. 2011-07-12-2, management, along with all other non-management and extended part-time employees, received a 1.3% COLA on July 1, 2012.
- The City Manager has not received a bonus since 2009.
- In 2011, the City Council defunded the City's Management Incentive Program whereby managers could earn up to 10% performance pay.
- The City changed medical insurance programs effective July 1, 2011 which yielded significant savings in medical insurance premiums.
- The former Community Development Director retired in December of 2011 after 11 years of service. The new Community Development Director started at a lower

place in the salary range and doesn't receive certain benefits afforded to employees with longer tenure.

Clearly, the City Council and the City Manager have taken a number of measures to reduce total management costs. Attachment A to this report shows total personnel costs from fiscal year 2005-06 through fiscal year 2015-16. Management costs as a percentage of total personnel costs will decline from a high of 41% in 2005-06 to a projected low of 32% in 2015-16. Attachment B to this report focuses exclusively on total management costs and shows that, after adjusting for inflation, management costs have decreased by 17.79% from 2005-06 through the end of 2012-13, the most recently completed fiscal year. By the end of 2015-16, management costs are projected to decrease over $500,000, or 24.21% when compared to the 2005-06 base year. As a percentage of the total budget appropriations, management costs for the 2013-15 Biennial Budget cycle represent 7%.

## Salary Comparisons with other Orange County Cities

Staff performed an analysis of management salaries (which included the salary of the City's only designated confidential employee, the Administrative Assistant to the City Manager). At the July 9th meeting, the maximum point in the City's monthly salary range was compared to the maximum average monthly salary among the City's list of comparator agencies. The table below shows the results:

| | Laguna Hills 2012-13 Maximum Monthly Salary | Comparator Agencies 2012-13 Maximum Average Monthly Salary | Laguna Hills as a % of Comparator Agencies' Average |
|---|---|---|---|
| Admin. Asst. - City Manager | $6,387.00 | $6,098.00 | 104.74% |
| Assistant City Manager | $16,317.00 | $15,873.00 | 102.80% |
| City Clerk | $10,312.00 | $10,344.00 | 99.69% |
| City Engineer/Public Works Director | $14,325.00 | $14,414.00 | 99.38% |
| City Manager | $19,719.00 | $18,864.00 | 104.53% |
| Community Development Director | $13,722.00 | $13,919.00 | 98.58% |
| Deputy CM/Community Services Dir. | $11,478.00 | $13,150.00 | 87.29% |

The City Council directed staff to make a comparison with all Orange County cities. The table below shows those results:

| | Laguna Hills 2012-13 Maximum Monthly Salary | Orange County Cities 2012-13 Maximum Average Monthly Salary | Laguna Hills as a % of OC Cities' Average |
|---|---|---|---|
| Admin. Asst. - City Manager | $6,387.00 | $6,134.00 | 104.12% |
| Assistant City Manager | $16,317.00 | $15,883.00 | 102.73% |
| City Clerk | $10,312.00 | $10,497.00 | 98.24% |
| City Engineer/Public Works Director | $14,325.00 | $14,365.00 | 99.72% |
| City Manager | $19,719.00 | $18,383.00 | 107.30% |
| Community Development Director | $13,722.00 | $13,965.00 | 98.26% |
| Deputy CM/Community Services Dir. | $11,478.00 | $13,265.00 | 86.53% |

With the exception of the City Manager, all of the positions in the table above are below the City's traditional practice of paying 5% above the comparator agencies', or the Orange County cities', average. When compared to the Orange County cities' average, the City Manager is 2.16% above the 5% benchmark. However, it should be noted that, historically, the City Manager was paid a salary that was the average of the top quartile of City Managers in Orange County. The average of the top quartile is $22,717, which is 15.2% higher than his current salary. This does not include any cost-of living or other salary adjustments that were awarded after June 30, 2013 to those city managers. In terms of overall ranking, the City Manager had the ninth highest salary among Orange County cities in 2012-13. The above comparisons demonstrate that without adjustments to salary, management staff in Laguna Hills will continue to lose ground as COLA's and base salary increases are granted throughout cities in Orange County.

**Scenarios**

Based on the fact that management compensation has been both significantly reduced and contained, especially over the last three years, and given management salaries have generally eroded over the past five years and will continue to erode over the next two years unless salaries are increased, staff made the following proposal at the July 9th meeting. This will be referred to as Scenario 1 (even though it was rejected at the last meeting) for purposes of comparison with the other scenarios.

- Management and confidential employees receive a 3.5% salary increase effective July 1, 2013 and another 3.5% salary increase effective July 1, 2014.
- Management and confidential employees would begin to share in future increases in medical insurance premiums starting January 1, 2014. The cost sharing arrangement is proposed to be identical to the one agreed to in the MOU with the LHCEA with cost increases in premiums being shared 50-50 between the City and

employees, including elected members, up to a maximum of 4% annually for employees and elected members.

- Current management and confidential employees would not participate in any PERS cost sharing, but any newly hired or promoted employee would be required to immediately pay the full 7% employee portion of the PERS contribution.

The City Council discussed this proposal at length and made a number of comments. It should be noted that the only comment about which there appeared to be a consensus of the Council was the desire for management and confidential employees to participate in PERS cost sharing in the same manner as the represented employees.

Staff has incorporated the City Council's collective comments into the following three new scenarios for the Council's consideration.

<u>Scenario 2</u> essentially treats management and confidential employees the same as represented employees.

- Salary increases shall be based on a market survey of Orange County cities for 2013 and in May of 2014. Employees shall be compensated at 5% above the Orange County cities' average for each classification. Increases shall not be less than 3.5% but may be as high as 5% depending on the results of the survey.
- In 2013-14, employees shall pay 0.75% toward the City's normal cost rate of its pension program with PERS. This amount will increase to 1.5% on July 1, 2014.
- City will pay the lower of the PPO and HMO premiums for employees and dependents and will split cost increases beginning January 1, 2014, 50-50 up to a maximum of 4% for employees in any given year.

<u>Scenario 3</u> has the same PERS and Medical insurance cost sharing arrangements as Scenario 2, but changes the salary adjustments based on the suggestion made by Mayor Kogerman at the July 9th meeting. All employees covered by the Resolution (including the City Manager and the Assistant City Manager) will receive a 1.4% cost-of-living adjustment effective July 1, 2013 and up to a 3.5% COLA effective July 1, 2014 as determined by the U.S. Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U) for the Los Angeles-Riverside-Orange County area.

<u>Scenario 4</u> is a hybrid of Scenarios 2 and 3. For fiscal year 2013-2014, those employees earning less than 105% of the Orange County cities' average will have their current salary <u>ranges</u> adjusted to be at 105% of the County average. All employee ranges will then also be adjusted by an additional 1.4% COLA[1] to reach the recommended 2013-14 salary

[1] This is being proposed as an "across the board" increase for all management employees, which would include the City Manager and the Assistant City Manager, because the salary comparisons provided in this staff report do not reflect the COLA's given to individuals in equivalent positions in Orange County.

range. With the exception of the Deputy City Manager/Community Services Director, because all other employees would be limited to a maximum increase of 5%, not all employees would receive an immediate adjustment to the top of their range. The table below shows the changes in the top of salary range. This does not show the increase the employees would actually receive.

| | 2012-13 | 2013-14 | % |
|---|---|---|---|
| | Top of Range | Top of Range | Increase |
| City Manager | $ 19,719 | $ 19,995 | 1.40% |
| Assistant City Manager | $ 16,317 | $ 16,909 | 3.63% |
| City Engineer/Public Works Dir. | $ 14,325 | $ 15,295 | 6.77% |
| Community Development Dir. | $ 13,722 | $ 14,868 | 8.35% |
| Deputy C.M./Com Services Dir. | $ 11,478 | $ 14,123 | 23.04% |
| City Clerk | $ 10,312 | $ 11,175 | 8.37% |
| Admin Assist to CM | $ 6,387 | $ 6,531 | 2.25% |

This table shows the actual salaries for fiscal year 2013-14 if Scenario 4 were adopted by the Council:

| | 2012-13 | 2013-14 | % |
|---|---|---|---|
| | Actual Salary | Prop. Salary | Increase |
| City Manager | $ 19,719 | $ 19,995 | 1.40% |
| Assistant City Manager | $ 16,317 | $ 16,909 | 3.63% |
| City Engineer/Public Works Dir. | $ 14,325 | $ 15,041 | 5.00% |
| Community Development Dir. | $ 12,447 | $ 13,069 | 5.00% |
| Deputy C.M./Com Services Dir. | $ 11,478 | $ 12,201 | 6.30% |
| City Clerk | $ 10,312 | $ 10,828 | 5.00% |
| Admin Assist to CM | $ 6,387 | $ 6,531 | 2.25% |

These percentage increases do not include any deductions for PERS or medical insurance cost sharing.

The next table shows projected salaries for the following fiscal year, 2014-15. Since the City's budget assumes an inflation rate of 2.5% next year, the 2014-15 projected salaries in the table below assume a COLA of 2.5%.[2]

[2] The actual increase would be based on the CPI for the Los Angeles-Riverside-Orange County areas.

| | 2013-14 Proposed Salary | 2014-15 Projected Salary | % Increase |
|---|---|---|---|
| City Manager | $ 19,995 | $ 20,495 | 2.50% |
| Assistant City Manager | $ 16,909 | $ 17,332 | 2.50% |
| City Engineer/Public Works Dir. | $ 15,041 | $ 15,688 | 4.30% |
| Community Development Dir. | $ 13,069 | $ 13,723 | 5.00% |
| Deputy C.M./Com Services Dir. | $ 12,201 | $ 13,116 | 7.50% |
| City Clerk | $ 10,828 | $ 11,369 | 5.00% |
| Admin Assist to CM | $ 6,531 | $ 6,694 | 2.50% |

Those positions which did not reach the 105% of the Orange County average in 2013-2014 because of the 5% cap on the increase, (i.e., City Engineer/Public Works Director, Community Development Director and City Clerk) and the Deputy City Manager/Community Services Director may receive an additional increase in 2014-2015 to reach the 105% of the County average for 2013-14. However, even for these positions, any increase awarded in 2014-2015 (beyond the CPI) would be capped at 5%. All increases above the COLA would be subject to a successful performance review.

## Fiscal Impact of the Four Scenarios

Staff has analyzed the fiscal impact of all four scenarios on the City and each employee. Again, Scenario 1 is included for comparison purposes. The tables below show the fiscal impact over the next two years on the City:

| **Scenario 1 - July 9, Proposal** | **FY 2012-13** | **FY 2013-14** | **FY 2014-15** |
|---|---|---|---|
| Salaries | 1,083,202 | 1,125,585 | 1,154,007 |
| PERS Employer, PARS, Medicare | 213,678 | 190,726 | 202,414 |
| PERS Employee Component | 75,824 | 78,791 | 80,780 |
| Health | 112,476 | 112,261 | 116,014 |
| Total | 1,485,180 | 1,507,363 | 1,553,215 |
| **Annual % Increases** | | **1.49%** | **3.04%** |
| **Annual Cost Increase** | | **$ 22,183** | **$ 45,852** |

| Scenario 2 | FY 2012-13 | FY 2013-14 | FY 2014-15 |
|---|---|---|---|
| Salaries | 1,083,202 | 1,134,363 | 1,168,271 |
| PERS Employer, PARS, Medicare | 213,678 | 192,232 | 204,955 |
| PERS Employee Component | 75,824 | 73,634 | 68,057 |
| Health | 112,476 | 112,261 | 116,014 |
| Total | 1,485,180 | 1,512,490 | 1,557,297 |
| **Annual % Increases** | | **1.84%** | **2.96%** |
| **Annual Cost Increase** | | **$ 27,310** | **$ 44,807** |

| Scenario 3 | FY 2012-13 | FY 2013-14 | FY 2014-15 |
|---|---|---|---|
| Salaries | 1,083,202 | 1,102,747 | 1,123,451 |
| PERS Employer, PARS, Medicare | 213,678 | 187,527 | 197,003 |
| PERS Employee Component | 75,824 | 70,722 | 65,478 |
| Health | 112,476 | 112,261 | 116,014 |
| Total | 1,485,180 | 1,473,257 | 1,501,946 |
| **Annual % Increases** | | **-0.80%** | **1.95%** |
| **Annual Cost Increase** | | **$ (11,923)** | **$ 28,689** |

| Scenario 4 | FY 2012-13 | FY 2013-14 | FY 2014-15 |
|---|---|---|---|
| Salaries | 1,083,202 | 1,130,863 | 1,166,250 |
| PERS Employer, PARS, Medicare | 213,678 | 191,634 | 204,533 |
| PERS Employee Component | 75,824 | 72,460 | 67,832 |
| Health | 112,476 | 112,261 | 116,014 |
| Total | 1,485,180 | 1,507,218 | 1,554,629 |
| **Annual % Increases** | | **1.48%** | **3.15%** |
| **Annual Cost Increase** | | **$ 22,038** | **$ 47,411** |

All four scenarios are within the City's adopted budget and represent minor increases in personnel costs.

