CITY OF LAGUNA HILLS
CITY COUNCIL

SPECIAL MEETING AGENDA
Tuesday, July 7, 2020 – 5:00 PM

Janine Heft, Mayor

Erica Pezold, Mayor Pro Tempore | **Dore J. Gilbert, M.D., Council Member**
Don Sedgwick, Council Member | **Dave Wheeler, Council Member**

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

NOTICE REGARDING CORONAVIRUS (COVID-19): This meeting is being conducted utilizing teleconferencing and electronic means consistent with State of California Executive Order N-29-20 dated March 17, 2020, regarding the COVID-19 pandemic. The live stream of the meeting may be viewed online at http://lagunahillsca.iqm2.com/Citizens/Default.aspx. If you wish to attend the Council meeting in person, the City Council Chambers is located at 24035 El Toro Road, Laguna Hills, CA 92653. The public shall have the right to observe and offer public comment at this location on items listed on this agenda only. If you plan on attending, please follow the California Department of Health Guidelines by washing your hands often, refrain from handshakes and maintain social distance of six feet between individuals.

Submission of Public Comments: While you may attend this meeting in person, given the health risks associated with COVID-19, the City encourages those wishing to make public comments at the July 7, 2020, Council meeting, to please submit your comments by email to be read aloud at the meeting by the City Clerk. Email comments must be submitted to the City Clerk at publiccomments@lagunahillsCA.gov. All email comments shall be subject to the same rules as would otherwise govern speaker comments at the Council meeting. Electronic comments on agenda items for the July 7, 2020, Council meeting may only be submitted via email and comments via text and social media (Facebook, Twitter, etc.) will not be accepted.

Reading of Public Comments: The City Clerk shall read all email comments, provided that the reading shall not exceed three (3) minutes, or such other times as the Council may provide, consistent with the time limit for speakers at a Council meeting. The email comments submitted shall become part of the record of the Council meeting.

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

ROLL CALL OF CITY COUNCIL MEMBERS

PUBLIC COMMENTS

Members of the public may address the City Council only on items listed on the Special Meeting Agenda. 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.

1. <u>City Council Review and Confirmation of the Necessity for Continuing the Local Emergency Related to the On-Going Threat of the Novel COVID-19 Virus, and Confirmation of the Director of Emergency Services/City Manager's Executive Orders Related Thereto</u>

Recommendation: That the City Council: 1) Review the necessity for continuing the local emergency declared in response to the Novel COVID-19 virus; and 2) Confirm the Director of Emergency Services/City Manager's executive order related thereto.

2. <u>Fiscal Impacts from COVID-19 on Fiscal Year 2020/2021</u>

Recommendation: That the City Council receive and file the financial update for Fiscal Year 2020/2021 and review and comment on the recommended budget savings.

3. <u>2020 City-Wide Holiday Decorations</u>

Recommendation: That the City Council cancel the 2020 Holiday Lighting Display as outlined in Option 1 of this staff report.

ADJOURNMENT

The next Regular Meeting of the City Council/Planning Agency will be July 14, 2020, in the City Council Chamber, located at 24035 El Toro Road, Laguna Hills, California.

CERTIFICATION

I, Melissa Au-Yeung, City Clerk of the City of Laguna Hills, do hereby certify that a copy of the foregoing Agenda was posted at Laguna Hills City Hall, Laguna Hills Community Center, and the Courtyard at La Paz Center by July 6, 2020, at 5:00 pm.

______________________	**July 3, 2020**
City Clerk	***Date***

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

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

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: **July 7, 2020**

TO: **Mayor and Council Members**

FROM: **Donald J. White**
City Manager

ISSUE: **City Council Review and Confirmation of the Necessity for Continuing the Local Emergency Related to the On-Going Threat of the Novel COVID-19 Virus, and Confirmation of the Director of Emergency Services/City Manager's Executive Orders Related Thereto**

RECOMMENDATION: That the City Council: 1) Review the necessity for continuing the local emergency declared in response to the Novel COVID-19 virus; and 2) Confirm the Director of Emergency Services/City Manager's executive order related thereto.

SUMMARY:

On March 18, 2020, the City Manager, acting in his capacity as Director of Emergency Services, proclaimed the existence of a local emergency relating to COVID-19 (the "coronavirus"), at which time the City Council was not in session. On March 24, 2020, during a special meeting the City Council ratified and confirmed the City Manager’s proclamation declaring the existence of a local emergency. Since that time, the rate of infection and threat to public health and safety have not abated, as the number of cases continue to grow. As of June 19, 2020, there were more than 8.24 million worldwide cases of COVID-19, and 446,000 deaths. Locally, there were 7,614 confirmed cases and 185 deaths in Orange County. Since then, the worldwide cases have increased to more than 10.7 million and the worldwide deaths have increased to more than 516,000. County-wide, the number of confirmed cases has increase from 7,614 to 13,843 and deaths have increased from 185 to 340. Pursuant to Laguna Hills Municipal Code (“LHMC”) Section 2-32.060, the City Council must review the necessity for continuing the local emergency no less frequently than every fourteen (14) days until the

emergency is terminated. LHMC Section 2-32.150 further requires any rules and regulations, such as Executive Orders, issued by the Director of Emergency Services/City Manager that are reasonably related to the local emergency, such as for the protection of life and property as affected by the emergency, to be confirmed as soon as practicable by the City Council.

BACKGROUND:

On January 30, 2020, the World Health Organization ("WHO") declared the outbreak of COVID-19 a "public health emergency of international concern" and by March 11, 2020, the WHO elevated the public health emergency to the status of a pandemic. On January 31, 2020, United States Health and Human Services Secretary Alex M. Azar II declared a public health emergency for the United States to aid the nation's healthcare community in responding to COVID-19. On February 26, 2020, the County of Orange and County Health Officer Dr. Nichole Quick declared a local emergency and a local health emergency to prepare for COVID-19, and on March 4, 2020, the Governor declared a State of Emergency in California allowing state agencies to take any action necessary to address COVID-19.

On March 11, 2020, the Governor and the California Department of Health issued a statement entitled "California Public Health Experts: Mass Gatherings Should be Postponed or Canceled Statewide to Slow the Spread of COVID-19" determining that gatherings should be postponed or canceled across the state until at least the end of March. Non-essential gatherings must be limited to no more than 250 people, while smaller events can proceed only if the organizers can implement social distancing of six (6) feet per person. Gatherings of individuals who are at higher risk for severe illness from COVID-19 should be limited to no more than ten (10) people, while also following social distancing guidelines. Furthermore, essential gatherings should only be conducted if the essential activity could not be postponed or achieved without gathering, meaning that some other means of communication could not be used to conduct the essential function.

Within a short period of time thereafter COVID-19 began to spread rapidly throughout California necessitating more stringent public health emergency orders. On March 12, 2020, the Governor issued Executive Order N-25-20, ordering that all residents are to heed the orders and guidance of state and local public health officials. Subsequently, on March 13, 2020, President Donald J. Trump declared a National Emergency to provide disaster funding, speed up the United States response to the crisis created by COVID-19, and to offer maximum flexibility to attack the problem. By March 16, 2020, President Trump advised the public to avoid groups of more than ten (10) people to fight the COVID-19 outbreak. On March 17, 2020, the Orange County Health Officer issued a Public Health Order prohibiting all public and private gatherings of any number of people, including at places of work, occurring outside a single household or living unit, until March 31, 2020, except for the purposes of engaging in an Essential Activity, as defined. This Public Health Order was superseded by the State's Executive Order and continues in effect until further notice.

In light of these events, on March 18, 2020, the City Manager, acting as the Director of Emergency Services pursuant to LHMC Section 2-32.060(B), proclaimed the existence of a local emergency within the City of Laguna Hills by enacting Proclamation No. 2020-03-18-1, at which time the City Council was not in session. A copy of Proclamation No. 2020-03-18-1 is attached hereto. On March 24, 2020, the City Council unanimously ratified and confirmed the City Manager's proclamation declaring the existence of a local emergency during a special meeting, as required by LHMC Section 2-32.060(B).

In order to mitigate the impact of COVID-19 across the State, on March 19, 2020, the Governor issued Executive Order N-33-20, which directed and ordered all residents to: 1) immediately heed the current State public health directives; and 2) to stay at home or at their place of residence except as needed to maintain continuity of operations of the federal critical infrastructure sectors. On March 22, 2020, President Donald J. Trump declared California a major disaster area, thereby making federal emergency aid available for the State to supplement state, tribal, and local recovery efforts in the areas affected by the COVID-19 pandemic beginning on January 1, 2020, and continuing.

As to the continuing need for the proclamation of emergency and the rules, measures, and orders issued to date by the City Council, the following facts are instructive. As of June 19, 2020, there were more than 8.24 million worldwide cases of COVID-19, and 446,000 deaths. Locally, there were 7,614 confirmed cases and 185 deaths in Orange County. Between June 19, 2020, and the date of publication of this staff report (July 2, 2020), the worldwide cases have increased to more than 10.7 million and the worldwide deaths have increased to more than 516,000. County-wide cases have increase from 7,614 to 13,843 and county-wide deaths have increased from 185 to 340. These figures continue to grow on a daily basis. The rate of infection, potential impact to health care systems, and the threat to public health and safety have not abated. The state of local emergency continues to exist.

It is recommended that the City Council: 1) Review the necessity for continuing the local emergency related to the COVID-19 pandemic; and 2) Confirm the Director of Emergency Services/City Manager's executive order related hereto. Based on the recommendations of the Director of Emergency Services/City Manager and the Chief of Police Services, it has been determined that the need for the locally declared emergency, pursuant to Proclamation No. 2020-03-18-1, continues to exist and should not be terminated at this time.

ATTACHMENTS:

- Proclamation No. 2020-03-18-1, Declaration of Existence of a Local Emergency
- Executive Order, Director of Emergency Services/City Manager, June 29, 2020

PROCLAMATION NO. 2020-03-18-1

A PROCLAMATION OF THE DIRECTOR OF EMERGENCY SERVICES OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DECLARING THE EXISTENCE OF A LOCAL EMERGENCY

WHEREAS, Laguna Hills Municipal Code Section 2-32.060 empowers the City Council (while in session), or the Director of Emergency Services (if the City Council is not in session), to declare the existence or threatened existence of a local emergency; and

WHEREAS, California Government Code Section 8550 *et seq*., including Section 8558(c), authorizes the Director of Emergency Services to proclaim a local emergency when the City is threatened by conditions of disaster or extreme peril to the safety of persons and property within the City that are likely to be beyond the control of the services, personnel, equipment, and facilities of the City; and

WHEREAS, a novel coronavirus, COVID-19, causes infectious disease and was first detected in Wuhan City, Hubei Province, China in December 2019. Symptoms of COVID-19 include fever, cough, and shortness of breath; outcomes have ranged from mild to severe illness and in some cases death. The Center for Disease Control and Prevention (CDC) has indicated the virus is a significant public health threat; and

WHEREAS, Chinese health officials have reported tens of thousands of cases of COVID-19 in China, with the virus reportedly spreading from person-to-person. COVID-19 illnesses, most of them associated with travel from Wuhan, are also being reported in numerous countries, with thousands of cases, including the United States; and

WHEREAS, on January 30, 2020, the World Health Organization (WHO) declared the outbreak a "public health emergency of international concern" and on March 11, 2020, the WHO elevated the public health emergency to the status of a pandemic. On January 31, 2020, United States Health and Human Services Secretary Alex M. Azar II declared a public health emergency for the United States to aid the nation's healthcare community in responding to COVID-19. On February 26, 2020, the County of Orange declared a local emergency and a local health emergency. On March 4, 2020, California Governor Gavin Newsom declared a State of Emergency in California; and

WHEREAS, on February 2, 2020, the federal government initiated the suspension of entry of foreign nationals who were in China during the 14-day period preceding their entry or attempted entry into the United States; and

WHEREAS, as of March 10, 2020, the WHO reported that, to date, 125,048 confirmed cases of COVID-19, 4,613 of which resulted in death, across 117 countries; and

