
**CITY COUNCIL
REGULAR
MEETING**



**MAY 24, 2011
7:00 PM**

AGENDA

L. Allan Songstad, Jr., Mayor

**Melody Carruth, Mayor Pro Tempore
Randal Bressette, Council Member**

**Barbara Kogerman, Council Member
Joel Lautenschleger, Council Member**

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

CALL TO ORDER

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

PLEDGE OF ALLEGIANCE: Council Member Kogerman

ROLL CALL OF CITY COUNCIL MEMBERS

1. PRESENTATIONS AND PROCLAMATIONS

1.1 COMMUNITY CENTER BUTTERFLY SCULPTURE RENOVATION
PROJECT (0910-40) (0410-65)

RECOMMENDATION: That Mayor Songstad present Certificates of Recognition to the Art Honor Society Students from Laguna Hills High School for their efforts in refurbishing the Butterfly Sculptures.

2. PUBLIC COMMENTS

This is the appropriate time for members of the public to make comments regarding items listed on the Consent Calendar and issues not listed on the Agenda. Any person wishing to address the City Council on any matter, whether or not it appears on this Agenda, is asked to complete a "Request to Speak" form available on the table at the back of the Chamber. The completed form is to be submitted to the City Clerk prior to an individual being heard by the City

Council. No action will be taken on any items not on the Agenda unless the City Council makes a determination that an emergency exists or that the need to take action on the item arose subsequent to posting of the Agenda.

There will be a time limitation of three minutes per person, an overall time limit of ten minutes for any one subject, and a time limit of thirty minutes for the Public Comments portion of the Agenda.

2.1 LAGUNA HILLS HIGH SCHOOL STUDENT LIAISON (0930-40)

RECOMMENDATION: That the City Council receive an oral report from Laguna Hills High School Liaison Lyndsey Kaan.

3. MINUTES

3.1 REGULAR MEETING, MAY 10, 2011 (0410-50)

RECOMMENDATION: That the City Council approve the minutes of the May 10, 2011, regular meeting.

4. CONSENT CALENDAR

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

4.1 MOTION TO APPROVE THE READING BY TITLE OF ALL ORDINANCES AND RESOLUTIONS, SAID TITLES, WHICH APPEAR ON THE PUBLIC AGENDA, SHALL BE DETERMINED TO HAVE BEEN READ BY TITLE AND FURTHER READING WAIVED

RECOMMENDATION: That the City Council waive reading of Ordinances and Resolutions.

4.2 APPROVAL OF WARRANT REGISTER FOR PERIOD ENDED MAY 24, 2011 (0300-30)

RECOMMENDATION: That the City Council approve the Warrant Register in the amount of \$956,725.50.

4.3 PROGRESS PAYMENT NO. 2 FOR COMMUNITY CENTER & SPORTS COMPLEX PLAYGROUND RENOVATIONS AND LIGHT REFURBISHMENT, CIP NO. 514, AND COSTEAU PARK PLAYGROUND RENOVATIONS, CIP NO. 239 (0400-10)

RECOMMENDATION: That the City Council approve Contract Change Order No. 1 and Progress Payment No. 2, in the net amount of \$80,905.32, to Signature Contractors, for Community Center & Sports Complex Playground Renovations and Light Refurbishment, CIP No. 514, and Costeau Park Playground Renovations, CIP No. 239.

4.4 AUTHORIZATION TO PURCHASE TRAFFIC SIGNAL EQUIPMENT FOR THE AVENIDA DE LA CARLOTA WIDENING PROJECT, CIP NO. 164 (0400-10)

RECOMMENDATION: That the City Council authorize the direct purchase of traffic signal equipment from Econolite and video equipment from Phoenix Highway Products as described herein for the Avenida de la Carlota Widening Project, CIP No. 164, in the total estimated amount of \$41,522.

4.5 APPLICATION FOR FEDERAL FINANCIAL ASSISTANCE DUE TO STORM DAMAGE (0220-25)

RECOMMENDATION: That the City Council adopt a Resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DESIGNATING THE CITY MANAGER AS THE APPLICANT'S AGENT FOR OBTAINING FEDERAL FINANCIAL ASSISTANCE FOR STORM DAMAGE.

4.6 PROPOSED AMENDMENT NO. 1 TO PROFESSIONAL SERVICES AGREEMENT WITH HOGLE-IRELAND, INC., FOR CONTRACT PLANNING SERVICES, EXTENSION OF TERM (0400-10)

RECOMMENDATION: That the City Council:

1. Approve proposed Amendment No. 1 to the Professional Services Agreement with Hogle-Ireland, Inc., for planning services, extending the Agreement for two years subject to the expenses allowed by Amendment No. 1; and
2. Authorize the City Manager to sign the Agreement in a form acceptable to the City Attorney.

4.7 ONE-YEAR EXTENSION OF JANITORIAL SERVICES AGREEMENT WITH THE RITZ COMPANIES FOR LAGUNA HILLS COMMUNITY CENTER (0400-10)

RECOMMENDATION: That the City Council authorize the City Manager to Execute Amendment No. 1 to Janitorial Services Agreement with the Savoy Contractors Group Inc., dba The Ritz Companies, for janitorial services at the Laguna Hills Community Center.

- 4.8 AUTHORIZATION TO CONTRACT WITH MOSS, LEVY & HARTZHEIM, LLP, FOR THE AUDIT OF THE CITY'S FINANCIAL STATEMENTS FOR AN ADDITIONAL THREE FISCAL YEARS: FY 2010-11, FY 2011-12, AND FY 2012-13 (0400-10)

RECOMMENDATION: That the City Council authorize the City Manager to execute a Professional Services Agreement with Moss, Levy & Hartzheim, LLP, to perform the financial audit for the City for FY 2010-11, FY 2011-12, and FY 2012-13.

ITEMS REMOVED FROM THE CONSENT CALENDAR

5. PLANNING AGENCY

- 5.1 ROLL CALL OF PLANNING AGENCY MEMBERS

- 5.2 PUBLIC COMMENTS

This is the appropriate time for members of the public to make comments regarding issues not listed on the Agenda. Any person wishing to address the Planning Agency on any matter, whether or not it appears on this Agenda, is asked to complete a "Request to Speak" form available on the table at the back of the Chamber. The completed form is to be submitted to the City Clerk prior to an individual being heard by the Planning Agency.

- 5.3 MINUTES OF THE REGULAR MEETING OF MAY 10, 2011 (0120-10)

RECOMMENDATION: That the Planning Agency approve the minutes of the May 10, 2011, regular meeting as referenced in Item 3.1, beginning on Page 4.

- 5.4 PLANNING AGENCY PUBLIC HEARINGS

PLANNING AGENCY ADJOURNMENT

6. CITY COUNCIL PUBLIC HEARINGS

- 6.1 2011 WEED ABATEMENT PROGRAM PUBLIC HEARING (0240-50)

RECOMMENDATION: That the City Council:

1. Conduct a Public Hearing, receive and consider all objections; and
2. Adopt a Resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ISSUING AN ABATEMENT ORDER AND AUTHORIZING THE DIRECTOR OF PUBLIC SERVICES/ CITY ENGINEER TO COMMENCE ENFORCING WEED, RUBBISH, AND REFUSE ABATEMENT AGAINST SPECIFIED PARCELS OF LAND.

7. ADMINISTRATIVE REPORTS

7.1 City Manager

7.1.1. CHANGES IN HEALTH INSURANCES PROGRAM (0400-10)

RECOMMENDATION: That the City Council adopt the following Resolutions:

1. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A MEMORANDUM OF UNDERSTANDING AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY'S MEDICAL BENEFITS PROGRAM;

2. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A MEMORANDUM OF UNDERSTANDING AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY'S HEALTH BENEFITS ANCILLARY COVERAGES.

7.2 Chief of Police Services

7.2.1. FY 2011-2012 LAW ENFORCEMENT SERVICES AGREEMENT (0400-10)

RECOMMENDATION: That the City Council authorize the Mayor to execute the FY 2011-2012 Law Enforcement Services Agreement between the County of Orange and the City of Laguna Hills.

8. OTHER BUSINESS

8.1 COUNCIL MEMBER BRESSETTE

8.1.1. REQUEST TO REDUCE FEES FOR THE 3/5 MARINES PARTICIPATING IN THE MEMORIAL DAY HALF MARATHON AND 5K RACE AND TO REFUND THE \$200 BOOTH FEE PAID BY TEAM DARK HORSE (0950-20) (0120-40)

RECOMMENDATION: That the City Council charge the 3/5 Battalion Support Committee a discounted rate of \$14.00 per each 3/5 active duty Marine that participates in the Memorial Day Half Marathon and 5K Race and that the finish line Community Expo fee be refunded to Team Dark Horse if it has already been paid.

9. MATTERS PRESENTED BY MAYOR AND COUNCIL MEMBERS

10. CLOSED SESSION

The City Council shall convene in Closed Session, in the City Hall Conference Room, to consider the following matters:

10.1 CONFERENCE WITH REAL PROPERTY NEGOTIATOR

Pursuant to Government Code § 54956.8

Property: 24031 El Toro Road, Suite No. 250, Laguna Hills
Agency Negotiator: Bruce Channing, City Manager
Negotiating Parties: City of Laguna Hills and Windstone Behavioral Health
Item Under Negotiation: Terms and Conditions of Lease

10.2 CONFERENCE WITH REAL PROPERTY NEGOTIATOR

Pursuant to Government Code § 54956.8

Property: 24031 El Toro Road, Suite No. 260, Laguna Hills
Agency Negotiator: Bruce Channing, City Manager
Negotiating Parties: City of Laguna Hills and Rick Finelli
Item Under Negotiation: Terms and Conditions of Lease

Reconvene in regular session in the City Council Chamber.

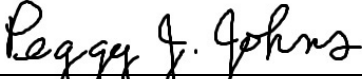
Report on whether any reportable action was taken on matters considered during Closed Session.

ADJOURNMENT

The next Regular Meeting of the City Council will be June 14, 2011, at 7:00 PM, in the City Council Chamber, located at 24035 El Toro Road, Laguna Hills, California.

CERTIFICATION

I, PEGGY J. JOHNS, City Clerk of the City of Laguna Hills, do hereby certify that a copy of the foregoing Agenda was posted at Laguna Hills City Hall, Laguna Hills Community Center, and La Paz Center by May 20, 2011, at 5:00 PM.



PEGGY J. JOHNS, CITY CLERK

May 20, 2011**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

AGENDA REPORT COMMUNITY SERVICES DEPARTMENT

ISSUE: COMMUNITY CENTER BUTTERFLY SCULPTURE RENOVATION PROJECT

SUMMARY:

In January of 2005, the City of Laguna Hills participated in the KOCE "Butterfly Initiative" program by purchasing four butterfly sculptures, and then inviting children from the four Laguna Hills schools to participate in a "Butterfly Design Contest." Four winners were eventually selected by the Parks and Recreation Commission and the sculptures were painted and placed on display in the plaza area of the Laguna Hills Community Center in May of 2005. Since that time, the paint on the sculptures has chipped and faded due to exposure to sun and rain. Staff presented a report to the City Council at its November 23, 2010, meeting with the recommendation that Laguna Hills High School art students conduct a renovation of the butterfly sculptures. The City Council agreed with staff's recommendation, and Art Honor Society students, under the guidance of art teacher Dalynn Malek, began work on the sculptures shortly thereafter.

The renovation of the butterfly sculptures is now complete. After being cleaned, painted, sealed, sanded, and sealed again, the sculptures have been re-installed in the plaza area at the Laguna Hills Community Center. The City would like to acknowledge the following students for their efforts:

- Emily Cebula
- Natacha Nielsen
- Julia Quinones
- Zeba Azamy
- Tina Sapszian
- Joshua Takenaka
- Amanda Le
- Samantha Torres

RECOMMENDATION: THAT MAYOR SONGSTAD PRESENT CERTIFICATES OF RECOGNITION TO THE ART HONOR SOCIETY STUDENTS FROM LAGUNA HILLS HIGH SCHOOL FOR THEIR EFFORTS IN REFURBISHING THE BUTTERFLY SCULPTURES.

ATTACHMENT:

- Certificate

CERTIFICATE OF RECOGNITION

NATACHA NIELSEN

Butterfly Sculpture Refurbishment

WHEREAS, in 2004 the City purchased four butterfly sculptures in support of the Orange County Arts and Science Endowment which served to raise funds to support school childrens' science and art programs; and

WHEREAS, the City sponsored a Butterfly Design Contest open to all children attending public school in Laguna Hills, eventually selecting four winners to paint and display the sculptures in the plaza area at the Laguna Hills Community Center; and

WHEREAS, after more than five years of exposure to rain and sun, the paint on the sculptures had faded and chipped; and

WHEREAS, the Community Services Department approached Dalynn Malek, art teacher at Laguna Hills High School, to inquire about art students touching up the sculptures; and

WHEREAS, the Art Honor Society students have done an exceptional job of refurbishing the sculptures, which will continue to be displayed at the Laguna Hills Community Center for public enjoyment and in support of art and science education.

NOW, THEREFORE, I, L. Allan Songstad, Jr., Mayor of the City of Laguna Hills, California, do hereby recognize and thank Natacha Nielsen for her outstanding service to the City.

Dated this 24th day of May 2011.

L. ALLAN SONGSTAD, JR., MAYOR

5/24/2011 ITEM NO. 1.1

**CITY OF LAGUNA HILLS, CALIFORNIA
CITY COUNCIL/PLANNING AGENCY REGULAR MEETING
MINUTES
MAY 10, 2011**

CALL TO ORDER

Mayor Songstad called the Regular Meeting of the City Council of the City of Laguna Hills, California, to order at 7:00 PM in the Laguna Hills City Council Chamber, 24035 El Toro Road, Laguna Hills.

PLEDGE OF ALLEGIANCE: Council Member Lautenschleger

ROLL CALL OF CITY COUNCIL MEMBERS:

Present: Mayor Songstad, Mayor Pro Tempore Carruth, Council Member Bressette, Council Member Kogerman, and Council Member Lautenschleger

STAFF PRESENT: Bruce Channing, City Manager; Donald White, Assistant City Manager; Greg Simonian, City Attorney; Ken Rosenfield, Public Services Director/City Engineer; Vern Jones, Community Development Director; Steve Doan, Chief of Police Services; David Reynolds, Deputy City Manager; Terry Scottt, Battalion Chief, Orange County Fire Authority; Melissa Au-Yeung, Senior Management Analyst; Dan Meehan, Community Services Superintendent; and Sandi Mogan, Deputy City Clerk.

1. PRESENTATIONS AND PROCLAMATIONS

1.1 MOTHERS AGAINST DRUNK DRIVING (MADD) 2010 "DEUCE AWARD" (0410-65)

Mayor Songstad invited Sharry Graham, with Orange County Mothers Against Drunk Driving, to present the Deuce Award to Deputy Scott Watson.

2. PUBLIC COMMENTS

MUSCULAR DYSTROPHY FUND RAISER (0150-20)

Robert Alvarado, Orange County Fire Authority Representative, and Amber Portz, Muscular Dystrophy Association Representative, reported that OCFA would be holding the annual Muscular Dystrophy Drive on May 21, 2011, to raise money to fight Muscular Dystrophy diseases.

PARK MAINTENANCE/SLOPE REPAIR (0830-70) (0730-05)

Warren Whitenden, Laguna Hills, expressed concerns regarding slope stability, safety, and security at Stockport Park. Public Services Director Rosenfield stated that these issues would be addressed in the next Fiscal Year CIP budget with scheduled renovations.

RIDGE ROUTE DRIVE STREET MAINTENANCE (0820-15)

Everett Stone, Laguna Hills, inquired about the road improvements on Ridge Route Drive between Moulton Parkway and Avenida de la Carlota. Public Services Director Rosenfield indicated the pavement rehabilitation at Ridge Route Drive was included in the long term Capital Improvement Program for 2014.

LAGUNA HILLS GRAD NIGHT FUNDRAISER (0930-40)

Meg Gorham, Laguna Hills, spoke on Laguna Hills Grad Night Fund Raiser, Win-Win-Wednesday, and thanked the City Council for the check donated from the City for Laguna Hills High Grad Nite. Ms. Gorham also inquired if there would be any additional security available for that night. Lieutenant Doan indicated that there were no officers dedicated to the event but there would be a vehicle assigned to patrol the area in the vicinity of the event.

2.1 LAGUNA HILLS HIGH SCHOOL STUDENT LIAISON (0930-40)

The City Council received an oral report from Laguna Hills High School Student Liaison Lyndsey Kaan.

3. MINUTES

3.1 REGULAR MEETING, APRIL 26, 2011 (0410-50)

**Motion to approve the minutes of the April 26, 2011, regular meeting by m/Mayor Pro Tempore Carruth, s/Council Member Kogerman.
Approved by a vote of 5-0.**

4. CONSENT CALENDAR

**Motion to approve the Consent Calendar by m/Mayor Pro Tempore Carruth, s/ Council Member Bressette
Approved by a vote of 5-0.**

4.1 MOTION TO APPROVE THE READING BY TITLE OF ALL ORDINANCES AND RESOLUTIONS, SAID TITLES, WHICH APPEAR ON THE PUBLIC AGENDA, SHALL BE DETERMINED TO HAVE BEEN READ BY TITLE AND FURTHER READING WAIVED

Waived reading of Ordinances and Resolutions.

4.2 APPROVAL OF WARRANT REGISTER FOR PERIOD ENDED MAY 10, 2011 (0300 30)

Approved the Warrant Register in the amount of \$356,346.67.

4.3 THIRD QUARTER FINANCIAL AND TREASURER'S REPORT (FISCAL YEAR 2010/11) (0300-40)

Received and filed the Third Quarter Financial and Treasurer's Report for FY2010/11.

4.4 ZONING TEXT AMENDMENT NO. 3-11-1894, AMENDING TITLE 9 OF THE LAGUNA HILLS MUNICIPAL CODE ENTITLED "ZONING AND SUBDIVISIONS" INCLUDING CHAPTER 9-10 (ZONING DISTRICTS ESTABLISHED) AND CHAPTER 9-62 (TEMPORARY USES) TO PERMIT SEASONAL STRAWBERRY STANDS IN SOME COMMERCIAL DISTRICTS SUBJECT TO THE APPROVAL OF A TEMPORARY USE PERMIT (0480-20)

Adopted Ordinance No. 2011-4, an Ordinance of the City of Laguna Hills, California, amending Title 9 of the Laguna Hills Municipal Code entitled "Zoning and Subdivisions" including Chapter 9-10 (Zoning Districts established) and Chapter 9-62 (Temporary Uses) to permit seasonal strawberry stands in certain commercial districts subject to the approval of a Temporary Use Permit.

4.5 PROGRESS PAYMENT NO. 2 FOR LA PAZ ROAD WIDENING AT I-5 IMPROVEMENT PROJECT, CIP NO. 159 (0400-10)

Approved Progress Payment No. 2, in the net amount of \$12,609.27, to SEMA Construction, Inc., for the La Paz Road Widening at I-5 Improvement Project, CIP No. 159.

4.6 AWARD OF CONTRACT FOR ENERGY EFFICIENT PROJECT, CIP NO. 515 (0400-10)

Adopted Resolution No. 2011-05-10-1, A Resolution of the City Council of the City of Laguna Hills, California, adding the Energy Efficiency Project, CIP No. 515, to the Fiscal Year 2010-2011 Capital Improvement Program Budget; and awarded the contract for the Energy Efficient Project, CIP No. 515, to the apparent low bidder, Robert D. Gosney Construction, in the low bid amount of \$164,634.00, and authorized the Mayor to sign and the City Clerk to attest to the contract documents.