Staff also analyzed how each scenario would impact affected employees, after deductions for PERS and medical premium cost sharing. An analysis of the impact on each employee's current, take-home, compensation can be found in Attachment C to this report. The impact shows adjustments to salary under each scenario and deductions based on cost sharing arrangements for retirement and medical insurance. In Attachment C, Column I in each scenario shows the net monthly dollar impact and Column J shows the net effective salary adjustment. The table below shows the average annual net effective salary adjustment for each position for 2013-14 and 2014-15.

| | Scenario 1 | Scenario 2 | Scenario 3 | Scenario 4 |
|---|---|---|---|---|
| **City Manager** | 3.50% | 3.50% | 1.95% | 1.95% |
| **Assistant City Manager** | 3.32% | 2.15% | 0.62% | 1.73% |
| **City Engineer/Public Works Director** | 1.60% | 1.35% | -1.12% | 1.59% |
| **Community Development Director** | 1.31% | 1.65% | -1.42% | 1.65% |
| **Deputy C.M./Community Services Director** | 1.13% | 1.47% | -1.60% | 3.37% |
| **City Clerk** | 2.03% | 3.54% | -1.27% | 1.80% |
| **Adminstrative Assistant to the City Manager** | 3.09% | 3.09% | 1.54% | 1.97% |
| **Average Annual Net Effective Salary Adjustment** | **2.28%** | **2.39%** | **-0.19%** | **2.01%** |

The variations in the above table are based upon the following factors:

- Employees who are below the 105% comparator agency average may receive up to 5% increases in salary in each year under Scenario 2.
- Employees who are below 105% of the County average in Scenario 4 receive varying increases.
- The level of medical cost sharing varies depending on: 1) if coverage is for a single employee, the employee plus one, or family coverage; and 2) if the employee is in the HMO or PPO program. Staff recently received medical insurance rate increases for January 1, 2014. The PPO is scheduled to increase by 4% and the HMO is scheduled to increase by 15.7%. Since beginning on January 1, 2014 the City will only pay for the lower of the two programs (the PPO), those employees in the HMO will experiences substantial increases. Those in the PPO will pick up 50% of the 4% increase.
- There are no deductions for PERS cost sharing or medical premium cost sharing for the City Manager pursuant to his employment agreement with the City.

## Staff Recommends Scenario 4

Staff is recommending Scenario 4 and the attached Resolution has been prepared to implement it. This recommendation is based on the following:

1. As stated earlier in this report, overall management compensation was reduced by about $39,000 in 2010, $125,000 in 2011, and $184,000 in 2012. Over the past three years, reductions in management compensation have saved the City a total of $347,000.
2. Management costs as a percentage of total personnel costs will decline from a high of 41% in 2005-06 to a projected low of 32% in 2015-16.
3. Scenario 4 will ultimately bring all management positions to 5% above the County average, which is consistent with the treatment of represented employees.

4. Unlike Scenario 3, on average, Scenario 4 allows employees to almost keep pace with expected inflation.
5. Scenario 4 treats employees (represented and non-represented) essentially the same when it comes to PERS cost sharing and medical insurance cost sharing.
6. Scenario 4 will allow the City to maintain personnel costs at, or below, 27% of the City's operating budget.

**Other Changes**

The only other substantive change that affects management and confidential employees in the Resolution is to Section IV.A and IV.B where staff is recommending that management and confidential employees be granted an additional 8 hours of holiday time to accommodate the closing of City Hall for Veteran's Day as agreed to in the MOU with the LHCEA.

Over the past few years, Community Services staff has had some difficulty in recruiting and retaining part-time Community Services Leaders. Following a survey of other cities, staff is proposing that the range for the Leader I be changed from \$9.00 - \$11.00 to \$10.00 - \$12.50 and the Leader II range be changed from \$11.50 – \$14.50 to \$12.50 - \$15.00. These ranges have not been changed by the City Council since July 1, 2007.

**Conclusion**

It is staff's opinion that the salary and benefits embodied in the attached Resolution will allow the City to both retain and attract quality candidates for its management positions. In the event that the City Council cannot reach agreement on adopting the attached Resolution, it is staff's recommendation that the City Council appoint two of its members at the next Council meeting to act as labor negotiators and meet in closed session with the rest of the Council pursuant to Government Code Section 54957.6 to determine its preferred course of action. If this option is selected, negotiations can commence at the next City Council meeting, after appointment of the designated representatives, with the City Manager who will act as negotiator for the management employees over the terms of a new Salary and Benefits Resolution for all management, confidential and part-time classes of employment.

## FISCAL IMPACT OF PROPOSED RESOLUTION:

Total personnel costs budgeted for 2013-14 are \$4,681,742. Staff has analyzed the fiscal impact of the proposed Resolution, along with known salary adjustments for all employees, and insurance premium changes. If the City Council votes to support staff's recommendation (Scenario 4), the total projected personnel costs for the City for 2013-14 is \$4,672,000, which is almost \$10,000 below budget. For fiscal year 2014-15, the impact is projected to be about \$25,000 below budget.

**ATTACHMENTS:**

- Attachment A – Total Personnel Costs: 2005-06 through 2015-16
- Attachment B – Management Costs Adjusted for Inflation
- Attachment C – Fiscal Impact on Individual Employees
- Resolution

ATTACHMENT A

# Total Personnel Costs-
# FY 05/06 Through FY 15/16

| FISCAL YEAR | OPERATING BUDGET | *PERSONNEL COSTS* | *% of Total Operating Budget* | *MANAGEMENT PERSONNEL COSTS* | *% of Personnel Costs* | *NON-MGMT PERSONNEL COSTS* | *% of Personnel Costs* | *Total Personnel Cost Annual Increase* |
|---|---|---|---|---|---|---|---|---|
| 2005-06 | 15,262,007 | 4,006,504 | 26.3% | 1,645,283 | 41% | 2,361,221 | 59% | |
| 2006-07 | 16,032,718 | 4,172,589 | 26.0% | 1,652,314 | 40% | 2,520,275 | 60% | 4.15% |
| 2007-08 | 17,223,854 | 4,340,258 | 25.2% | 1,737,077 | 40% | 2,603,181 | 60% | 4.02% |
| 2008-09 | 17,554,792 | 4,397,332 | 25.0% | 1,629,576 | 37% | 2,767,756 | 63% | 1.31% |
| 2009-10 | 16,474,969 | 4,457,968 | 27.1% | 1,661,572 | 37% | 2,796,396 | 63% | 1.38% |
| 2010-11 | 17,156,944 | 4,543,284 | 26.5% | 1,647,285 | 36% | 2,895,999 | 64% | 1.91% |
| 2011-12 | 16,923,152 | 4,434,067 | 26.2% | 1,534,037 | 35% | 2,900,030 | 65% | -2.40% |
| *2012-13** | *17,464,481* | *4,562,211* | *26.1%* | *1,592,078* | *35%* | *2,970,133* | *65%* | *2.89%* |
| *2013-14** | *17,327,545* | *4,681,742* | *27.0%* | *1,585,187* | *34%* | *3,096,555* | *66%* | *2.62%* |
| *2014-15** | *17,792,484* | *4,910,074* | *27.6%* | *1,662,367* | *34%* | *3,247,707* | *66%* | *4.88%* |
| *2015-16** | *18,412,466* | *4,903,463* | *26.6%* | *1,573,020* | *32%* | *3,330,443* | *68%* | *-0.13%* |

**Projected*

ATTACHMENT B

# FY 05/06 Management Costs Adjusted for Inflation

| Fiscal Year | Management Costs | CPI | Adjusted for Inflation | Amount Over/(Under) | Percentage Difference |
|---|---|---|---|---|---|
| 2005-06 | 1,645,283 | 3.60% | 1,645,283 | - | 0.00% |
| 2006-07 | 1,652,314 | 5.20% | 1,730,838 | *(78,524)* | -4.54% |
| 2007-08 | 1,737,077 | 2.90% | 1,781,032 | *(43,955)* | -2.47% |
| 2008-09 | 1,629,576 | 5.40% | 1,877,208 | *(247,632)* | -13.19% |
| 2009-10 | 1,661,572 | -2.20% | 1,835,909 | *(174,337)* | -9.50% |
| 2010-11 | 1,647,285 | 0.90% | 1,852,432 | *(205,147)* | -11.07% |
| 2011-12 | 1,534,037 | 2.90% | 1,906,153 | *(372,116)* | -19.52% |
| *2012-13** | *1,592,078* | *1.60%* | *1,936,651* | *(344,573)* | *-17.79%* |
| *2013-14** | *1,585,187* | *2.00%* | 1,975,384 | *(390,197)* | *-19.75%* |
| *2014-15** | *1,662,367* | *2.50%* | 2,024,769 | *(362,402)* | *-17.90%* |
| *2015-16** | *1,573,020* | *2.50%* | 2,075,388 | *(502,368)* | *-24.21%* |

**Projected*

# Attachment C

# Individual Employee Impacts

Administrative Assistant to the City Manager

Scenario 1

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 6,387 | | | | | | | | |
| 2013-14 | $ 6,611 | 3.50% | $ 224 | 0.00% | $ - | $ 6 | $ 17 | $ 207 | 3.23% |
| 2014-15 | $ 6,842 | 3.50% | $ 231 | 0.00% | $ - | $ 18 | $ 36 | $ 195 | 2.96% |

Scenario 2

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 6,387 | | | | | | | | |
| 2013-14 | $ 6,611 | 3.50% | $ 224 | 0.75% | $ 50 | $ 6 | $ 17 | $ 207 | 3.23% |
| 2014-15 | $ 6,842 | 3.50% | $ 231 | 1.50% | $ 103 | $ 18 | $ 36 | $ 195 | 2.96% |

Scenario 3

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 6,387 | | | | | | | | |
| 2013-14 | $ 6,476 | 1.40% | $ 89 | 0.75% | $ 49 | $ 6 | $ 17 | $ 72 | 1.13% |
| 2014-15 | $ 6,638 | 2.50% | $ 162 | 1.50% | $ 100 | $ 18 | $ 36 | $ 126 | 1.94% |

Scenario 4

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 6,387 | | | | | | | | |
| 2013-14 | $ 6,531 | 2.25% | $ 144 | 0.75% | $ 49 | $ 6 | $ 17 | $ 127 | 1.98% |
| 2014-15 | $ 6,694 | 2.50% | $ 163 | 1.50% | $ 100 | $ 18 | $ 36 | $ 127 | 1.95% |

Assistant City Manager

**Scenario 1**

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 16,317 | | | | | | | | |
| 2013-14 | $ 16,889 | 3.50% | $ 571 | 0.00% | $ - | $ 15 | $ 15 | $ 556 | 3.41% |
| 2014-15 | $ 17,480 | 3.50% | $ 591 | 0.00% | $ - | $ 46 | $ 46 | $ 545 | 3.23% |

**Scenario 2**

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 16,317 | | | | | | | | |
| 2013-14 | $ 16,888 | 3.50% | $ 571 | 0.75% | $ 127 | $ 15 | $ 142 | $ 429 | 2.63% |
| 2014-15 | $ 17,479 | 3.50% | $ 591 | 1.50% | $ 262 | $ 46 | $ 308 | $ 283 | 1.68% |

**Scenario 3**

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 16,317 | | | | | | | | |
| 2013-14 | $ 16,545 | 1.40% | $ 228 | 0.75% | $ 124 | $ 15 | $ 139 | $ 89 | 0.55% |
| 2014-15 | $ 16,959 | 2.50% | $ 414 | 1.50% | $ 254 | $ 46 | $ 300 | $ 113 | 0.68% |