WHEREAS, the Governor and the California Department of Health on March 11, 2020, issued a statement entitled "California Public Health Experts: Mass Gatherings Should be Postponed or Canceled Statewide to Slow the Spread of COVID-19," determining that gatherings should be postponed or canceled across the state until at least the end of March. Non-essential gatherings must be limited to no more than 250 people, while smaller events can proceed only if the organizers can implement social distancing of 6 feet per person. Gatherings of individuals who are at higher risk for severe illness from COVID-19 should be limited to no more than 10 people, while also following social distancing guidelines. Furthermore, essential gatherings should only be conducted if the essential activity could not be postponed or achieved without gathering, meaning that some other means of communication could not be used to conduct the essential function; and

WHEREAS, the Governor on March 12, 2020, issued Executive Order N-25-20, ordering, inter alia, that all residents are to heed the orders and guidance of state and local public health officials; and

WHEREAS, President Donald J. Trump on March 13, 2020, declared a national emergency to provide disaster funding, speed up the United States response to the crisis created by COVID-19, and to offer maximum flexibility to attack the problem; and

WHEREAS, on March 15, 2020, Governor Newsome requested bars and nightclubs to close, restaurants to reduce capacity by half, and all Californians aged 65 and older to self-isolate; and

WHEREAS, on March 16, 2020, President Donald J. Trump advised the public to avoid groups of more than 10 people to fight the coronavirus outbreak; and

WHEREAS, the City of Laguna Hills has the authority to impose measures to promote social distancing including, but not limited to, limitations on public events; and

WHEREAS, the City of Laguna Hills is a significantly populated city within Orange County, which is the sixth largest county in the United States; and

WHEREAS, conditions of extreme peril to the safety of persons and property have arisen due to the potential introduction of COVID-19 to the City of Laguna Hills and Orange County; and

WHEREAS, such conditions are beyond the control of the services, personnel, equipment, and facilities of the City of Laguna Hills and require the combined forces of other political subdivisions to combat; and

WHEREAS, it is imperative to prepare for and respond to suspected or confirmed COVID-19 cases, to implement measures to mitigate the spread of COVID-19, and to prepare to respond to an increasing number of individuals requiring medical care and hospitalization; and

WHEREAS, if COVID-19 spreads in California at a rate comparable to the rate of spread in other countries, the number of persons requiring medical care may exceed locally available resources, and controlling outbreaks minimizes the risk to the public, maintains the health and safety of the community, and limits the spread of infection in the community and within the healthcare delivery system; and

WHEREAS, the mobilization of local resources, ability to coordinate interagency response, accelerate procurement of vital supplies, use mutual aid, and allow for future reimbursement by the state and federal governments will be critical to successfully responding to COVID-19; and

WHEREAS, the Director of Emergency Services has the authority to declare a local emergency as authorized by California Government Code Section 8630 and Laguna Hills Municipal Code Section 2-32.060.

NOW, THEREFORE, IT IS HEREBY PROCLAIMED AND ORDERD BY DIRECTOR OF EMERGENCY SERVICES OF THE CITY OF LAGUNA HILLS AS FOLLOWS:

Section 1. As contemplated in the Emergency Services Act contained in California Government Code Section 8550 *et seq.*, including Section 8558(c), and Chapter 2-32 of Title 2 of the Laguna Hills Municipal Code, a local emergency exists based on the existence of conditions of disaster or of extreme peril to the safety of persons and property caused by an epidemic, as detailed in the recitals set forth above.

Section 2. The area of the City of Laguna Hills which is endangered/imperiled is the entire city.

Section 3. During the existence of this local emergency, the powers, functions, and duties of the emergency organization of this City shall be those prescribed by state law and by ordinances, resolutions, and orders of this City, including but not limited to the City's Emergency Operations Plan.

Section 4. The City Council shall review and ratify this proclamation of the City Manager within **seven (7) days** as required by state law, and if ratified, shall continue to exist until the City Council proclaims the termination of this local emergency. The City Council shall review the need for continuing the local emergency as required by state and local law until it terminates the local emergency, and shall terminate the local emergency at the earliest possible date that conditions warrant.

Section 5. A copy of this proclamation shall be forwarded to the Director of California Governor's Office of Emergency Services requesting that the Director find it acceptable in accordance with state law; that the Governor of California, pursuant to the Emergency Services Act, issue a proclamation declaring an emergency in the City of Laguna Hills; that the Governor waive regulations that may hinder response and recovery efforts; that recovery assistance be made available under the California Disaster Assistance Act; and that the State expedite access to State and Federal resources and any other appropriate federal disaster relief programs.

PROCLAIMED this 18th day of March 2020.

Donald J. White,
Director of Emergency Services/
City Manager

ATTEST:

Melissa Au-Yeung, City Clerk

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

I, Melissa Au-Yeung, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Proclamation No. 2020-03-18-1 adopted by the Director of Emergency Services of the City of Laguna Hills, California, on the 18th day of March 2020.

(SEAL)

MELISSA AU-YEUNG, CITY CLERK

1480578.1

City of Laguna Hills

City Manager

OFFICE OF THE CITY MANAGER/DIRECTOR OF EMERGENCY SERVICES

Executive Orders
Pursuant to Proclamation No. 20-03-18-01
Declaring the Existence of a Local Emergency

RE: NOVEL CORONAVIRUS, COVID-19

Issue Date: June 29, 2020

On March 18, 2020, in my capacity as the Director of Emergency Services (LHMC 2-32.060), I issued Proclamation 20-03-18-01 Declaring the Existence of a Local Emergency in response to severe public health concerns and economic impacts relating to the COVID-19 pandemic. The novel coronavirus, COVID-19, causes infectious disease and was first detected in Wuhan, Hubei Province, China in December 2019. Symptoms of COVID-19 include fever, cough, and shortness of breath; outcomes have ranged from mile to severe illness, and, in some cases, death. The Center for Disease Control and Prevention (CDC) has indicated the virus is a significant public health threat, and States of Emergency have been declared by the County of Orange, the State of California and the federal government of the United States. On March 19, 2020, California Governor Gavin Newsom issued Executive Order N-33-20, which bans gatherings, public and private, and orders residents to stay at home at their place of residence except as needed to maintain continuity of operations of the federal critical infrastructure sectors, as defined, in order to mitigate the impact of COVID-19. Executive Order N-33-20 is enforceable pursuant to California law per Government Code Section 8665.

In order to comply with all applicable Public Health and Executive Orders and to protect public health in the City of Laguna Hills, the following Executive Orders are in effect until further notice:

26. Extension of Street Sweeping Maintenance Services Agreement. The Street Sweeping Maintenance Services Agreement for Citywide Street and Roadway Cleaning between the City and Jonset Corporation, Inc., dba Sunset Property Services, dated July 1, 2015, is currently scheduled to expire by operation of its own terms on June 30, 2020. The Parties will enter into Amendment No. 1 to the Agreement for the purpose of extending the term

of the Agreement for one-year in order to provide for continued, uninterrupted citywide street sweeping maintenance services at the same hourly rates, charges, and unit pricing and pursuant to the same terms and conditions set forth in the Agreement, subject only to a 3.3% cost of living increase in order to defer operating cost increases. The proposed one-year term extension does not create the need to increase the total Maximum Annual Contract Amount set forth in Section 2.1 of the Agreement.

Additional Executive Orders may be issued at any time relating to this public health emergency. Additional Executive Orders are cumulative, and do not negate or reverse these Executive Orders contained herein unless explicitly stated.

Donald J. White
Director of Emergency Services/City Manager

Cc:

Mayor and City Council
Greg Simonian, City Attorney
Kenneth Rosenfield, Public Works Director/City Engineer
Melissa Au-Yeung, Deputy City Manager
David Reynolds, Deputy City Manager
David Chantarangsu, Community Services Director
Janice Reyes, Finance Director
Matthew Stiverson, Police Chief

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: July 7, 2020

TO: Mayor and Council Members

FROM: Donald J. White
City Manager

ISSUE: Fiscal Impacts from COVID-19 on Fiscal Year 2020/2021

RECOMMENDATION: That the City Council receive and file the financial update for Fiscal Year 2020/2021 and review and comment on the recommended budget savings.

SUMMARY:

The COVID-19 pandemic has had a swift and seismic impact to the national economy. Its effect is expected to result in an overall reduction to the City's General Fund Budget in fiscal year (FY) 2019/2020, as well as into FY 2020/2021. At the City Council Meeting on May 12, 2020, staff presented the projected fiscal impact to the FY 2019/2020 budget. The purpose of this report is to provide a forecast of the fiscal impact to FY 2020/2021 and present to the City Council recommended budget savings to close the gap from the anticipated shortfall in revenues.

BACKGROUND:

On January 31, 2020, the United States Health and Human Services Secretary declared a public health emergency for the United States due to the COVID-19 pandemic. To mitigate the impact across the state, on March 19, 2020, the California Governor issued an Executive Order, which directed and ordered all residents to stay at home or at their place of residence. On April 28, 2020, the Governor presented California's Roadmap to Pandemic Resilience, which laid out the state's path forward for modifying the statewide stay-at-home order and phase in the reopening of businesses statewide.

Accordingly, in response to severe public health concerns, on March 18, 2020, the City

Manager, under the capacity of Director of Emergency Services, issued Proclamation No. 20-03-18-01 Declaring the Existence of a Local Emergency. Subsequently, the City Manager issued various Executive Orders in compliance with State public health orders and to protect public health in the City. While the Executive Orders addressed a myriad of issues related to the City's emergency response, the following Executive Orders had a direct financial impact on the City operations:

- Executive Order No. 3 canceled and suspended all recreational programs and activities at the Community Center, including facility reservations/rentals until further notice. Refunds and credits were processed for all canceled reservations, activities, and programs.
- Executive Order No. 21 extended the cancelation of all recreation programs and activities, including facility reservations/rentals through September 10, 2020. Additionally, 31 part-time employees were furloughed indefinitely.
- Executive Order No. 22 transitioned the City's full-time Community Services Department employees to the Coronavirus Recovery Team.

FISCAL IMPACT:

COVID-19 and the measures to mitigate its spread have had unprecedented impacts to the economy. It has changed the revenue landscape for cities across the State. Many local governments are facing significant decreases in revenues, from sales tax and transient occupancy tax to delays in user fee recovery.

FY 2019/2020 Fiscal Impacts - Total Budget Summary

At the City Council Meeting on May 12, 2020, staff presented the projected fiscal impact to FY 2019/2020 budget, as summarized below:

	FY 2019/20 Amended Budget	FY 2019/20 YE Estimate	VARIANCE over/(under) Budget
Beginning Total Fund Balance	**$12,798,337**	**$13,697,289**	**$898,952**
TOTAL REVENUES	**$26,235,712**	**$24,201,250**	**($2,034,462)**
TOTAL EXPENDITURES	**$27,642,351**	**$26,423,729**	**($1,218,622)**
Change in Total Fund Balance	*(1,406,639)*	*(2,222,479)*	*(815,840)*
Ending Total Fund Balance	**$11,391,698**	**$11,474,809**	**$83,111**
Less the Following Fund Balances:			
Reservation for Debt Service	($1,836,415)	(1,838,267.23)	(1,852.23)
Non-Major Governmental Funds	($1,950,262)	(2,118,562.84)	(168,300.84)
Unrestricted General Fund Balance	**$7,605,021**	**$7,517,979**	**($87,042)**
Less the Following Designations:			
Total Capital Replacement Funds	(595,659)	(595,659)	0
Insurance Reserve Funds	(200,000)	(200,000)	0
Unassigned General Fund Balance	**6,809,362**	**6,722,320**	**(87,042)**

Total revenues are expected to come in short of budget by $2,034,462. This shortfall is partially offset by the expected reduction in total expenditures of $1,218,622. The overall anticipated result will be a decline in total fund balance of $815,840 under what was budgeted. The good news is the City began FY 2019/2020 in strong financial health, with a beginning total fund balance of $898,952 above what was originally budgeted, which completely offset the projected decline, leaving an excess of $83,111 over what was originally budgeted. However, after accounting for the reservation for debt service and legally restricted special revenue funds, the City's unrestricted, unassigned General Fund fund balance is expected to end the year with a shortfall of $87,042 under budget.

FY 2020/2021 Fiscal Impacts

Staff has prepared the attached financial reports, to provide a forecast of the fiscal impact to FY 2020/2021 and proposed budget savings to close the gap from the anticipated shortfall in revenues.

It should be noted that the following assumptions were utilized in preparing the financial reports:

- Community Services programs and activities, including facility rentals, will be canceled through the end of the calendar year.

- Community Development activity will decrease over the next fiscal year.