4.7 2011 FOURTH OF JULY CELEBRATION (0400-10)

Authorized the City Manager to execute the Agreement with Pyro Spectaculars, Inc., approved as to form by the City Attorney, for the Fourth of July Fireworks Show.

4.8 STATUS REPORT OF FLORENCE SYLVESTER SENIOR CENTER UPGRADES(0280-50)

Received and filed the report.

5. PLANNING AGENCY

Mayor Songstad recessed the City Council meeting and acting in the capacity of Chair, called the regular meeting of the Planning Agency of the City of Laguna Hills, California, to order at 7:33 PM.

5.1 ROLL CALL OF PLANNING AGENCY MEMBERS

Present: Chair Songstad, Vice Chair Carruth, Agency Member Bressette, Agency Member Kogerman, and Agency Member Lautenschleger

5.2 PUBLIC COMMENTS

There were no Public Comments.

5.3 MINUTES OF THE OF APRIL 26, 2011, REGULAR MEETING (0120-10)

Motion to approve the minutes of the April 26, 2011, regular meeting as referenced in Item 3.1, beginning on Page 3, by Agency Member Lautenschleger, s/Vice Chair Carruth.

Approved by a vote of 5-0.

5.4 PLANNING AGENCY PUBLIC HEARINGS

5.4.1. CONDITIONAL USE PERMIT/SITE DEVELOPMENT PERMIT/MASTER SIGN PROGRAM/VARIANCE NO. 2-11-1877, A REQUEST BY G&M OIL COMPANY TO RECONSTRUCT THE EXISTING GAS STATION AND ADD A NEW 1,316 SQUARE FOOT CONVENIENCE STORE, LOCATED AT 23991 EL TORO ROAD IN THE VILLAGE COMMERCIAL (VC) ZONING DISTRICT (0610-55)

Chair Songstad opened the Public Hearing.

Karl Huy, Project Architect, thanked staff for their hard work, and stated that he agreed to all of the Conditions of Approval.

George Pearson, G&M Oil representative, indicated he had been at the location for twenty years and was looking forward to opening the new convenience store inside the gas station.

Armondo Resado, Chevron Extra Mile representative, informed the City Council on the type of products the convenience store would offer for sale.

Chair Songstad closed the Public Hearing.

Motion to adopt Resolution No. PA2011-05-10-1, a Resolution of the Planning Agency of the City of Laguna Hills, California, approving Conditional Use Permit/Site Development Permit/Master Sign Program/Variance No. 2-11-1877, a request by G&M Oil Company to reconstruct the existing gas station and add a new 1,316 square foot convenience store, located at 23991 El Toro Road in the Village Commercial (VC) Zoning District, by m/Agency Member Lautenschleger, s/Agency Member Bressette.

Approved by a vote of 4-1 (Vice Chair Carruth voting no).

PLANNING AGENCY ADJOURNMENT

Mayor Songstad reconvened the City Council meeting at 8:38 PM. All Council Members were present.

6. CITY COUNCIL PUBLIC HEARINGS

There were no Public Hearings.

7. ADMINISTRATIVE REPORTS

7.1 City Manager

The City Manager made no reports.

7.2 Assistant City Manager

7.2.1. 2011 BIENNIAL CITIZEN SURVEY (0330-30)

Motion to receive and file the 2011 Biennial Citizen Survey, by m/Council Member Lautenschleger, s/Mayor Pro Tempore Carruth.

Approved by a vote of 5-0.

7.2.2. COMPENSATION STUDY - CONSULTANT PRESENTATION (0520 -10)

Received a presentation from Ralph Andersen & Associates.

8. OTHER BUSINESS

8.1 COUNCIL MEMBER KOGERMAN

8.1.1. REVISION OF THE CITY'S ON-LINE "PUBLIC OFFICIALS' COMPENSATION REPORT FOR CALENDAR YEAR 2010" (0520 -10)

No action was taken on this item.

9. MATTERS PRESENTED BY MAYOR AND COUNCIL MEMBERS

COUNCIL MEMBER BRESSETTE

Council Member Bressette distributed to City Council a news release from the OCFA Foundation regarding Protect Smoke Alarm program. Council Member Bressette indicated the OCFA was taking part in the Pepsi Refresh Challenge to win a \$50,000 grant from the Pepsi Corporation with the public's votes through text messages and online voting. Council Member Bressette suggested that the City place a link on the City's website for the Smoke Alarm Program. The link is: <http://www.refresheverything.com/oc-install-inspect-protect>.

COUNCIL MEMBER KOGERMAN

Council Member Kogerman indicated that she had previously discussed obtaining a adequate database for a future Citizen's Survey and recommended that the City Council direct staff to report back to the City Council after the budget process regarding the estimated cost and procedures to implement a City-wide campaign to gather residents' contact information including: unlisted landline and cell phone numbers, and email addresses for their homes and work places, and for business located in the City.

MAYOR PRO TEMPORE CARRUTH

Mayor Pro Tempore Carruth wanted to keep the Citizen's Survey in the budget but felt waiting would benefit the City due to rapid technology changes that were certain to happen. Mayor Pro Tempore Carruth was of the opinion that it would be beneficial to bring this item back in a few months.

Council Member Bressette recommended that staff be directed to prepare a report regarding obtaining adequate database information for the Alert OC program within the next two meetings.

COUNCIL MEMBER LAUTENSCHLEGER

Council Member Lautenschleger reported on his attendance at a two-day annual meeting of Southern California Association of Governments (SCAG). Council Member Lautenschleger indicated that the profile and detailed analysis of Laguna Hills could be viewed on the SCAG website.

10. CLOSED SESSION

There was no Closed Session.

ADJOURNMENT

There being no further business before the City Council at this session, Mayor Songstad declared the meeting adjourned at 10:05 PM.

PEGGY J. JOHNS, CITY CLERK

ATTEST:

L. ALLAN SONGSTAD, JR., MAYOR

APPROVED AT MEETING OF _____

CITY OF LAGUNA HILLS
AGENDA REPORT
ADMINISTRATIVE SERVICES DEPARTMENT

**ISSUE: APPROVAL OF WARRANT REGISTER FOR PERIOD ENDED
 MAY 24, 2011.**

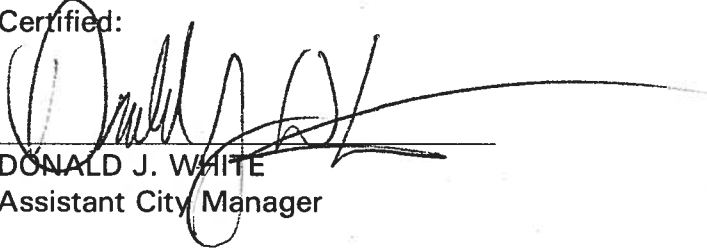
SUMMARY:

In accordance with Government Code Section 37202, the Finance Manager prepares the attached warrant register, which reflects the disbursements of the City of Laguna Hills for the period reported thereon. The Assistant City Manager certifies that funds are available for the payment thereof. These warrants are hereby submitted to the City Council for approval of payment.

Prepared by:

JANICE MATEO REYES
Finance Manager

Certified:


DONALD J. WHITE
Assistant City Manager

5-19-11
DATE

FISCAL IMPACT:

The warrant register total is \$ 956,725.50

**RECOMMENDATION: THAT THE CITY COUNCIL APPROVE THE WARRANT REGISTER
IN THE AMOUNT OF \$ 956,725.50.**

ATTACHMENTS:

1. **Warrant Register**

**CITY OF LAGUNA HILLS
WARRANT REGISTER
May 24, 2011**

5/24/2011 ITEM NO. 4.2

VENDOR	DESCRIPTION	CHECK NO.	AMOUNT
PREPAID WARRANTS:			
AT&T- CALNET 2	Communication Expense, Alarm System, 2-Way Line, Switchboard, Modem, Frame Relay, T-1 Line and Traffic Control, Apr '11	8801248	\$ 1,782.44
AT&T MOBILITY	Wireless Access, Apr '11	8801247	30.60
BANK OF AMERICA	Departmental Operating Expenditures, Apr '11	8801263	6,770.80
BRITISH UNITED	Refund, SDPA Fees, CR# 42255	8801264	87.50
EL TORO WATER DISTRICT	Water Usage, Parks, Mar '11	8801249	7,324.98
GRIEGO-SANDS, CINDY	Mileage Reimbursement, Public Works, Apr '11	8801250	7.65
JAVED, HUMZA	Mileage Reimbursement, Public Works, Apr '11	8801251	16.83
JCTEES.COM CORPORATION	Program Expense Deposit, 1/2 Marathon and 5K Event, Community Services, May '11	8801287	9,559.00
LAGUNA HILLS GRAD NITE - 2011	Community Assistance, Public Safety Laguna Hills High School Grad Night '11	8801252	4,000.00
MOULTON NIGUEL WATER DISTRICT	Water Usage, Parks and Community Center, Apr '11	8801296	13,894.54
REFUND, FACILITY RENTAL DEPOSIT	G. Nixon, V# 2001965.0002	8801306	500.00
REFUND, FACILITY RENTAL DEPOSIT	J. Pohlonski, V# 2002002.002	8801307	250.00
REYES, JANICE MATEO	Petty Cash Replenishment, May '11	8801308	717.19
REYNOLDS, DAVID	Cash Drawer Replenishment, Onsite Registration, 1/2 Marathon & 5K Event, Community Services	8801309	1,250.00
SAN DIEGO GAS & ELECTRIC	Electric Meter Relocation, La Paz Widening @ I-5 CIP # 159	8801253	1,539.00
SAN DIEGO GAS & ELECTRIC	Electric Meter Relocation, La Paz Widening @ I-5 CIP # 159	8801254	462.00
SAN DIEGO GAS & ELECTRIC	Electric Usage, Street Lights, Apr '11	8801311	12,359.57
SOUTHERN CALIFORNIA EDISON	Electric Usage, Parks and Traffic Control, Apr '11	8801255	1,289.18
SOUTHERN CALIFORNIA EDISON	Electric Usage, Street Lights and Parks, Apr '11	8801316	9,628.91
STUDIO TWO BLACK DIAMOND	Printing Expense, Feb '11	8801319	285.48
TARGET STORES	Program Supplies, Community Services, Mar '11	8801256	408.19
TRISKELION EVENT SERVICES, INC	Program Expense - Deposit, 1/2 Marathon and 5K Event, Community Services, May '11	8801257	305.00
U.S. POSTAL SERVICE	Postage, Combined Issue City Views/Community Services Summer 2011 Activity Guide, May '11	8801323	2,500.00
VERIZON WIRELESS	Communication Expense, Apr '11	8801325	836.63

**CITY OF LAGUNA HILLS
WARRANT REGISTER
May 24, 2011**

VENDOR	DESCRIPTION	CHECK	
		NO.	AMOUNT
WELLS FARGO FINANCIAL LEASING	Lease - Copier, Community Center, Jun '11	8801327	576.90
Total Prepaid Warrants:			\$ 76,382.39

REGULAR WARRANTS:

A. C. LANDSCAPE, INC.	Water Management Services, Irrigation Repairs, May '11	8801258	\$ 545.98
ALICEA, MIA	Contract Instructor Fee, Dancing Spring Session, Community Services	8801259	87.50
ALISO MEADOWS CONDOMINIUM ASN.	Progress Payment #2, Aliso Meadows Rehabilitation Project, CDBG, May '11	8801331	91,750.00
ALL CITY MANAGEMENT, INC.	Crossing Guard Services, 04/10/11 - 04/23/11	8801260	1,710.00
ASSOCIATION OF CA CITIES -OC	Meeting Expense, Administrative Services, Apr '11	8801262	110.00
BUCKNAM & ASSOCIATES, INC.	Professional Fees, Pavement Management Update, Apr '11	8801265	790.00
C & A ATHLETICS	Program Supplies, Community Services, Feb '11	8801266	632.49
C&D ELECTRIC, INC.	Lighting Repairs, Parks, Apr '11	8801267	151.92
C2 REPROGRAPHICS	Printing Expense, Engineering, Apr '11	8801268	127.17
CALIFORNIA OFFICE SYSTEMS	Usage - Copier, City Hall, Apr '11	8801269	575.91
CARL WARREN & COMPANY	Processing Fee, Small Claims, Nov '10 - Apr '11	8801270	669.20
CERVANTES, EDWARD	Contract Instructor Fee, Cooking Class Spring Session, Community Services	8801271	220.50
COMPLETE OFFICE OF CALIFORNIA	Office, Operating and Computer Supplies, Community Center, Apr '11	8801272	456.88
DIAMOND ENVIRONMENTAL SERVICES	Program Expense, 1/2 Marathon and 5K Event, Community Services, May '11	8801273	1,924.38
DUNBAR ARMORED, INC.	Courier Fee, Armored Transport, May '11	8801274	308.19
ECONOMICS, INC.	Professional Fees, Recycling Program, Apr '11	8801275	1,150.00
ELKINS, CHRISTINA	Contract Instructor Fee, Dancing Spring Session, Community Services	8801276	168.00
FAUBEL PUBLIC AFFAIRS	Professional Fees, Combined Issue, City Views/Community Services Summer 2011 Activity Guide	8801277	4,725.00
FUN SERVICES	Program Expense Deposit, 4th of July Event, Community Services	8801278	1,341.50
GREEN MART, INC.	Operating Supplies, Parks, May '11	8801279	375.19
HARTZOG & CRABILL, INC.	Professional Fees, Traffic Engineering Services, Mar '11	8801280	6,191.67
HINDERLITER, DE LLAMAS & ASSOC	Professional Fees, Sales Tax Audit 2nd Qtr '11 and Recovery Fee Qtr 4th '10	8801281	943.14

**CITY OF LAGUNA HILLS
WARRANT REGISTER
May 24, 2011**

5/24/2011 ITEM NO. 4

VENDOR		DESCRIPTION	CHECK NO.	AMOUNT
INSIGNIA		Facility Maintenance, Door Signage, Community Center, Mar '11	8801282	820.96
INTEGRATED MEDIA SYSTEMS		Facility Maintenance, AV System, Community Center, Apr '11	8801283	330.00
IRV SEAVER MOTORCYCLES		Motorcycle Maintenance, Police Services, Mar '11	8801284	236.86
JAMEY CLARK, INC.		Miscellaneous Park Repairs, Janitorial Services and Graffiti Removal, Apr '11	8801286	7,575.44
KNIGHT, LORNA ANGELA		Contract Instructor Fee, Yoga Spring Session, Community Services	8801288	109.20
LUCY, STEVEN		Program Expense, Community Services, Jun '11	8801290	450.00
MARTIN LOCK & SAFE CO.		Parks Maintenance, Lock Services, Apr '11	8801291	43.49
MEDLOCK, GEORGE		Contract Instructor Fee, Drumming Spring Session, Community Services	8801292	84.00
MIDTOWN PLUMBING, INC.		Facility Maintenance, Plumbing, Community Center, Apr '11	8801293	1,494.98
MITSUBISHI ELECTRIC & ELECTRONIC		Facility Maintenance, Elevator, Community Center, May '11	8801294	325.75
MOBILE MINI, INC.		Storage Rental Fee, Community Services, May '11	8801295	83.74
MUSIC MOVES ACADEMY, INC.		Contract Instructor Fee, Music Classes Spring Session, Community Services	8801297	1,666.00
NIEVES LANDSCAPE, INC.		Monthly Maintenance and Other Assorted Landscape Services, Apr - May '11	8801298	70,929.91
OFFICE SOLUTIONS		Computer, Office and Operating Supplies, May '11	8801299	718.70
ORANGE COUNTY FIRE AUTHORITY		Remittance, Fire Fees Collected, Apr '11	8801300	3,681.00
ORANGE COUNTY TREASURER		Animal Care Services, Jan - Mar '11	8801261	801.00
ORANGE COUNTY TREASURER		Law Enforcement Services, May '11	8801289	538,142.33
ORKIN PEST CONTROL		Facility Maintenance, Pest Control, Community Center, Apr '11	8801301	275.42
PARSONS, BRINCKERHOFF,QUADE		Professional Fees, Engineering, La Paz Widening @ I-5 CIP # 159	8801302	4,302.73
QUEST DIAGNOSTICS		Pre-employment Drug Testing, Apr '11	8801303	17.98
QUIKSILVER COURIER		Delivery Expense, May '11	8801304	29.64
RALPH ANDERSEN & ASSOCIATES		Professional Fees, Compensation Study Services, Partial Payment, May '11	8801305	15,925.00
RK ENGINEERING GROUP, INC.		Reimbursable Expense, Traffic Study, Apr '11	8801310	1,940.00
SECURE LIVE SCAN		Pre-employment Fingerprinting, Apr '11	8801312	30.00
SHARPS COMPLIANCE, INC.		Hazardous Waste Supplies and Containers, Recycling Program, Apr '11	8801313	836.46
SIGNATURE CONTRACTORS		Progress Payment #2, Costeau & Stockport Playground Renovation CIP # 239 and Sports	8801314	80,905.32

**CITY OF LAGUNA HILLS
WARRANT REGISTER
May 24, 2011**

VENDOR	DESCRIPTION	CHECK NO.	AMOUNT
SOUTH COAST WATERS	Complex Renovations CIP # 514	8801315	550.00
SPECTRUM SPECIALTIES & AWARDS	Facility Maintenance, Water Feature, Community Center, May '11	8801317	62.22
STATE DEPARTMENT OF JUSTICE	Operating Supplies, May '11	8801318	177.00
SUNSET PROPERTY SERVICES	Pre-employment Fingerprinting, Apr '11	8801320	10,249.28
SYMQUEST SERVICES	Street Sweeping, Apr '11	8801321	502.32
THE RITZ COMPANIES	Printer Repair, Community Services, Apr '11	8801322	5,833.00
UPSIDE MARKETING & PROMOTIONS	Janitorial and Day Porter Services, Community Center, May '11	8801324	824.75
WATKINS, CRAIG	Program Supplies, Community Services, Mar '11	8801326	270.00
WEST COAST ARBORISTS, INC.	Umpire Fees, Adult Softball, Community Services	8801328	10,236.00
WILLDAN	Tree Trimming, Mar '11	8801329	4,451.15
XEROX CORPORATION	Professional Fees, Plan Checking and Building & Safety Services, Apr '11	8801330	476.86
	Usage - Copier, City Hall, Apr '11		
		\$	880,343.11
WARRANT REGISTER TOTAL			\$ 956,725.50

CITY OF LAGUNA HILLS

AGENDA REPORT PUBLIC SERVICES DEPARTMENT

**ISSUE: PROGRESS PAYMENT NO. 2 FOR COMMUNITY CENTER & SPORTS
COMPLEX PLAYGROUND RENOVATIONS AND LIGHT
REFURBISHMENT, CIP NO. 514, AND COSTEAU PARK
PLAYGROUND RENOVATIONS, CIP NO. 239**

SUMMARY:

Work on the Community Center & Sports Complex Playground Renovations and Light Refurbishment, CIP No. 514, and Costeau Park Playground Refurbishment, CIP No. 239, began on February 28, 2011, and is being performed by Signature Contractors. Work performed in April included clearing and grubbing, surface and cushion installation, equipment relocation and installation, fixture removal and reinstallation, and landscaping. In addition, the City identified the need to install a drain system and a replacement curb at Costeau Park as represented in the proposed Contract Change Order No. 1. The contractor has submitted the second progress payment request for approval.