**Scenario 4**

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 16,317 | | | | | | | | |
| 2013-14 | $ 16,909 | 3.63% | $ 592 | 0.75% | $ 127 | $ 15 | $ 142 | $ 450 | 2.76% |
| 2014-15 | $ 17,332 | 2.50% | $ 423 | 1.50% | $ 260 | $ 46 | $ 306 | $ 117 | 0.69% |

City Clerk

**Scenario 1**

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 10,312 | | | | | | | | |
| 2013-14 | $ 10,673 | 3.50% | $ 361 | 0.00% | $ - | $ 133 | $ 133 | $ 228 | 2.21% |
| 2014-15 | $ 11,047 | 3.50% | $ 374 | 0.00% | $ - | $ 298 | $ 177 | $ 197 | 1.84% |

**Scenario 2**

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 10,312 | | | | | | | | |
| 2013-14 | $ 10,828 | 5.00% | $ 516 | 0.75% | $ 81 | $ 133 | $ 133 | $ 383 | 3.71% |
| 2014-15 | $ 11,369 | 5.00% | $ 541 | 1.50% | $ 171 | $ 298 | $ 177 | $ 364 | 3.37% |

**Scenario 3**

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 10,312 | | | | | | | | |
| 2013-14 | $ 10,457 | 1.40% | $ 144 | 0.75% | $ 78 | $ 133 | $ 211 | $ (67) | -0.65% |
| 2014-15 | $ 10,718 | 2.50% | $ 261 | 1.50% | $ 161 | $ 298 | $ 458 | $ (197) | -1.88% |

**Scenario 4**

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 10,312 | | | | | | | | |
| 2013-14 | $ 10,828 | 5.00% | $ 516 | 0.75% | $ 81 | $ 133 | $ 214 | $ 301 | 2.92% |
| 2014-15 | $ 11,369 | 5.00% | $ 541 | 1.50% | $ 171 | $ 298 | $ 468 | $ 73 | 0.68% |

City Engineer/Public Works Director

**Scenario 1**

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 14,325 | | | | | | | | |
| 2013-14 | $ 14,826 | 3.50% | $ 501 | 0.00% | $ - | $ 172 | $ 172 | $ 329 | 2.30% |
| 2014-15 | $ 15,345 | 3.50% | $ 519 | 0.00% | $ - | $ 385 | $ 385 | $ 134 | 0.90% |

**Scenario 2**

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 14,325 | | | | | | | | |
| 2013-14 | $ 15,041 | 5.00% | $ 716 | 0.75% | $ 113 | $ 172 | $ 285 | $ 431 | 3.01% |
| 2014-15 | $ 15,613 | 3.80% | $ 572 | 1.50% | $ 234 | $ 385 | $ 619 | $ (48) | -0.32% |

**Scenario 3**

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 14,325 | | | | | | | | |
| 2013-14 | $ 14,525 | 1.40% | $ 201 | 0.75% | $ 109 | $ 172 | $ 281 | $ (80) | -0.56% |
| 2014-15 | $ 14,889 | 2.50% | $ 363 | 1.50% | $ 223 | $ 385 | $ 608 | $ (245) | -1.69% |

**Scenario 4**

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 14,325 | | | | | | | | |
| 2013-14 | $ 15,041 | 5.00% | $ 716 | 0.75% | $ 113 | $ 172 | $ 285 | $ 431 | 3.01% |
| 2014-15 | $ 15,688 | 4.30% | $ 647 | 1.50% | $ 235 | $ 385 | $ 620 | $ 26 | 0.18% |

City Manager

**Scenario 1**

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 19,719 | | | | | | | | |
| 2013-14 | $ 20,409 | 3.50% | $ 690 | 0.00% | $ - | $ - | $ - | $ 690 | 3.50% |
| 2014-15 | $ 21,124 | 3.50% | $ 714 | 0.00% | $ - | $ - | $ - | $ 714 | 3.50% |

**Scenario 2**

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 19,719 | | | | | | | | |
| 2013-14 | $ 20,409 | 3.50% | $ 690 | 0.00% | $ - | $ - | $ - | $ 690 | 3.50% |
| 2014-15 | $ 21,123 | 3.50% | $ 714 | 0.00% | $ - | $ - | $ - | $ 714 | 3.50% |

**Scenario 3**

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 19,719 | | | | | | | | |
| 2013-14 | $ 19,995 | 1.40% | $ 276 | 0.00% | $ - | $ - | $ - | $ 276 | 1.40% |
| 2014-15 | $ 20,495 | 2.50% | $ 500 | 0.00% | $ - | $ - | $ - | $ 500 | 2.50% |

**Scenario 4**

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 19,719 | | | | | | | | |
| 2013-14 | $ 19,995 | 1.40% | $ 276 | 0.00% | $ - | $ - | $ - | $ 276 | 1.40% |
| 2014-15 | $ 20,495 | 2.50% | $ 500 | 0.00% | $ - | $ - | $ - | $ 500 | 2.50% |

Community Development Director

Scenario 1

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 12,447 | | | | | | | | |
| 2013-14 | $ 12,883 | 3.50% | $ 436 | 0.00% | $ - | $ 172 | $ 172 | $ 264 | 2.12% |
| 2014-15 | $ 13,334 | 3.50% | $ 451 | 0.00% | $ - | $ 385 | $ 385 | $ 66 | 0.51% |

Scenario 2

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 12,447 | | | | | | | | |
| 2013-14 | $ 13,070 | 5.00% | $ 622 | 0.75% | $ 98 | $ 172 | $ 270 | $ 352 | 2.83% |
| 2014-15 | $ 13,723 | 5.00% | $ 653 | 1.50% | $ 206 | $ 385 | $ 591 | $ 63 | 0.48% |

Scenario 3

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 12,447 | | | | | | | | |
| 2013-14 | $ 12,622 | 1.40% | $ 174 | 0.75% | $ 95 | $ 172 | $ 267 | $ (92) | -0.74% |
| 2014-15 | $ 12,937 | 2.50% | $ 316 | 1.50% | $ 194 | $ 385 | $ 579 | $ (264) | -2.09% |

Scenario 4

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 12,447 | | | | | | | | |
| 2013-14 | $ 13,070 | 5.00% | $ 622 | 0.75% | $ 98 | $ 172 | $ 270 | $ 352 | 2.83% |
| 2014-15 | $ 13,723 | 5.00% | $ 653 | 1.50% | $ 206 | $ 385 | $ 591 | $ 63 | 0.48% |

8/27/2013 ITEM NO. 7.1.1

Deputy City Manager/Community Services Director

**Scenario 1**

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 11,478 | | | | | | | | |
| 2013-14 | $ 11,880 | 3.50% | $ 402 | 0.00% | $ - | $ 172 | $ 172 | $ 230 | 2.00% |
| 2014-15 | $ 12,296 | 3.50% | $ 416 | 0.00% | $ - | $ 385 | $ 385 | $ 31 | 0.26% |

**Scenario 2**

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 11,478 | | | | | | | | |
| 2013-14 | $ 12,052 | 5.00% | $ 574 | 0.75% | $ 90 | $ 172 | $ 262 | $ 312 | 2.71% |
| 2014-15 | $ 12,654 | 5.00% | $ 603 | 1.50% | $ 190 | $ 385 | $ 575 | $ 28 | 0.23% |

**Scenario 3**

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 11,478 | | | | | | | | |
| 2013-14 | $ 11,639 | 1.40% | $ 161 | 0.75% | $ 87 | $ 172 | $ 259 | $ (99) | -0.86% |
| 2014-15 | $ 11,930 | 2.50% | $ 291 | 1.50% | $ 179 | $ 385 | $ 564 | $ (273) | -2.35% |

**Scenario 4**

| A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Salary | Salary Adjustment | Adjustment Dollar Amount | % PERS Share | $$ PERS Share | Average Med Share (4% increase) | Average Monthly Cost Impact | Monthly Dollar Impact | Net Effective Salary Adjustment |
| Base | $ 11,478 | | | | | | | | |
| 2013-14 | $ 12,201 | 6.30% | $ 723 | 0.75% | $ 92 | $ 172 | $ 264 | $ 460 | 4.00% |
| 2014-15 | $ 13,116 | 7.50% | $ 915 | 1.50% | $ 197 | $ 385 | $ 582 | $ 333 | 2.73% |

RESOLUTION NO. XXXX-XX-XX-X

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, REGARDING EMPLOYMENT AND ESTABLISHING SALARY RANGES AND BENEFITS FOR MANAGEMENT, CONFIDENTIAL, AND PART-TIME CLASSES OF EMPLOYMENT WITH THE CITY AND RESCINDING RESOLUTION NO. 2011-07-12-2.

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

SECTION 1. This Resolution establishes the official plan of compensation for the City for positions defined as management, confidential, and part-time in the Employer-Employee Relations Resolution No. 2012-02-14-3. The plan of compensation for all other employees is set forth in the current Memorandum of Understanding between the City and the Laguna Hills City Employees Association. In addition, insurance benefits for elected officials are established in Section 3, Paragraph II.

SECTION 2. The following salary ranges are assigned to the classes of employment, which are hereby designated as management, confidential, and part-time for fiscal year 2013-2014. Unless specified otherwise herein, the provisions of this Resolution only apply to the following classifications:

| **FULL-TIME POSITIONS – CONFIDENTIAL** | **MONTHLY RANGE** | |
|---|---|---|
| Administrative Assistant –City Manager (1) | $5,373 | $6,531 |

| **FULL-TIME POSITIONS – MANAGEMENT** | | |
|---|---|---|
| Assistant City Manager (1) | $13,911 | $16,909 |
| City Clerk (1) | $ 9,193 | $11,175 |
| City Engineer/Public Works Director (1) | $12,583 | $15,295 |
| City Manager (1) | $19,995 | $19,995 |
| Community Development Director (1) | $12,233 | $14,868 |
| Deputy City Manager (1) | $ 11,619 | $14,123 |

| **PART-TIME POSITIONS** | | |
|---|---|---|
| Administrative Intern | $15.00 | $15.00 |
| Code Enforcement Officer | $25.00 | $25.00 |
| Community Services Leader I | $10.00 | $12.50 |
| Community Services Leader II | $12.50 | $15.00 |

In May of 2014, the City Manager will conduct a market salary survey of Orange County cities for purposes of determining the level of increases for fiscal year 2014-2015. An increase in salary shall be awarded by the City Manager based upon the survey. Management and confidential employees shall be compensated at 5% above the Orange County cities' average for each classification. Increases shall not be less than the May 2014 Consumer Price Index as determined by the U.S. Bureau of Labor Statistics for All Urban Consumers (CPI-U) for the Los Angeles-Riverside-Orange County area. Increases shall not be greater than 5% for all employees in order for such employees to be compensated at 5% above the Orange County cities' average (except the Deputy City Manager/Community Services Director whose increase shall not be greater than 7.5%) Such salary increases shall take effect on July 1, 2014.

SECTION 3. The City shall provide the following benefits to the categories of employees specified herein:

**I. RETIREMENT**

A. The City shall participate in the California Public Employees Retirement System's (Cal PERS). Effective January 1, 2013, the City shall have two tiers of benefits as follows:

1. Tier 1 (Employees hired before July 1, 2013 or individuals hired after July 1, 2013 who have participated in a public retirement system within the six months prior to being hired): 2% @ 60 Program and beginning July 1, 2013, employees shall pay 0.75% toward the City's normal cost rate of its pension program with Cal PERS (as determined by Cal PERS). This amount will increase to 1.5% on July 1, 2014. Additional benefits provided through Cal PERS shall include the following:

One-Year Final Compensation

Post-Retirement Survivor Allowance

Pre-Retirement Survivor Allowance

1959 Survivor Benefits, including Third Level Benefits

2. Tier 2 (Employees hired on or after January 1, 2013 who have not been members of a public retirement system within the six months prior to employment with the City): 2% @ 62 with 3 year Final Compensation and with employee paying 100% of the employees' contribution to PERS.

B. The City shall provide a supplemental retirement program as established in Resolution No. 99-05-04-1,which affords management employees a defined contribution equal to 6.5% of base salary upon employment with the City and confidential employees a defined contribution equal to 3.0% of base salary after ten years of service with the City.