- Declines in sales tax revenues will bottom out in the first quarter of 2021.

- Due to social distancing and stay-at-home orders, travel related activity will remain low. Accordingly, high hotel vacancies will result in decreases to transient occupancy tax.

Total Budget Summary (Attachment A) - This report provides a detailed comparison of the amended budget versus the updated projection for all revenues and expenditures, for all governmental funds in its entirety.

Capital Improvement Program (Attachment B) - This report provides a comparison of the amended budget versus the updated projection for all capital improvement projects and their funding sources.

Fiscal Year Projection by Fund (Attachment C) - This report provides the updated projection for revenues, expenditures, and changes in fund balance, by fund for all governmental funds.

Financial Policy Ratios & Reserves (Attachment D) - This report provides a comparison of the budged versus projected financial policy ratios and reserves.

Proposed Operating Budget Savings (Attachment E) - This report provides a detailed list of the proposed budget savings, which were included in the updated operating expenditures in the attached financial reports.

The following is a discussion of significant aspects of the attached financial reports and potential budget savings.

<u>Revenues</u>

As presented in the attached financial reports, preliminary analysis projects a shortfall in total funding sources for all governmental funds of $2,189,273. The anticipated deficit in General Fund revenues is $2,414,496. Total operating revenues, which includes general fund revenues, as well as Measure M Local Fair Share and Law Enforcement COPS special revenues, is projected to fall short of budget by $2,517,835. The revenue sources with the most significant shortfalls are discussed below.

- The estimate for transient occupancy tax is about $750,000, a shortfall of $615,813, or 45% under budget, as high vacancies are expected for a large portion of the fiscal year.

- Hinderliter, de Llamas & Associates (HdL), the City's sales tax consultant, conducted an analysis of anticipated sales tax revenues and projected revenues to come in at $5,022,441, or $967,897 below budget, as a result of COVID-19 distancing measures and layoff/furloughs that continue to effect consumer spending. Historical data from previous economic downturns suggests that the return to previous spending levels is not typically immediate and often evolves, as consumers take time to fully get back to previous spending levels on leisure, travel and dining, and spending habits change. Assuming the virus is largely contained by the end of September 2020, the projection anticipates that tax declines will bottom out in the first quarter of 2021, with only moderate improvements occurring during the remainder of the fiscal year.

- Given we are in a deep recession and the historical decline in development activity from the last Great Recession, it is anticipated development related revenue will be significantly impacted. A shortfall of $228,000 is anticipated from license and permit fee revenues, largely from a projected drop of $180,000 in building related permits.

- The $530,125 shortfall projected in Charges for Current Services is largely from Recreation Fees, which is $495,125 under budget. This projection assumes conditions from the COVID-19 crisis remain the same for the first six-months of the fiscal year and the Community Center facility events and programs resume at the onset of calendar year 2021.

- Measure M2 local fair share revenue is the City's allotment of the countywide half-cent sales tax on fuel administered by Orange County Transportation Authority (OCTA), which is specifically dedicated to street maintenance for the upkeep of the City's roads. Based on the updated forecast from OCTA's economic consultants, a shortfall is anticipated of $103,339 under what is budgeted.

HdL also performed an updated analysis on the City's property taxes. Based on their review, a change to projected property tax revenues is not anticipated at this time. Values for FY 2020/2021 were initially established as of January 1, 2020, lien date. That date is when the 2% growth per Proposition 13 is added and events such as sales transactions, new development and construction additions that occurred in 2019 are reflected to the tax roll for the 2020/2021 fiscal year. If this pandemic crisis continues through this summer, we may find that property tax revenues for 2020-2021 may be reduced to some level of delinquency, as well as Assessor value reductions to reflect market values. The potential for such reductions will only become evident with the passage of time. Furthermore, the applicable impact of possible declines in property values and sales occurring in the 2020 calendar year will be to FY 2021/2022.

<u>Expenditures</u>

- Operating Expenditures

To mitigate the negative effects from the significant shortfalls in operating revenues discussed above, an extensive review of operating expenditures was performed to find potential budget savings and staff is proposing a layered approach that will allow the flexibility to adjust to the constantly evolving COVID-19 crisis.

In the initial phase, Tier 1, staff assumes economic conditions from COVID-19 remain relatively the same for the first six-months of the fiscal year. The total proposed budget savings under Tier 1 is $1,926,889, which are listed in line item detail in Attachment E. Unless any line items are removed from the list by the City Council, Tier 1 budget savings will take effect immediately at the onset of the fiscal year. The projected operating expenditures reported in the attached financial statements reflect Tier 1 proposed budget savings.

If current conditions from the pandemic extend past six months into the fiscal year or the recession worsens, a Tier 2 phase may be required. Staff has identified an additional budget savings of $1,161,246 in Tier 2. Whether the need to implement Tier 2 occurs, depends upon how fiscal conditions develop. Staff will continue to monitor the situation and evaluate whether the need arises for Tier 2.

- Capital Improvement Program

An updated Capital Improvement Program (CIP) for FY 2020/2021 is proposed and attached as Attachment B to this report. The proposed FY 2020/2021 CIP would result in a net reduction of $135,000 in funding from the General Fund and Capital Reserve funds. Below is a discussion of notable changes to the proposed FY 2020/2021 CIP.

- CIP # 184 La Paz Widening - A deferment of this project is proposed. However, if restrictive conditions from the COVID-19 crisis are lifted, this project could proceed. This project does not receive funding from the General Fund. It is fully funded by CARITS special revenues.

- CIP #112 Traffic Signal - The additional $50,000 expenditure proposed is for the replace of the traffic signal pole at Alicia Parkway and Community Center Drive. This replacement is required to repair the pole that was damaged as a result of a traffic accident.

- CIP #403 Storm Drain/Slope Repairs - This reflects a carryover from the prior FY 2019/2020 CIP.

- CIP #412 Water Quality Improvements - Staff is seeking additional grant funds from OCTA for debris gates. This is a proposed acceleration from the FY 2021/2022 CIP. If the grant funding is approved, it is required that the project be funded in FY 2020/2021. Funding for this project is $200.000 from Measure M2 Competitive revenues and $50,000 from the General Fund.

- CIP #505 Civic Center Renovations - The installation of publicly accessible electric vehicle charging stations at the Civic Center has been carried over from FY 2019/2020. The cost of this project is fully funded by Air Quality Management District AB 2766 special revenue funds.

- CIP #513 Community Center Renovations and #514 Sports Complex - A deferment is proposed, in consideration of its low priority and funding from the General Fund. Additionally, it will provide an offset to the cost incurred for current Community Center HVAC and roof replacement project.

Policy Ratios and Reserves

Financial policy ratios and reserves were updated to reflect the projected revenues and expenditures presented in this report, as presented in Attachment D.

- Fund Balance

  A net increase of $675,077 is projected for total fund balance for all governmental funds, which is $475,504 short of budget. The shortfall is largely attributable to the net decrease of $637,793 in the year-end fund balance in the

City's General Fund.

The City's projected Unrestricted General Fund Balance at fiscal year-end is $6,880,186, which is a $608,127 below budget. After the reservation for designated capital replacement and insurance reserves, Unassigned General Fund fund balance is projected at $6,084,527.

- Ratios and Reserves

Staff anticipates meeting or exceeding its target fund balance policy ratios. The unrestricted general fund policy target ratio is 35%, which staff anticipates will be 35% at year-end. The unassigned general fund policy target ratio is 25%, which staff projects to exceed at 31%.

On the other hand, the operating ratios of achieving an operating-revenues to operating-expenditure ratio of 1.1 to 1.0 or greater is expected to be just slightly below, at 1.08 before debt service and .99 after debt service. Any ratio below 1.0 is deficit spending.

ATTACHMENTS:

- Attachment A - Total Budget Summary
- Attachment B - Capital Improvement Program FY 2020/2021
- Attachment C - FY 2020/2021 Projection by Fund
- Attachment D - FY 2020/2021 Financial Policy Ratios & Reserves
- Attachment E - List of Proposed Budget Savings

CITY OF LAGUNA HILLS
Total Budget Summary - All Governmental Funds
Fiscal Year 2020/21

	Original Budget FY 2020/21	Amended Budget FY 2020/21	Projection FY 2020/21	Variance over/(under) Budget
FUNDING SOURCES				
General Fund Revenues				
Property Taxes				
Secured, Unsecured, Public Utility, Supplementals, Homeowners' Exemption	$ 8,180,559	$ 8,180,559	$ 8,180,559	$ -
Prior Year	50,580	50,580	50,580	-
Miscellaneous, Interest & Penalties	22,000	22,000	22,000	-
Property Transfer Taxes	200,000	200,000	200,000	-
Property Tax In-Lieu of VLF	3,251,276	3,251,276	3,251,276	-
Total Property Taxes	**11,704,415**	**11,704,415**	**11,704,415**	**-**
Franchise & Transient Occupancy Taxes				
Utility Franchise Fees				
Cable TV	508,503	508,503	508,503	-
San Diego Gas & Electric	204,373	204,373	204,373	-
Southern California Edison	190,585	190,585	190,585	-
Southern California Gas Co.	63,596	63,596	63,596	-
Sub-total Utility Franchise Fees	*967,057*	*967,057*	*967,057*	-
Waste Disposal/Recycling Fees				
Waste Haulers	325,865	325,865	325,865	-
Admin Fee - Waste Recycling	-	-	-	-
Sub-total Waste/Recycling	*325,865*	*325,865*	*325,865*	-
Transient Occupancy Taxes	1,365,813	1,365,813	750,000	(615,813)
Total Franchise & Transient Occupancy Tax	**2,658,735**	**2,658,735**	**2,042,922**	**(615,813)**
Intergovernmental Revenues				
Sales & Use Tax	5,990,338	5,990,338	5,022,441	(967,897)
Motor Vehicle in Lieu	15,000	15,000	15,000	-
State Mandated Reimbursement				-
County Landfill Agreement	45,000	45,000	54,617	9,617
Total Intergovernmental Revenues	**6,050,338**	**6,050,338**	**5,092,058**	**(958,280)**
Licenses and Permits				
Building Related Licenses/Permits				
Building Permits	495,000	675,000	495,000	(180,000)
Plan Check Fees	175,000	175,000	175,000	-
Imaging Plans and Documents Fee	31,000	31,000	31,000	-
Sub-total Building Permits	*701,000*	*881,000*	*701,000*	*(180,000)*
Engineering Fees				
Transportation Permit	1,500	1,500	1,000	(500)
Encroachment Permit	145,000	145,000	100,000	(45,000)
Traffic Permit & License Fees	3,500	3,500	1,000	(2,500)
Sub-total Engineering Permits	*150,000*	*150,000*	*102,000*	*(48,000)*
Total Licenses and Permits	**851,000**	**1,031,000**	**803,000**	**(228,000)**

Attachment: Attachment A - Total Budget Summary (2172 : Fiscal Impact from COVID-19 on FY 2020/2021)

CITY OF LAGUNA HILLS
Total Budget Summary - All Governmental Funds
Fiscal Year 2020/21