BACKGROUND:

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

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE CONTRACT CHANGE ORDER NO. 1 AND PROGRESS PAYMENT NO. 2, IN THE NET AMOUNT OF \$80,905.32, TO SIGNATURE CONTRACTORS, FOR COMMUNITY CENTER & SPORTS COMPLEX PLAYGROUND RENOVATIONS AND LIGHT REFURBISHMENT, CIP NO. 514, AND COSTEAU PARK PLAYGROUND RENOVATIONS, CIP NO. 239.

Agenda Report
Progress Payment No. 2 for CIP No. 514/239
Page 2

ITEM #	DESCRIPTION	QUANTITY	UNIT	\$	AMOUNT
<u>Community Center Playground</u>					
2	Clearing & Grubbing	.1666	LS	\$14,173.00	\$ 2,362.17*
3	Unclassified Fill	30	CY	\$ 84.00	\$ 2,520.00
4	Surface & Cushion	457.1	SF	\$ 13.86	\$ 6,336.00*
6	Water Valves	.3	LS	\$ 6,888.00	\$ 2,066.40
7	Relocate Digger	1	LS	\$ 448.00	\$ 448.00
<u>Lighting</u>					
2-2	Remove Poles/Fixtures	15	EA	\$ 492.21	\$ 7,383.16*
2-3	Re-Install Poles	15	EA	\$ 162.11	\$ 2,431.58*
2-6	New Hand Hole Covers	35	EA	\$ 16.21	\$ 567.37*
<u>Costeau Park Playground</u>					
3-2	Clearing & Grubbing	.333	LS	\$ 5,600.00	\$ 1,866.67*
3-3	Unclassified Fill	38	CY	\$ 77.54	\$ 2,946.46*
3-4	New Surface & Cushion	3,165	SF	\$ 9.49	\$30,023.00*
3-5	New Bench Seats	2	EA	\$ 1,960.00	\$ 3,920.00
3-7	New Picnic Table	2	EA	\$ 1,232.00	\$ 2,464.00
3-8	Concrete Paving	100	SF	\$ 10.64	\$ 1,064.00
3-9	Install 24" Trees	5	EA	\$ 313.60	\$ 1,568.00
3-10	New Bench & Wall	2	EA	\$ 6,664.00	\$13,328.00
Change Order #1		Various	LS	\$8,600.00	\$ 8,600.00
Total To Date				\$132,158.77	
Less Prior Billing				\$ 42,263.97	
Total This Period				\$ 89,894.80	\$89,894.80
Less 10% Retention					<u>\$(8,989.48)</u>
					\$80,905.32

*Totals not exact due to rounding.

The progress payment includes Contract Change Order No. 1, attached, which addresses the replacement of 110 linear feet of broken curb and the installation of a drain system that, upon excavation, was determined did not exist.

FISCAL IMPACT:

The progress payment is within the Capital Improvement Program Budget for the Community Center & Sports Complex Playground Renovations and Light Refurbishment, CIP No. 514, and Costeau Park Playground Renovations, CIP No. 239.

RECOMMENDATION: THAT THE CITY COUNCIL APPROVE CONTRACT CHANGE ORDER NO. 1 AND PROGRESS PAYMENT NO. 2, IN THE NET AMOUNT OF \$80,905.32, TO SIGNATURE CONTRACTORS, FOR COMMUNITY CENTER & SPORTS COMPLEX PLAYGROUND RENOVATIONS AND LIGHT REFURBISHMENT, CIP NO. 514, AND COSTEAU PARK PLAYGROUND RENOVATIONS, CIP NO. 239.

ATTACHMENTS:

- Contract Change Order No. 1

**CITY OF LAGUNA HILLS
CONTRACT CHANGE ORDER**

CONTRACT CHANGE ORDER NO. 1

SHEET 1 OF 2 SHEETS

PROJECT: Costeau Park Playground Renovation, CIP No. 239

CONTRACTOR: Signature Contractors

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

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

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

Change requested by City Engineer

1. Install drain system of 200' of 4" pipe, 4 catch basins, 1 junction box, and 3 curb cores.

Lump Sum \$6,100.00

2. Install 110 LF of 6" x 12" PCC edge curb.

Lump Sum \$2,500.00

TOTAL INCREASE \$8,600.00

Increase \$8,600.00 Decrease \$ _____

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

Add 4 Working Days

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

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

SUMMARY OF CONTRACT TIME

Original Contract Date: (Notice to Proceed)	February 28, 2011
Original Contract Time:	50 work days
Original Completion Date:	May 6, 2011
Time Extension this C.O.:	4 work days
Time Extension Other:	0
Revised Contract Time:	54 work days
Revised Final Completion Due Date:	May 12, 2011
Time Subject to Liquidated Damages:	- 0 -
Actual Final Completion Date:	In Process

Original Contract Price	\$79,807.00
Prev. Authorized Changes	\$ - 0 -
This Change (Add)	\$ 8,600.00
Amended Contract Price	\$88,407.00

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

Approved by:

Accepted by:

Director of Public Services

Date

Contractor

Date

CITY OF LAGUNA HILLS

AGENDA REPORT PUBLIC SERVICES DEPARTMENT

**ISSUE: AUTHORIZATION TO PURCHASE TRAFFIC SIGNAL EQUIPMENT
FOR THE AVENIDA DE LA CARLOTA WIDENING PROJECT,
CIP NO. 164**

SUMMARY:

The Avenida de la Carlota Widening Project, CIP No. 164, requires the City to provide the traffic signal and video equipment to the Contractor. The City has now been provided with equipment quotes from the vendors. The City has utilized a sole source for this equipment to provide system consistency, coordination, equipment reliability, and interoperability. The traffic signal equipment is provided by Econolite at an estimated cost of \$36,787 and the video equipment is provided by Phoenix Highway Products at an estimated cost of \$4,735. Both are detailed on the attached sales quotations. It is recommended that the City Council authorize the direct purchase of the traffic signal and video equipment from the stated vendors.

FISCAL IMPACT:

The direct purchase of the traffic signal equipment and video equipment for the Avenida de la Carlota Widening Project, CIP No. 164, is included in the funding available within the Fiscal Year 2010-2011 Capital Improvement Program Budget.

RECOMMENDATION: THAT THE CITY COUNCIL AUTHORIZE THE DIRECT PURCHASE OF TRAFFIC SIGNAL EQUIPMENT FROM ECONOLITE AND VIDEO EQUIPMENT FROM PHOENIX HIGHWAY PRODUCTS AS DESCRIBED HEREIN FOR THE AVENIDA DE LA CARLOTA WIDENING PROJECT, CIP NO. 164, IN THE TOTAL ESTIMATED AMOUNT OF \$41,522.

ATTACHMENTS:

- Econolite Sales Quotation
- Phoenix Highway Quotation



Solutions that Move the World®

SALES QUOTATION

Date: May 11, 2011
To: City of Laguna Hills
Attn: Ken Rosenfield
RE: City of Laguna Hills

We are offering the following products at the prices and conditions set forth on this form.

Quantity	Unit	Description	Unit Price	Extended Price
		City of Laguna Hills Traffic Signal Controller Equipment Ave De La Carlota Project		
		Ave De La Carlota and PDV / I-5 SB Ramps. (Field modification)		
1	LS	Includes and labor to install: ASC/3-2100 w/ Ethernet & Data Key Field Convenience Outlet	\$3,143.00	\$3,143.00
1	LS	Solo Terra Video Detection System Includes: 5 – Solo Terra Cameras 5 – Standard Mounting Brackets 1 – Terra Access Pointe 1 – Terra Interface Panel 1 – TIP to TAP C/C 1,000' Branch Cable SDLC Cable Tech Support at Turn-On	\$27,358.00	\$27,358.00
		Ave De La Carlota & El Toro Rd (Field modification)		
1	LS	Includes and labor to install: ASC/3-2100 w/ Ethernet & Data Key Field Convenience Outlet	\$3,143.00	\$3,143.00
1	LS	Ave De Carlota and Plaza D/W field modification		
1	LS	Includes and labor to install: ASC/3-2100 w/ Ethernet & Data Key Field Convenience Outlet	\$3,143.00	\$3,143.00
		Grand Total		\$36,787.00

Price excludes any item not specifically listed above.

Note: Each product listed in this quotation is available for purchase separately at the itemized price listed.

3360 E. La Palma Ave ♦ Anaheim, CA 92806-2856 ♦ PH:(714) 630-3700 ♦ FAX: (714) 630-5120
P.O. Box 6150 ♦ Anaheim, CA 92816-0150 ♦ www.econolite.com





Solutions that Move the World®

SALES QUOTATION

All orders are subject to credit approval and the terms noted below.

Taxes: Not Included
F.O.B.: Anaheim, California
Terms: Net 30 Days, OAC
Delivery: 8 weeks including outside test
Excludes: Anything not specifically specified or mentioned, such as installation
Valid For: 60 days
Freight: Prepaid

Gina Prohaska

Gina Prohaska
Account Manager

3360 E. La Palma Ave ♦ Anaheim, CA 92806-2856 ♦ PH:(714) 630-3700 ♦ FAX: (714) 630-5120
P.O. Box 6150 ♦ Anaheim, CA 92816-0150 ♦ www.econolite.com



Phoenix Highway Products, Inc.
2631 N. 37th Dr.
Phoenix, AZ 85009

Phone: 602-344-7770
Fax: 602-344-7771



QUOTATION

Number **PHPQ2838**
Date **May 13, 2011**

For:
PDV & Carlota

Customer:
Mr. Ken Rosenfield, P.E. City Engineer City of Laguna Hills 24035 El Toro Road Laguna Hills, CA 92653 (949) 707-2655

Prepared by	Contact	Delivery	Freight	Terms
Tom McGovern 602-344-7770	Joe Perrigoue 949-636-7520	4 - 6 Weeks ARO	Prepaid, Add at Invoice	Net 30 Days

All prices quoted are valid for ninety (90) days unless otherwise noted

Qty.	Part Number	Description	Unit Price	Ext. Price
1	MPCE1JDFTRXXXE1	Teleste MPEG-4 / MJPEG 1 Channel Encoder	\$1,033.00	\$1,033.00
1	CPS243	Power Supply	\$97.00	\$97.00
1	501RG0046	Actelis ML624 - ROH56	\$1,154.00	\$1,154.00
1	506R00006	AC - DC Adapter for ML600/ML58N Rev B	\$102.00	\$102.00
1	504R20110	DSL Quad Cable, 4XRJ-45 to Open End, Solid Wire 10ft	\$59.00	\$59.00
1	FDP7CS-3	Moog Videolam 36x Non-Pressurized Camera	\$1,995.00	\$1,995.00
1	PRM30P	Camera Mount	\$295.00	\$295.00

Additional Notes -

Price excludes sales tax, freight and any equipment not specifically listed.

IF THIS QUOTE REQUEST HAS TIES TO ARRA, BUY AMERICA, OR BUY AMERICAN REQUIREMENTS, THEY MUST BE SPECIFIED PRIOR TO PLACEMENT OF THE ORDER.

SubTotal	\$4,735.00
Tax	\$0.00
Total	\$4,735.00

CITY OF LAGUNA HILLS

AGENDA REPORT PUBLIC SERVICES DEPARTMENT

**ISSUE: APPLICATION FOR FEDERAL FINANCIAL ASSISTANCE DUE TO
STORM DAMAGE**

SUMMARY:

The winter rain storm events from December 17, 2010, through January 4, 2011, resulted in the need for emergency response and resulted in damages to public facilities. The State and Federal Government issued Disaster Declarations and are therefore offering the opportunity for the City to seek restitution for some of the costs incurred subject to the rules governing such reimbursements. A requirement for seeking financial assistance due to storm damage is to adopt a Resolution designating the City Manager as the City's agent allowing the submission of documentation of the costs incurred. Staff has submitted a preliminary application for financial assistance due to the described storm event and the adoption of the attached Resolution will allow the application to be reviewed and processed.

FISCAL IMPACT:

The winter 2010/2011 storms required emergency response and repair to public facilities in the estimated cost of \$30,000. These costs were absorbed into the Public Works Maintenance Budget. Staff estimates that approximately 50% or more of these costs will be reimbursed to the City by State and/or Federal sources with the submittal of the Resolution seeking Financial Assistance.

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DESIGNATING THE CITY MANAGER AS THE APPLICANT'S AGENT FOR OBTAINING FEDERAL FINANCIAL ASSISTANCE FOR STORM DAMAGE."

ATTACHMENTS:

- Resolution

RESOLUTION NO. 2011-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, DESIGNATING THE CITY MANAGER AS THE APPLICANT'S AGENT FOR OBTAINING FEDERAL FINANCIAL ASSISTANCE FOR STORM DAMAGE

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

WHEREAS, public facilities in the City of Laguna Hills suffered damages during storm events occurring between December 17, 2010, to January 4, 2011; and

WHEREAS, a disaster declaration by the Governor provides the City with an opportunity to obtain federal financial assistance to recoup storm related expenditures.

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

SECTION 1. The City Manager is hereby designated the authorized agent to execute for and in behalf of the City of Laguna Hills, a public entity established under the laws of the State of California, an application and to file it with the California Emergency Services Agency for the purpose of obtaining certain federal financial assistance under Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the California Disaster Assistance Act.

SECTION 2. That the City of Laguna Hills, a public entity established under the laws of the State of California, hereby authorizes its agent to provide to the California Emergency Management Agency documentation for all matters pertaining to such state disaster assistance the assurances and agreements required.

SECTION 3. The authority vested herein to the City Manager is declared to be effective for all open and future disasters for a period of three years following the effective date of this Resolution.

PASSED, APPROVED, AND ADOPTED this 24th day of May 2011.

L. ALLAN SONGSTAD, JR., MAYOR

ATTEST:

PEGGY J. JOHNS, CITY CLERK

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

I, Peggy J. Johns, City Clerk of the City of Laguna Hills, California, DO
HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution
No. 2011-__ adopted by the City Council of the City of Laguna Hills, California, at a
Regular Meeting thereof held on the 24th day of May 2011, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

PEGGY J. JOHNS, CITY CLERK

CITY OF LAGUNA HILLS

AGENDA REPORT COMMUNITY DEVELOPMENT DEPARTMENT

ISSUE: PROPOSED AMENDMENT NO. 1 TO PROFESSIONAL SERVICES AGREEMENT WITH HOGLE-IRELAND, INC., FOR CONTRACT PLANNING SERVICES, EXTENSION OF TERM

SUMMARY:

The City of Laguna Hills has contracted with Hogle-Ireland, Inc., to assist the Community Development staff to meet the planning service needs of the City since 1992. This firm was originally chosen in a competitive selection process based on experience, references, and professional fees. The term of the current Professional Services Agreement ("Agreement") for on-call, contract planning services expires on June 30, 2011, unless extended for an additional term of two years to June 30, 2013. Hogle-Ireland has submitted a letter requesting a two year extension of the Agreement. (See, Attachment 1.) Staff is recommending that the City continue its contractual relationship with Hogle-Ireland by approving the proposed Amendment No. 1. Amendment No. 1 to the existing Agreement (see Attachment 2) will serve to augment in-house staff to provide general planning and case processing planning services, as needed.

BACKGROUND:

On December 8, 2009, the City Council approved a new Agreement with Hogle-Ireland to continue to provide planning services for the City of Laguna Hills on an as needed basis. The Agreement is currently set to expire on June 30, 2011, by operation of its own terms, unless extended for an additional term of two years to June 30, 2013, upon mutual written agreement of City and Hogle-Ireland and may be canceled at any time by the City with 30 days notice. The scope of work in proposed Amendment No. 1 is detailed in Exhibit "A" (of the Agreement) and covers the following areas:

General Planning Services
Fee-based Processing Services

RECOMMENDATION: THAT THE CITY COUNCIL: (1) APPROVE PROPOSED AMENDMENT NO. 1 TO THE PROFESSIONAL SERVICES AGREEMENT WITH HOGLE-IRELAND, INC., FOR PLANNING SERVICES, EXTENDING THE AGREEMENT FOR TWO YEARS SUBJECT TO THE EXPENSES ALLOWED BY AMENDMENT NO. 1; AND (2) AUTHORIZE THE CITY MANAGER TO SIGN THE AGREEMENT IN A FORM ACCEPTABLE TO THE CITY ATTORNEY.

General Planning and Fee-based Processing Services, identified in the proposed FY 2011-13 Budget, includes implementation of the Urban Village Specific Plan and general consultant assistance, as needed. Anticipated General Planning Service expenses are estimated at \$10,000 for each fiscal year, and will be billed at the hourly rates listed in Exhibit "C" of the Agreement.

Any Fee-based Processing Services will also be billed at the hourly rates listed in Exhibit "C" of the Agreement. Fee-based processing expenses are estimated at \$100,000 each year in the FY 2011-2013 Budget, since any significant project brought forward in the Urban Village Specific Plan (UVSP) area will necessitate the use of additional professional services, which Hogle-Ireland can provide. Any significant project could involve multiple planning entitlement permits and environmental documents at a cost that could reach or exceed \$100,000 per year. If a major development project is proposed, the Agreement and proposed Amendment No. 1 to the Agreement provides flexibility to quickly adjust to meet the staffing needs of the Community Development Department.

During the budget process, staff conducted an evaluation of the services provided by Hogle-Ireland under this contract and determined that it is both cost effective and efficient to continue the current on-call contractual arrangement to augment the in-house staff, rather than add additional in-house, employee planning positions. This contract will be subject to annual evaluations by staff.

The professional services contemplated in this Agreement and Amendment No. 1 to the Agreement correspond with the existing Budget. The total not to exceed compensation amount for professional services authorized by this Agreement is \$220,000 over the two-year extension period.

FISCAL IMPACT:

The General Planning Services expenses allowed by this Amendment No. 1 to Agreement are \$20,000 over the next two years in the City's Proposed FY 2011-2013 Budget. However, should a significant development project be proposed, additional contract staff would be available to assist the City to address the increased work-load. Accordingly, the Fee-based Planning Services expenses are estimated at \$200,000 over the next two years. Application fees associated with Fee-based Processing Services will offset any costs associated with a project and would not impact the City's general fund.

RECOMMENDATION: THAT THE CITY COUNCIL: (1) APPROVE PROPOSED AMENDMENT NO. 1 TO THE PROFESSIONAL SERVICES AGREEMENT WITH HOGLE-IRELAND, INC., FOR PLANNING SERVICES, EXTENDING THE AGREEMENT FOR TWO YEARS SUBJECT TO THE EXPENSES ALLOWED BY AMENDMENT NO. 1; AND (2) AUTHORIZE THE CITY MANAGER TO SIGN THE AGREEMENT IN A FORM ACCEPTABLE TO THE CITY ATTORNEY.

ATTACHMENTS:

1. Letter from Hogle-Ireland, Inc., dated May 4, 2011, requesting an Extension
2. Proposed Amendment No. 1 to the Professional Services Agreement for Planning Services
3. Professional Services Agreement for Planning Services



HOGLE-IRELAND

INC.

A Land Planning & Development Consulting Firm

Irvine
Riverside
Pasadena

4 May, 2011

Mr. Vern Jones, Community Development Director
City of Laguna Hills
24035 El Toro Road
Laguna Hills, CA 92653

Dear Mr. Jones,

Section 3.4 of the Professional Services Agreement between the City of Laguna Hills and Hogle-Ireland, Inc. specifies that the Agreement shall continue in full force until June 30, 2011, unless extended for an additional term of two years to June 30, 2013, by mutual written agreement of the Parties.