C. The City shall provide a retiree health savings plan as established in Resolution No. 2001-12-11-2.

D. The City shall make available to all management and confidential employees the ICMA Retirement Corporation's Section 457 Deferred Compensation Plan. This is a voluntary program and will be funded at the sole cost of each participating employee. This provision does not apply to the Deferred Compensation provisions found in the Employment Agreements between the City and the City Manager and the Assistant City Manager which provide for the terms and conditions of their participation in the Plan.

E. The City shall provide to part-time employees an alternative retirement plan as established in Resolution No. 2000-06-27-5.

## II. INSURANCE

A. The City shall pay for the full cost of medical insurance coverage for full-time management, confidential employees, and elected members, including their dependents as defined by the City's medical insurance program. Beginning January 1, 2014, the City will pay the full cost of the lower of either the PPO or HMO program in a given year for full-time employees, including elected members, and their dependents. Beginning January 1, 2014, cost increases in medical insurance premiums will be shared 50-50 between the City and full-time employees, including elected members, up to a maximum of 4% annually for full-time management and confidential employees, including elected members.

B. The City shall provide and pay for a dental insurance plan for all full-time management, confidential employees, and elected members, including their dependents.

C. The City shall provide and pay for a vision insurance plan for all full-time management, confidential employees, and elected members, including their dependents.

D. The City shall provide and pay for a group life and accidental death and dismemberment insurance plan for all full-time management and confidential employees on the basis of 100% of the employee's annual salary to the next highest $1,000.00 increment up to a maximum of $200,000.

E. The City shall provide and pay for a short and long-term disability plan for all full-time management and confidential employees.

F. Elected members may opt not to participate in the City's medical, dental, and vision insurance plans.

## III. VACATION

A. Full-time non-management, confidential employees accrue vacation leave according to the following schedule:

| **Years of Service** | **Rate** |
|---|---|
| 0-3 | 10 days/year or 6.667 hours/month |
| 4-9 | 15 days/year or 10 hours/month |
| 10+ | 20 days/year or 13.334 hours/month |

B. Full-time management employees accrue vacation leave according to the following schedule:

| **Years of Service** | **Rate** |
|---|---|
| 0-3 | 15 days/year or 10 hours/month |
| 4+ | 20 days/year or 13.334 hours/month |

C. Upon termination or retirement, all employees shall be compensated at their current pay scale for their accrued vacation leave balance. No employee shall be allowed to carryover more than 320 hours of vacation leave from one fiscal year to the next.

D. For management employees, upon completion of ten years of full-time employment with the City, the City shall make a one-time allotment of 40 hours of vacation leave to the employee's vacation leave balance.

## IV. HOLIDAYS

A. The City shall provide full-time management and confidential employees 104 paid hours per fiscal year for holidays.

B. The City shall observe certain fixed holidays during which City Hall will be closed. These include:

New Year's Day
Presidents Day
Memorial Day
Independence Day
Labor Day
Veteran's Day
Thanksgiving
Day After Thanksgiving
Christmas Day

C. Full-time employees shall receive 8 hours pay for these holidays. In order to receive holiday pay, an employee must have received pay for all of both the regularly scheduled work assignment immediately prior to a holiday and the regularly scheduled working assignment immediately after that holiday.

D. Holidays falling on Sunday shall be observed on the following Monday. Holidays falling on Saturday shall be observed on the preceding Friday unless this, too, is a holiday and then one day sooner.

E. In lieu of closing City Hall for the observation of Columbus Day, and Martin Luther King Day, employees will be able to use their remaining holiday time from Section IV.A above for discretionary, floating holiday time subject to their supervisor's approval.

F. Holiday hours must be taken during each fiscal year and cannot be carried over to the succeeding fiscal year.

## V. LEAVES OF ABSENCE

A. All full-time employees shall accrue annual sick leave at a rate of 8 hours per month.

B. All management and confidential full-time employees prior to completing ten years of service as full- time employees, (hereafter, "ten—year anniversary") shall be eligible, if they so desire, each quarter (October 1, January 1, April 1, and July 1) to convert unused personal sick leave in excess of 160 hours at a rate of 8 hours of vacation for every 24 hours of personal sick leave. Upon retirement or resignation from the City prior to their ten-year anniversary, a full-time employee who has personal sick leave in excess of 160 hours may convert the excess hours to vacation at a rate of eight hours of vacation for every 24 hours of personal sick leave. In this situation, the vacation accrual limits under Section 3, Paragraph III.C above can be exceeded to a maximum of 480 hours.

C. For all management and confidential full-time employees who have completed their ten-year anniversary, sick leave accumulation and balances will be governed by Resolution No. 2001-12-11-2. As part of the Retirement Health Services (RHS) plan, employees upon ten years of service may convert any vacation hours over 80 hours to sick leave on a 1 to 1 basis.

D. All full-time management and confidential employees shall receive 3 days bereavement leave for absence necessitated by the death of immediate family members. An immediate family member shall be defined as the spouse, children, parents, brothers, sisters, grandparents, parents-in-law, or other individuals whose relationship to the employee is that of a dependent or near dependent. Where such death has occurred and upon request of the Assistant City Manager, the employee shall furnish satisfactory evidence of such death.

**VI. ADDITIONAL COMPENSATION**

A. The following positions, at the discretion of the City Manager, may be eligible for a monthly automobile allowance in lieu of mileage reimbursement:

| | | |
|---|---|---|
| City Engineer/Director of Public Services | - | $ 650 |
| Community Development Director | - | $ 600 |
| City Clerk | - | $ 300 |

All other employees shall be reimbursed at the prevailing standard mileage rates established by the IRS.

B. The City's Management Incentive Program for management employees has been defunded.

SECTION 4. MISCELLANEOUS PROVISIONS

I. The City Manager may authorize special adjustments to avoid or eliminate inequities resulting from the strict application of any provision of this Resolution.

II. The City Manager is authorized to issue written administrative personnel regulations designed to augment or clarify the provisions of this Resolution.

III. In the event of any conflict between the provisions of the City Manager's Employment Agreement or the Assistant City Manager's Employment Agreement and this Resolution, the Agreements prevail.

SECTION 5. EFFECTIVE DATE

I. Except as otherwise specified to the contrary in this Resolution, all provisions set forth herein shall be effective July 1, 2013.

SECTION 6. Resolution No. 2011-07-12-2 is hereby rescinded and replaced with this Resolution.

PASSED, APPROVED, AND ADOPTED this 27th day of August 2013.

BARBARA D. KOGERMAN, MAYOR

Attest:

PEGGY J. JOHNS, CITY CLERK

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

I, Peggy J. Johns, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. XXXX-XX-XX-X adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 27th day of August 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

PEGGY J. JOHNS, CITY CLERK

# City of Laguna Hills
## City Council Meeting Agenda
## Staff Report

**DATE:** AUGUST 27, 2013

**TO:** MAYOR AND COUNCIL MEMBERS

**FROM:** DONALD J. WHITE
ASSISTANT CITY MANAGER

**ISSUE:** POLICE SERVICES STUDY - AUTHORIZATION TO ISSUE REQUEST FOR PROPOSALS FOR CONSULTANT SERVICES AND APPOINTMENT OF AN AD HOC ADVISORY COMMITTEE

**RECOMMENDATION: THAT THE CITY COUNCIL AUTHORIZE STAFF TO ISSUE A CONSULTANT SERVICES REQUEST FOR PROPOSALS FOR A POLICE SERVICES STUDY AND APPOINT AN AD HOC ADVISORY COMMITTEE COMPOSED SOLELY OF TWO MEMBERS OF THE CITY COUNCIL TO EVALUATE PROPOSALS AND TO MAKE FINAL RECOMMENDATION TO THE CITY COUNCIL REGARDING CONSULTANT SELECTION.**

**SUMMARY:**

The City of Laguna Hills has successfully contracted for police services with the Orange County Sheriff's Department since incorporation. However, as pointed out in the May 7, 2013 Budget Study Session staff report, the Sheriff's contract has outpaced inflation since 2005-06 and expected increases in retirement rates will likely expose the City to further increases in the future. This concern gave rise to the City Council approving a Major Plan in the budget to study the staffing levels in the City's law enforcement contract with the County of Orange. Staff has prepared a Request for Proposal for the City Council's consideration and is recommending that the Council authorize staff to issue the Request for Proposals. Staff also recommends that the City Council take formal action to create an Ad Hoc Advisory Committee composed solely of two members of the City Council for the limited purpose of reviewing and evaluating the proposals and to make final recommendation to the City Council regarding selection of a qualified consulting firm to conduct the study.

**BACKGROUND:**

The 2013-15 Biennial Budget includes the following City Council approved Major Plan:

> *"Review current Police Services contract, including recommendations regarding any possible modifications or reallocation of resources. Include a study of the possible elimination or reallocation of motor positions and the impact on traffic safety."*

In response to this Major Plan, staff has prepared the attached Request for Proposals for consulting services related to the preparation of a Police Services Study. For fiscal year 2013-14, the City contracts for 27.97 direct purchase positions and 13.25 shared staff for a total contract price of $6,811,407. The justification for the proposed study is based on the following:

- The Sheriff's Contract represents 39-40% of the City's operating budget this Biennial Budget cycle.
- Since 2005-06, the cost of the Sheriff's contract has outpaced inflation.
- The prospect of higher pension rates may cause significant increases in the cost of the law enforcement services contract over the next five years.

Analysis:

The table below shows the City's law enforcement services contract history since 2005-06:

| Fiscal Year | Contract Amount | % Increase | CPI | Inflation Adjusted | Amount Over/(Under) | Percentage Difference |
|---|---|---|---|---|---|---|
| 2005-06 | 5,475,795 | | | 5,475,795 | - | 0.00% |
| 2006-07 | 5,791,924 | 5.77% | 5.20% | 5,760,536 | 31,388 | 0.54% |
| 2007-08 | 6,000,788 | 3.61% | 2.90% | 5,927,592 | 73,196 | 1.23% |
| 2008-09 | 6,533,677 | 8.88% | 5.40% | 6,247,682 | 285,995 | 4.58% |
| 2009-10 | 6,391,470 | -2.18% | -2.20% | 6,110,233 | 281,237 | 4.60% |
| 2010-11 | 6,457,708 | 1.04% | 0.90% | 6,165,225 | 292,483 | 4.74% |
| 2011-12 | 6,540,385 | 1.28% | 2.90% | 6,344,016 | 196,369 | 3.10% |
| 2012-13 | 6,633,168 | 1.42% | 1.60% | 6,445,521 | 187,647 | 2.91% |
| 2013-14 | 6,811,407 | 2.69% | 1.30% | 6,529,313 | 282,094 | 4.32% |
| *2014-15* | *7,083,863* | *4.00%* | *2.50%* | *6,692,545* | *391,318* | *5.85%* |

The decrease in 2009-10 was the result of the defunding of two special enforcement team deputy positions. Otherwise, there have been no other staffing changes. In addition, comparisons with the other 12 cities that contract with the County of Orange show that

Laguna Hills is on the high end of both per capita costs and sworn staff per 1,000 population. Based on 2013-14 final contract costs, Laguna Hills per capita contract cost is $222. The average of all contract cities is $175. The sworn staff per 1,000 population in Laguna Hills is 0.81. The average of all contract cities is 0.65. While these are the most simplistic comparisons, they do indicate that further study is needed to determine if the staffing complement in Laguna Hills is optimal; balancing budgetary and public safety concerns. Toward this end, staff has included the following proposed scope of work in the attached consulting services Request for Proposals. The cities selected for comparison purposes include six contract cities in South Orange County and three in-house police departments. It should be noted that there is a balancing act in the selection of comparator agencies. It is staff's assessment that these agencies will provide appropriate and adequate data for comparison purposes and that the addition of other comparator agencies will increase the cost of the proposed study.

<u>Proposed Police Services Study – Parameters of Study and Scope of Work:</u>

1. In order to provide a context for understanding staffing levels in Laguna Hills, the City wishes to retain the services of a qualified consultant to compare Laguna Hills with the following contract and in-house police departments:

   - Aliso Viejo
   - Lake Forest
   - Laguna Niguel
   - Mission Viejo
   - Rancho Santa Margarita
   - San Juan Capistrano
   - Brea
   - Cypress
   - Tustin

2. A comprehensive comparison with the above nine cities will include the following areas using appropriate measurements and analytics to ensure apples-to-apples comparisons (to the extent the data is readily available on these points):

   a. land area
   b. road miles
   c. signalized intersections
   d. developed land (residential vs. commercial)
   e. demographic data
   f. housing data (owner vs. rental) (single family vs. multi-family)
   g. overall general fund revenue and expenditures
   h. expenditures and revenues related to police services activities

- i. police staffing levels, including sworn and non-sworn, motors, special enforcement, patrol, investigations, supervision, etc.
- j. crime rates
- k. calls for service
- l. arrests
- m. clearance rates

Where appropriate and available, the data collected should include the past five years. Upon completion of this comprehensive comparison and analysis, consultant will be tasked with developing a set of preliminary findings and key observations.