	Original Budget FY 2020/21	Amended Budget FY 2020/21	Projection FY 2020/21	Variance over/(under) Budget
Charges for Current Services				
Recreation Fees				
Recreation Programs	367,275	367,275	92,000	(275,275)
Facility Reservations	226,500	226,500	115,000	(111,500)
Outdoor Facility Reservations	74,650	74,650	45,000	(29,650)
Special Events - 4th of July	5,000	5,000	-	(5,000)
Memorial Day Race - Registration Fees	184,800	184,800	120,200	(64,600)
Memorial Day Race - Sponsorships	29,000	29,000	19,900	(9,100)
Sub-total Recreation Fees	*887,225*	*887,225*	*392,100*	*(495,125)*
Development Services				
Planning and Zoning Fees	130,000	130,000	130,000	-
Improvement Inspect	35,000	35,000	-	(35,000)
Sub-total Development Fees	*165,000*	*165,000*	*130,000*	*(35,000)*
Leases and Rental Fees				
Cell Tower Lease	82,000	82,000	82,000	-
Library Lease	42,000	42,000	42,000	-
Sub-total Leases/Rentals	*124,000*	*124,000*	*124,000*	-
Other Service Charges				
Sale of Publications/Maps	1,000	1,000	1,000	-
Sub-total Other Service Charges	*1,000*	*1,000*	*1,000*	-
Miscellaneous Operating Revenues	69,000	69,000	69,000	-
Total Charges for Services	**1,246,225**	**1,246,225**	**716,100**	**(530,125)**
Fines and Forfeitures				
Code Fines	75,000	75,000	75,000	-
Parking Fines	115,000	115,000	115,000	-
Total Fines and Fortfeitures	**190,000**	**190,000**	**190,000**	**-**
Total General Fund Revenues	**$ 22,700,713**	**$ 22,880,713**	**$ 20,548,495**	**$ (2,332,218)**
Special Revenue Funds				
Gas Taxes (HUTA & RMRA)	$ 1,250,000	$ 1,250,000	$ 1,296,284	$ 46,284
Measure M2 Competitive	-	-	200,000	200,000
AB 2766	40,000	40,000	40,000	-
Proposition 68	200,000	200,000	200,000	-
Measure M2 Local Fair Share	628,798	628,798	525,459	(103,339)
Law Enforcement - COPS Grant	140,000	140,000	140,000	-
Beverage Recycling	8,500	8,500	8,500	-
CR&R Recycling Fee	2,000	2,000	2,000	-
C&D Forfeited Deposits	35,000	35,000	35,000	-
Senior Mobility Program	38,091	38,091	38,091	-
CASp	5,000	5,000	5,000	-
Total Special Revenue Funds	**$ 2,347,389**	**$ 2,347,389**	**$ 2,490,334**	**$ 142,945**
Investment Income	**150,000**	**150,000**	**150,000**	**-**
TOTAL FUNDING SOURCES	**$ 25,198,102**	**$ 25,378,102**	**$ 23,188,829**	**$ (2,189,273)**

CITY OF LAGUNA HILLS
Total Budget Summary - All Governmental Funds
Fiscal Year 2020/21

	Original Budget FY 2020/21	Amended Budget FY 2020/21	Projection FY 2020/21	Variance over/(under) Budget
FUNDING USES				
General Fund				
General Government				
Personnel	$ 1,810,113	$ 1,810,113	$ 1,784,336	$ (25,777)
Maintenance and Operation	251,890	251,890	157,525	(94,365)
Contract Services	659,470	659,470	623,570	(35,900)
Capital Outlay	-	-		-
Total General Government	**2,721,473**	**2,721,473**	**2,565,431**	**(156,042)**
Non-departmental				
Personnel	471,597	471,597	457,974	(13,623)
Maintenance and Operation	605,778	605,778	635,311	29,533
Contract Services	152,961	152,961	144,961	(8,000)
Capital Outlay	31,700	31,700	19,200	(12,500)
Total Non-departmental	**1,262,036**	**1,262,036**	**1,257,446**	**(4,590)**
Community Development				
Personnel	897,477	897,477	832,427	(65,050)
Maintenance and Operation	18,500	18,500	15,400	(3,100)
Contract Services	544,000	724,000	410,000	(314,000)
Capital Outlay	-	-		-
Total Community Development	**1,459,977**	**1,639,977**	**1,257,827**	**(382,150)**
Public Services				
Personnel	903,114	903,114	793,767	(109,347)
Maintenance and Operation	1,054,900	1,054,900	983,100	(71,800)
Contract Services	2,834,500	2,834,500	2,582,500	(252,000)
Capital Outlay	-	-	-	-
Total Public Services	**4,792,514**	**4,792,514**	**4,359,367**	**(433,147)**
Community Services				
Personnel	1,196,521	1,196,521	893,356	(303,165)
Maintenance and Operation	658,500	658,500	398,156	(260,344)
Contract Services	350,334	350,334	271,738	(78,596)
Capital Outlay	7,500	7,500	3,500	(4,000)
Total Community Services	**2,212,855**	**2,212,855**	**1,566,750**	**(646,105)**
Public Safety				
Maintenance and Operation	37,690	37,690	37,690	-
Contract Services	8,870,772	8,870,772	8,690,037	(180,735)
Capital Outlay	2,000	2,000	1,000	(1,000)
Total Public Safety	**8,910,462**	**8,910,462**	**8,728,727**	**(181,735)**
Total General Fund Expenditures	**$ 21,359,317**	**$ 21,539,317**	**$ 19,735,548**	**$ (1,803,769)**

CITY OF LAGUNA HILLS
Total Budget Summary - All Governmental Funds
Fiscal Year 2020/21

	Original Budget FY 2020/21	Amended Budget FY 2020/21	Projection FY 2020/21	Variance over/(under) Budget
Capital Improvement Program (CIP)				
Streets, Signals & Lighting	$ 100,000	$ 100,000	$ 50,000	$ (50,000)
Flood Control and Water Quality	200,000	200,000	500,000	300,000
Parks	440,000	440,000	240,000	(200,000)
Public Facilities	85,000	85,000	50,000	(35,000)
Total CIP	**$ 825,000**	**$ 825,000**	**$ 840,000**	**$ 15,000**
Special Revenue Expenditures				
AB 2766	$ 35,000	$ 35,000	$ 110,000	$ 75,000
CASp	5,000	5,000	5,000	-
Beverage Recycling	8,500	8,500	8,500	-
CR&R Recycling Fee	2,879	2,879	2,879	-
C&D Forfeited Deposits	68,000	68,000	68,000	-
Senior Mobility	64,904	64,904	64,904	-
Total Special Revenue Expenditures	**$ 184,283**	**$ 184,283**	**$ 259,283**	**$ 75,000**
Debt Service				
Interest	$ 206,881	$ 206,881	$ 206,881	$ -
Principle	1,580,000	1,580,000	1,580,000	-
Trust Administration Fee	2,040	2,040	2,040	-
Total Debt Service Expenditures	**$ 1,788,921**	**$ 1,788,921**	**$ 1,788,921**	**$ -**
Use of Reserves	**50,000**	**50,000**	**50,000**	**-**
TOTAL FUNDING USES	**$ 24,207,521**	**$ 24,387,521**	**$ 22,673,752**	**$ (1,713,769)**
NET CHANGE IN FUND BALANCE	**990,581**	**990,581**	**515,077**	**$ (475,504)**
FUND BALANCE				
Beginning Balance	11,051,698	11,391,698	11,474,809	83,111
Ending Balance	**$ 12,042,279**	**$ 12,382,279**	**$ 11,989,886**	**(392,393)**

CITY OF LAGUNA HILLS
CAPITAL IMPROVEMENT PROGRAM - FISCAL YEAR 2020-21

CAPITAL IMPROVEMENT PROJECT	FY 2020-21 Original Budget			FY 2020-21 Projection		
	Expenditure	Funding Source		Expenditure	Funding Source	
STREETS, SIGNALS & LIGHTING						
CIP 112 Traffic Signal	-	-		*50,000*	*50,000*	GF
CIP 184 La Paz Widening (McIntyre to Cabot)	*100,000*	*100,000*	CARITS	-	-	CARITS
TOTAL STREETS, SIGNALS & LIGHTING	***100,000***	***100,000***		***50,000***	***50,000***	
PARK CAPITAL IMPROVEMENTS						
CIP 237 Parks Refurbishment Project	*240,000*	*40,000*	GF	*240,000*	*40,000*	GF
		200,000	Prop 68		*200,000*	Prop 68
CIP 238 Community Ctr & Sports Complex Field Renovations	*200,000*	*200,000*	GF	-	-	GF
					-	
TOTAL PARK CAPITAL IMPROVEMENTS	***440,000***	***440,000***		***240,000***	***240,000***	
FLOOD CONTROL						
CIP 403 Storm Drain/Slope Repairs	-	-	Capital Reserve Fund	*100,000*	*100,000*	Capital Reserve Fund
CIP 410 NPDES / Water Quality	*200,000*	*200,000*	GF	*150,000*	*150,000*	GF
			Measure M Comp			Measure M Comp
CIP 412 Water Quality (2) Improvements	-	-	GF	*250,000*	*50,000*	GF
			Measure M Comp		*200,000*	Measure M Comp
TOTAL FLOOD CONTROL	***200,000***	***200,000***		***500,000***	***500,000***	
PUBLIC FACILITIES						
CIP 505 Civic Center Renovations			AB 2766	*50,000*	*50,000*	AB 2766
CIP 513 Community Center Renovations	*60,000*	*60,000*	Capital Reserve	-	-	Capital Reserve
CIP 514 Sports Complex Renovations	*25,000*	*25,000*	Capital Reserve	-	-	Capital Reserve
			GF			GF
TOTAL PUBLIC FACILITIES	***85,000***	***85,000***		***50,000***	***50,000***	
GRAND TOTAL	***825,000***	***825,000***		***840,000***	***840,000***	
		-			-	

Summary of Funding Sources (Original Budget)	
440,000	General Fund
85,000	Capital Reserve Fund
-	Meas M Comp
-	AB 2766
100,000	CARITS
200,000	Prop 68
825,000	**Total**

Summary of Funding Sources (Projection)	
290,000	General Fund
100,000	Capital Reserve Fund
200,000	Meas M Comp
50,000	AB 2766
-	CARITS
200,000	Prop 68
840,000	**Total**

CITY OF LAGUNA HILLS
PROJECTION BY FUND
FISCAL YEAR 2020/21

GOVERNMENTAL FUNDS	**Beginning Fund Balance**	Revenues	Interest Allocation	Expenditures	**Net Revenues over Expenses**	Transfers In	Transfers Out	**Net Transfers**	**Net chage in Fund Balance**	**Ending Fund Balance**
General Fund	**7,517,979**	20,548,495	67,722	19,785,548	**830,669**	1,115,459	2,583,921	**(1,468,462)** [a]	(637,793)	**6,880,186**
CIP	**-**		-	840,000	**(840,000)**	840,000		**840,000**	-	**-**
Gas Taxes (HUTA & RMRA)	**-**	1,296,284	14,248		**1,310,532**		-	**-**	1,310,532	**1,310,532**
Measure M	**-**	725,459	-		**725,459**		725,459	**(725,459)**	-	**-**
AB 2766 Fund	**268,231**	40,000	2,916	110,000	**(67,084)**		50,000	**(50,000)**	(117,084)	**151,147**
CARITS	**1,264,561**		13,746		**13,746**			**-**	13,746	**1,278,307**
CDBG	**-**		-		**-**			**-**	-	**-**
Water Conservation	**343,450**		3,733		**3,733**			**-**	3,733	**347,183**
Senior Mobility Program	**13,767**	38,091	150	64,904	**(26,663)**			**-**	(26,663)	**(12,896)**
CASp	**9,135**	5,000	99	5,000	**99**			**-**	99	**9,234**
Beverage Recycling	**2,338**	8,500	25	8,500	**25**			**-**	25	**2,363**
CR&R Recycling	**35,590**	2,000	387	2,879	**(492)**			**-**	(492)	**35,098**
C&D Forfeited Deposits	**19,946**	35,000	217	68,000	**(32,783)**			**-**	(32,783)	**(12,837)**
Public Art Fund	**73,800**		802		**802**			**-**	802	**74,602**
Law Enforcement COPS/Brulte	**-**	140,000	-		**140,000**		140,000	**(140,000)**	-	**-**
Grants & Contributions	**87,744**	200,000	954		**200,954**		200,000	**(200,000)**	954	**88,698**
Debt Service	**1,838,267**		45,000	1,788,921	**(1,743,921)**	1,743,921		**1,743,921**	-	**1,838,267**
	11,474,809	**23,038,829**	**150,000**	**22,673,752**	**515,077**	**3,699,380**	**3,699,380**	**-**	**515,077**	**11,989,886**

Reconciliation of General Fund Net Transfers	
Transfer Out for CIP	(840,000)
Transfer in Prop 68 - CIP 237	200,000
Transfer in Meas M Comp - CIP 412	200,000
Transfer in Meas AB 2766 - CIP 505	50,000
CIP's funded by GF	**(390,000)**
Transfer In Meas M2 LFS	525,459
Transfer In COPS Grant	140,000
Transfer Out to Debt Service	(1,743,921)
GF Net Transfers	**(1,468,462)** [a]

Attachment: Attachment C - FY 2020/2021 Projection by Fund (2172 : Fiscal Impact from COVID-19 on FY