In accordance with Section 3.4 of the Agreement, Hogle-Ireland, Inc. is herein requesting that the agreement be extended to June 30, 2013 subject to all of the existing terms of the agreement. As you know, throughout the term of the agreement, Hogle-Ireland, Inc. has been able, and will continue, to ensure that the staff we assign to assist the City meet all of the City's expectations. Because of the firm's familiarity with the City we have, upon short notice, been able to provide as needed planning support in the absence of professional City Staff due to vacation, sick leave, and other absences. In addition we have been able to assist City Staff with the processing of development applications when needed to ensure that applications are expeditiously processed during periods of heavy City workload.

We look forward to continuing our working relationship with the City of Laguna Hills, and are available to answer any questions that you may have.

Sincerely,

Michael Thiele
Vice President

**AMENDMENT NO. 1
TO PROFESSIONAL SERVICES AGREEMENT
(Hogle-Ireland Contract Planning Services)**

THIS FIRST AMENDMENT to the Hogle-Ireland Professional Services Agreement (the "Amendment") is made and entered into to be effective the 30th day of June 2011, by and between the CITY OF LAGUNA HILLS, a California general law city and municipal corporation, (hereinafter referred to as "City") and HOGLE-IRELAND, INC., a California corporation, (hereinafter referred to as Consultant"). City and Consultant are sometimes hereinafter individually referred to as "Party" and are hereinafter collectively referred to as "Parties".

RECITALS

A. City and Consultant previously entered into a Professional Services Agreement for professional general contract planning services (the "Agreement"), which was made and entered into on December 12, 2009, and which may be duly amended, in writing, from time to time by the Parties.

B. The original Scope of Services for the Agreement was for on-call general contract planning services necessary to support City staff and to assist with the processing of development applications when needed and on a task-order basis, for maximum contract amount of twenty thousand dollars (\$20,000.00) for the Term of the Agreement.

C. Section 3.4 of the Agreement specifies that the Agreement shall continue in full force and effect until June 30, 2011, unless extended for an additional term of two years to June 30, 2013, by mutual written agreement of the Parties.

D. By letter dated May 4, 2011, Consultant requested that the Agreement be extended to June 30, 2013, subject to all of the existing terms of the Agreement.

E. City has determined that there is a need for continued professional general planning services and fee based planning services, as described in Exhibit "A" entitled "Scope of Services" of the Agreement and that such services will serve to augment in-house staff for general planning and case processing planning services, as needed.

F. The Parties now wish to amend the Agreement and change the Maximum Contract Amount and Term of the Agreement as set forth herein.

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

AGREEMENT

1. Amendment to Section 1.2 of the Agreement, entitled "Contract Documents."

Section 1.2 is hereby deleted in its entirety and replaced with the following:

"1.2 Contract Documents. The Agreement between the Parties shall consist of the following: (1) this Agreement, attachments, and any amendments thereto; (2) the Scope of Services; (3) the Consultant's signed, original proposal dated November 17, 2009, submitted to the City ("Consultant's Proposal"); and (4) any written orders as provided in Section 1.8, which may be issued from time to time, which shall all be referred to collectively hereinafter as the "Contract Documents." The Consultant's Proposal is attached hereto as Exhibit "B" and is hereby incorporated by reference. All provisions of the Scope of Services and the Consultant's Proposal shall be binding on the Parties. Should any conflict or inconsistency occur or exist in the Contract Documents, the conflict or inconsistency shall be resolved by applying the provisions in the highest priority document, which shall be determined in the following order of priority: (1st) the terms of this Agreement and any amendments thereto; (2nd) the provisions of the Scope of Services (Exhibit "A"); (3rd) the provisions of the Consultant's Proposal (Exhibit "B"); and (4th) any written orders as provided in Section 1.8, which may be issued from time to time."

2. Amendment to Section 2.1 of the Agreement entitled "Maximum Contract Amount."

Section 2.1 of the Agreement is hereby deleted in its entirety and replaced with the following:

"2.1 Maximum Contract Amount. For the Services rendered pursuant to this Agreement, Consultant shall be compensated by City in accordance with the Schedule of Compensation, which is attached hereto as Exhibit "C" and is incorporated hereby reference. Except as may be provided pursuant to Section 1.8 above, the total maximum contract amount shall not exceed two hundred twenty thousand dollars (\$220,000.00), which sum shall not exceed twenty thousand dollars (\$20,000.00) for General Planning Services, as defined in Exhibit "A" and two hundred thousand dollars (\$200,000.00) for Fee Based Planning Services, as defined in Exhibit "A", for the period beginning June 30, 2011, and ending July 30, 2013 (hereinafter referred to as the "Maximum Contract Amount"). The method of compensation shall be set forth in Exhibit "C." Compensation for necessary expenditures for reproduction costs, telephone expenses, and transportation expenses must be approved in advance by the Contract Officer designated pursuant to Section 4.2 and will only be approved if such expenses are also specified in the Schedule of Compensation. The Maximum Contract Amount shall include the attendance of Consultant at all Project meetings reasonably deemed necessary by the City. Consultant shall not be entitled to any increase in the Maximum Contract Amount for attending these meetings. Consultant hereby acknowledges that it accepts the risk that the services identified in the Scope of Services may be more costly and/or time-consuming than Consultant anticipates, that Consultant shall not be entitled to additional compensation therefore, and that the provisions of Section 1.8 shall not be applicable to the services identified in the Scope of Services. The maximum amount of City's payment obligation under this section is the amount specified herein. If the City's maximum payment obligation is reached before the Consultant's Services under this Agreement are

completed, Consultant shall nevertheless complete the Work without liability on the City's part for further payment beyond the Maximum Contract Amount."

3. Amendment to Section 3.4 of the Agreement, entitled "Term."
Section 3.4 of the Agreement shall be deleted in its entirety and replaced with the following:

"3.4 **Term.** Unless earlier terminated as provided elsewhere in this Agreement, this Agreement shall commence upon the effective date of this Agreement and continue in full force and effect until June 30, 2013, except as otherwise provided in the Schedule of Performance (Exhibit "D") and pursuant to Section 3.2 above, unless extended for an additional term of two years to June 30, 2015, by mutual written agreement of the Parties."
4. Full Force and Effect. This Amendment is supplemental to the Agreement and is by reference made part of said Agreement. All of the terms, conditions, and provisions, thereof, unless specifically modified herein, shall continue in full force and effect. In the event of any conflict or inconsistency between the provisions of this Amendment and any provisions of the Agreement, the provisions of this Amendment shall in all respects govern and control.
5. Corporate Authority. The persons executing this Amendment on behalf of the Parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Amendment on behalf of said party, (iii) by so executing this Amendment, such party is formally bound to the provisions of this Amendment, and (iv) the entering into this Amendment does not violate any provisions of any other agreement to which said party is bound.

[SIGNATURES ON FOLLOWING PAGE]

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

HOGLE-IRELAND, INC

By: _____
Name: Paul Ireland
Its: President

CITY OF LAGUNA HILLS

By: _____
Bruce E. Channing,
City Manager

ATTEST:

By: _____
Peggy J. Johns,
City Clerk

APPROVED AS TO FORM:

By: _____
Gregory E. Simonian,
City Attorney

PROFESSIONAL SERVICES AGREEMENT
(Hogle-Ireland Contract Planning Services)

THIS PROFESSIONAL SERVICES AGREEMENT (hereinafter "Agreement") is made and entered into, to be effective this 12th day of December, 2009, by and between the CITY OF LAGUNA HILLS, a California general law city and municipal corporation, (hereinafter referred to as "City") and HOGLE-IRELAND, INC., a California corporation, (hereinafter referred to as "Consultant"). City and Consultant are sometimes hereinafter individually referred to as "Party" and are hereinafter collectively referred to as the "Parties."

RECITALS

A. City has determined that there is a need to retain general contract planning support services from a reputable planning consulting firm specializing in providing city planning and community development services to provide as needed planning support in the absence of professional City staff due to vacation, sick leave, and other absences, and to assist City staff with the processing of development applications when needed to ensure that applications are expeditiously processed during periods of heavy City workload (the "Project").

B. Consultant has submitted to City a written proposal, dated November 17, 2009, to provide as needed contract planning support services to City pursuant to the terms and conditions of this Agreement.

C. Consultant is qualified by virtue of its experience, training, education, reputation, and expertise to provide these services and has agreed to provide such services as provided herein.

D. City desires to retain Consultant to provide such professional services.

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

AGREEMENT

1. SERVICES OF CONSULTANT

1.1 Scope of Services. In compliance with all terms and conditions of this Agreement, Consultant agrees to perform the professional services set forth in the Scope of Services described in Exhibit "A," which is attached hereto and is incorporated herein by reference (hereinafter referred to as the "Services" or "Work"). As a material inducement to the City entering into this Agreement, Consultant represents and warrants that Consultant is a provider of first class work and professional services and that Consultant is experienced in performing the Work and Services contemplated herein and, in light of such status and experience, Consultant covenants that it shall follow the highest professional standards in performing the Work and Services required hereunder. For purposes of this Agreement, the

phrase "highest professional standards" shall mean those standards of practice recognized as high quality among well-qualified and experienced professionals performing similar work under similar circumstances.

1.2 Contract Documents. The Agreement between the Parties shall consist of the following: (1) this Agreement; (2) the Scope of Services; and (3) the Consultant's signed, original proposal dated November 17, 2009 submitted to City ("Consultant's Proposal"), which shall all be referred to collectively hereinafter as the "Contract Documents." The Consultant's Proposal is attached hereto as Exhibit "B" and is hereby incorporated by reference. All provisions of the Scope of Services and the Consultant's Proposal shall be binding on the Parties. Should any conflict or inconsistency occur or exist in the Contract Documents, the conflict or inconsistency shall be resolved by applying the provisions in the highest priority document, which shall be determined in the following order of priority: (1st) the terms of this Agreement; (2nd) the provisions of the Scope of Services (Exhibit "A"); and (3rd) the provisions of the Consultant's Proposal (Exhibit "B").

1.3 Compliance with Law. Consultant warrants that all Services rendered hereunder shall be performed in accordance with all applicable federal, state, and local laws, statutes, and ordinances and all lawful orders, rules, and regulations promulgated thereunder.

1.4 Licenses, Permits, Fees, and Assessments. Consultant represents and warrants to City that it has obtained all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice its profession and perform the Work and Services required by this Agreement. Consultant represents and warrants to City that Consultant shall, at its sole cost and expense, keep in effect at all times during the term of this Agreement, any license, permit, qualification, or approval that is legally required for Consultant to perform the Work and Services under this Agreement. Consultant shall have the sole obligation to pay for any fees, assessments, and taxes, plus applicable penalties and interest, which may be imposed by law and arise from or are necessary for the Consultant's performance of the Work and Services required by this Agreement, and shall indemnify, defend, and hold harmless City against any such fees, assessments, taxes penalties, or interest levied, assessed, or imposed against City hereunder.

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

1.6 Care of Work. Consultant shall adopt reasonable methods during the term of the Agreement to furnish continuous protection to the Work and the equipment, materials, papers, documents, plans, studies, and/or other components thereof to prevent losses or damages, and

shall be responsible for all such damages, to persons or property, until acceptance of the Work by the City, except such losses or damages as may be caused by City's own negligence.

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

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

2. COMPENSATION

2.1 Maximum Contract Amount. For the Services rendered pursuant to this Agreement, Consultant shall be compensated by City in accordance with the Schedule of Compensation, which is attached hereto as Exhibit "C" and is incorporated herein by reference, but not exceeding the maximum contract amount of Twenty Thousand Dollars, (\$20,000.00) (hereinafter referred to as the "Maximum Contract Amount"), except as may be provided pursuant to Section 1.8 above. The method of compensation shall be as set forth in Exhibit "C." Compensation for necessary expenditures for reproduction costs, telephone expenses, and transportation expenses must be approved in advance by the Contract Officer designated pursuant to Section 4.2 and will only be approved if such expenses are also specified in the Schedule of Compensation. The Maximum Contract Amount shall include the attendance of Consultant at all Project meetings reasonably deemed necessary by the City. Consultant shall not be entitled to any increase in the Maximum Contract Amount for attending these meetings. Consultant hereby acknowledges that it accepts the risk that the services identified in the Scope of Services may be more costly and/or time-consuming than Consultant anticipates, that Consultant shall not be entitled to additional compensation therefore, and that the provisions of Section 1.8 shall not be applicable to the services identified in the Scope of Services. The maximum amount of city's payment obligation under this section is the amount specified herein. If the City's maximum payment obligation is reached before the Consultant's Services under this Agreement are completed, consultant shall nevertheless complete the Work without liability on the City's part for further payment beyond the Maximum Contract Amount.

2.2. Method of Payment. Unless some other method of payment is specified in the Schedule of Compensation (Exhibit "C"), in any month in which Consultant wishes to receive payment, no later than the tenth (10) working day of such month, Consultant shall submit to the

City in a form approved by the City's Controller, an invoice for services rendered prior to the date of the invoice. Such requests shall be based upon the amount and value of the services performed by Consultant and accompanied by such reporting data including an itemized breakdown of all costs incurred and tasks performed during the period covered by the invoice, as may be required by the City. City shall use reasonable efforts to make payments to Consultant within forty-five (45) days after receipt of the invoice or a soon thereafter as is reasonably practical.

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

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

3. SCHEDULE OF PERFORMANCE

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

3.2 Schedule of Performance. Consultant shall commence the Services pursuant to this Agreement upon receipt of a written notice to proceed and shall perform all Services within the time period(s) established in the Schedule of Performance, which is attached hereto as Exhibit "D" and is incorporated herein by reference. When requested by Consultant, extensions to the time period(s) specified in the Schedule of Performance may be approved in writing by the Contract Officer, but such extensions shall not exceed one hundred eighty (180) days cumulatively; however, the City shall not be obligated to grant such an extension.

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

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

3.4 Term. Unless earlier terminated as provided elsewhere in this Agreement, this Agreement shall commence upon the effective date of this Agreement and continue in full force and effect until June 30, 2011, except as otherwise provided in the Schedule of Performance (Exhibit "D") and pursuant to Section 3.2 above, unless extended for an additional term of two years to June 30, 2013, by mutual written agreement of the Parties.

3.5 On-Call Services. Consultant hereby agrees and acknowledges that any and all performance pursuant to this Agreement shall be on a "on-call" basis. Any tasking shall be initiated by the Contract Officer or his/her designee. Further, that execution of this Agreement by the City does not in any way guarantee that any tasking or request for on-call services will be issued to Consultant. Moreover, execution of this Agreement by the City shall not entitle Consultant to any form of payment or compensation from the City without City first having issued tasking or request for services from Consultant.

4. COORDINATION OF WORK

4.1 Representative of Consultant. The following principal of Consultant is hereby designated as being the principal and representative of Consultant authorized to act in its behalf with respect to the Services to be performed under this Agreement and make all decisions in connection therewith: MICHAEL H. THIELE, VICE-PRESIDENT, HOGLE-IRELAND, INC.. It is expressly understood that the experience, knowledge, education, capability, expertise, and reputation of the foregoing principal is a substantial inducement for City to enter into this Agreement. Therefore, the foregoing principal shall be responsible during the term of this Agreement for directing all activities of Consultant and devoting sufficient time to personally supervise the services performed hereunder. The foregoing principal may not be changed by Consultant without prior written approval of the Contract Officer.

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

4.3 Prohibition Against Subcontracting or Assignments. The experience, knowledge, capability, expertise, and reputation of Consultant, its principals and employees, were a substantial inducement for City to enter into this Agreement. Therefore, Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due

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

4.4 Independent Contractor.

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

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

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

court or governmental agency determines that the City has financial obligations, other than pursuant to Section 2 and Subsection 1.8 herein, of any nature relating to salary, taxes, or benefits of Consultant's officers, employees, servants, representatives, subcontractors, or agents, Consultant shall indemnify City for all such financial obligations.

5. INSURANCE

5.1 Types of Insurance. Consultant shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to City, the insurance described herein for the duration of this Agreement, including any extension thereof, or as otherwise specified herein, against claims which may arise from or in connection with the performance of the Work hereunder by Consultant, its agents, representatives, or employees. Insurance required herein shall be provided by an authorized insurance company and admitted in the State of California and having a minimum A.M. Best's Guide Rating of A-, Class VII or better, unless such requirements are waived in writing by the City Manager or his/her designee due to unique circumstances. In the event the City Manager determines that the Work or Services to be performed under this Agreement creates an increased or decreased risk of loss to the City, the Consultant agrees that the minimum limits of the insurance policies may be changed accordingly upon receipt of written notice from the City Manager or his/her designee. Consultant shall immediately substitute any insurer whose A.M. Best rating drops below the levels specified herein. Except as otherwise authorized below for professional liability (errors and omissions) insurance, all insurance provided pursuant to this Agreement shall be on an occurrence basis. The minimum amount of insurance required hereunder shall be as follows:

A. **Errors and Omissions Insurance.** Consultant shall obtain and maintain in full force and effect throughout the term of this Agreement, standard industry form professional liability (errors and omissions) insurance coverage in an amount of not less than [TWO MILLION DOLLARS (\$2,000,000.00)] per claim or occurrence, in accordance with the provisions of this section.

(1) Consultant shall either: (a) certify in writing to the City that Consultant is unaware of any professional liability claims made against Consultant and is unaware of any facts which may lead to such a claim against Consultant; or (b) if Consultant does not provide the certification pursuant to (a), Consultant shall procure from the professional liability insurer an endorsement providing that the required limits of the policy shall apply separately to claims arising from errors and omissions in the rendition of services pursuant to this Agreement.

(2) If the policy of insurance is written on a "claims made" basis, the policy shall be continued in full force and effect at all times during the term of this Agreement, and for a period of three (3) years from the date of the completion of the Services provided hereunder. In the event of termination of the policy during this period, Consultant shall obtain continuing insurance coverage for the prior acts or omissions of Consultant during the course of performing Services under the terms of this Agreement. The coverage shall be evidenced by

either a new policy evidencing no gap in coverage, or by obtaining separate extended "tail" coverage with the present or new carrier or other insurance arrangements providing for complete coverage, either of which shall be subject to the written approval by the City Manager.

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

B. Workers' Compensation Insurance. Consultant shall obtain and maintain, in full force and effect throughout the term of this Agreement, workers' compensation insurance in at least the minimum statutory amounts, and in compliance with all other statutory requirements, as required by the State of California. Consultant agrees to waive and obtain endorsements from its workers' compensation insurer waiving subrogation rights under its workers' compensation insurance policy against the City and to require each of its subcontractors, if any, to do likewise under their workers' compensation insurance policies.

C. Commercial General Liability Insurance. Consultant shall obtain and maintain, in full force and effect throughout the term of this Agreement, a policy of commercial general liability insurance written with a limit of at least One Million Dollars (\$1,000,000.00) per occurrence, Two Million Dollars (\$2,000,000.00) in the general aggregate for bodily injury and property damage including coverages for contractual liability, personal injury, independent contractors, and broad form property damage, and One Million Dollars (\$1,000,000.00) in products and completed operations aggregate.

(1) The commercial general liability policy shall name the City of Laguna Hills as an additional insured in accordance with standard ISO additional insured endorsement form CG2010(1185) or equivalent language.