3. Evaluate current City standards for response times, preventive patrol time and traffic collision index, and recommend any changes or additional standards.

4. Interview appropriate Sheriff personnel and City staff to discuss and receive feedback regarding consultant's preliminary findings and key observations from task 2 and consultant's recommendations from task 3.

5. Based on tasks 2, 3 and 4, develop a recommended police services staffing complement, including recommendations for any position sharing arrangements with other contract cities and the use of any non-sworn City personnel.

6. Analyze patrol deployment practices in Laguna Hills and make recommendations regarding optimal deployment schemes under the recommended staffing complement in task 5.

7. Develop a five year projection of contract costs given assumptions to be provided by the Orange County Sheriff's Department for the current staffing complement and the recommended staffing complement in task 5.

8. Evaluate the provision of midnight shift coverage and day and evening shift relief for the City of Laguna Woods and its impact on operations in Laguna Hills. Determine if the current methodology provides full cost recovery. To the extent it does not, recommend a new methodology.

9. Perform a cost-benefit analysis of providing traffic enforcement using police motorcycles versus vehicles.

10. Prepare a draft report for discussion with City staff. Present a final report to the City Council tentatively scheduled for February 11, 2014.

Proposed Schedule:

Staff is proposing the following schedule for the award of a professional services agreement and completion of the study.

| Event | Date |
|---|---|
| RFP Release Date | August 30, 2013 |
| Proposal Due Date | September 27, 2013 |
| Staff and Ad Hoc Committee Proposal Evaluation Period | Sept. 30 thru October 18, 2013 |
| Anticipated City Council Contract Award | October 22, 2013 |
| Anticipated Project Completion | February 11, 2014 |

Consultant Selection Process:

During the selection process, the top consulting firms will be invited to make a presentation to City staff and to the Ad Hoc Advisory Committee. Following evaluation, it is expected that the advisory committee will recommend the selection of a qualified consulting firm to the City Council.

Appointment of Advisory Committee/RFP Evaluation and Selection Process:

Given the importance and sensitivity of the subject matter of this study, staff is recommending that the City Council appoint, pursuant to Government Code Section 54952(b), a less-than-a quorum Ad Hoc Advisory Committee composed solely of two members of the City Council to evaluate the proposals and to make final recommendation to the City Council regarding the award of a contract for such consulting services. The Council-appointed Ad Hoc Advisory Committee will be assisted and supported by the City Manager, the Assistant City Manager and the Chief of Police Services. The proposed advisory committee will have a defined task and be of limited duration and will not serve as a standing committee.

**FISCAL IMPACT:**

The budget allocates $25,000 for the proposed study. Given the parameters of the study and the proposed scope of work, it is staff's opinion that the study is likely to cost more than $25,000. In the event it does, staff will make recommendations for additional funding when the contract is awarded by the City Council.

**ATTACHMENTS:**

- Draft Police Services Study Request for Proposals (without attachments).

# REQUEST FOR PROPOSALS

**POLICE SERVICES STUDY**
**August 27, 2013**



The City of Laguna Hills is requesting proposals from interested, highly-qualified consulting firms to design and conduct a comprehensive evaluation of police services provided to the City by the Orange County Sheriff's Department. The overall study objective is to ensure that the City is contracting for the optimal staffing complement of police services personnel that both ensures public safety and is fiscally responsible.

Respondents to this Request For Proposals must submit completed proposals in a sealed envelope, clearly marked with "Proposal for Compensation Study" and the name of the proposer. One (1) original and three (3) copies of the proposal as well as (1) copy in Microsoft Word or PDF must be submitted by **5:00 p.m., Friday, September 27, 2013**.

Inquiries concerning this Request For Proposals should be addressed via email to:

Donald J. White
Assistant City Manager
City of Laguna Hills
24035 El Toro Road
Laguna Hills, CA 92653
dwhite@ci.laguna-hills.ca.us

# Table of Contents

## I. Schedule Of Events

The City of Laguna Hills will make every effort to adhere to the following schedule:

| Event | Date |
|---|---|
| RFP Release Date | August 30, 2013 |
| Proposal Due Date | September 27, 2013 |
| Staff & Ad Hoc Committee Proposal Evaluation Period | Sept. 30 thru October 18, 2013 |
| Anticipated City Council Contract Award | October 22, 2013 |
| Anticipated Project Completion | February 11, 2014 |

## II . Background

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 on December 20, 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 30,344 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 City ordinances and operating resolutions, adopting the biennial budget, appointing commissions and committees, and hiring the City Manager.

The City provides a wide range of services to its residents either directly or by contracting 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.

The City has contracted with the Orange County Sheriff's Department since its incorporation in December of 1991. For fiscal year 2013-14, the City contracts for 27.97 direct purchase positions and 13.25 shared staff for a total contract price of $6,811,407. The table below shows the City's contract history since 2005-06:

| | | | | Inflation | Amount | Percentage |
|---|---|---|---|---|---|---|
| Fiscal Year | Contract Amount | % Increase | CPI | Adjusted | Over/(Under) | Difference |
| 2005-06 | 5,475,795 | | | 5,475,795 | - | 0.00% |
| 2006-07 | 5,791,924 | 5.77% | 5.20% | 5,760,536 | 31,388 | 0.54% |
| 2007-08 | 6,000,788 | 3.61% | 2.90% | 5,927,592 | 73,196 | 1.23% |
| 2008-09 | 6,533,677 | 8.88% | 5.40% | 6,247,682 | 285,995 | 4.58% |
| 2009-10 | 6,391,470 | -2.18% | -2.20% | 6,110,233 | 281,237 | 4.60% |
| 2010-11 | 6,457,708 | 1.04% | 0.90% | 6,165,225 | 292,483 | 4.74% |
| 2011-12 | 6,540,385 | 1.28% | 2.90% | 6,344,016 | 196,369 | 3.10% |
| 2012-13 | 6,633,168 | 1.42% | 1.60% | 6,445,521 | 187,647 | 2.91% |
| 2013-14 | 6,811,407 | 2.69% | 1.30% | 6,529,313 | 282,094 | 4.32% |
| *2014-15* | *7,083,863* | *4.00%* | *2.50%* | *6,692,545* | *391,318* | *5.85%* |

The decrease in 2009-10 was the result of the defunding of two special enforcement team deputy positions. Otherwise, there have been no other staffing changes. The numbers for 2014-15 are projections. Even with the defunding of two positions, the Sheriff's contract has outpaced inflation. The next table shows the police services contract as a percentage of the City's operating budget.

| | Contract | Operating | % of |
|---|---|---|---|
| Fiscal Year | Amount | Budget | Budget |
| 2005-06 | $ 5,475,795 | $ 15,262,007 | 36% |
| 2006-07 | $ 5,791,924 | $ 16,032,718 | 36% |
| 2007-08 | $ 6,000,788 | $ 17,223,854 | 35% |
| 2008-09 | $ 6,533,677 | $ 17,554,792 | 37% |
| 2009-10 | $ 6,391,470 | $ 16,474,969 | 39% |
| 2010-11 | $ 6,457,708 | $ 17,156,944 | 38% |
| *2011-12* | *$ 6,540,385* | *$ 16,914,681* | 39% |
| *2012-13* | *$ 6,633,168* | *$ 17,357,188* | 38% |
| *2013-14* | $ 6,811,407 | $ 17,327,545 | 39% |
| *2014-15* | *$ 7,083,863* | $ 17,792,484 | 40% |

The Sheriff's contract is expected to grow to 40% of the City's operating budget from a low of 35% in 2007-08. It is the City's objective to keep the Sheriff's contract at or below 40% of its operating budget. Rising pension rates may make this difficult. In addition, comparisons with the other 12 cities that contract with the Sheriff show that Laguna Hills is on the high end of both per capita costs and sworn staff per 1,000 population. Based on 2013-14 final contract costs, Laguna Hills per capita contract cost is $222. The average of all contract cities is $175. The sworn staff per 1,000 population in Laguna Hills is 0.81. The average of all contract cities is 0.65.

## III. Purpose and Objective

The City of Laguna Hills is seeking proposals from interested, highly-qualified consulting firms to design and conduct a comprehensive evaluation of police services provided to the City by the Orange County Sheriff's Department. The purpose of the study is to review the current contract and staffing complement and make recommendations regarding any possible modifications and, or reallocation of resources. The study is to include an analysis of the possible elimination or reallocation of motor positions and the impact on traffic safety.

## IV. Scope

The City anticipates that the study will involve one (1) broad phase of work comprised of the following scope of work:

1. In order to provide a context for understanding staffing levels in Laguna Hills, the City wishes to retain the services of a qualified consultant to compare Laguna Hills with the following contract and in-house police departments:

    - Aliso Viejo
    - Lake Forest
    - Laguna Niguel
    - Mission Viejo
    - Rancho Santa Margarita
    - San Juan Capistrano
    - Brea
    - Cypress
    - Tustin

2. A comprehensive comparison with the above nine cities will include the following areas using appropriate measurements and analytics to ensure apples-to-apples comparisons (to the extent the data is readily available on these points):

    a. land area
    b. road miles
    c. signalized intersections
    d. developed land (residential vs. commercial)
    e. demographic data
    f. housing data (owner vs. rental) (single family vs. multi-family)
    g. overall General Fund revenue and expenditures
    h. expenditures and revenues related to police services activities
    i. police staffing levels, including sworn and non-sworn, motors, special enforcement, patrol, investigations, supervision, etc.
    j. crime rates
    k. calls for service
    l. arrests
    m. clearance rates

    Where appropriate and available, data should include the past five years. Upon completion of this comprehensive comparison and analysis, consultant will be tasked with developing a set of preliminary findings and key observations.

3. Evaluate current City standards for response times, preventive patrol time and traffic collision index, and recommend any changes or additional standards.

4. Interview appropriate Sheriff personnel and City staff to discuss and receive feedback regarding consultant's preliminary findings and key observations from task 2 and consultant's recommendations from task 3.

5. Based on tasks 2, 3 and 4, develop a recommended police services staffing complement, including recommendations for any position sharing arrangements with other contract cities and the use of any non-sworn City personnel.

6. Analyze patrol deployment practices in Laguna Hills and make recommendations regarding optimal deployment schemes under the recommended staffing complement in task 5.

7. Develop a five year projection of contract costs given assumptions to be provided by the Orange County Sherff's Department for the current staffing complement and the recommended staffing complement in task 5.

8. Evaluate the provision of midnight shift coverage and day and evening shift relief for the City of Laguna Woods and its impact on operations in Laguna Hills. Determine if the current methodology provides full cost recovery. To the extent it does not, recommend a new methodology.

9. Perform a cost-benefit analysis of providing traffic enforcement using police motorcycles versus vehicles.

10. Prepare a draft report for discussion with City staff. Present a final report to the City Council, tentatively scheduled for February 11, 2014.

## V. Deliverables

**A. <u>Bi-weekly Reports</u>**: Consultant is to provide weekly project status reports to the Assistant City Manager on the first work day of each week outlining the following information:

- The specific accomplishments achieved during the reporting period.
- Specific tasks completed pursuant to the provisions of the contract and the completion of such tasks.
- The project completion dates for the remaining specific tasks required by the Consultant.
- Any project component, activity, or problem that could result in a delay of the project.
- Any current or future changes in project personnel or their assignments.
- Delays caused by City personnel.

**B. <u>Benchmark Reports</u>**: Benchmarks of project completion are measured by the following deliverables:

- Results of tasks 2 and 3 under the scope of work.
- Draft of preliminary findings and recommendations.
- Final report of findings and recommendations.

## VI. Proposal Submission Requirements and Response Format

The Consultant is responsible for preparing an effective, clear, and concise proposal. In order to be considered for selection, vendors must submit a complete response to this Request For Proposal that includes the following mandatory information and/or requirements in the following format. Failure to provide any of the information requested below may be cause for the proposal to be rejected.