CITY OF LAGUNA HILLS
FINANCIAL POLICY RATIOS & RESERVES
Fiscal Year 2020/21

		FY 2020/21 Original Budget	FY 2020/21 Amended Budget	FY 2020/21 Projection	VARIANCE over/(under) Budget
1	**BEGINNING TOTAL FUND BALANCE**	**$11,051,698**	**$11,391,698**	**$11,474,809**	**$83,111**
2	General Fund Revenues	22,850,713	23,030,713	20,616,217	(2,414,496)
3	Special Revenues	1,578,591	1,578,591	1,907,153	328,562
4	Other Funding Sources	768,798	768,798	665,459	(103,339)
5	**TOTAL REVENUES**	**$25,198,102**	**$25,378,102**	**$23,188,829**	**($2,189,273)**
6	Operating Expenditures	21,359,317	21,539,317	19,735,548	(1,803,769)
7	Capital Expenditures	825,000	825,000	840,000	15,000
8	Other Funding Uses	184,283	184,283	259,283	75,000
9	CalPERS UAL Paydown/Section 115 Trust	0	0	0	0
10	Use of Insurance Reserve Funds	50,000	50,000	50,000	0
11	Debt Service	1,788,921	1,788,921	1,788,921	0
12	**TOTAL EXPENDITURES**	**$24,207,521**	**$24,387,521**	**$22,673,752**	**($1,713,769)**
13	Change in Total Fund Balance	*990,581*	*990,581*	*515,077*	*(475,504)*
14	**Ending Total Fund Balance**	**$12,042,279**	**$12,382,279**	**$11,989,886**	**($392,393)**
15	Less the Following Fund Balances:				
16	Reservation for Debt Service	($1,836,415)	($1,836,415)	(1,838,267)	(1,852)
17	Non-Major Governmental Funds	($3,057,551)	($3,057,551)	(3,271,433)	(213,882)
18	**Unrestricted General Fund Balance**	**$7,148,313**	**$7,488,313**	**$6,880,186**	**($608,127)**
	Less the Following Designations:				
19	Capital Replacement Funds	(710,659)	(595,659)	(595,659)	0
20	Insurance Reserve Funds	(200,000)	(200,000)	(200,000)	0
21	**Unassigned General Fund Balance**	**6,237,654**	**6,692,654**	**6,084,527**	**(608,127)**
	Ratio Analysis				
22	Operating Ratio (>1.1) (before debt service)	1.10	1.10	1.08	(0.03)
23	Operating Surplus before Debt Service	2,260,194	2,260,194	1,546,128	(714,066)
24	Operating Ratio (>1.1) (after debt service)	1.02	1.02	0.99	(0.03)
25	Operating Surplus after Debt Service	471,273	471,273	(242,793)	(714,066)
26	Debt Service Ratio (<12%)	8%	8%	8%	1%
27	Total Fund Balance Ratio	56%	57%	61%	3%
28	Unrestricted General Fund Balance Ratio (>35%)	33%	35%	35%	0%
29	Unassigned General Fund Balance Ratio (>25%)	29%	31%	31%	0%

LIST OF PROPOSED BUDGET SAVINGS
OPERATING BUDGET - FISCAL YEAR 2020/21

Function	Account Number and Name	Amended Budget	Proposed Tier 1 Budget Savings	Description
PERSONNEL COSTS		5,278,822	(516,962)	No Cost of Living of Adjustment (COLA) for all employees;
				No change in employee contribution to CalPERS;
				Not filling vacant positions;
				Furlourgh part-time seasonal employees until 01/01/2021;
				Reduce PARS contribution by 3.5% for management employees.
General Government				
100-155-610006	Memberships and Dues - OC Housing Trust	5,000	(5,000)	Withdraw membership
100-155-611000	Training and Education	13,900	(9,350)	Reduce employee training and education activity
100-155-612000	Travel, Conferences & Meetings	16,450	(16,000)	Reduce travel, conference and meeting expenditures
100-155-612001	Travel - League of CA Cities	15,600	(15,600)	Cancel travel
100-155-612002	Travel - ACC-OC	12,000	(12,000)	Cancel travel
100-155-613100	Vehicle-Fuel	4,000	(1,500)	Reduce fuel consumption due to less travel
100-155-620000	Office Supplies	9,600	(1,100)	Reduce office supplies
100-155-622000	Operating Supplies	9,900	(5,900)	Reduce operating supplies
100-155-624001	Advertising - Legal	14,400	(4,400)	Reduce legal advertising
100-155-695000	Community Assistance/Public Relations	67,200	(26,065)	Reduce City Views newsletter publications from 4 issues to 2 issues.
100-155-700000	Professional Services	58,420	(25,000)	Reduce management consultant services
100-155-700030	Professional Svcs- City Clerk Functional Support	20,500	(11,000)	Reduce outsourcing of file scanning services
		246,970	(132,915)	
Non-Departmental				
100-195-611000	Training and Education	9,500	(3,000)	Reduce in IT technical training; Cancel MISAC Conference
100-195-617000	Recruitment	3,600	(3,200)	Maintaining furlough and unfilled positions will reduce recruitment activity
100-195-620000	Office Supplies	12,000	(2,000)	Reduce office supplies
100-195-622000	Operating Supplies	8,500	(500)	Reduce operating supplies
100-195-625000	Postage & Delivery	21,000	(7,500)	Reduction in postage expense due to elimination of 2 issues of City Views
100-195-630000	Telephone & Communication	48,704	(2,704)	Reduce T1 and phone budget
100-195-641200	Rent/Lease - Copier	26,882	(3,382)	Reduce budget for copier leasing
100-195-646000	Maintenance & Repair - Eqpt & Machinery	3,951	(3,951)	Defer filing system maintenance
100-195-720050	Contract Serv-Software Support	135,961	(8,000)	Remove Cloud Backup, Electronic Marquee software
100-195-930000	Furniture	5,000	(5,000)	Defer purchase of furniture
100-195-940000	Computer Hardware & Software	26,700	(7,500)	Reduce misc. hardware/software purchase budget and printer budget
		301,798	(46,737)	
Community Development				
100-225-610000	Memberships and Dues Expense	2,700	(700)	Reduce Memberships
100-225-611000	Training and Education	6,300	(2,300)	Reduce Training
100-225-613000	Mileage Reimbursement	300	(300)	Reduce Misc. Expenses
100-225-623000	Printing	1,000	(500)	Reduce Supplies
100-225-700000	Prof. Svcs - Building & Safety	554,000	(264,000)	Reduce building inspection & plan check costs
100-225-700225	Housing Element	150,000	(50,000)	Reduce costs offest by grant funds.
		714,300	(317,800)	

Function	Account Number and Name		Amended Budget	Proposed Tier 1 Budget Savings	Description
Community Services					
	100-310-611000	Training and Education	6,000	(3,000)	No CPRS conference
	100-310-613000	Mileage Reimbursement	400	(200)	Reduce mileage expense
	100-310-613100	Vehicle-Fuel	3,000	(1,000)	Reduce auto fuel expense
	100-310-620500	Office Supplies - Comm Ctr	5,500	(2,000)	Reduce office supply budget
	100-310-622005	Operating Supplies Comm Ctr	3,000	(1,000)	Reduce department operating supplies (i.e. coffee/creamer)
	100-310-622100	Operating Supplies - Uniforms	2,500	(1,500)	Reduce budget for employee uniforms
	100-310-622500	Supplies-Program Services	6,000	(4,000)	Reduce supplies for recreation programs
	100-310-622501	Supplies-Youth Leagues	4,000	(1,600)	No after school sports
	100-310-622502	Supplies-Adult Leagues	7,750	(6,750)	Reduction in supplies for adult leagues
	100-310-623500	Printing-Program Services	500	(500)	No print advertisements
	100-310-631100	Utilities - Electric Comm Ctr	93,000	(18,000)	Reduce budget for facility closure
	100-310-632500	Utilities - Gas Comm Ctr	1,500	(200)	Reduce budget for facility closure
	100-310-635100	Utilities - Water Comm Ctr	9,000	(2,000)	Reduce budget for facility closure
	100-310-641100	Rent/Lease - Vehicle	750	(750)	No rental of vehicles for excursions and camps
	100-310-645500	Maint&Repair-Facility Comm Ctr	80,000	(10,000)	Reduce budget
	100-310-646100	Maint & Repairs - Vehicles	5,000	(1,500)	Reduce budget
	100-310-662000	Bank & Merchant Service Fees	15,534	(7,764)	Reduce regisration bank fees for programs not running through December 2020
	100-310-690500	Insurance - Recreational Classes	2,700	(1,200)	Less insurance coverage for recreation classes
	100-310-695500	Special Events-Program Service	107,250	(102,500)	No events through December 2020. Cancel Breakfast with Santa and Holiday Decorations
	100-310-695501	Day Camps & Build A Fort	17,900	(17,900)	No summer daycamps and build a fort
	100-310-695502	Special Needs Program	4,553	(2,553)	No Circle of Friends program through December 2020
	100-310-695504	Displays,Exhibits & Ed Program	500	(500)	Cut fossil exhibits educations supply expense
	100-310-695506	Teen Camps & Programs	15,477	(15,477)	No summer day camps
	100-310-695508	July Fourth Celebration	58,450	(58,450)	2020 event cancelled
	100-310-721500	Contract Services-Program Svce	140,000	(69,996)	No contract recreation activity through Dec 2020
	100-310-721505	Contract Services- Janitorial & Sanitation	148,600	(8,600)	Reduction of service while facility is closed
	100-310-930500	Furniture-Program Services	6,000	(4,000)	Reduce budget for new tables/chairs
			744,864	(342,940)	
Public Works					
	100-355-611000	Training and Education	10,000	(5,000)	Travel will be limited due to COVID-19
	100-355-613100	Vehicle-Fuel	6,200	(2,200)	Vehicles are no longer taken home by field staff members and fuel costs are now lower.
	100-355-622000	Operating Supplies	12,500	(6,500)	Staff will utilize supplies on hand.
	100-355-626000	Subscriptions & Books	600	(100)	Reduction in hard copy book updates.
	100-355-631000	Utilities - Electric	120,000	(10,000)	Energy conservation savings
	100-355-631400	Electric-Street Lights/Signals	430,000	(30,000)	Energy conservation savings
	100-355-635000	Utilities - Water	368,000	(18,000)	Reduce water management
	100-355-700000	Professional Services	16,000	(11,000)	Landscape Architecture services to be deferred
	100-355-700100	City Engineer Services	35,000	(10,000)	Civil Engineering services to be deferred
	100-355-700101	Traffic Engineer Services	45,000	(10,000)	Traffic Engineering services to be deferred
	100-355-700250	On-Call Engineer Services	5,000	(5,000)	Soils Engineering services to be deferred
	100-355-720400	Street Maintenance	595,000	(95,000)	Defer lane striping and pavement repairs
	100-355-720700	Landscape Maintenance Contract	1,142,000	(92,000)	Discretionary landscaping improvements deferred
	100-355-720701	Parks Contract Repair	110,000	(35,000)	Discretionary repairs deferred
	100-355-720702	Tree Maintenance	358,000	(58,000)	Defer cycle time of tree trimming
			3,253,300	(387,800)	

Function	Account Number and Name		Amended Budget	Proposed Tier 1 Budget Savings	Description
Public Safety					
100-420-720800	General Law Enforcement		8,498,927	(180,735)	Reduction resulting from OCSD adjustment to calculation methodology of contract billing
100-420-930000	Furniture		2,000	(1,000)	Reduction of discretionary purchases of new/repair/ or replacement office furniture
			8,500,927	(181,735)	
		TOTAL	**19,040,981**	**(1,926,889)**	

City of Laguna Hills

City Council/Planning Agency

Staff Report

DATE: July 7, 2020

TO: Mayor and Council Members

FROM: Dan Meehan
Community Services Superintendent

ISSUE: 2020 City-Wide Holiday Decorations

RECOMMENDATION: That the City Council cancel the 2020 Holiday Lighting Display as outlined in Option 1 of this staff report.

SUMMARY:

The adoption of the 2019-2021 Fiscal Years Operating Budget included the approval of a City-wide Holiday Decoration Plan. This program was reinstated in 2017 and decorations have been displayed from Thanksgiving through early January. Staff received three holiday lighting proposals as described in the staff report. Staff is proposing two options for the City Council's consideration. Option 1 is to cancel the 2020 Holiday Lighting Display due to the financial impacts of the Covid-19 pandemic. This is staff's recommendation. As an alternative to staff's recommendation, Option 2 is to move forward with the display for 2020, which requires the waiving of formal bidding requirements and procedures, and the execution of the attached proposed Holiday Lighting Agreement with The Christmas Kings (TCK) (the "Agreement").