(2) Consultant shall either: (a) certify in writing to the City that Consultant is unaware of any liability claims made against Consultant, and is unaware of any facts which may lead to such a claim against Consultant; or (b) if Consultant does not provide the certification pursuant to (a), Consultant shall procure from the commercial general liability insurer an endorsement providing that the required limits of the policy shall apply separately to occurrences during the rendition of services pursuant to this Agreement.

D. Business Automobile Insurance. Consultant shall obtain and maintain, in full force and effect throughout the term of this Agreement, a policy of business automobile liability insurance written on a per occurrence basis in the amount of Two Million Dollars (\$2,000,000.00) bodily injury and property damage. The policy shall include coverage for owned, non-owned, leased, and hired cars.

E. Employer Liability Insurance. Consultant shall obtain and maintain, in full force and effect throughout the term of this Agreement, a policy of employer liability

insurance written on a per occurrence basis with a policy limit of at least Two Million Dollars (\$2,000,000.00) for bodily injury or disease.

5.2 Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City Manager prior to commencing any work or services under this Agreement. Consultant guarantees payment of all deductibles and self-insured retentions. City reserves the right to reject deductibles or self-insured retentions in excess of \$10,000, and the City Manager may require evidence of pending claims and claims history as well as evidence of Consultant's ability to pay claims for all deductible amounts and self-insured retentions proposed in excess of \$10,000.

5.3 Other Insurance Requirements. The following provisions shall apply to the insurance policies required of Consultant pursuant to this Agreement:

- 5.3.1. The commercial general, business automobile, and employer liability policies shall be endorsed to contain the following provision:

"City and its officers, council members, officials, employees, agents, and volunteers, and any public agencies whose approval of the project is required, are additional insureds with respect to: liability arising out of acts or omissions of or on behalf of Consultant; products and completed operations of Consultant; premises owned occupied or used by Consultant; or automobiles owned, leased, hired, or borrowed by Consultant."

The coverage shall contain no special limitations on the scope of protection afforded to additional insureds. Additional insured endorsements are not required for the professional liability and workers' compensation policies.

- 5.3.2 For any claims related to this Agreement, Consultant's coverage shall be primary insurance as respects City and its officers, council members, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by the City and its officers, council members, officials, employees, agents, and volunteers shall be in excess of Consultant's insurance and shall not contribute with it. The insurer shall waive all rights of subrogation and contribution it may have against the City, its officers, council members, officials, employees, agents, and volunteers, and their respective insurers.
- 5.3.3 Any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to City and its officers, council members, officials, employees, agents, and volunteers.
- 5.3.4 Each insurance policy required by this section shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or modified by either Party, or reduced in coverage or in limits, except after thirty (30) days prior written notice by First Class U.S. Mail, postage-prepaid, has been provided to the City.

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

- 5.3.5 All insurance coverage and limits provided by Consultant and available or applicable to this Agreement are intended to apply to each insured, including additional insureds, against whom a claim is made or suit is brought to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to the City or its operations shall limit the application of such insurance coverage.
- 5.3.6 None of the insurance coverages required herein will be in compliance with these requirements if they include any limiting endorsement which substantially impairs the coverages set forth herein (e.g., elimination of contractual liability or reduction of discovery period), unless the endorsement has first been submitted to the City Manager and approved in writing.
- 5.3.7 Consultant agrees to require its insurer to modify insurance endorsements to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, or that any party will "endeavor" (as opposed to being required) to comply with the requirements of the endorsements. Certificates of insurance will not be accepted in lieu of required endorsements, and submittal of certificates without required endorsements may delay commencement of the Project. It is Consultant's obligation to ensure timely compliance with all insurance submittal requirements as provided herein.
- 5.3.8 Consultant agrees to ensure that subcontractors, and any other parties involved with the Project who are brought onto or involved in the Project by Consultant, provide the same minimum insurance coverage required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with subcontractors and others engaged in the Project will be submitted to the City for review.
- 5.3.9 Consultant acknowledges and agrees that any actual or alleged failure on the part of the City to inform Consultant of non-compliance with any insurance requirement in no way imposes any additional obligations on the City nor does it waive any rights hereunder in this or any other regard.
- 5.3.10 Consultant shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. Endorsements as required in this Agreement applicable to the renewing or new coverage shall be provided to City

no later than ten (10) days prior to expiration of the lapsing coverage.

- 5.3.11 Requirements of specific insurance coverage features or limits contained in this section are not intended as limitations on coverage, limits, or other requirements nor as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.
- 5.3.12 The requirements in this section supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs the provisions of this section.
- 5.3.13 Consultant agrees to provide immediate notice to City of any claim or loss against Consultant arising out of the Work performed under this Agreement and for any other claim or loss which may reduce the insurance available to pay claims arising out of this Agreement. City assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve City, or to reduce or dilute insurance available for payment of potential claims.
- 5.3.14 Consultant agrees that the provisions of this section shall not be construed as limiting in any way the extent to which the Consultant may be held responsible for the payment of damages resulting from the Consultant's activities or the activities of any person or person for which the Consultant is otherwise responsible.

5.4 Verification of Coverage. Consultant shall furnish City certificates of insurance and original endorsements, including additional insured endorsements, in a form acceptable to the City, affecting all of the coverages required by this section. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. Consultant shall provide to City all certificates and endorsements required by this section before commencing any work on the Project.

6. INDEMNIFICATION

To the fullest extent permitted by law, Consultant shall indemnify, defend (at Consultant's sole cost and expense), protect and hold harmless City and its officers, council members, officials, employees, agents and volunteers and all other public agencies whose approval of the Project is required, (individually "Indemnified Party"; collectively "Indemnified Parties") against any and all liabilities, claims, judgments, arbitration awards, settlements, costs, demands, orders, and penalties (collectively "Claims"), including but not limited to Claims arising from injuries or death of persons (Consultant's employees included) and damage to property, which Claims arise out of, pertain to, or are related to the negligence, recklessness, or willful misconduct of Consultant, its agents, employees, or subcontractors, or arise from Consultant's negligent, reckless, or willful performance of or failure to perform any term,

provision, covenant, or condition of this Agreement ("Indemnified Claims"), but Consultant's liability for Indemnified Claims shall be reduced to the extent such Claims arise from the negligence, recklessness, or willful misconduct of the City, its officers, council members, officials, employees, or agents.

Consultant shall reimburse the Indemnified Parties for any reasonable expenditures, including reasonable attorneys' fees, expert fees, litigation costs, and expenses that each Indemnified Party may incur by reason of Indemnified Claims. Upon request by an Indemnified Party, Consultant shall defend with legal counsel reasonably acceptable to the Indemnified Party all Claims against the Indemnified Party that may arise out of, pertain to, or relate to Indemnified Claims, whether or not Consultant is named as a party to the Claim proceeding. The determination whether a Claim "may arise out of, pertain to, or relate to Indemnified Claims" shall be based on the allegations made in the Claim and the facts known or subsequently discovered by the Parties. In the event a final judgment, arbitration award, order, settlement, or other final resolution expressly determines that Claims did not arise out of, pertain to, nor relate to the negligence, recklessness, or willful misconduct of Consultant to any extent, then City shall reimburse Consultant for the reasonable costs of defending the Indemnified Parties against such Claims, except City shall not reimburse Consultant for attorneys' fees, expert fees, litigation costs, and expenses that were incurred defending Consultant or any parties other than Indemnified Parties against such Claims.

Consultant's indemnification obligation hereunder shall survive the expiration or earlier termination of this Agreement until all actions against the Indemnified Parties for such matters indemnified hereunder are fully and finally barred by the applicable statute of limitations or, if an action is timely filed, until such action is final. This provision is intended for the benefit of third party Indemnified Parties not otherwise a party to this Agreement.

7. REPORTS AND RECORDS

7.1 Accounting Records. Consultant shall keep complete, accurate, and detailed accounts of all time, costs, expenses, and expenditures pertaining in any way to this Agreement. Consultant shall keep such books and records as shall be necessary to properly perform the Services required by this Agreement and to enable the Contract Officer to evaluate the performance of such Services. The Contract Officer shall have full and free access to such books and records at all reasonable times, including the right to inspect, copy, audit, and make records and transcripts from such records.

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

and, if Consultant is providing design services, the estimated increased or decreased cost estimate for the project being designed.

7.3 Ownership of Documents. All drawings, specifications, reports, records, documents, memoranda, correspondence, computations, and other materials prepared by Consultant, its employees, subcontractors, and agents in the performance of this Agreement shall be the property of City and shall be promptly delivered to City upon request of the Contract Officer or upon the termination of this Agreement, and Consultant shall have no claim for further employment or additional compensation as a result of the exercise by City of its full rights of ownership of the documents and materials hereunder. Any use of such completed documents for other projects and/or use of incomplete documents without specific written authorization by the Consultant will be at the City's sole risk and without liability to Consultant, and the City shall indemnify the Consultant for all damages resulting therefrom. Consultant may retain copies of such documents for its own use. Consultant shall have an unrestricted right to use the concepts embodied therein. Consultant shall ensure that all its subcontractors shall provide for assignment to City of any documents or materials prepared by them, and in the event Consultant fails to secure such assignment, Consultant shall indemnify City for all damages resulting therefrom.

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

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

8. ENFORCEMENT OF AGREEMENT

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

8.2 Interpretation. This Agreement shall be construed as a whole according to its fair language and common meaning to achieve the objectives and purposes of the Parties. The

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

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

8.4 Default of Consultant.

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

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

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

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

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

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

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

9. CITY OFFICERS AND EMPLOYEES: NON-DISCRIMINATION

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

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

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

10. MISCELLANEOUS PROVISIONS

10.1 Patent and Copyright Infringement.

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

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

10.2 Notices. All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered, sent by registered or certified mail, postage prepaid, return receipt requested, or delivered or sent by facsimile with attached evidence of completed transmission, and shall be deemed received upon the earlier of (i) the date of delivery to the address of the person to receive such notice if delivered personally or by messenger or overnight courier; (ii) five (5) business days after the date of posting by the United States Post Office if by mail; or (iii) when sent if given by facsimile. Any notice, request, demand, direction, or other communication sent by facsimile must be confirmed within forty-eight (48) hours by letter mailed or delivered. Other forms of electronic transmission such as e-mails, text

messages, instant messages are not acceptable manners of notice required hereunder. Notices or other communications shall be addressed as follows:

To City: City of Laguna Hills
Attention: City Manager
24035 El Toro Road
Laguna Hills, California 92653
Telephone: (949) 707-2600
Facsimile: (949) 707-2633

To Consultant: Hogle-Ireland, Inc.
Attention: Michael Thiele, Vice-President
2860 Michele Drive, Suite 100
Irvine, CA 92606
Telephone: (949) 553-1427
Facsimile: (949) 553-0935

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

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

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

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

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

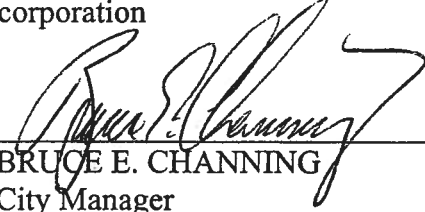
10.8. Corporate Authority. Each of the undersigned represents and warrants that (i) the Party for which he or she is executing this Agreement is duly authorized and existing, (ii) he or she is duly authorized to execute and deliver this Agreement on behalf of the Party for which

he or she is signing, (iii) by so executing this Agreement, the Party for which he or she is signing is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which the Party for which he or she is signing is bound.

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

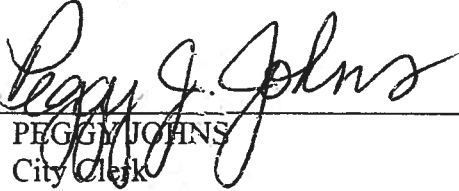
"CITY"

CITY OF LAGUNA HILLS,
a California general law city and municipal
corporation



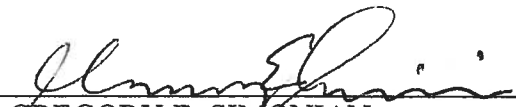
BRUCE E. CHANNING
City Manager

ATTEST:



PEGGY JOHNS
City Clerk (SEAL)

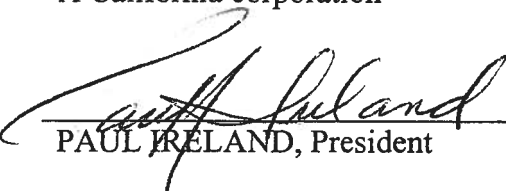
APPROVED AS TO FORM:



GREGORY E. SIMONIAN
City Attorney

"CONSULTANT"

HOGLE-IRELAND, INC.,
A California corporation



PAUL IRELAND, President

And



LARRY K. HOGLE, Secretary

EXHIBIT "A"

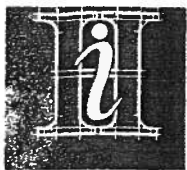
SCOPE OF SERVICES

The professional general contract planning services to be provided by Consultant to City pursuant to this Agreement are identified in the City of Laguna Hills Biennial Budget for FY 2009/11 Planning Division as:

1. General Planning Services. General Planning Services includes providing expertise and assistance relative to planning projects, such as revisions to the Urban Village Specific Plan or the City's General Plan and general consultant assistance to provide temporary planning staff during absences by City planning staff (i.e., vacation, sick leave, maternity leave, etc.)
2. Fee Based Planning Services. Fee Based Planning Services provides for the processing of new development applications (as needed, based upon heavy demand and City staff work loads).

Consultant shall be available to provide as-needed, on-call general contract planning services necessary to support City staff and to assist with the processing of development applications when needed to ensure that applications are expeditiously processed during periods of heavy City workload. Such services shall include, but are not limited to, the following: provide for a broad array of professional planning activities necessary for the efficient operation and management of the City's planning department as required by State law, including: (a) Regional Planning and Monitoring Services; (b) Development Application and Case Processing Services - provide for intake and processing of significant development applications; and (c) Planning Counter Staff Services - provide as-needed, on-call professional planning staff to support the City's front counter planning staff services that are necessary to assist members of the public with all forms of planning, zoning, permitting, and land use inquiries.

EXHIBIT "B"
CONSULTANT'S PROPOSAL



HOGLE IRELAND

INC.

A Land Planning & Development Consulting Firm

Irvine
Riverside
Pasadena

November 17, 2009

Mr. Vern Jones
Community Development Director
City of Laguna Hills
24035 El Toro Road
Laguna Hills, CA 92653

Dear Mr. Jones

Hogle-Ireland, Inc. is pleased to present this proposal to provide continuing on-call City Planning Services for the City of Laguna Hills. As you know, the existing Professional Services Agreement (PSA) between Hogle-Ireland, Inc. and the City of Laguna Hills is set to expire on December 11, 2009 unless extended by mutual written agreement. Since the existing PSA was originally signed by the Mayor, it is our understanding that the extension of the PSA will have to go back to the City Council for approval.

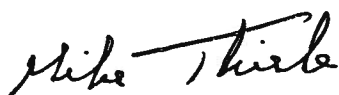
Hogle-Ireland, Inc. has been providing contract planning services to cities for twenty years, and as you know we have been providing planning services to the City of Laguna Hills since its incorporation. During that period of time the firm has grown from a one-person firm to the present size of 55 professional planning staff with the ability and expertise to provide a complete range of contract planning services to cities. We have planning staff available ranging from those experienced with planning counter operations to management/director capabilities. We can provide a city with one contract planning staff person or we can staff an entire planning department. We are confident that you will find that the firm is extremely well qualified to continue to provide the City with the services it needs in an efficient and cost effective manner.

In addition to providing general contract planning staff to cities, we can develop General Plans and Zoning Codes, prepare Specific Plans, prepare CEQA and NEPA documentation for projects, develop Geographic Information Systems (GIS) for jurisdictions, and update development processing fee programs. We consider ourselves a "full service" city contract planning firm.

The staff that we would make available to the City of Laguna Hills all have city planning experience and understand the unique needs of cities. Based upon the City's anticipated needs, I believe that either an Assistant, or Associate Project Manager would be an appropriate position level to handle the anticipated tasks. As you know, Anne Fox, Senior Associate Project Manager has recently been assisting the City with the processing of a number of significant development applications. In addition to her services, Hogle-Ireland, Inc. will continue to provide staff services to man the City's Planning Counter operations as the needs arise. Attached is a copy of Hogle-Ireland, Inc.'s Schedule of Hourly Rates which outlines the billing rate for all of the positions that we could make available to the City of Laguna Hills.

Thank you for providing us with the opportunity to assist the City with its anticipated planning service needs. With our Headquarter's Office being based in Orange County, we are always looking forward to the opportunity to assist Orange County jurisdictions with their planning service needs. I will serve as the firm's representative authorized to represent and bind the firm to our proposal. I can be reached at (949) 553-1427 if you should require any additional information or clarification regarding our qualifications.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Thiele". The signature is written in a cursive, flowing style.

Michael Thiele, Vice-President

EXHIBIT "C"

SCHEDULE OF COMPENSATION



HOGLE IRELAND

INC.

A Land Planning & Development Consulting Firm

SCHEDULE OF HOURLY RATES

HOGLE-IRELAND, INC. HOURLY RATES

Effective September 1, 2009

<u>CLASSIFICATION</u>	<u>RATE</u>
President/ Executive Vice President	175.00
Vice President	170.00
Principal	160.00
Director of Environmental Planning	140.00
Senior Designer	145.00
Senior Project Manager	140.00
Project Manager	135.00
Senior Associate Project Manager	120.00
Associate Project Manager II	110.00
Associate Project Manager I	100.00
Assistant Project Manager II	90.00
Assistant Project Manager I	75.00
Project Technician	65.00
Word Processing	65.00

All hourly rates include normal overhead. Reimbursable expenses, including blueprints, etc., will be billed at cost plus 10%. Hourly rates are updated periodically. Expert Witness for deposition & testimony will be billed at \$350.00/hour.

EXHIBIT "D"

SCHEDULE OF PERFORMANCE

Consultant shall provide the requested contract planning Services and Work, as set forth in the Agreement, on an as needed, on-call basis.

In accordance with the City's needs, Hogle-Ireland, Inc. will assign the appropriate staff to support and assist the City with its daily planning operations. Because Consultant has a number of existing staff that are familiar with the City's Development Code, General Plan, planning division operations, and counter planning operations, Consultant can, with short notice, assign on an as-needed, on-call basis contract planning staff to step in and assume the provision of general planning support services and general counter planning services in the absence of regular City staff, whether it be due to City staff vacations, sick leave, maternity leave, or staff attendance at training seminars or planning conferences.

In addition to the provision of general contract planning support services, Hogle-Ireland, Inc. shall assign on an as-needed, on-call basis the appropriate staff level to assist the City with its development application and case processing needs. Depending on the complexity of the assignment, Consultant will provide staff ranging from the entry level position to those with extensive Director/Management level experience, all of which staff shall be familiar with the requirements of the "Permit Streamlining Act", and will facilitate the processing of development applications in a timely and cost effective manner.

CITY OF LAGUNA HILLS

AGENDA REPORT COMMUNITY SERVICES DEPARTMENT

**ISSUE: ONE-YEAR EXTENSION OF JANITORIAL SERVICES AGREEMENT
WITH THE RITZ COMPANIES FOR LAGUNA HILLS COMMUNITY
CENTER**

SUMMARY:

Janitorial services at the Laguna Hills Community Center building are provided by The Ritz Companies under a current two-year Janitorial Services Agreement ("Agreement"). This Agreement is set to expire on June 30, 2011. Staff and The Ritz Companies desire to extend the Agreement for one year. Attached to this staff report for the City Council's approval is Amendment No. 1 to the Agreement with The Ritz Companies that extends the term of the Agreement until June 30, 2012, under the same terms and conditions of the current Agreement.