**1.** A Request For Proposal transmittal letter introducing the Consultant and/or Firm and the individual who will be the primary contact person.

**2.** An executive summary.

**3.** Background information including specific qualifications and experience in conducting Compensation studies for similar government / public sector entities. The information below must be included. Failure to provide this information may be cause for the proposal to be rejected:

- **a.** Describe your organizational structure and explain how your organization qualifies to be responsive to the requirements of this Request For Proposal.
- **b.** Describe your qualifications and experience providing similar services as required in this Request For Proposal.
- **c.** Provide proof of financial stability enabling the Firm to be capable of meeting the requirements of this Request For Proposal.
- **d.** Provide one (1) copy of a Compensation study you have completed that is closely related to the work contemplated in this Request For Proposal.
- **e.** Provide a project staffing organizational chart listing proposed personnel assigned to this project. Include assigned duties, and comprehensive resumes for each individual listed. Resumes must list education, training, professional work experience, and a listing of work performed comparable to that described within this Request For Proposal.
- **f.** References: Provide a list of at least three (3) clients for whom you have conducted a comprehensive Compensation study within the last three (3) years comparable to that described within this Request For Proposal. Indicate client organization name, contact person, and phone number.

4. Provide on no more than one (1) printed page, your Firm's understanding of the requirements stated in this Request For Proposal.

5. A discussion of any methodologies used or approaches taken for a Compensation study.

6. Provide a time line for project completion:

   a. Provide a project schedule identifying start and end dates - include milestones, submittal of deliverables, and each task required for the successful and timely completion of the project. *Note: The desired time schedule for the completion of the Compensation study is 2.5 calendar months.*

   b. Indicate the earliest date you would be able to commence work on this project.

   c. Indicate what, if any, guarantees your Firm can make to ensure the project will be completed on time, as proposed.

7. Indicate in your proposal any portion of work that would be performed by a sub-contractor. Provide information on all sub-contractors as required in Section 3 above.

8. A sealed proposed fee schedule of costs to perform all work and obligations described within this Request For Proposal. Include incidental or hourly fees/rates.

9. A certificate of warranty regarding nondiscrimination by the Firm.

10. A certificate, signed under penalty of perjury, regarding disclosure of financial interests of City officials or employees with the Firm.

11. The signature of an authorized individual to bind the Firm. The proposal must be a firm offer good for a 60-day period.

12. Submit one (1) original and three (3) copies of the proposal. Also include one copy in Microsoft Word or PDF format via e-mail.

## VII. Selection Process

Each proposal received will be evaluated and reviewed to determine if it meets the stated requirements in this Request For Proposals. The top finalists will be required to make an oral presentation to the Evaluation Team.

Proposals will be evaluated using the criteria listed below:

- Demonstrated understanding of the service requested
- Prior experience in performing similar projects
- Qualifications of the Firm and assigned project staff
- Overall project design and methodology
- Timeline for project completion / proposed schedule
- Fees / Cost
- Reference Checks

Questions concerning this Request for Proposals should be made via email, or phone, and directed to:

Donald J. White
Assistant City Manager
City of Laguna Hills
24035 El Toro Road
Laguna Hills, CA 92653
949-707-2620
dwhite@ci.laguna-hills.ca.us

Proposals must be received by the City of Laguna Hills by **5:00 p.m., September 27, 2013**. The proposing firm must submit one (1) original, three (3) printed copies, and one (1) copy in Microsoft Word or PDF format via email.

## VIII. General Information

The City of Laguna Hills reserves the right to reject any or all proposals and will not be liable for any costs incurred by responding firms relating to the preparation of proposals or making of presentations.

- Costs for developing responses to this Request For Proposals or for attending bidder's meetings prior to the award of the contract are entirely the responsibility of the Consultant and shall not be chargeable to the City.

- Proposals must be valid for a minimum of 60 days.

- The City reserves the right to expand or diminish the scope of the work subject to negotiation with the successful bidder.

- The City is not required to select the proposal that may indicate the lowest price or costs. The City may reject all proposals when, in its sole discretion and opinion, none of them meet the requirements or specifications of this Request For Proposals, the benefits derived will be less than anticipated or desired, or the rejection is in the best interest of the City. If all proposals are rejected, the City may or may not request additional proposals.

- The successful firm shall defend, indemnify, save and hold harmless the City of Laguna Hills, its officers, agents, and employees, from any demands, claims, suits, damages, or actions that may be brought by third persons on account of bodily injury or death; personal injury; damage to property or personal interest; or violation of any law, regulation or ordinance; where the third person's loss, demand, claim, suit, damages, or action arises in whole or part out of any negligent or other act or omission of the contracting agency or its officers, employees, and agents, while performing the services agreed to save and except those actions arising out of the sole negligence of the City.

- A copy of the City's Professional Service Agreement has been included as an attachment to this Request For Proposals. The successful firm shall be required to adhere to the provisions of the Agreement, including providing the required proof of insurance coverages described herein.

- The successful firm shall not transfer the responsibility for any part of their contractual obligation without prior written approval of the City Manager of the City of Laguna Hills.

- The City reserves the right to terminate the agreement upon giving the successful firm 15 days written notice of termination.

- In the event it becomes necessary to revise any part of this Request For Proposals, addenda will be provided in writing to all Consultants receiving the Request For Proposals from the City.

Thank you very much for taking your valuable time to respond to this Request For Proposals.

## IX. Attachments

1. 2013-14 Police Services Contract
2. 2013-14 Contract Cost Detail (Final Estimate)
3. Police Services Annual Reports for 2012, 2011 and 2010
4. 2013-14 Orange County Sheriff's Contract Cities staffing and costs
5. City of Laguna Hills Organizational Chart
6. City of Laguna Hills Professional Services Agreement

# City of Laguna Hills
## City Council Meeting Agenda
## Staff Report

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**DATE:** AUGUST 27, 2013

**TO:** MAYOR AND COUNCIL MEMBERS

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

**ISSUE:** EVALUATION OF THE HOLIDAY BANNER PROGRAM

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**RECOMMENDATION: THAT THE CITY COUNCIL REFER THE EVALUATION OF THE HOLIDAY BANNER PROGRAM TO THE PARKS AND RECREATION COMMMISSION WITH DIRECTION TO RETURN THEIR RECOMMENDATIONS TO THE CITY COUNCIL WITHIN SIX MONTHS.**

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**SUMMARY:**

A Major Plan to be completed during the 2013-2015 Biennial Budget period is the evaluation of the Holiday Banner Program. This Program, which previously funded the installation of winter holiday banners and spring patriotic banners along all arterial highways, was placed on hiatus during the recent recessionary economic period. The City Council has directed staff to evaluate this Program for potential renewal into a future budget cycle. Staff has prepared a preliminary review of the Banner Program and has identified several issues that need to be addressed before a final recommendation can be presented to the City Council. Individual Council member comments during the Budget Study Session also reflected an affinity for patriotic banners and/or military unit specific banners. To fully evaluate this Program, staff recommends this matter be referred to the Parks and Recreation Commission to include input from the "3/5 Marine Support Committee" and other interested parties.

**BACKGROUND:**

The City's Holiday Banner Program began not too long after the City's incorporation through City Council action on October 27, 1992. A budget of up to $20,000 was authorized for the purchase of winter holiday banners at that time. On November 24, 1992, the City Council approved the installation of 125 winter holiday banners along Alicia Parkway, Cabot Road, El Toro Road, La Paz Road, portions of Paseo de Valencia and portions of Moulton Parkway to enhance City identity and civic pride. Over the next dozen years, the program was expanded to include the posting of 300 winter holiday banners on all arterial highways and the installation of patriotic banners in the May to July timeframe with an enhanced annual budget of $31,000. In 2005, the program was scaled back to the posting of 150 banners on fewer arterial highways (Alicia Parkway, El Toro Road, Paseo de Valencia and La Paz Road) and subsequently placed on hiatus due to the recessionary economic period. No banner installations were budgeted or installed in the previous two biennial budget periods (2009-2013).

The adoption of the 2013-2015 Fiscal Years Operating Budget included the approval of the City Council designated Major Plan to "Evaluate the return of Holiday Banners during the winter "Seasons Greeting" holiday period and the spring "Patriotic" holiday period." However, in adopting this Major Plan, several City Council members expressed a specific interest in focusing upon a "Patriotic" banner program and to not pursue a winter holiday banner program. Staff has completed the initial evaluation of a Holiday Banner Program with specific attention to patriotic banners and has identified multiple options that need to be resolved before a budget and scope of work can be recommended.

The format and scope of Patriot Banners can include any of the following: (1) The use of generic patriotic banners, such as those currently owned by the City as shown on Attachment One, (2) the creation and use of Military Branch banners highlighting all Service Branches, (3) the creation and use of one Service Branch or one Unit banners, such as to highlight the City's support of the United States Marine Corps Third Battalion Fifth Marine Regiment, (4) the creation and use of banners celebrating Active Duty military personnel, such as the program in place in the City of Yorba Linda as shown on Attachment Two, (5) the creation and use of banners celebrating the sacrifices made by military veterans of certain battles, such as for the 25 Marines that lost their lives during Operation Enduring Freedom (October 2010 to April 2011) in Afghanistan, (6) the creation and use of "hometown military veteran" banners of all Service Branches to recognize military veterans, living or deceased, that call Laguna Hills home, or (7) the sponsoring and display of "Americans Heroes Tribute" banners, which, for a fee, includes the creation of banners (with the surviving families' consent) as shown on Attachment Three. Additional information on the Americans Heroes Tribute organization can be found at Http://www.americanheroestribute.com. Any combination of the seven above options could also be considered.

In addition to the selection of the type of Patriotic Banners, the timing for the installation and removal of the banners needs to be selected. The reasonable options include: (1) installing the banners in celebration of Veterans Day by showing the banners during the month of November; (2) installing the banners to span the timeframe of Memorial Day to the 4$^{th}$ of July (the typically designated "patriotic season"); or (3) both above-mentioned timeframes.

In addition to the selection of the timeframe for showing the Patriotic Banners, a decision needs to be made as to where the banners will be installed. Historically, the City has used streetlight poles along Arterial Highways to install the banners. The selection of what streets to be designated for the installation of the banners will be needed in order to determine the number of banners to be created. Alternatively, hanging the banners only in the Community Center parking lots and walkways would focus the program to this community gathering location.

Due to the range of options for a Patriotic Banner Program and the potential to still include a Holiday Banner Program, staff recommends that this matter be referred to the Parks and Recreation Commission for a recommendation. The review by the Parks and Recreation Commission can include input from the 3/5 Marine Support Committee and other interested parties. This process will then allow staff to fully identify the scope of work and budget for the Program.

**FISCAL IMPACT:**

The Holiday Banner Program is not currently funded. The last funding of this Program occurred in FY 2008-09. The evaluation of the Holiday Banner Program will seek to identify a recommended funding level for future Budget consideration.

**ATTACHMENTS:**

- Attachment One – City of Laguna Hills Patriotic Banner
- Attachment Two – City of Yorba Linda Active Duty Banner Program
- Attachment Three – American Heroes Tribute Banner sample
- Attachment Four – City of Laguna Hills Holiday Banner

# ATTACHMENT ONE

CONSORT
KALAMAZOO BANNER WORKS™ DISPLAY ONE® ABSTRACTA®

2129 PORTAGE STREET
KALAMAZOO, MI 49001
800.525.6424
616.388.4532
888.880.6341 (Fax)
CONSORT@NET-LINK.NET

SIERRA DISPLAY, INC.
4689 WEST JENNIFER AVE. FRESNO, CA 93722
559.275.8695 559.276.2238 (FAX)

MOCK UP #2419.02MUjh PAGE: 1 of 1
DATE: 3.6.2002 REVISION #
JOB NAME: Laguna Hills

BANNER INFO
Fabric: Sunbrella Royal Navy
Size: 30" x 94"

Hems: 4"

PANTONE INKS:
White
PMS 200c

IMPORTANT, PLEASE NOTE: The colors shown on this mock-up are reasonable representations of customer approved colors. If PMS color matches are required, Consort will, with the best technical methods possible, match PMS colors which may not necessarily be the exact colors represented on this paper mock up.