BACKGROUND:

Summary of Light Decoration Proposals

The adoption of the 2019-2021 Fiscal Years Operating Budget included the approval of a City-wide Holiday Decoration Plan for the time periods of Thanksgiving through early January for a budget amount of $100,000 in each fiscal year.

For the 2020 display staff again solicited informal customized proposals, this year from four prospective vendors. Three of the four vendors that were contacted by staff submitted a holiday lighting proposal. Total costs for each of the proposals are listed below:

- The Christmas Kings (TCK): $99,710
- The Christmas Light Guy: $100,000
- Shine Illumination: $102,368

In addition to submitting the lowest bid, TCK was the only proposal (attached) that addressed the need for high reach equipment such as a boom lift, along with the appropriate lane closures, to ensure full coverage in the trees at the Community Center and behind each of the five entry monuments in the City. TCK also included in their proposal a light show at the Community Center plaza area synchronized to music. A deadline to have all decorations up and operational by December 1, 2020, was also acceptable to TCK and is reflected in the attached Agreement. Attachment 3 to the staff report provides pictures of TCK's proposed lighting and décor pieces.

The 2019 holiday decorations provided by TCK were well received by the public. A letter from TCK is attached to this staff report, which sets July 10, 2020, as the deadline to order the décor pieces listed in the attached proposal. An agreement would need to be executed prior to this date, according to TCK, to secure some of the décor pieces.

<u>Holiday Decoration Options and Staff's Recommendation</u>

Option1: Cancel the 2020 Holiday Lighting Display and not execute an Agreement with TCK. *(Staff's Recommendation)*

Staff's recommendation is that the City Council cancel the holiday lighting display for 2020 to help dampen the negative financial impacts of the Covid-19 pandemic. Staff anticipates a significant shortfall in revenues of over $2 million in FY 2020/2021, and has analyzed operating expenditures to find savings within the budget to help offset this deficit in revenues. The cancellation of the Holiday Lighting Display is proposed as a Tier 1 cut, and this information will be presented to the City Council during the July 7, 2020, City Council meeting under a separate agenda item.

Option 2: Execute the attached Agreement with The Christmas Kings for the 2020 Holiday Lighting Display.

If the City Council chooses to move forward with a Holiday Lighting Display for 2020, staff recommends that the City Council approve the attached Agreement with TCK for the reasons stated above. Although the cost of TCK's proposed holiday lighting display of $99,710 requires formal procurement procedures as spelled out in LHMC 3-08.090, these requirements and procedures may be waived at the discretion of the Purchasing Officer or City Council when one or more of the listed exemptions apply (see below). In 2019 the City Council waived the formal bidding requirements for the holiday decoration plan. If the City Council is in favor of Option 2, to move forward with a holiday lighting display for 2020, staff also recommends that the City Council waive competitive formal bidding requirements and procedures set forth in LHMC Section 3-08.090 with regard to the proposed Holiday Lighting Agreement with TCK, as it is hereby found and determined, pursuant to LHMC Section 3-08.110, that compliance is not in the City's best interest at this time based on the reasons presented below.

3-08.110 (E) – *When formal bidding is not likely to result in the lowest price. However, under such circumstances compliance with the informal procedures as set forth in Section 3-08.080 should be considered.* Based on the nature of the project, an "apples to apples" price comparison cannot be made when reviewing the three proposals. Each vendor that submitted a proposal listed different décor, both in style and total quantity of decorations to be displayed. As such, staff complied with the informal procedures set forth in Section 3-08.080 by soliciting three informal proposals and is recommending that the City Council approve the Agreement with TCK. Time is of the essence, as the vendor needs to order, design and fabricate materials to have them ready for the December 1, 2020, deadline noted earlier in this staff report. Per LHMC Section 3-08.100 Best Qualified Vendor (C), criteria for determining the best qualified vendor shall include but not be limited to; "*The ability of the vendor to provide the goods and supplies, equipment, materials, or nonprofessional services requested promptly or within the time specified, without delay, interference, or service interruption".* TCK has expressed that with the approval of the Agreement this evening, they will have the display built and in place by December 1, 2020.

3-08.110 (J) – *When, in the opinion of the City Council, it is determined that compliance with the procurement policies, procedures and/or requirements is not in the best interest of the City.* Based on the foregoing reasons and determinations, staff recommends that the City Council find and determine that undertaking a formal competitive bidding process for the holiday lighting program at this time is not in the City's best interest and instead approve the proposed Agreement with TCK and authorize the City Manager to execute the Agreement.

If the City Council is in favor of Option 2, the City Council's motion should be as follows:

> "Waive competitive formal bidding requirements and procedures set forth in the City of Laguna Hills Municipal Code (LHMC) Section 3-08.90 with regard to approval of the proposed Holiday Lighting Agreement with The Christmas Kings, as it is hereby found and determined, pursuant to LHMC Section 3-08.110, that compliance is not in the City's best interest at this time based on the information presented herein by City staff; and approve the Agreement and authorize the City Manager to execute the Agreement."

FISCAL IMPACT:

The budget for the holiday decoration plan is $100,000 for FY 2020/2021. Total costs for TCK's proposed 2020 holiday decoration plan are $99,710.

ATTACHMENTS:

- Attachment 1 - Option 2 Agreement with The Christmas Kings
- Attachment 2 - The Christmas Kings Letter
- Attachment 3 - Proposed Holiday Lighting Display

TheChristmasKINGS.com
Elite Holiday Lighting & Decor

TERMS AND AGREEMENT

1. **TERMS OF AGREEMENT:**
   a. The Invoice, dated June 10th, 2020 and numbered 20-5116 (the "Invoice") along with these terms and agreements will represent the exclusive agreement between The Christmas Kings ("TCK") and The City of Laguna Hills (the "Client") These terms and conditions shall hold as the written agreement between each party unless there is another duly recognized written agreement that supersedes these terms and conditions.

   b. Agreement Length shall be determined as the first date of the Estimate or Invoice regardless if the terms and agreement is or has been signed at a later date. The term of the contract shall begin on the first approved estimate date and remain in effect through the end of the applicable holiday season, which we will define as January 31st of the following year. If there is a multi year contract in place, the contract duration will be the start of the accepted proposal through January 31st of the following final contracting year. These terms shall be withheld unless there is a recognized written agreement that supersedes these contract dates.

2. **PAYMENT TERMS:**
   a. The client shall pay TCK the amount set forth in the invoice with the following terms in mind.
   b. DEPOSIT - a deposit of 50% shall be due Net30 once the Invoice and terms are agreed upon. For multi year contracts the initial payment for the following years shall be paid on or before September 1st for each holiday season.
   c. BALANCE DUE - client shall pay the remaining balance to TCK including any additional billable invoices that were incurred after initial contracting NET30 after the scope of work is completed in full. If the client has not paid on or before December 15th after the work has been completed the client authorizes TCK to auto debit the customers deposit method, bank card, credit card or ACH on file for the remaining balance. This amount will include a 4% service fee plus a 5% finance charge per month that the balance is remaining past due. This 5% finance charge will be added to the amount unpaid until the balance is paid in full.
   d. CLIENT REFUNDS AND CREDITS - if there is a particular scope of work that cannot be completed due to customer power, construction, change of mind, or any other reason not in the control of TCK, TCK and the client in a reasonable timely manner shall re-design, reallocate, or change the scope of work to another item valued at the same cost. Once a price point and invoice is agreed upon by the client, the client may not diminish there budget for that holiday season or subsequent seasons on multi year contracts after the fact and request a refund or hold final payment in lieu of work not being completed that is out of TCK decision making power.

e. CANCELLATION POLICY - in the event of a client cancelation more than 30 days prior to the scheduled installation date, the client shall forfeit a portion of their deposit amount which will be 25% of their total invoiced amount as a cancelation fee. If the lighting agreement is canceled within 30 days of the installation date the client shall be responsible for 50% of the invoice amount. If there is custom decor specific for the client's project that has been ordered or manufactured, the client will be responsible for 100% of the costs associated with such decor and 50 - 75% of the remaining applicable balance depending on cancelation date in respect to their install date.

f. OWNERSHIP OF MATERIALS - TCK is the sole owner of all materials used on projects with the client unless otherwise specified on the invoice denoting a purchase, lease to own, client provided material, or similar. All products are supplied on a rental basis and it is the duty and obligation of the client and their employees to use their best efforts to protect and ensure decorations and materials are not damaged, or stolen during the rental duration. The Client will be held responsible for gross negligence of materials that are damaged while in their possession. Costs of damaged or stolen product while under the care of the client for gross negligence cases will be billed at the rate of 200% the replacement cost of each item. The Client will not be charged for any passive negligence damage related to normal wear and tear or weather related damages.

3. SCOPE OF WORK

a. Installation

i. TCK will provide installation using commercially reasonable efforts to complete installation as described in the scope of work detailed on the Invoice (the "Project"). TCK will have the client display installed by December 1st or on or before the scheduled date agreed upon by TCK and the client. All Non Daytime decor (trees, bushes, roof lines, etc.) will be installed prior to November 1st and powered off until commencement of lighting display designated by client. Determination of install methods will be at the sole discretion of TCK. TCK shall not be responsible for functionality issues due to electrical system faults or inadequate power availability at the property.

b. Service

i. TCK will use commercially reasonable efforts to ensure all decorations are in working order during the season from the install date to December 30th or a contracted designated date agreed to and understood in the contract or invoice. All service calls during the season shall be relayed to TCK in writing so there is a trackable date and time stamp on the service call. Please send detailed information about the issue so we can promptly respond and remedy the situation. TCK has a 24-48 hour service call response time for issues depending on the severity of the issue and service area. Clients are required to change sprinkler run times in areas that lights have been requested. Sprinkler times must be set to start any time after the lights are off and to stop at least 4 hours prior to the lights activating. If there are issues with GFCI's popping and sprinkler times have not been changed clients may experience additional charges for service calls.

c. Removal
   i. All lighting displays will be removed beginning January 2nd and completed January 30th. Special requests can be arranged for early or late removals, these limited dates will be on a first come first serve basis. If your lights are installed past a prefered date please reach out to your sales person and request power to be turned off to your display until we can reach your property for removal.

4. CUSTOMER CHECKLIST AND RESPONSIBILITIES:

a. Power - Clients must provide sufficient power to each location lights are requested to be installed. TCK does not always conduct a site survey and it is not included in our pricing, Clients are urged to have an electrical evaluation done with their preferred electrical contractor in order to ensure proper working power is available for TCK to tie into.

b. Bubble covers - All outlets should be equipped with In-Use covers to prevent tripping from intruding water threats. TCK cannot ensure workability of displays that are connected to outlets without bubble covers, and the client may incur service call charges..

c. GFCI - The most common service call is for a tripped GFCI. Customers are responsible for first attempting to reset the GFCI before requesting service. NOTE: power must be live to the outlet in order to reset the GFCI button. If an outlet is on a timer or photocell, that device must be activated to allow power to flow to the outlet before trying to reset. If a TCK technician is dispatched to repair an issue related to a popped GFCI in the circumstance that is related to a non protected GFCI outlet or a client related power issue, the client will be responsible for $75 per hour including drive time for the repair.

d. Sprinklers - Sprinkler systems must operate only when the lights are off. Please give 4 hours of dry time before the lights turn on for the evening. The TCK lights used on all projects are outdoor rated but they are not meant to be hit by direct pressurized water. If sprinklers hit lights or outlets, the GFCI will trip and cause light failure.

e. Tree trimming - TCK suggests all trees scheduled for lighting to be trimmed in the month of September if needed or prior as installs begin late September in most areas. Trimming trees has several benefits: helps with the speed of install, allows more lights to be visible from guests, allows install technicians to wrap higher and more primary branches offering a better final product for no additional costs to the client.

f. Deployed Product During The Season - TCK is not responsible for our product or client owned product that has been stolen, cut, damaged, or destroyed while on the clients property. Clients must offer a safe and secure environment with adequate and sufficient security/supervision to prevent decorations from being stolen or damaged. If TCK determines that gross negligence has been demonstrated by the client TCK will alert the client and invoice for losses at the rate of 200% the replacement cost