BACKGROUND:

Under a current two-year Janitorial Services Agreement with The Ritz Companies, the Laguna Hills Community Center is cleaned nightly and daily. The janitorial services are performed at the building Monday through Friday, after 10:00 p.m., and on Saturdays and Sundays after 12:00 a.m. Janitorial service includes the cleaning of all common areas, restrooms, offices, and the restocking of supplies. In addition, Monday through Fridays for four hours daily, The Ritz Companies provides a day porter to the City to assist with cleaning and maintenance activities. The Ritz Companies has provided these services to the City since the opening of the building in 2002. The janitorial services provided by The Ritz Companies have been adequate in staff's assessment and the current two-year Agreement with The Ritz Companies is set to expire on June 30, 2011.

**RECOMMENDATION: THAT THE CITY COUNCIL AUTHORIZE THE CITY
MANAGER TO EXECUTE AMDENDMENT NO. 1 TO JANITORIAL SERVICES
AGREEMENT WITH THE SAVOY CONTRACTORS GROUP INC., DBA THE RITZ
COMPANIES, FOR JANITORIAL SERVICES AT THE LAGUNA HILLS COMMUNITY
CENTER.**

Both The Ritz Companies and staff are requesting an extension of the Agreement for one-year until June 30, 2012. Attached to this staff report is Amendment No. 1 to the Janitorial Services Agreement which revises the total not-to-exceed cost and term of the original Agreement to accommodate a one-year extension. In addition, the fee schedule for The Ritz Companies for the one-year extension will remain unchanged per Amendment No. 1.

It is staff's intention to go out to bid for janitorial services prior to the start of FY 2012/2013, which begins July 1, 2012, in order to include more City facilities in addition to the Community Center as one bid project. Under a separate contract, the Janitorial Services Agreement with Jamey Clark, Inc., for instance, covers cleaning services of park restrooms at the Community Center & Sports Complex and Cabot Park. This Agreement will expire on June 30, 2012.

FISCAL IMPACT:

The total one-year extension not-to-exceed cost for janitorial services is \$72,000. This includes \$2,400 for miscellaneous on-call services such as additional carpet cleaning for the Heritage Room. The not-to-exceed cost of Agreement extension is within the amount proposed in the FY 2011 – 2013 Biennial Budget.

RECOMMENDATION: THAT THE CITY COUNCIL AUTHORIZE THE CITY MANAGER TO EXECUTE AMDENDMENT NO. 1 TO JANITORIAL SERVICES AGREEMENT WITH THE SAVOY CONTRACTORS GROUP INC., DBA THE RITZ COMPANIES, FOR JANITORIAL SERVICES AT THE LAGUNA HILLS COMMUNITY CENTER.

ATTACHMENTS:

- Amendment No. 1 to Janitorial Services Agreement
- Janitorial Services Agreement with The Ritz Companies

**AMENDMENT NO. 1
TO
JANITORIAL SERVICES
AGREEMENT WITH
THE SAVOY CONTRACTORS GROUP, INC.,
dba THE RITZ COMPANIES
(LAGUNA HILLS COMMUNITY CENTER)**

THIS FIRST AMENDMENT to the June 23, 2009, Janitorial Services Agreement (the "Amendment"), is made and entered into on the ____ day of May 2011, by and between the City of Laguna Hills, a California general law city and municipal corporation (the "City"), and The Savoy Contractors Group, Inc., dba The Ritz Companies, a California corporation, (the "Contractor") (collectively, the "Parties").

RECITALS

A. City and Contractor previously entered into a Janitorial Services Agreement for the Laguna Hills Community Center which was made and entered into on June 23, 2009 (the "Agreement").

B. Section 4.4 of the Agreement provides that the term of the Agreement shall end on June 30, 2011, unless extended by mutual written agreement of the Parties.

C. Section 10.3 of the Agreement provides that the Agreement may be amended at any time with the mutual written consent of the Parties.

D. City and Contractor desire to extend the term of the Agreement for one year to expire June 30, 2012.

E. Section 3.1 of the Agreement provides that the total contract amount shall not exceed \$144,000.

F. The Parties desire to increase the not-to-exceed amount of the Agreement by \$72,000, for a total not-to-exceed contract amount of \$216,000.

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

AMENDMENT

1. Amendment to Section 3.1 of the Agreement, entitled "Compensation of Contractor": Section 3.1 of the Agreement is hereby amended in its entirety to read as follows:

"Compensation of Contractor. For the services rendered pursuant to this Agreement, Contractor shall be compensated and reimbursed, in accordance with the schedule of fees set forth in Exhibit "A," which total contract amount shall not exceed \$216,000."

2. Amendment to Section 4.4 of the Agreement, entitled "Term": Section 4.4 of the Agreement is hereby amended in its entirety to read as follows:

"Term. Unless earlier terminated in accordance with Section 8.5 of this Agreement, this Agreement shall continue in full force and effect for a period of 36 months, commencing on July

1, 2009, and ending on June 30, 2012, unless extended by mutual written agreement of the parties."

3. Amendment to "Schedule of Fees" of Exhibit "A" of the Agreement: The "Cost Effective" dates in the Schedule of Fees of Exhibit "A" of the Agreement are hereby amended to read as follows: "3) Cost Effective July 1, 2009 thru July 1, 2012."

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

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

6. Recitals: The recitals set forth above are true and correct and are incorporated by reference herein.

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

"CITY"
City of Laguna Hills

Date: _____

By: _____
Bruce E. Channing,
City Manager

APPROVED AS TO FORM:

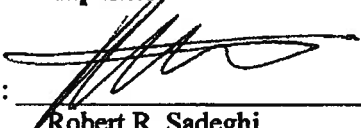
ATTEST

By: _____
Gregory E. Simonian,
City Attorney

By: _____
Peggy J. Johns,
City Clerk

"CONTRACTOR"
The Savoy Contractors Group, Inc., dba The
Ritz Companies

Date: 5-19-11

By:  _____
Robert R. Sadeghi
Owner, CEO

COPY

JANITORIAL SERVICES AGREEMENT

The Savoy Contractors Group, Inc., dba The Ritz Companies
(Laguna Hills Community Center)

THIS AGREEMENT FOR JANITORIAL SERVICES (the "Agreement") is made and entered into this 22 day of June, 2009, by and between the City of Laguna Hills, a municipal corporation organized and existing under the laws of the State of California ("City"), and The Savoy Contractors Group, Inc., dba The Ritz Companies, a California Corporation ("Contractor").

RECITALS

A. City requires the services of a janitorial company for proper cleaning and maintenance of the Laguna Hills Community Center ("Project").

B. Contractor has submitted to City a proposal to provide janitorial services to City pursuant to the terms of this Agreement.

C. Based on its experience, education, training, and reputation, Contractor is qualified to provide the necessary services to City for the Project and desires to provide such services.

D. City desires to retain the services of Contractor for the Project.

NOW, THEREFORE, in consideration of the promises and mutual agreements contained herein, City agrees to retain and does hereby retain Contractor and Contractor agrees to provide services to the City as follows:

AGREEMENT

1. CONTRACTOR SERVICES

1.1 Scope of Services. In compliance with all terms and conditions of this Agreement, Contractor shall provide janitorial services to City as described in the Scope of Services/Work attached to this Agreement as Exhibit "A" and incorporated herein by reference (the "services" or "work"), which includes the agreed upon schedule of performance and the schedule of fees. Contractor warrants that all services and work shall be performed in a competent, professional, and satisfactory manner in accordance with all standards prevalent in the industry. In the event of any inconsistency between the terms contained in the Scope of Services/Work and the terms set forth in the main body of this Agreement, the terms set forth in the main body of this Agreement shall govern.

1.2 Compliance with Law. All services rendered under this Agreement shall be provided by Contractor in accordance with all applicable federal, state, and local laws, statutes, and ordinances and all lawful orders, rules, and regulations promulgated thereunder.

1.3 Licenses and Permits. Contractor shall obtain at its sole cost and expense such licenses, permits, and approvals as may be required by law for the performance of the services required by this Agreement.

1.4 Familiarity with Work. By executing this Agreement, Contractor warrants that it has carefully considered how the work should be performed and fully understands the facilities, difficulties, and restrictions attending performance of the work under this Agreement.

2. TIME FOR COMPLETION.

The time for completion of the services to be performed by Contractor is an essential condition of this Agreement. Contractor shall prosecute regularly and diligently the work of this Agreement according to the agreed upon schedule of performance set forth in Exhibit "A". Contractor shall not be accountable for delays in the progress of its work caused by any condition beyond its control and without the fault or negligence of Contractor. Delays shall not entitle Contractor to any additional compensation regardless of the party responsible for the delay.

3. COMPENSATION OF CONTRACTOR

3.1 Compensation of Contractor. For the services rendered pursuant to this Agreement, Contractor shall be compensated and reimbursed, in accordance with the schedule of fees set forth in Exhibit "A," which total contract amount shall not exceed \$144,000.

3.2 Method of Payment. In any month in which Contractor wishes to receive payment, Contractor shall no later than the first working day of such month, submit to City in the form approved by City's finance manager, an invoice for services rendered prior to the date of the invoice. Payments shall be based on the hourly rates as set forth in Exhibit "A" for authorized services performed. City shall pay Contractor for all expenses stated thereon, which are approved by City consistent with this Agreement, within thirty (30) days of receipt of Contractor's invoice.

3.3 Changes. In the event any change or changes in the Scope of Services/Work is requested by City, the parties hereto shall execute a written amendment to this Agreement, setting forth with particularity all terms of such amendment, including, but not limited to, any additional fees. An amendment may be entered into:

A. To provide for revisions or modifications to documents or other work product or work when documents or other work product or work is required by the enactment or revision of law subsequent to the preparation of any documents, other work product, or work;

B. To provide for additional services not included in this Agreement or not customarily furnished in accordance with generally accepted practice in Contractor's profession.

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

4. PERFORMANCE SCHEDULE

4.1 Time of Essence. Time is of the essence in the performance of this Agreement.

4.2 Schedule of Performance. All services rendered pursuant to this Agreement shall be performed pursuant to the agreed upon schedule of performance set forth in Exhibit "A". The extension of any time period must be approved in writing by the Contract Officer.

4.3 Force Majeure. The time for performance of services to be rendered pursuant to this Agreement may be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of Contractor, including, but not limited to, acts of God or of a public enemy, acts of the government, fires, earthquakes, floods, epidemic, quarantine restrictions, riots, strikes, freight embargoes, and unusually severe weather if Contractor shall within ten (10) days of the commencement of such condition notify the Contract Officer who shall thereupon ascertain the facts and the extent of any necessary delay, and extend the time for performing the services for the period of the enforced delay when and if in the Contract Officer's judgment such delay is justified, and the Contract Officer's determination shall be final and conclusive upon the parties to this Agreement.

4.4 Term. Unless earlier terminated in accordance with Section 8.5 of this Agreement, this Agreement shall continue in full force and effect for a period of 24 months, commencing on July 1, 2009, and ending on June 30, 2011, unless extended by mutual written agreement of the parties

5. COORDINATION OF WORK

5.1 Representative of Contractor. The following principal of Contractor is hereby designated as being the principal and representative of Contractor authorized to act in its behalf with respect to the services and work specified herein and make all decisions in connection therewith: Maria Angela Bonk, Portfolio Manager. It is expressly understood that the experience, knowledge, education, capability, and reputation of the foregoing principal is a substantial inducement for City to enter into this Agreement. Therefore, the foregoing principal shall be responsible during the term of this Agreement for directing all activities of Contractor and devoting sufficient time to personally supervise the services hereunder. The foregoing principal may not be changed by Contractor without prior written approval of the Contract Officer.

5.2 Contract Officer. The Contract Officer shall be the City Manager, or his/her designee. It shall be the Contractor's responsibility to keep the Contract Officer, or his/her designee, fully informed of the progress of the performance of the services and Contractor shall refer any decisions that must be made by City to the Contract Officer. Unless otherwise specified herein, any approval of City required hereunder shall mean the approval of the Contract Officer.

5.3 Prohibition Against Subcontracting or Assignment. The experience, knowledge, education, capability, and reputation of Contractor, its principals and employees, were a substantial inducement for City to enter into this Agreement. Therefore, Contractor shall not contract with any other individual or entity to perform in whole or in part the services

required hereunder without the express written approval of City. In addition, neither this Agreement nor any interest herein may be assigned or transferred, voluntarily or by operation of law, without the prior written approval of City.

5.4 Independent Contractor. Neither City nor any of its employees shall have any control over the manner, mode, or means by which Contractor, its agents or employees, perform the services required herein, except as otherwise set forth herein. Contractor shall perform all services required herein as an independent contractor of City and shall not be an employee of City and shall remain at all times as to City a wholly independent contractor with only such obligations as are consistent with that role; however, City shall have the right to review Contractor's work product, result, and advice. Contractor shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of City.

5.5 Personnel. Contractor agrees to assign the following individuals to perform the services set forth herein. Contractor shall not alter the assignment of the following personnel without the prior written approval of the Contract Officer. Acting through the City Manager, the City shall have the unrestricted right to order the removal of any personnel assigned by Contractor by providing written notice to Contractor.

Name:

Title:

Assigned Ritz Companies Employees

Custodian

6. INSURANCE AND INDEMNIFICATION

6.1 Insurance. Contractor shall procure and maintain, at its sole cost and expense, and submit concurrently with its execution of this Agreement, in a form and content satisfactory to City, public liability and property damage insurance against all claims for injuries against persons or damages to property resulting from Contractor's performance under this Agreement. Contractor shall also carry workers' compensation insurance in accordance with California workers' compensation laws. Such insurance shall be kept in full force and effect during the term of this Agreement, including any extension thereof, and shall not be cancelable without thirty (30) days written notice to City of any proposed cancellation. Certificates of insurance evidencing the foregoing and designating the City, its elected officials, officers, employees, agents, and volunteers as additional insureds by original endorsement shall be delivered to and approved by City prior to commencement of services. The procuring of such insurance and the delivery of policies, certificates, and endorsements evidencing the same shall not be construed as a limitation of Contractor's obligation to indemnify City, its elected officials, officers, agents, employees, and volunteers.

6.1.1 Minimum Scope of Insurance. The minimum amount of insurance required hereunder shall be as follows:

A. Comprehensive general liability and personal injury 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; the commercial general liability policy shall name the City of Laguna Hills as an additional insured in accordance with standard ISO additional insured endorsement form

CG2010(1185) or equivalent language;

B. Automobile liability insurance with limits of at least one million dollars (\$1,000,000.00) per occurrence;

C. Workers' Compensation insurance in the statutory amount as required by the State of California, and Employer's Liability Insurance with limits of at least one million dollars (\$1,000,000.00) per accident for bodily injury or disease.

For any claims related to this Agreement, Contractor's insurance coverage shall be primary insurance as respects City and its respective elected officials, officers, employees, agents, and volunteers. Any insurance or self-insurance maintained by City and its respective elected officials, officers, employees, agents, and volunteers shall be in excess of Contractor's insurance and shall not contribute with it. For Workers' Compensation and Employer's Liability Insurance only, the insurer shall waive all rights of subrogation and contribution it may have against City, its elected officials, officers, employees, agents, and volunteers.

6.1.2 Sufficiency of Insurers. Insurance required herein shall be issued by a licensed company authorized to transact business in the state by the Department of Insurance for the State of California with a current rating of A:-VII or better (if an admitted carrier), or a current rating of A:X or better (if offered by a non-admitted insurer listed on the State of California List of Eligible Surplus Lines Insurers (LESLI), by the latest edition of A.M. Best's Key Rating Guide, except that the City will accept workers' compensation insurance from the State Compensation Fund.

6.1.3 Verification of Coverage. Contractor shall furnish City with both original certificates of insurance and endorsements, including additional insured endorsements, affecting all of the coverages required by this Agreement. The certificates and endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. All proof of insurance is to be received and approved by the City before work commences. City reserves the right to require Contractor's insurers to provide complete, certified copies of all required insurance policies at any time. Additional insured endorsements are not required for Workers' Compensation policies.

6.1.4 Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of the City, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its elected officials, officers, employees, agents, and volunteers; or, Contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

6.1.5 Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to the City, its directors, officials, officers, employees, agents, and volunteers.

6.2 Indemnification. To the fullest extent permitted by law, Contractor shall defend (at Contractor's sole cost and expense), indemnify, protect, and hold harmless City, its elected officials, officers, directors, 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 (Contractor's employees included), for damage to property, including property owned by City, from any violation of any federal, state, or local law or ordinance, which Claims, including alleged Claims, arise out of or are related to Contractor's performance under this Agreement. Under no circumstances shall the insurance requirements and limits set forth in this Agreement be construed to limit Contractor's indemnification obligation or other liability hereunder.

7. RECORDS AND REPORTS

7.1 Reports. Contractor shall periodically prepare and submit to the Contract Officer such reports concerning the performance of the services required by this Agreement as the Contract Officer shall require.

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

7.3 Ownership of Documents. All drawings, specifications, reports, records, documents, and other materials prepared by Contractor in the performance of this Agreement shall be the property of City and shall be delivered to City upon request of the Contract Officer or upon the termination of this Agreement, and Contractor shall have no claim for further employment or additional compensation as a result of the exercise by City of its full rights or ownership of the documents and materials hereunder. Contractor may retain copies of such documents for its own use. Contractor shall have an unrestricted right to use the concepts embodied therein.

7.4 Release of Documents. All drawings, specifications, reports, records, documents, and other materials prepared by Contractor in the performance of services under this Agreement shall not be released publicly without the prior written approval of the Contract Officer.

7.5 Cost Records. Contractor shall maintain all books, documents, papers, employee time sheets, accounting records, and other evidence pertaining to costs incurred while performing under this Agreement and shall make such materials available at its offices at all reasonable times during the term of this Agreement and for three (3) years from the date of final payment for inspection by City and copies thereof shall be promptly furnished to City upon request.

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8. ENFORCEMENT OF AGREEMENT

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

8.2 Waiver. No delay or omission in the exercise of any right or remedy of a non-defaulting party on any default shall impair such right or remedy or be construed as a waiver. No consent or approval of City shall be deemed to waive or render unnecessary City's consent to or approval of any subsequent act of Contractor. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

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

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

8.5 Termination Prior to Expiration of Term. City reserves the right to terminate this Agreement at any time, with or without cause, upon thirty (30) days written notice to Contractor, except that where termination is due to the fault of Contractor and constitutes an immediate danger to health, safety, and general welfare, the period of notice shall be such shorter time as may be determined by the City. Upon receipt of the notice of termination, Contractor shall immediately cease all services hereunder except such as may be specifically approved by the Contract Officer. Contractor shall be entitled to compensation for all services rendered prior to receipt of the notice of termination and for any services authorized by the Contract Officer thereafter.

8.6 Attorney Fees. In the event any dispute between the parties with respect to this Agreement results in litigation or any non-judicial proceeding, the prevailing party shall be entitled, in addition to such other relief as may be granted, to recover from the non-prevailing party all reasonable costs and expenses, including but not limited to reasonable attorney fees, expert Contractor fees, court costs and all fees, costs, and expenses incurred in any appeal or in collection of any judgment entered in such proceeding.