ARTWORK INFO:
Custom

TYPEFONTS: None

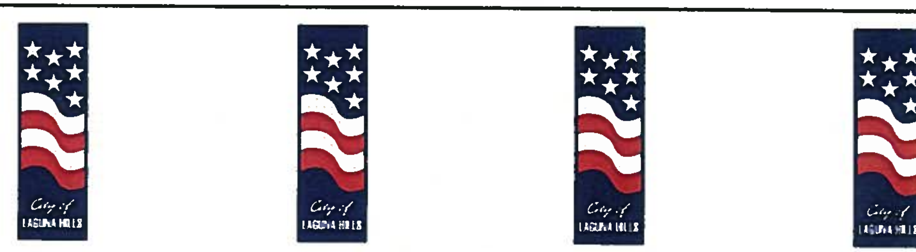
ARTWORK READY TO PRINT: YES

CUSTOMER: PLEASE SIGN & RETURN

Authorized by




THUMBNAILS



# ATTACHMENT TWO

# City of Yorba Linda Military Banner Program

2013-2014 Program

*Honoring Yorba Linda active duty military personnel.*

**The City of Yorba Linda Military Banner Program was designed to honor and recognize Yorba Linda active duty military personnel. The banner signifies the City's gratitude for their service and commitment to our nation and our community.**

## ELIGIBILITY

The designated honoree must be currently serving as active duty in a full-time capacity in the United States Armed Forces (Air Force, Army, Coast Guard, Marines, National Guard, or Navy) and currently residing in Yorba Linda or have an immediate family member (parent, spouse, son, daughter, or grandparent) residing in Yorba Linda.

## PRESENTATION

Banners will be displayed on light poles along sections of Yorba Linda Boulevard beginning at Valley View Avenue and continuing East. Each banner will list the name of the honoree and the branch of the military. Banners will be displayed for a one-year period. At the end of the one-year period, the banners will be returned to the applicant. To extend the displayed period beyond the one year time frame and have the honoree's banners installed the following year, applicants must resubmit application and fee to purchase a new banner.

## APPLICATION PROCESS (Deadline Extended)

Applicants should complete and submit the application included in this brochure. Applications will be accepted on a first-come, first served basis until all spaces are filled. The deadline to submit an application is June 1, 2013. The cost for purchasing a banner is **$75**. Registration Deadline Extended: banners ordered between April 23 and June 1, 2013 will be displayed in mid June, 2013 through mid May, 2014.

City of Yorba Linda
Parks & Recreation Department
4845 Casa Loma Avenue Yorba Linda, CA 92886
(714) 961-7160

30 "

84 "


**Specs:**
Digitally printed double-sided banners
Top and bottom pole pockets

8/27/2013

OUTDOOR SIGN SYSTEMS, INC.

| | | | | |
|---|---|---|---|---|
| JOB NUMBER: | PROJECT: **City of Yorba Linda** | SIGN TYPE: **Street Pole Banners** | DATE: **6-7-2013** | SCALE: **NTS** |
| SALESPERSON: **Dustin Hoke** | ART APPROVAL SIGNATURE: | | ART APPROVAL DATE: | |

22603 La Palma Ave. Suite #309 | Yorba Linda, CA 92887 | Office: 714-685-1442 | Fax: (714) 685-1432 | WWW.OUTDOORSIGNSYSTEMS.COM

8/27/2013 ITEM NO. 7.3.1

30 "

84 "


**Specs:**
Digitally printed double-sided banners
Top and bottom pole pockets

OSS
OUTDOOR SIGN SYSTEMS, INC.

JOB NUMBER: PROJECT: **City of Yorba Linda** SIGN TYPE: **Street Pole Banners** DATE: **6-7-2013** SCALE: **NTS**

SALESPERSON: **Dustin Hoke** ART APPROVAL SIGNATURE: ART APPROVAL DATE:

22603 La Palma Ave. Suite #309 | Yorba Linda, CA 92887 | Office: 714-685-1442 | Fax: (714) 685-1432 | WWW.OUTDOORSIGNSYSTEMS.COM


**Specs:**

Digitally printed double-sided banners

Top and bottom pole pockets

8/27/2013

OUTDOOR SIGN SYSTEMS, INC.

JOB NUMBER: PROJECT: **City of Yorba Linda** SIGN TYPE: **Street Pole Banners** DATE: **6-7-2013** SCALE: **NTS**

SALESPERSON: **Dustin Hoke** ART APPROVAL SIGNATURE: ART APPROVAL DATE:


22603 La Palma Ave. Suite #309 | Yorba Linda, CA 92887 | Office: 714-685-1442 | Fax: (714) 685-1432 | WWW.OUTDOORSIGNSYSTEMS.COM

# ATTACHMENT THREE

American Heroes Tribute.org

# American Hero

Sgt

Jason D. Peto

U.S. Marine Corps

Age: 31

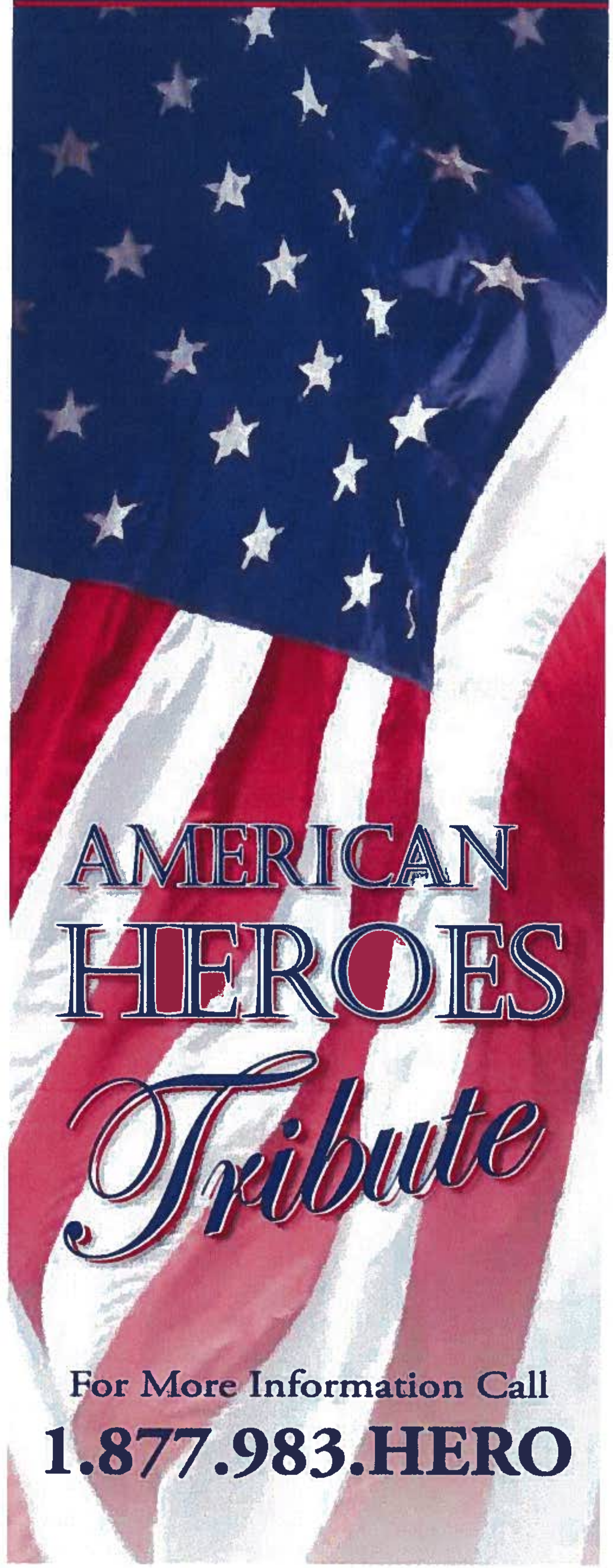
Hometown:
Vancouver, Washington

Gave his life on:
December 07, 2010

Jason gave his tomorrow
for our today.
His honor doesn't end with his death.
Honor becomes Jason's eternal legacy.
An inheritance left to this
earth and mankind of the
blessings of freedom and peace.

Jason D. Peto

A gift of: American Legion Post 862
Saddleback Valley, California



ATTACHMENT FOUR


8/27/2013 ITEM NO. 7.3.1

# City of Laguna Hills
## City Council Meeting Agenda
## Staff Report

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**DATE:** AUGUST 27, 2013

**TO:** MAYOR AND COUNCIL MEMBERS

**FROM:** DAVID REYNOLDS
DEPUTY CITY MANAGER/COMMUNITY SERVICES

**ISSUE:** 2013 MEMORIAL DAY RACE POST EVENT REPORT AND A RESOLUTION AUTHORIZING COMMUNITY ASSISTANCE FUNDING FOR THE 3/5 MARINE SUPPORT COMMITTEE

---

**RECOMMENDATION: THAT THE CITY COUNCIL: (1) RECEIVE AND FILE THE REPORT; AND (2) ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AUTHORIZING COMMUNITY ASSISTANCE FUNDING FOR THE 3RD BATTALION, 5TH MARINES, 1ST DIVISION SUPPORT COMMITTEE, A CALIFORNIA NONPROFIT CORPORATION."**

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**SUMMARY:**

The 15th annual City of Laguna Hills Memorial Day Half Marathon, 10K and 5K, honoring the USMC Dark Horse Battalion took place on Monday, May 27, 2013. Three thousand, four hundred runners (3,400) participated in the event. A number of the 3/5 Battalion Marines ran in the half marathon again this year, which along with the 5K and 10K, was led from the start line by a USMC Humvee and Grand Marshall Cpl. Josue Barron. A highlight of the community expo for 2013 was the presence of the Marines from the 3/5 Battalion along with a number of static displays. Total 2013 event expenditures, including staff time, were $172,866 and event revenues totaled $177,229. At its November 22, 2011, meeting, the City Council selected a pledge formula of $3 per paid 5K, 10K, and half marathon participant for the continued funding assistance to the 3rd Battalion, 5th Marines, 1st Division Support Committee (3/5 Marine Support Committee). Based on this pledge formula, $9,456 may be provided to the 3/5 Marine Support Committee by the adoption of the attached community assistance funding resolution.

**BACKGROUND:**

<u>2013 Post Race Event Report:</u>
The 15th annual City of Laguna Hills Memorial Day Half Marathon, 10K and 5K honoring the USMC Dark Horse Battalion took place on Monday, May 27, 2013. Three thousand,

four hundred (3,400) participants registered for the 2013 event, with sixty-seven percent (67%) utilizing the internet to pre-register. Approximately three hundred and sixty-five (365) registrations were accepted in person during the pre-registration and packet pick-up that took place at Road Runner Sports on Saturday, May 25 and Sunday, May 26 between the hours of 10:00 a.m. and 4:00 p.m. Another two hundred and sixty-eight (268) runners registered in person on the morning of the event.

The City of Laguna Hills and South County Outreach again partnered in a food drive over the Memorial Day Weekend. Race participants and spectators were encouraged to bring canned goods and non-perishable food items to benefit South County Outreach. Collection stations were available at the race start line, in the community expo, and at Road Runner Sports during registration and pre-race packet pick-up. One hundred-forty pounds of food were collected. In addition, the proceeds from the sales of beer garden tickets, a total of $2,530, were donated to South County Outreach.

Attached to the staff report is a one page event summary page provided to staff by the race timing company, Time Management. The summary page shows event totals per race, registration by city and state, along with registration taken on line, by mail, or in person.

A highlight of the community expo for 2013 was the presence of the Marines from the 3/5 Battalion. At the request of the 3/5 Marine Support Committee, a number of static displays were brought to the event. The public was able to sit in the vehicles and interact with the Marines. In addition, for the first time since the City assumed responsibility for the event, a Grand Marshall was selected to start the race and participate in a ceremony at the finish line. Grand Marshall Cpl. Josue Barron, a wounded warrior that had served with the 3/5 Marine Battalion in Afghanistan, started the races from the back of a USMC Humvee. The Color Guard from the 3/5 Battalion was also on hand to present the nation's colors prior to the start of the races.

At an upcoming meeting, staff will be proposing to the City Council another two year contract with Renegade Racing for event management services for the 2014 and 2015 events be executed.

Resolution for Community Assistance:

As the City Council will recall, at its November 22, 2011, meeting, the City Council selected the option of a pledge formula based on the Memorial Day Race registration revenues for the purpose of providing future financial assistance to the 3/5 Marine Support Committee.