5. LEGAL

a. Notices - all notices and correspondence shall be delivered electronically to TCK main customer support email or the appropriate salesperson.

b. Modification or Waiver - No amendments, modifications or waivers of the lighting agreement shall be binding unless both parties agree in writing and both sign an amendment, addendum or new contract.

c. Servability - The invalidity or unenforceability of any particular provision of the Lighting Agreement shall not affect the other provisions hereof, and this Lighting Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

d. Governing Law -The lighting agreement shall be constructed and enforced under and in accordance with the laws of the state of California.

e. Dispute Resolution

(a) Mediation. In the event a dispute arises between the parties with respect to the Lighting Agreement, the parties agree to first submit such dispute to mediation in Orange County, California, which process shall commence by one party providing written notice to the other party requesting mediation. The mediator shall be selected by mutual agreement of the parties, provided, however, if the parties cannot agree on a mediator, TCK shall provide a list of five acceptable mediators to Customer and Customer shall choose the mediator from such list. The mediator shall conduct the mediation as he/she determines, with the agreement of the parties. The parties shall discuss their differences in good faith and attempt, with the mediator's assistance, to reach an amicable resolution of the dispute. The mediation shall be treated as a settlement discussion and shall therefore be confidential. The mediator may not testify for either party in any later proceeding relating to the dispute. The mediation proceedings shall not be recorded or transcribed. Each party shall bear its own costs in the mediation. The parties shall share equally the fees and expenses of the mediator. If the parties have not resolved a dispute within 90 days after written notice beginning mediation (or a longer period, if the parties agree to extend the mediation), the mediation shall terminate and the dispute shall be settled by arbitration. (b) Arbitration. If the parties are unable to resolve any dispute through mediation as set forth above, the parties will refer the issue (to the exclusion of a court of law) to final and binding arbitration in Orange County, California in accordance with the then existing Commercial rules ("Rules") of the American Arbitration Association ("AAA"), and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof; provided, however, that the law applicable to any controversy shall be the law of the State of California, regardless of principles of conflicts of laws. In any arbitration pursuant to this Agreement, (i) discovery shall be allowed and governed by the Rules, and (ii) the award or decision shall be rendered by a single arbitrator appointed by mutual agreement of the parties. In the event of failure of the parties to agree within thirty (30) days after the commencement of the arbitration proceeding upon the appointment of the arbitrator, the arbitrator shall be an award or decision shall be rendered within no more than thirty (30) days. Notwithstanding the foregoing, the request by either party for preliminary or permanent injunctive relief, whether prohibitive or mandatory, shall not be subject to arbitration and may be adjudicated only by the courts of the State of California located in San Juan Capistrano-Orange County or the Federal District Court for the District of California. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING ARISING HEREUNDER. All aspects of the arbitration shall be treated as confidential. The parties and the arbitrator may disclose the existence, content or results of the arbitration only in accordance with the Rules or applicable professional standards.

6. INSURANCE

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

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

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

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

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

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

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

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

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

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

3. Notice: The policy or policies of insurance required by this section for Commercial General Liability and Automobile Liability Insurance shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or modified, or reduced in coverage or in limits, except after thirty (30) days prior written notice by First Class U.S. Mail, postage-prepaid, has been provided to the Client. Notwithstanding the foregoing, if coverage is to be suspended, voided, or cancelled because of TCK's failure to pay the insurance premium, the notice provided to Client shall be by ten (10) days prior written notice.

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

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

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

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

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

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

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

6.11 **Insurance for Subconsultants**. TCK shall either: (1) include all subconsultants or subcontractors engaged in any Work or Services for TCK relating to this Agreement as additional named insureds under the TCK's insurance policies; or (2) TCK shall be responsible for causing its subconsultants or subcontractors to procure and maintain the appropriate insurance in compliance with the terms of the insurance requirements set forth in this section, including adding the Client, its officials, officers, employees, agents and volunteers, as additional insureds to their respective policies. All policies of Commercial General Liability Insurance provided by TCK's subconsultants or subcontractors performing any Work or Services related to this Agreement shall be endorsed to name the Client, its officials, officers, employees, agents and volunteers, as additional insureds. TCK shall not allow any subconsultants or subcontractors to commence any Work or Services relating to this Agreement unless and until it has provided evidence satisfactory to Client that the subconsultant or subcontractor has secured all insurance required under this section.

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

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

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

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

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

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

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

7. INDEMNIFICATION

To the fullest extent permitted by law, TCK shall defend (at TCK's sole cost and expense with legal counsel reasonably acceptable to Client), indemnify, protect, and hold harmless Client, its officials, officers, employees, agents and volunteers (collectively the "Indemnified Parties"), from and against any and all liabilities, actions, suits, claims, demands, losses, costs, judgments, arbitration awards, settlements, damages, demands, orders, penalties, and expenses including legal costs and attorney fees (collectively "Claims"), including but not limited to Claims arising from injuries to or death of persons (TCK's employees included), for damage to property, including property owned by Client, or from any violation of any federal, state, or local law or ordinance, which Claims arise out of, pertain to, or are related to TCK's performance under this Agreement. Under no circumstances shall the insurance requirements and limits set forth in this Agreement be construed to limit TCK's indemnification obligation or other liability hereunder.

8. ENTIRE LIGHTING AGREEMENT

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

No Duress. This Agreement has been entered into without force or duress, signing at free will of the client and each party involved. The client has had free will with a clear decision to enter into this Agreement as a fully informed decision and such persons/companies/or clients are aware of all legal verbiage and has complete understanding of all listed contractual terms and agreements.

I THE UNDERSIGNED AGREE IN FULL WITH ALL THE TERMS AND CONDITIONS LAID OUT IN THE ATTACHED DOCUMENTS AND INVOICES. I THE UNDERSIGNED AM QUALIFIED ON BEHALF OF SELF, CLIENT, OR THE PROPERTY/COMPANY TO ENTER INTO SUCH CONTRACT.

COMPANY/CLIENT NAME:____________________________________

CONTACT NAME:____________________________________

CONTACT TITLE:____________________________________

SIGNING DATE: ____ ____/____ ____/____ ____ ____ ____

SIGNATURE:____________________________________

THE CHRISTMAS KINGS

MATHEW KRONQUIST
PRESIDENT

DATE: 0 6 / 3 0 / 2 0 2 0

SIGNATURE:

OVERVIEW

Please initial each of the following key points from the contract

1. ________ 50% Deposit due at the time of job approval, 50% final payment due Net30 after the completion of installation, or on/before December 15th - Late fees will be incurred for payments past December 15th

2. ________ All product provided as seasonal rental, unless otherwise stated in scope of work

3. ________ Customer must provide pre-checked and working Power Outlet (with bubble cover) at each lighting location. TCK can not run power across sidewalks or more that 100' from Outlet

4. ________ Price includes installation, service calls with a 24-48 hour response time, and removal of all products in January. All takedowns will be done between January 2nd - 31th (Weather Permitting)

5. ________ Customer must have landscape company change any nearby sprinklers to run only during daytime hours with a stop time no less than 4 hours ahead of lights on time and must be done before "lights on" date

6. ________ Any Vendor Registration Fees will be paid by the Client or the fee will be added onto the final invoice payment if they are not disclosed at the time of contracting.

7. ________ All non daytime decor will be installed in October (tree lighting, roof lines, fence lighting, flood lights, etc.). All Greenery, Bows, Decor, and final power connections will be done prior to the lights on date. The install date will be

determined by TCK within an acceptable date range from the client, property management company, owner, or other.

Invoice
The Christmas Kings
31500 Grape St. Suite 3233, Lake Elsinore, CA, 92532
Inland Empire: 951-402-2000 • Orange County: 714-907-0003 • Fax: 951-905-1401
https://www.thechristmaskings.com • support@thechristmaskings.com

Invoice No. **20-5116**
June 10, 2020

CUSTOMER INFORMATION

Property Name	City of Laguna Hills	
Property Type		
Address	25555 Alicia Parkway	
City, State, Zip	Laguna Hills, CA, 92653	
Contact 1	**Name:** Dan Meehan **Phones:** Work: 949-707-2688	**Title:** Community Services Superintendent **Email:** dmeehan@lagunahillsca.gov

INVOICE TOTAL

$99,710.00

City of Laguna Hills Community Center 2020

Quantity	Description
1	15' Lit Decorated Christmas Tree placed in Main Lobby with Gold, Silver, and Red Decor Package. Includes Garland going up stairwell and 48" Wreath at top
1	White/Red C9 LED around full perimeter of Community Center Building
1	Installation one 8' tall pre-lit Wreath with 48" Red Bow above main entry doors to Community Center
2	Installation of two 7.5' tall Pandora Snowflakes with animated LED Drip lights
1	Installation of 32' wide Royal Ribbon Arch with Twinkling LED Lights in Courtyard
2	Installation of two 3' Tall 3D Gift Boxes flanking Royal Ribbon Arch in courtyard
1	Light up bushes and Trees in front of Community Center Building and in Courtyard with Pure White LED mini lights - TCK will use equipment to light up trees along Alicia Pkwy
4	Lit Decorated Garland around top of four Monument Pillars at the corner
2	Installation of (2) 7.5' Tall by 6.5' Wide Red 3D Ornaments fully lit with twinkle LED lights placed on top of big Pillars at the corner
2	Installation of (2) 4.5' Tall by 4' Wide Silver 3D Ornaments fully lit with twinkle LED lights placed on top of smaller Pillars at the corner

El Toro Median Tree and Monuments (2 Identical Medians)

Quantity	Description
12	Spiral wrap 12 total Palm Trees with clear LED mini lights using 4"-6" spacing up approx. 25' high
12	Uplights on each Palm Tree to light up Palm Fronds (2 uplights per Palm to light up front and back, price is per palm)
8	4.5' Tall 3D Red and White Ornaments on top of ALL EIGHT Monument Pillars

5 Laguna Hills Monuments

Quantity	Description
5	Lit Decorated Garland across top of each Monument Sign
5	Light up bushes in front of and behind Monument Signs with Pure White Twinkle LED mini lights
5	Branch wrap trunk and major limbs of Magnolia Tree behind each Monument Sign with Pure LED mini lights to tips with Starburst in canopy
1	Light up 6 additional Trees behind South Moulton Entry Monument - Light up trunks and major limbs with equipment -Installation of Starbursts in Canopies
1	Light up 3 additional Trees behind Oso Pkwy Entry Monument - Light up trunks and major limbs with equipment -Installation of Starbursts in Canopies
1	Light up 2 additional Trees behind La Paz Entry Monument -Light up trunks and major limbs with equipment -Installation of Starbursts in Canopies
1	Light up 1 additional Tree behind Alicia Pkwy Entry Monument -Light up trunks and major limbs with equipment -Installation of Starbursts in Canopies

Equipment

Quantity	Description
1	45' Boom lift Rental for Installation and removal of lights on Trees
1	19' Scissor Lift for installation and removal of Wreath and Pandora Snowflakes
1	Lane Closure Signs, Cones, Sign Board

Terms:

Quantity	Description
	- All product is provided as a rental for the season
	- 50% Deposit due at time of job approval, 50% final payment due November 15th (Net30)
	- Customer must provide pre-checked and working Power Outlet with water tight cover at each lighting location
	- Price includes installation, any service calls with a 24-48 hour response time, and removal of all product by January 20th (Weather Permitting)
	- Customer must have landscape company change any nearby sprinklers to run only during daytime hours, must be done before "lights on" date

- All lights and Starbursts will be installed in October, all Greenery, Bows, Decor, and final power connections will be done on or before the lights on date of December 1st

TERMS

The Christmas Kings carries general liability insurance & work comp @ $2,000,000 and $1,000,000 limits, Increases are available at clients expense - Our price includes installation, service, & removal, unless otherwise specified. - All materials are supplied to project as a rental from The Christmas Kings, unless provided by the client or otherwise specified. - The client is responsible for providing adequate power at all lighted locations. - Sprinklers MUST be turned to operate during daylight hours to prevent shorting out the display. - The Christmas Kings provides service within 24 to 48 hours of reported outage. Please use our online service call reporting link to report an outage, or send an email to service@thechristmaskings.com. - Additional fees may occur if it is determined that vandalism, theft cause undo loss or damage.