9. CITY OFFICERS AND EMPLOYEES; NON-DISCRIMINATION

9.1 Non-Liability of City Officers and Employees. No officer, director, official, or employee of City shall be personally liable to the Contractor, or any successor-in-interest, in the

event of any default or breach by City or for any amount which may become due to the Contractor or its successor, or for breach of any obligation of the terms of this Agreement.

9.2 Covenant Against Discrimination. Contractor covenants that, by and for itself, its heirs, executors, assigns, and all persons claiming under or through them, that there shall be no discrimination or segregation in the performance of or in connection with this Agreement regarding any person or group of persons on account of race, color, creed, religion, sex, marital status, disability, sexual orientation, national origin, or ancestry.

10. MISCELLANEOUS PROVISIONS

10.1 Notice. Any notice, demand, request, consent, approval, or communication either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by pre-paid, first-class mail to the address set forth below. Either party may change its address by notifying the other party of the change of address in writing. Notice shall be deemed communicated seventy-two (72) hours from the time of mailing if mailed as provided in this Section.

To City:

City of Laguna Hills
Attention: City Manager
24035 El Toro Road
Laguna Hills, CA 92653

To Contractor:

The Savoy Contractors Group, Inc., dba
The Ritz Companies
8905 Research Drive
Irvine, CA. 92618

10.2 Integrated Agreement. This Agreement contains all of the agreements of the parties and cannot be amended or modified except by written agreement.

10.3 Amendment. This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

10.4 Severability. In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement shall be declared invalid or unenforceable by valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Agreement, which shall be interpreted to carry out the intent of the parties hereunder.

10.5 Authority. The persons executing this Agreement on behalf of the parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said parties and that by so executing this Agreement the parties hereto are formally bound to the provisions of this Agreement.

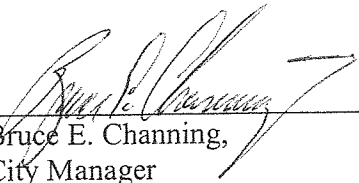
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IN WITNESS WHEREOF, the parties have executed this Agreement as of the dates stated below.

"CITY"

City of Laguna Hills

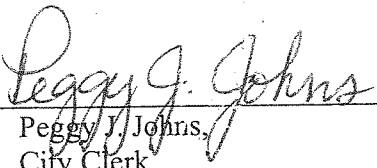
Date: 6/24/09

By: 
Bruce E. Channing,
City Manager

APPROVED AS TO FORM:

By: 
Gregory E. Simonian,
City Attorney

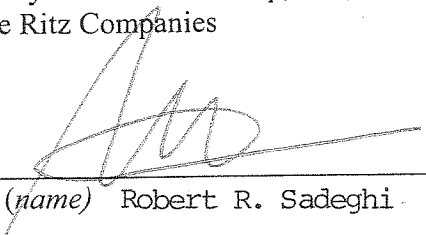
ATTEST

By: 
Peggy J. Johns,
City Clerk

"CONTRACTOR"

**The Savoy Contractors Group, Inc.,
dba The Ritz Companies**

Date: 6-29-99

By: 
(name) Robert R. Sadeghi

OWNER & CEO
(title) Owner, CEO

Date: _____

By: _____
(name)

(title)

EXHIBIT "A"

**CONTRACTOR'S
SCOPE OF SERVICES/WORK**

Including,

Schedule of Fees

And

Schedule of Performance

SCOPE OF SERVICES

I. SUPERVISION

- a. Contractor will provide adequate supervisory staff assigned to the Laguna Hills Community Center as required.
- b. The supervisory staff shall ensure all work is completed each night in a professional and timely manner.
- c. All supervisory personnel are full-time employees of Contractor.
- d. Securing all suite entrances and building entrances in conjunction with the project's security procedures. Upon completion of work, lock all suite and entrance doors during cleaning operations.
- e. Immediate transmittal of all accident and/or damage reports/plumbing problems to the Community Services Department.
- f. The supervisory staff will become familiar with the emergency fire and disaster plans developed by the Community Services Department of the project, and in addition to the normal supervisory work of the janitorial crew, the supervisory staff will assume the duties assigned to them by the manager as relates to these plans, if any.

II. TENANT RELATIONSHIP PROGRAM

Contractor will provide a customer service representative during the day whose main responsibility is to inspect the facility during the daytime hours and to check with any department heads that are requested and/or tenants to ensure that they are satisfied with the services we are providing.

III. WAGE SCALE

- a. All personnel will be paid no less than minimum scale as required by State minimum wage requirements.
- b. Work hours, workweek, job methods, procedures, pay periods and pay scale will be thoroughly explained to all personnel.

IV. SECURITY PROCEDURES AND INSURANCE

- a. While cleaning the Laguna Hills Community Center Contractor's personnel will not admit anyone into an area except those authorized by the City or employees having keys to the area and proper identification. On completion of nightly chores, all lights will be turned off, doors locked, draperies closed, and offices left in a neat and orderly condition. Contractor and its personnel shall abide by all security regulations of the owner transmitted by the owner to the Contractor, either orally or in writing. The Community Services Department will be promptly notified of any irregularities.
- b. A card file is set up and maintained on all Contractor personnel.

- c. Contractor representatives will work closely with City management in regard to the use of acceptable personnel.
- d. Contractor will provide all necessary insurance and bonds on all its personnel.

V. STAFFING AND BACK-UP STAFF REQUIREMENTS

Normal Working Staff

- a. Employees of Contractor shall be as required to perform the necessary work to maintain the optimum level of cleanliness as set forth above.
- b. The number of employee shall be increased as required to accomplish any periodic maintenance herein specified without decreasing the level of the nightly janitorial services. All costs for such increased personnel are considered to be included as part of this Agreement. No allowances will be granted to compensate for extra personnel required to adequately perform any portion of work included in this Scope of Services.
- c. Contractor may be called upon periodically to perform work not herein specified. Such work, when specifically authorized, will be classified as service extras with prices to be detailed in the Scope of Services. In no instance, however, is Contractor to use the normal nightly janitorial staff for such extra work during the time period normally assigned for nightly maintenance.
- d. Contractor will make available to such person as shall be designated by the City of Laguna Hills the time sheets and time cards of all personnel assigned to the building for nightly, daily, or extra work. Such time sheets and time cards shall be available at Contractor' local office for review at that location upon reasonable notice.

Back Up Staff

- a. Contractor shall maintain and show evidence of an adequate back-up labor force and supervisory staff to be able to assist immediately in case of flood, fire, natural or man-made disasters, or any other emergencies (pumps, lights, wet-vacs, etc.) shall be provided by Contractor for use by its personnel.
- b. Contractor must submit a list of at least three emergency telephone numbers of management-level supervisory personnel, other than the local branch office number of answering service, who are authorized to dispatch back-up working crews in the event of a request of the City for such services. Contractor will update these emergency telephone numbers as required throughout the term of the Agreement.

VI. UNIFORM AND EQUIPMENT

Contractor shall furnish proper cleaning materials, implements, machinery, supplies, and uniforms for the satisfactory performance of all services. All Contractor's personnel shall be properly uniformed at all times.

DAY PORTER SERVICES

Monday through Friday, Four Hours Daily (to be determined by Community Service Department)

The Day Porter shall be trained and assigned to perform the following duties and/or any additional duties directed by Community Service Department.

- a. Inspect and police all lobbies.
- b. Inspect and maintain elevator cabs. If carpeted, elevators are to be vacuumed and spot cleaned. All litter will be removed as required. Polish elevator thresholds and handrails with a polishing crème or compound such as Brite Boy or Never Dull, not to be used on coated metal. Sweep and mop elevators' floors if tiled.
- c. Inspect all lavatories, to be checked a minimum of twice a day, mornings and afternoons. Check and fill toilet tissue, seat covers, and towel dispensers.
- d. Threshold of doors and elevators to be kept clean and free of debris.
- e. Keep entrance glass doors and frames in a clean condition. This means all doors to tenants' offices, restrooms, storage areas, janitorial closets, etc.
- f. Inspect and police exterior grounds throughout the whole property (not including sports/recreation areas, such as: soccer and baseball fields, skate boarding area, gazeboes, etc...).
- g. Pick up trash in landscape, parking lot, and alleys.
- h. Maintain stairwells and handrails (interior and exterior of building).
- i. Clean and sanitize all public phones.
- j. Sweep or use hand blower on alleyways and walkways.
- k. Maintain and keep clean cigarette urns and refill sand, as needed.
- l. Maintain and replace liners in all exterior trashcans.
- m. Keep trash enclosures clean.
- n. Maintain the gutters.
- o. Interior and exterior of buildings should be maintained, kept clean and free of dust, debris, cobwebs, and bird droppings. All public telephones, signage, pillars, monument signs, water fountains, bollards, lighting fixtures, fire extinguishers and fire structures to be kept clean.
- p. Maintain all Patios and/or Plaza Areas.
- q. Any additional requirements specific to the building.
- r. Attend to emergency situations such as: toilet overflows, spills...etc., always put up cones when in the restrooms and display "Wet Floor" signs after mopping or cleaning something that has made the floor wet.

CLEANING SCHEDULE

- **SCHEDULE**

All cleaning services to be performed:

Monday through Friday, after 10:00 p.m. Saturday & Sunday after 12:00 a.m.

Gymnasium and Physical Activity Room are not included in the janitorial service (14,376 sq. ft.), but designated to Day Porter.

Contractor will provide a cleaning schedule to City upon City's request.

- **DAILY SERVICES**

- Empty and clean all waste receptacles, supply liners, replace light bulbs and fluorescent tubes, remove waste materials from the premises and wash receptacles as necessary.
- Empty all ashtrays and ash urns, clean as required. Refill with silica sand as required.
- Empty all wastepaper baskets and other trash containers. Carry trash to designated area. Insert liners as required. Any rolled plans or important-looking paper in trash containers will be put in janitorial closet and saved for 24 hours.
- Remove all fingerprints, dirt, smudges, graffiti, etc., from all doorframes, glass partitions, light switches, and walls, if stains are easy to remove without causing bigger smudge.
- Properly align office furniture, returning chairs and wastebaskets to proper positions.
- Clean, sanitize all drinking fountains.
- Inspect and wipe down walls in elevators.
- Dust and remove debris from all metal door thresholds.
- Upon completion of work, all slop sinks are to be thoroughly cleaned. Equipment will be cleaned and supplies will be stored neatly in locations designated by the Community Services Department.
- Dust all hard furniture (exposed), such as shelves, ledges, and bookcases. **Excluding desks unless specifically requested & all papers are removed.**
- Vacuum all carpeted areas, with special emphasis on entrances and traffic areas and spot clean as needed.
- Clean all glass and mirrored furniture.
- Spot-clean entry glass daily.
- Sweep and mop daily.
- A minimum number of lights are to be left on during cleaning operations.
- Kitchen in Heritage room is not included in service.

- **WEEKLY SERVICES**

- Dust all low-reach areas, including but not limited to chair rungs, structural and furniture ledges, baseboards, window sills, door louvers, wood paneling, molding, etc.
- Dust inside of all doorjamb.
- Clean and polish all metal door thresholds.
- Wipe clean and polish all bright work.
- Clean all service stairwells & spot clean walls.
- Dust all vinyl baseboards.
- Edge all carpeted areas as needed.
- Move all plastic carpet protectors and thoroughly vacuum under and around all desks and office furniture as needed.
- Clean lunchroom furniture and exterior of appliances (not including kitchen in Heritage Room).
- Dust in place all picture frames, charts, graphs and similar wall hangings.

- **MONTHLY SERVICES**

- a. Dust all high-reach areas (up to 12' high), including but not limited to tops of door frames, structural and furniture ledges, **air conditioning diffusers and return grills**, tops of partitions, picture frames, etc.
- b. Vacuum upholstered furniture **as requested**.
- c. Inspect all vacant and unoccupied areas.
- d. Oil and clean all wooden desks, handles, etc. **upon request**.
- e. Shampoo carpet in all common areas (lobbies, hallways, elevator cabs).
- f. Strip and seal all common area floors, if applicable (restrooms, kitchens, lobbies, etc...)

- **QUARTERLY SERVICES**

- a. Dust all vertical surfaces such as walls, partitions, doors, and other surfaces not reached in nightly cleaning.
- b. Dust exterior of lighting fixtures as needed.
- c. Dust all air conditioning louvers, grills, etc., not reached in nightly cleaning.

- **SEMI ANNUAL SERVICES**

- a. Clean ceiling light fixtures (not over 18' high).
- b. Dust Venetian blinds.

- **ANNUAL SERVICES**

- a. Clean carpet throughout premises.

- **RESTROOM SERVICE**

- a. Restock all restrooms with supplies from the owner's stock including paper towels, toilet tissue, seat covers, and hand soap, as required. Refill feminine accessories machine as needed.
- b. Wash and polish all mirrors, dispensers, faucets, flushometers, and bright work with non-scratch disinfectant cleaners.
- c. Wash and sanitize all toilets, toilet seats, urinals, and sinks with non-scratch disinfectant cleaner. Wipe dry all sinks.
- d. Remove stains, descale toilets, urinals, and sinks as required.
- e. Sweep and mop all restrooms floors with disinfectant germicidal solution.
- f. Empty all waste and sanitary napkin and tampon receptacles.
- g. Remove all restroom trash from building. Insert new liners as required.
- h. Spot-clean fingerprints, marks, and graffiti from walls, partitions, glass, aluminum, and light switches as required.
- i. Dust all low-reach and high-reach areas, including but not limited to structural ledges, mirror tops, partition tops and edges, air conditioning diffusers, and return air grills.
- j. **Weekly:** Wipe down all tile walls and metal partitions. Partitions shall be left in an unstreaked condition after this work.
- k. **Monthly:** Machine strip restroom floors and apply finish/sealer where applicable. Wash all partitions, tile walls and enamel surfaces. Vacuum all louvers, vents and dust light fixtures.

VII. RESPONSE TIME

From time to time, the City will have a special request: like an important visitor, a late cocktail party to clean up, a complaint, or something missing or broken. Contractor will respond in a timely manner to the City's special requests. The City will be billed extra for a special request for the rates listed under "Additional Rate and Services" on page 7.

VIII. OTHER SERVICES

Defective or inoperative building equipment shall be brought to the attention of Community Services Department, such as leakage or problem plumbing, defective lights or lighting, doors and/or gates not properly secured, and other unusual circumstances such that might affect the security, maintenance, or effectiveness of the facility.

In addition, the following services can be provided at an extra cost to the City of Laguna Hills:

- a) Cleaning of carpeted area not included in the Scope of Work shall be cleaned, upon request, for an additional fee.
- b) Window cleaning shall be accomplished upon request for an additional fee.
- c) Wall washing shall be accomplished upon request for an additional fee.
- d) Steam clean carpets upon request for an additional fee.

Care shall be exercised so that baseboards, walls, and furniture shall not be splashed, marred, disfigures, or damaged during these or other scheduled operations.

IX. MISCELLANEOUS

City acknowledges and understands that the services rendered pursuant to this Agreement will be performed by individuals, which are employed by, or under contract with, Contractor.

City agrees that, for a period of one (1) year following the termination of this Agreement or one (1) year following the last services rendered pursuant to this Agreement (whichever is later), Client shall not, directly or indirectly, temporarily or permanently, as an employee, independent Contractor, or otherwise, employ, hire, retain, or use the services of any individual who has ever performed services for City pursuant to this Agreement without first paying to Contractor its usual and customary referral (\$4,000.00) fee then in effect. That fee is presently fifteen percent (15%) of the gross amount of the annual fee due under this Agreement (for annual contracts), the highest two (2) months' services within the last year of the Agreement (for monthly contracts), or the highest hourly rate which Contractor charged to City for the Services of that individual within the two (2) years prior to his or her employment by City, multiplied by three hundred (300) hours (for those cities who contract for service on an hourly basis).

B

SCHEDULE OF FEES

Contractor agrees to undertake the cleaning and maintenance program described in this scope of work, and assumes full responsibility for the performance of all work as outlined.

Accounts delinquent 60 days will not be serviced. A balance remaining unpaid longer than 30 days will be assessed a 5% late charge.

A complete assessment of the supply needs of this facility will be done prior to the start of this contract. Supply usage will be monitored closely by the janitorial personnel as well as the General Manager to assure adequate supplies are on hand at all times and supplies are not wasted.

- 1) **Service Address: Alicia Parkway / Paseo de Valencia: Laguna Hills Community Center.**
- 2) **Janitorial Service to be completed for 27, 466 cleanable sq. ft. Monday – Sunday.**
- 3) **Cost Effective July 1, 2009 thru July 1, 2011;**
- 4) **Monthly Janitorial Services: \$3,700.00** (flat monthly rate)
- 5) **Monthly Day Porter Service: \$1,495.00** (88 hours monthly total)
- 6) **Monthly Restroom and Cleaning Supplies: \$638.00**
- 7) Miscellaneous services/supplies not included in the Scope of Services of number 4 – 6 above shall not exceed \$4,008.00 for the term of this Agreement. The City will direct Contractor on the need for any miscellaneous services.
- 8) The total monthly charge represents your only cost and is inclusive of:
All labor - All supervision - All material for cleaning - All equipment for cleaning
All payroll, payroll taxes, insurance, etc.
- 9) Contractor will provide all equipment necessary in accordance with specifications herein. All equipment will be kept in a clean and neat condition along with assigned janitorial storage areas.
- 10) All products needed for proper cleaning, such as soap, waxes, liquids, etc., will be provided by Contractor. All products used will be of the highest quality.

Additional Rates & Services

- a. Shampooing is \$0.12 per square foot (includes labor and materials) or \$29.95 per man-hour plus materials - minimum charge is \$95.00.
- b. Stripping, waxing and spot-cleaning of floors are \$29.95 per man-hour plus materials.
- c. Extra labor charges are \$39.00 per man-hour for any request beyond the scope of work described herein, such as emergency flood clean-ups.
- d. Tenant Improvement Clean-ups are \$0.13 per square foot or \$29.95 per man-hour plus materials.
- e. Maintenance is \$45.00 per man-hour.

SUPPLIES

The following is Contractor basic supply list and the cost breakdown. All prices are based on "by the case" purchase: if the City is interested in purchasing additional supplies from Contractor, the following price list shall be effective for the term of this Agreement.

<u>Product</u>	<u>Cost</u>	<u>Quantity</u>
Multifold Hand Paper_____	\$30.95	16pack/4,000 towels
C-Fold Hand Paper_____	\$30.95	16 pack/1501ply/pack
Toilet Paper_____	\$41.00	96 rolls/2 ply
Seat Cover_____	\$41.95	20 pack/250 ½ fold
Hand Soap_____	\$5.95	1 Gallon
Large Trash Liners_____	\$32.00	150 per case/40"x48"
Medium Trash Liners_____	\$26.95	500 per cs/30"x37"
Small Trash Liners_____	\$16.95	1000 per cs/24"x24"
Sanitary Napkins_____	\$36.95	250 per case
Tampons_____	\$69.00	500 per case
Cigarette Urn Sand_____	\$20.00	50 lb bag
Super Stripper_____	\$6.50	1 Gallon
Sealer and Wax_____	\$20.50	1 Gallon
Soil Extractor_____	\$9.50	1 Gallon
Medium Medical Waste Bags_____	\$31.50	250 per cs/33"x39"
Large Medical Waste Bags_____	\$41.95	100 per cs/40"x46"
Gum Remover_____	\$4.95	Per Can
Graffiti Remover_____	\$7.95	Per Can

When ordered through Contractor, you can be assured that enough supplies would be on site at all times. We do offer a wide variety of products not listed here, please feel free to inquire about additional supplies.