The pledge formula approved by the City Council was $3.00 per paid 5K, 10K, and half marathon race participant. Applying this pledge formula to the total of 3,152 paid race participants, the available community assistance funding for the 3/5 Marine Support Committee is $9,456. Direction from the City Council at the November 22, 2011 meeting was to also require the 3/5 Marine Support Committee to provide a report to the City Council on the anticipated use of the funds. Attached to this staff report is a letter from the

3/5 Marine Support Committee stating its intentions on the use of the $9,456 in community assistance.

A draft resolution is also attached to this staff report for the City Council's consideration and approval to authorize community assistance funding in the amount of $9,456 for the 3/5 Marine Support Committee.

**FISCAL IMPACT:**

The 2013 Memorial Day Race event budget for direct expenditures is $145,000 with a budget forecast for event sponsorships and registration revenue totaling $150,500. Provided in Table 1 are the actual direct expenses of the event at $149,649 with the actual revenue at $177,229. Direct expenses were under event revenue by $27,580. Including staff costs, the total expenses for the event were $172,866.

**Table 1: 2013 Event Expense and Revenue Summary**

| | **$ Amount** |
|---|---|
| **A) Event Revenue:** | |
| Race Registrations | 146,329 |
| Sponsors | 27,000 |
| Expo Vendors | 3,900 |
| **Total Revenue** | **177,229** |
| **B) Event Direct Expenses:** | |
| Permits | 1,239 |
| Advertising | 2,760 |
| Graphics | 1,612 |
| Miscellaneous (*Truck rentals, Scaffolding)* | 22,313 |
| Race Shirts/Awards/Bibs | 25,399 |
| Services | 78,329 |
| Expo | 6,354 |
| Police Services | 11,643 |
| **Total Event Direct Expenses** | **149,649** |
| **C) Direct Expenses (over)/under Revenue** | **27,580** |
| **D) Event Staff Expenses:** | |
| Planning (pre-event) | 15,230 |
| Pre-packet Pickup | 1,245 |
| Event Day | 6,742 |
| **Total Staff Expenses** | **23,217** |
| **E) Total Event Expenses** | **172,866** |
| **F) Total Event Expenses (over)/under Revenue** | **4,363** |

Upon approval of the attached resolution, $9,456 will be provided to the 3/5 Marine Support Committee from the City's General Fund for Community Assistance funding. As a result, the 2013 Total Event Expenses would be revised to $182,322.

**ATTACHMENTS:**

- Resolution
- Race Totals Summary
- 3/5 Marine Support Committee Letter

RESOLUTION NO. 2013-08-27-X

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, AUTHORIZING COMMUNITY ASSISTANCE FUNDING FOR THE $3^{RD}$ BATTALION, $5^{TH}$ MARINES, $1^{ST}$ DIVISION SUPPORT COMMITTEE, A CALIFORNIA NONPROFIT CORPORATION

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

WHEREAS, at the discretion of the City Council, the City may provide community assistance funding to certain community groups and nonprofit organizations that provide community service, support, and/or programming efforts intended to enhance the quality of life of the City's residents, provided the City Council finds and determines that the expenditure of such community assistance funding fulfills a public purpose and provides a direct public benefit within the City of Laguna Hills; and,

WHEREAS, at the November 22, 2011, City Council meeting, the City Council directed staff to prepare an authorizing resolution for community assistance funding for the $3^{rd}$ Battalion, $5^{th}$ Marines, $1^{st}$ Division Support Committee, a California nonprofit corporation, based on a $3.00 per paid 5K, 10K, and half marathon event participant after the conclusion of each Laguna Hills Memorial Half Marathon 10K & 5K Honoring the United States Marine Corps Dark Horse Battalion event; and,

WHEREAS, applying the foregoing community assistance funding formula to the total of 3,152 runners that participated in the 2013 Laguna Hills Memorial Half Marathon 10K & 5K Honoring the United States Marine Corps Dark Horse Battalion event brings the proposed community assistance funding total to $9,456; and,

WHEREAS, through the adoption of this Resolution, a majority of the City Council desires to make public purpose findings in order to authorize the expenditure of community assistance funding to the $3^{rd}$ Battalion, $5^{th}$ Marines, $1^{st}$ Division Support Committee in consideration of the work and services the Support Committee provided to enhance the quality of the 2013 Laguna Hills Memorial Half Marathon 10K & 5K Honoring the United States Marine Corps Dark Horse Battalion event.

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

SECTION 1. The foregoing recitals are true and correct and are incorporated herein by reference.

SECTION 2. The City Council hereby authorizes and directs that the City provide community assistance funding in the amount of $9,456 to the $3^{rd}$ Battalion, $5^{th}$ Marines, $1^{st}$ Division Support Committee, a California nonprofit corporation.

SECTION 3. The City Council hereby finds and determines that the expenditure of community assistance funding in the Fiscal Year 2013/14 Operating Budget to the 3rd Battalion, 5th Marines, 1st Division Support Committee as authorized herein fulfills a public purpose and provides a direct public benefit to the residents of the City of Laguna and surrounding community.

PASSED, APPROVED, AND ADOPTED this 27th day of August 2013.

BARBARA D. KOGERMAN, MAYOR

ATTEST:

PEGGY J. JOHNS, CITY CLERK

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

I, Peggy J. Johns, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. 2013-08-27- adopted by the City Council of the City of Laguna Hills, California, at a Regular Meeting thereof held on the 27th day of August 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

PEGGY J. JOHNS, CITY CLERK

# Totals Summary

| 33 Total Regions | |
|---|---|
| Arizona | 14 |
| Arkansas | 11 |
| California | 3210 |
| Colorado | 5 |
| Connecticut | 4 |
| Deleware | 1 |
| District of Columbia | 1 |
| Florida | 5 |
| Georgia | 3 |
| Hawaii | 1 |
| Idaho | 1 |
| Illinois | 1 |
| Indiana | 1 |
| Kansas | 2 |
| Maine | 2 |
| Maryland | 1 |
| Massachusetts | 3 |
| Michigan | 1 |
| Nebraska | 2 |
| Nevada | 69 |
| New Mexico | 2 |
| New York | 3 |
| North Carolina | 1 |
| Ohio | 6 |
| Pennsylvania | 3 |
| Rhode Island | 1 |
| South Carolina | 1 |
| Tennessee | 1 |
| Texas | 12 |
| Utah | 3 |
| Virginia | 4 |
| Washington | 5 |
| Wisconsin | 2 |

| Top Cities | |
|---|---|
| Laguna Hills | 320 |
| Aliso Viejo | 239 |
| Mission Viejo | 207 |
| Irvine | 189 |
| Laguna Niguel | 166 |
| Lake Forest | 122 |
| San Clemente | 91 |
| Rancho Santa Margari | 87 |
| Huntington Beach | 72 |
| Oceanside | 65 |

| Spec Div Type | | |
|---|---|---|
| LAGUNA WOODS | 14 | 0.41% |

| Totals by sex | | |
|---|---|---|
| Females | 1835 | 53.97% |
| Males | 1565 | 46.03% |
| Total | 3400 | 100.00% |

| 0 Countries |
|---|
| 3400 |

| Entry Type | | |
|---|---|---|
| Mail early | 369 | 10.85% |
| Sat. EXPO | 129 | 3.79% |
| Sun. EXPO | 236 | 6.94% |
| Race day | 268 | 7.88% |
| Late Mail | 109 | 3.21% |
| Web | 2289 | 67.32% |

| Race Type | Entry | | Finish |
|---|---|---|---|
| 5K Run/Walk | 1093 | 32.15% | 1078 |
| 10K Run | 721 | 21.21% | 541 |
| Half Marathon | 1338 | 39.35% | 1199 |
| Kids 1/2 Mile | 21 | 0.62% | 13 |
| Kids 1/2 Mile | 25 | 0.74% | 25 |
| Kids 1/2 Mile | 57 | 1.68% | 57 |
| Kids 1/2 Mile | 106 | 3.12% | 103 |
| Diaper Dash | 39 | 1.15% | 0 |

| Shirts | | |
|---|---|---|
| Kids Sm. | 57 | 1.68% |
| Kids Med | 77 | 2.26% |
| Small... | 945 | 27.79% |
| Medium.. | 1029 | 30.26% |
| Large... | 769 | 22.62% |
| XLarge.. | 395 | 11.62% |
| XXLarge. | 35 | 1.03% |
| None.... | 92 | 2.71% |

| Team Division | Teams | % | Members | % | Max Size | Ave # |
|---|---|---|---|---|---|---|
| Open | 4 | 100.00 | 159 | 100.00 | 90 | 40 |
| Totals | 4 | | 159 | | | |

Results By Time Management

From: 3rd Battalion, 5th Marines, 1st Division Support Committee July 5, 2013

dba Laguna Hills Team Dark Horse

To: Laguna Hills City Council Members and Staff

***Subject: Anticipated Use of Funds donated by the City of Laguna Hills from the Memorial Day Races on May 27, 2013***

Team Dark Horse will, in the near future and at the new Commanding Officer's convenience, arrange for a detailed meeting with both the new Commanding Officer and the new Family Readiness Officer to determine the ongoing support needed for our adopted 3/5 Marines/Sailors and family members. Support from Team Dark Horse for the 3/5 has become well known within the 5th Regiment and the 1st Marine Division. Our City of Laguna Hills has been recognized by the USMC 1st Division - Camp Pendleton for its outstanding support. In truth, and at the risk of sounding immodest, our Committee and its President were recognized as the best city support committee for an individual Battalion in the Division. Our committee will stand ready for whatever support we can give to our 3/5. The United States Marines are the most feared and ferocious group of warriors to walk the face of the earth and even though we are not feared, we are a formidable support group always ready for the 3/5! In fact, Chaplain Pickering has had numerous discussions with our committee in the last month regarding ways and the manner in which the 3/5 wants and can "give back" to the City of Laguna Hills. We are working out the details on this and will present to the council in August.

Below is the list of a few of the event/items for which we anticipate using funds:

- Gift cards and gifts for numerous baby showers during the year.
- Holiday Party expenses—gift cards, toys, decorations, donation boxes.
- Landscaping and maintenance for our 3/5 Memorial Deck.
- Yearly insurance protection for the committee- 2013 expense is $1,400.00.
- Donations for the 3/5 Wounded Warriors to attend the annual USMC Birthday Ball.
- Continue purchases of Team Dark Horse hats, shirts, stickers, flags, etc.
- New purchase of 3/5 Banner to hang within the Laguna Hills Community Center when the 3/5 is deployed.
- On going support for all 3/5 Homecomings and Departures.
- Sending supplies on the next 3/5 deployment with the 31st MEU—personal care products, books, snacks, phone cards, journals, pen/pencils, loose-leaf paper, gym equipment.

- Continue support for 3/5 family events e.g. craft days

- On going operational expenses-CPA fees, postage, web site costs, stationary & office supplies

- Support requests which present from time to time such as this year's need of a young Marine for family support. When we learned that this young Marine came home from deployment early because his new born suffered with a heart condition, we were able to donate a $500 gift card and baby monitor.

- Continue supporting Memorial Day and making each Memorial Day more memorable than the previous one. We reached out to the community for support to have 3/5 members and family run in our yearly race. After deducting donations, the committee spent $4,822.05 on our support for 2013 Memorial Day.

- Continue the support to have a 3/5 Marine Static Display at each year's July 4th and Memorial Day.

I am not a boasting man, but I must say that this committee has come a very long way since Team Dark Horse was created and we will stand ready for the 3/5 and will continue to do that which we do best. In the words of the former CO's wife of the 3/5;

*"...This Battalion has the most giving community support programs on Camp Pendleton! In my 17 years with the Corps, I have never seen anything like it! You all continually surprise us! Your kind spirit and continued support of the Battalion has/will impact hundreds of Marine Corps families forever! Chris and I feel truly blessed to have Team Darkhorse in the family!"* Jennifer Griffin

Respectfully submitted,

Mike Bland

Mike Bland

President, 3rd Battalion, 5th Marines, 1st Division Support Committee

dba Laguna Hills Team Dark Horse

27251 Lost Colt Drive

Laguna Hills, CA 92653

**Mission Statement**

**To Provide Encouragement, Relief and Comfort to the Marines/Sailors & their families**

**GET SOME**

**Refers to giving the maximum effort to achieve the highest standards of achievement in peace and war.**