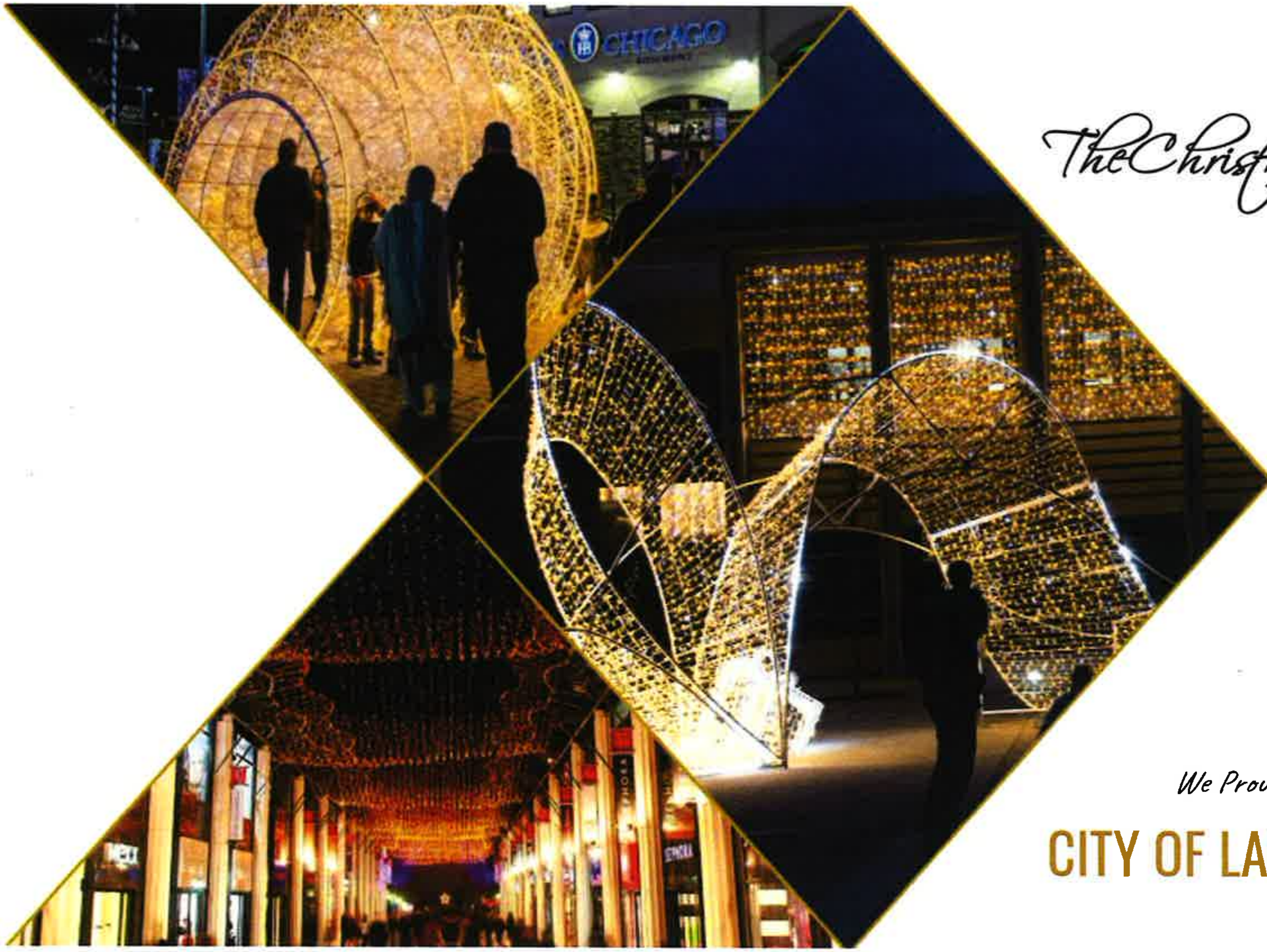
TheChristmasKINGS.COM
Elite Holiday Lighting & Decor

Attn: City of Laguna Hills
Re: 2020 Product Ordering Timeline

Due to the challenges faced with COVID 19, our ordering timeline has been affected. The deadline to order new products from the manufacturer is July 10th, 2020. To ensure all items presented in the display are available from the manufacturer, a contract would need to be signed by then if new pieces are to be created. We do reserve items in a stock inventory which will be available on a first come, first served basis for the 2020 Holiday Season. At the time of signing a contract for the 2020 season, if items within the presentation are unavailable, alternate displays will be presented as options.

Please contact me with any questions you may have.
Thank you,

Sean Skog
Executive Accounts Manager
The Christmas Kings
951-385-3149
Sean@TheChristmasKings.com



The Christmas KINGS

We Proudly Present

CITY OF LAGUNA HILLS

LAGUNA HILLS COMMUNITY CENTER

Alternating Red-White LED C9 bulbs around full perimeter of Community Center Building

8' Pre-Lit Wreath with 48" Red Bow mounted above main entry doors Wreath has to be suspended from above beams because current anchors in metal frame are loose

Two 7.5' Tall Pandora Snowflakes with animated LED Drip Lights mounted on windows to left and right of main entrance

Installation of Royal Ribbon Arch in front of Community Center Building with two 3' 3D Gift Boxes. Royal Ribbon Arch is 32' wide, 13' tall, 5.6' deep, lit with with a warm/pure mixture of LED twinkling lights.

Pure white lights in bushes and small palm trees in front of building. Red mini lights in fronds of small palm trees.

COMMUNITY CENTER LOBBY

15' Decorated Pre-Lit Christmas Tree installed in Lobby. Silver and Red Ornaments to match Decor placed around City. 18" Twinkling LED Starburst Tree Topper.

Pre-Lit LED Garland and Bows installed at top 2nd story railing and down handrail

48" Lit Wreath with 18" Red Bow installed on 2nd story railing

COURTYARD

Branch wrap Trunks and Major Limbs of Trees by and in Courtyard area with matching Pure LED mini lights. Pure White lights on Bushes and small trees up against Community Center with Red LED mini lights in small tree canopies.

All trees along Alicia Pkwy wrapped up high using equipment to articulate the lights out the major branches of each tree.

COMMUNITY CENTER ADDITIONAL LIGHTING

We are proposing to light up most of the Trees and Bushes in the Courtyard with Pure White and Red LED mini lights to match the Community Center Building Lights and Decor Pieces mixed throughout the City.

TCK will supply high reach equipment to install lights higher up on primary and secondary limbs of trees at the community center.

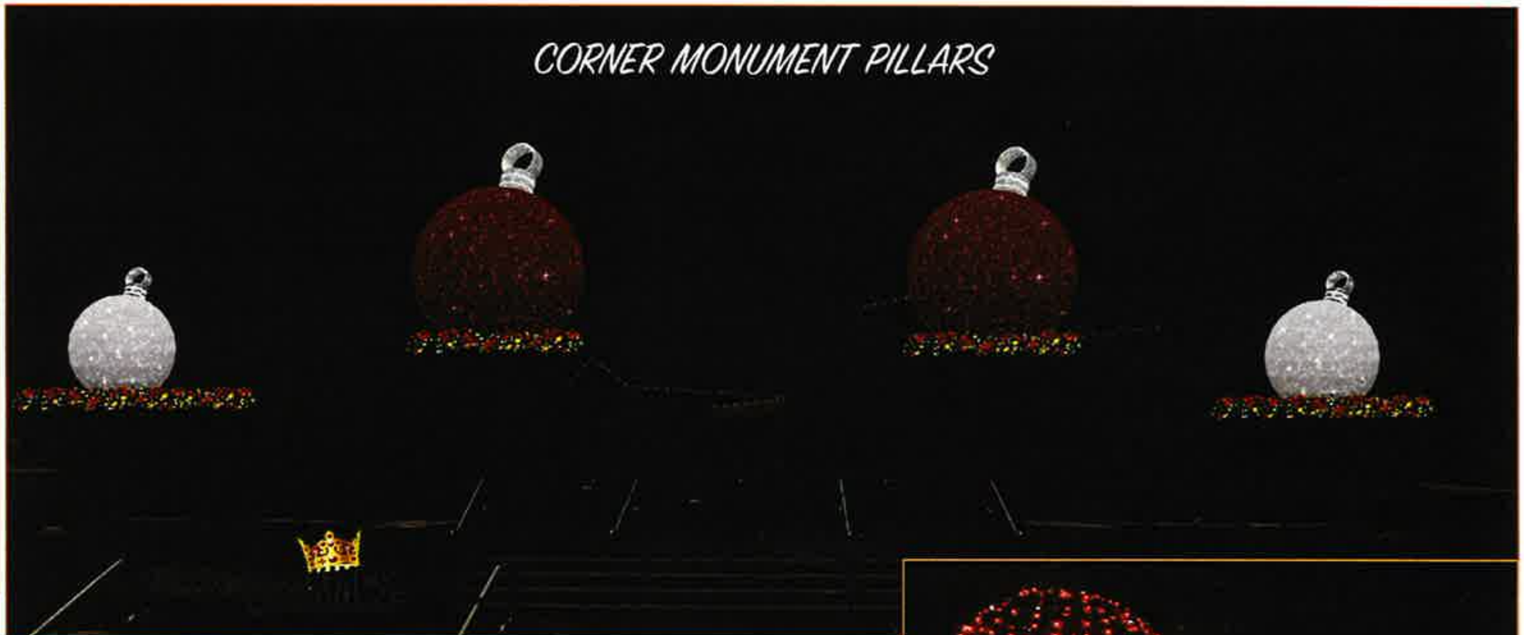
CORNER PILLARS

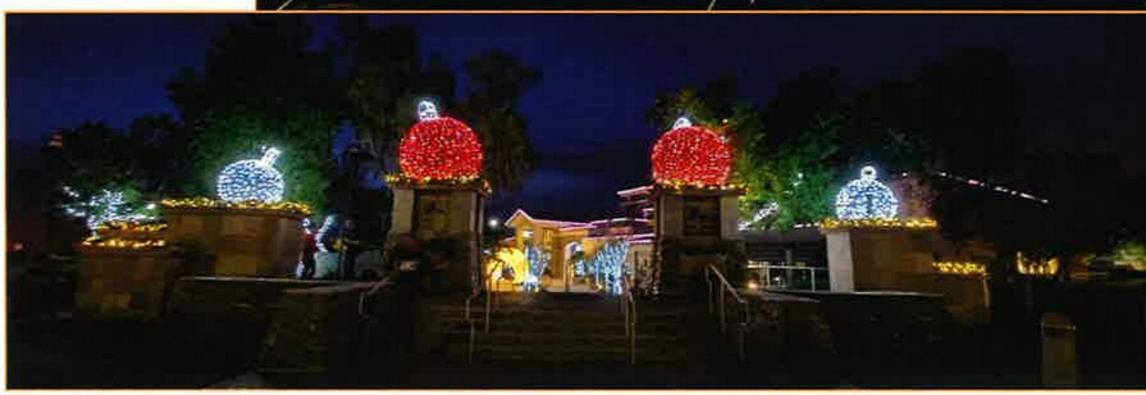
PASEO DE VALENCIA AND ALICIA PKWY

Pre-Lit LED Decorated Garland around 4 Pillars at corner

Two 7.5' Tall 3D Red Ornaments Pre-Lit with twinkling LED lights sitting on top of big Pillars by stairway

Two 4.5' Tall 3D White Ornaments Pre-Lit with twinkling LED lights sitting on top of smaller Pillars





EL TORO
CENTER MEDIANS

Spiral wrap Palm Trees in center island with Pure White Twinkling LED mini lights at 4" spacing up approx. 25' high

Two 30 watt Uplights on each Palm Tree lighting up Palm Fronds

Place a 4.5' Tall 3D Lit Ornament at top of ALL 8 PILLARS
2019 had only 4 Ornaments, we are proposing installing 8 Ornaments for 2020 (4 Red, 4 White)

LAGUNA HILLS CITY MONUMENTS

Wrap trunk and major limbs of Trees behind Monument Signs with LED Pure White mini lights at 4" spacing between wraps

LED Twinkle Starbursts in all Tree Canopies

LED Lit Garland across top of each Monument Sign with Red Bows

Bushes in front of and behind Monument Signs lit with Pure White LED Twinkle lights - Ground cover as applicable

TCK will use Equipment to light up tree branches up higher in 2020

LIVE PHOTOS OF PROPOSED DECOR FOR 2020