All supplies to be ordered delivered and maintained by Contractor.

CITY OF LAGUNA HILLS

AGENDA REPORT ADMINISTRATIVE SERVICES DEPARTMENT

ISSUE: AUTHORIZATION TO CONTRACT WITH MOSS, LEVY & HARTZHEIM, LLP, FOR THE AUDIT OF THE CITY'S FINANCIAL STATEMENTS FOR AN ADDITIONAL THREE FISCAL YEARS: FY 2010-11, FY 2011/12, AND FY 2012/13

SUMMARY:

City Council Policy No. 105, entitled Financial Policies, dictates that the City's annual financial report shall be audited each year by an independent external auditor and a new auditor shall be selected competitively at least every five years. Accordingly, with the conclusion of the financial audit for fiscal year ended June 30, 2008, staff issued a Request for Proposal (RFP). The engagement period specified in the RFP was for two consecutive fiscal years, namely FY 2008-09 and FY 2009-10. Staff is recommending that the City Council authorize the City Manager to execute an Agreement with Moss, Levy & Hartzheim, LLP, to perform the audit of the City's financial statements for an additional three fiscal years: FY 2010-11, FY 2011-12, and FY 2012-13. This would effectively extend the Agreement to the maximum five-year term stipulated in the City's Financial Policies.

BACKGROUND:

In October 2008, the City issued an RFP for independent audit services. After interviews of the top three firms, the City's Audit Committee recommended the firm of Moss, Levy & Hartzheim, LLP, to the City Council. A copy of the original proposal from Moss, Levy & Hartzheim, LLP, is attached to this report as Exhibit A of the attached Professional Services Agreement. The City Council authorized the City Manager to execute a two-year Agreement with Moss, Levy & Hartzheim, LLP, to perform the audit of the City's financial statements for FY 2008-09 and FY 2009-10. Staff is recommending that the City Council retain the services of Moss, Levy & Hartzheim, LLP, for an additional three years. The Professional Services Agreement is attached to this report.

RECOMMENDATION: THAT THE CITY COUNCIL AUTHORIZE THE CITY MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH MOSS, LEVY & HARTZHEIM, LLP, TO PERFORM THE FINANCIAL AUDIT FOR THE CITY FOR FY 2010-11, FY 2011-12, AND FY 2012-2013.

The Cost Proposal from Moss, Levy & Hartzheim, LLP, is attached as Exhibit B of the attached Professional Services Agreement. A summary of the costs are presented below:

	<u>FY2010-11</u>	<u>FY2011-12</u>	<u>FY2012-13</u>
Standard Finance Reports	\$ 24,040	\$ 24,509	\$ 24,954
Single Audit	2,400	2,450	2,500
State Controller's Reports	-	-	-
Total	<u>\$ 26,440</u>	<u>\$ 26,959</u>	<u>\$ 27,454</u>

FISCAL IMPACT:

The proposed costs from Moss, Levy & Hartzheim, LLP, for the City's audit engagement for FY 2010-11, FY 2011-12, and FY 2012-13, were included in the proposed Biennial Budget FY 2011-2013.

RECOMMENDATION: THAT THE CITY COUNCIL AUTHORIZE THE CITY MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH MOSS, LEVY & HARTZHEIM, LLP, TO PERFORM THE FINANCIAL AUDIT FOR THE CITY FOR FY 2010-11, FY 2011-12, AND FY 2012-2013.

ATTACHMENTS:

- Professional Services Agreement with Moss, Levy & Hartzheim, LLP
- Exhibit "A" - Proposal for Auditing Services from Moss, Levy & Hartzheim, LLP
- Exhibit "B" - Cost Proposal from Moss, Levy & Hartzheim, LLP

PROFESSIONAL SERVICES AGREEMENT

Moss, Levy & Hartzheim, LLP

THIS PROFESSIONAL SERVICES AGREEMENT (hereinafter "Agreement") is made and entered into, to be effective this 24th day of May 2011, by and between the CITY OF LAGUNA HILLS, a municipal corporation organized and existing under the laws of the State of California, (hereinafter referred to as "City") and Moss, Levy & Hartzheim, LLP, a California limited liability partnership, (hereinafter referred to as "Auditor"). City and Auditor are sometimes hereinafter individually referred to as "Party" and are hereinafter collectively referred to as the "Parties."

RECITALS

A. City has determined that there is a need to retain the professional services of licensed certified public accountants for independent auditing services (the "Project").

B. Auditor has submitted to City a proposal to provide professional independent auditing services to City for the Project pursuant to the terms of this Agreement.

C. Auditor is qualified by virtue of its experience, training, education, reputation, and expertise to provide these services and has agreed to provide such services as provided herein.

D. City desires to retain Auditor to provide such professional services.

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

AGREEMENT

1. SERVICES OF AUDITOR

1.1 Scope of Services. In compliance with all terms and conditions of this Agreement, Auditor agrees to perform the professional services set forth in the Proposal for Auditing Services, dated December 12, 2008, described in Exhibit "A," which is attached hereto, and is incorporated herein by reference (hereinafter referred to as the "Services" or "Work"). As a material inducement to the City entering into this Agreement, Auditor represents and warrants that Auditor is a provider of first class work and professional services and that Auditor is experienced in performing the Work and Services contemplated herein and, in light of such status and experience, Auditor covenants that it shall follow the highest professional standards in performing the Work and Services required hereunder. For purposes of this Agreement, the phrase "highest professional standards" shall mean those standards of practice recognized as high quality among well-qualified and experienced professionals performing similar work under similar circumstances.

1.2 Contract Documents. The Agreement between the Parties shall consist of the following: (1) this Agreement; and, (2) the Auditor's signed, original Proposal for Auditing Services submitted to the City ("Auditor's Proposal"), dated December 12, 2008, which shall all be referred to collectively hereinafter as the "Contract Documents." The Auditor's Proposal for Auditing Services, attached hereto as Exhibit "A," is hereby incorporated by reference and is made a part of this Agreement. All provisions of the Contract Documents shall be binding on the Parties. Should any conflict or inconsistency exist in the Contract Documents, the conflict or inconsistency shall be resolved by applying the provisions in the highest priority document, which shall be determined in the following order of priority: (1st) the terms of this Agreement; and, (2nd) the provisions of the Auditor's Proposal.

1.3 Compliance with Law. Auditor warrants that all Services rendered hereunder shall be performed in accordance with all applicable federal, state, and local laws, statutes, and ordinances and all lawful orders, rules, and regulations promulgated thereunder.

1.4 Licenses, Permits, Fees, and Assessments. Auditor represents and warrants to City that it has obtained all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice its profession and perform the Work and Services required by this Agreement. Auditor represents and warrants to City that Auditor shall, at its sole cost and expense, keep in effect at all times during the term of this Agreement, any license, permit, qualification, or approval that is legally required for Auditor to perform the Work and Services under this Agreement. Auditor shall have the sole obligation to pay for any fees, assessments, and taxes, plus applicable penalties and interest, which may be imposed by law and arise from or are necessary for the Auditor's performance of the Work and Services required by this Agreement, and shall indemnify, defend, and hold harmless City against any such fees, assessments, taxes penalties, or interest levied, assessed, or imposed against City hereunder.

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

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

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

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

2. COMPENSATION

2.1 Maximum Contract Amount. For the Services rendered pursuant to this Agreement, Auditor shall be compensated by City in accordance with the Dollar Cost Proposal, which is attached hereto as Exhibit "B" and is incorporated herein by reference, but not exceeding the total maximum contract amount of ninety five thousand five hundred fifty three dollars (\$95,553.00) (hereinafter referred to as the "Maximum Contract Amount", except as may be provided pursuant to Section 1.8 above. Auditor's compensation under this Agreement shall be as follows:

<u>FY 2010/11:</u>	\$24,040, without Single Audit \$26,440, with one major program tested for Single Audit \$2,400 for each additional major program tested for Single Audit
<u>FY 2011/12:</u>	\$24,509, without Single Audit \$26,959, with one major program tested for Single Audit \$2,450 for each additional major program tested for Single Audit
<u>FY 2012/13:</u>	\$24,954, without Single Audit \$27,454, with one major program tested for Single Audit \$2,500 for each additional major program tested for Single Audit

The method of compensation shall be as set forth in Exhibit "B". Compensation for necessary expenditures for reproduction costs, telephone expenses, and transportation expenses must be approved in advance by the Contract Officer designated pursuant to Section 4.2 and will only be approved if such expenses are also specified in the Dollar Cost Proposal. The Maximum Contract Amount shall include the attendance of Auditor at all Project meetings reasonably deemed necessary by the City. Auditor shall not be entitled to any increase in the Maximum Contract Amount for attending these meetings. Auditor hereby acknowledges that it accepts the

risk that the services identified in the Scope of Work may be more costly and/or time-consuming than Auditor anticipates, that Auditor shall not be entitled to additional compensation therefore, and that the provisions of Section 1.8 shall not be applicable to the services identified in the Scope of Work. The maximum amount of City's payment obligation under this section is the amount specified herein. If the City's maximum payment obligation is reached before the Auditor's Services under this Agreement are completed, Auditor shall nevertheless complete the Work without liability on the City's part for further payment beyond the Maximum Contract Amount.

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

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

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

3. SCHEDULE OF PERFORMANCE

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

3.2 Schedule of Performance. Auditor shall commence the Services pursuant to this Agreement upon receipt of a written notice to proceed and shall perform all Services within the time period(s) established in the Proposal for Audit Services (Exhibit "A"). When requested by Auditor, extensions to the time period(s) specified in the Proposal for Audit Services (Exhibit "A") may be approved in writing by the Contract Officer, but such extensions shall not exceed

one hundred eighty (180) days cumulatively; however, the City shall not be obligated to grant such an extension.

3.3 Force Majeure. The time period(s) specified in the Proposal for Audit Services (Exhibit “A”) for performance of the Services rendered pursuant to this Agreement shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of the Auditor (financial inability excepted), including, but not limited to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, and/or acts of any governmental agency, including the City, if Auditor, within ten (10) days of the commencement of such delay, notifies the City Manager in writing of the causes of the delay. The City Manager shall ascertain the facts and the extent of delay, and extend the time for performing the Services for the period of the enforced delay when and if in the judgment of the City Manager such delay is justified. The City Manager's determination shall be final and conclusive upon the Parties to this Agreement. In no event shall Auditor be entitled to recover damages against the City for any delay in the performance of this Agreement, however caused, Auditor's sole remedy being extension of the Agreement pursuant to this section.

3.4 Term. Unless earlier terminated as provided elsewhere in this Agreement, this Agreement shall commence upon the effective date of this Agreement and shall continue in full force and effect until completion of the Services but not exceeding three (3) years from the date hereof, except as otherwise provided in the Proposal for Audit Services (Exhibit “A”) and pursuant to Section 3.2 above, unless extended by mutual written agreement of the Parties.

4. COORDINATION OF WORK

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

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

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

4.4 Independent Contractor.

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

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

C. No City benefits shall be available to Auditor, its officers, employees, or agents in connection with any performance under this Agreement. Except for professional fees

paid to Auditor as provided for in this Agreement, City shall not pay salaries, wages, or other compensation to Auditor for the performance of Services under this Agreement. City shall not be liable for compensation or indemnification to Auditor, its officers, employees, or agents, for injury or sickness arising out of performing Services hereunder. If for any reason any court or governmental agency determines that the City has financial obligations, other than pursuant to Section 2 and Subsection 1.8 herein, of any nature relating to salary, taxes, or benefits of Auditor's officers, employees, servants, representatives, subcontractors, or agents, Auditor shall indemnify City for all such financial obligations.

5. INSURANCE

5.1 Types of Insurance. Auditor shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to City, the insurance described herein for the duration of this Agreement, including any extension thereof, or as otherwise specified herein, against claims which may arise from or in connection with the performance of the Work hereunder by Auditor, its agents, representatives, or employees. Insurance required herein shall be provided by an authorized insurance company and admitted in the State of California and having a minimum A.M. Best's Guide Rating of A-, Class VII or better, unless such requirements are waived in writing by the City Manager or his designee due to unique circumstances. In the event the City Manager determines that the Work or Services to be performed under this Agreement creates an increased or decreased risk of loss to the City, the Auditor agrees that the minimum limits of the insurance policies may be changed accordingly upon receipt of written notice from the City Manager or his designee. Auditor shall immediately substitute any insurer whose A.M. Best rating drops below the levels specified herein. Except as otherwise authorized below for professional liability (errors and omissions) insurance, all insurance provided pursuant to this Agreement shall be on an occurrence basis. The minimum amount of insurance required hereunder shall be as follows:

A. Errors and Omissions Insurance. Auditor shall obtain and maintain in full force and effect throughout the term of this Agreement, standard industry form professional liability (errors and omissions) insurance coverage in an amount of not less than one million dollars (\$1,000,000.00) per claim or occurrence, in accordance with the provisions of this section.

(1) Auditor shall either: (a) certify in writing to the City that Auditor is unaware of any professional liability claims made against Auditor and is unaware of any facts which may lead to such a claim against Auditor; or (b) if Auditor does not provide the certification pursuant to (a), Auditor shall procure from the professional liability insurer an endorsement providing that the required limits of the policy shall apply separately to claims arising from errors and omissions in the rendition of services pursuant to this Agreement.

(2) If the policy of insurance is written on a "claims made" basis, the policy shall be continued in full force and effect at all times during the term of this Agreement, and for a period of three (3) years from the date of the completion of the Services provided hereunder. In the event of termination of the policy during this period, Auditor shall obtain continuing insurance coverage for the prior acts or omissions of Auditor during the course of

performing Services under the terms of this Agreement. The coverage shall be evidenced by either a new policy evidencing no gap in coverage, or by obtaining separate extended “tail” coverage with the present or new carrier or other insurance arrangements providing for complete coverage, either of which shall be subject to the written approval by the City Manager.

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

B. Workers’ Compensation Insurance. Auditor shall obtain and maintain, in full force and effect throughout the term of this Agreement, 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. Auditor agrees to waive and obtain endorsements from its workers’ compensation insurer waiving subrogation rights under its workers’ compensation insurance policy against the City and to require each of its subcontractors, if any, to do likewise under their workers’ compensation insurance policies.

C. Commercial General Liability Insurance. Auditor shall obtain and maintain, in full force and effect throughout the term of this Agreement, a policy of comprehensive general liability insurance 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.

(1) The commercial general liability policy shall name the City of Laguna Hills as an additional insured in accordance with standard ISO additional insured endorsement form CG2010(1185) or equivalent language.

(2) Auditor shall either: (a) certify in writing to the City that Auditor is unaware of any liability claims made against Auditor, and is unaware of any facts which may lead to such a claim against Auditor; or (b) if Auditor does not provide the certification pursuant to (a), Auditor shall procure from the commercial general liability insurer an endorsement providing that the required limits of the policy shall apply separately to occurrences during the rendition of services pursuant to this Agreement.

D. Business Automobile Insurance. Auditor shall obtain and maintain, in full force and effect throughout the term of this Agreement, a policy of business automobile liability insurance written on a per occurrence basis with a single limit liability in the amount of one million dollars (\$1,000,000.00) bodily injury and property damage. The policy shall include coverage for owned, non-owned, leased, and hired cars.

E. Employer Liability Insurance. Auditor shall obtain and maintain, in full force and effect throughout the term of this Agreement, a policy of employer liability insurance

written on a per occurrence basis with a policy limit of at least one million dollars (\$1,000,000.00) per accident for bodily injury or disease.

5.2 Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City Manager prior to commencing any work or services under this Agreement. Auditor guarantees payment of all deductibles and self-insured retentions. City reserves the right to reject deductibles or self-insured retentions in excess of \$10,000, and the City Manager may require evidence of pending claims and claims history as well as evidence of Auditor's ability to pay claims for all deductible amounts and self-insured retentions proposed in excess of \$10,000.

5.3 Other Insurance Requirements. The following provisions shall apply to the insurance policies required of Auditor pursuant to this Agreement:

- 5.3.1. The required commercial general, business automobile, and employer liability policies shall be endorsed to state that City and its officers, council members, officials, employees, agents, and volunteers shall be covered as additional insureds with respect to liability arising out of all work or services performed by Auditor pursuant to this Agreement. The coverage shall contain no special limitations on the scope of protection afforded to additional insureds. Additional insured endorsements are not required for the professional liability and workers' compensation policies.
- 5.3.2 For any claims related to this Agreement, Auditor's coverage shall be primary insurance as respects City and its officers, council members, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by the City and its officers, council members, officials, employees, agents, and volunteers shall be in excess of Auditor's insurance and shall not contribute with it. The insurer shall waive all rights of subrogation and contribution it may have against the City, its officers, council members, officials, employees, agents, and volunteers, and their respective insurers.
- 5.3.3 Any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to City and its officers, council members, officials, employees, agents, and volunteers.
- 5.3.4 Each insurance policy required by this section shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or modified by either Party, or reduced in coverage or in limits, except after thirty (30) days prior written notice by First Class U.S. Mail, postage-prepaid, has been provided to the City. Notwithstanding the foregoing in this subsection, if coverage is to be suspended, voided, or cancelled because of Auditor's failure to pay the insurance premium, the notice provided to City shall be by ten (10) days prior written notice.

- 5.3.5 All insurance coverage and limits provided by Auditor and available or applicable to this Agreement are intended to apply to each insured, including additional insureds, against whom a claim is made or suit is brought to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to the City or its operations shall limit the application of such insurance coverage.
- 5.3.6 None of the insurance coverages required herein will be in compliance with these requirements if they include any limiting endorsement which substantially impairs the coverages set forth herein (e.g., elimination of contractual liability or reduction of discovery period), unless the endorsement has first been submitted to the City Manager and approved in writing.
- 5.3.7 Auditor agrees to require its insurer to modify insurance endorsements to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, or that any party will "endeavor" (as opposed to being required) to comply with the requirements of the endorsements. 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 Auditor's obligation to ensure timely compliance with all insurance submittal requirements as provided herein.
- 5.3.8 Auditor agrees to ensure that subcontractors, if any, and any other parties involved with the Project who are brought onto or involved in the Project by Auditor, provide the same minimum insurance coverage required of Auditor. Auditor 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. Auditor agrees that upon request, all agreements with subcontractors and others engaged in the Project will be submitted to the City for review.
- 5.3.9 Auditor acknowledges and agrees that any actual or alleged failure on the part of the City to inform Auditor of non-compliance with any insurance requirement in no way imposes any additional obligations on the City nor does it waive any rights hereunder in this or any other regard.
- 5.3.10 Auditor shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. Endorsements as required in this Agreement applicable to the renewing or new coverage shall be provided to City no later than ten (10) days prior to expiration of the lapsing coverage.
- 5.3.11 Requirements of specific insurance coverage features or limits contained in this section are not intended as limitations on coverage, limits, or other requirements nor as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it

pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.

5.3.12 The requirements in this section supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs the provisions of this section.

5.3.13 Auditor agrees to provide immediate notice to City of any claim or loss against Auditor arising out of the Work performed under this Agreement and for any other claim or loss which may reduce the insurance available to pay claims arising out of this Agreement. City assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve City, or to reduce or dilute insurance available for payment of potential claims.

5.3.14 Auditor agrees that the provisions of this section shall not be construed as limiting in any way the extent to which the Auditor may be held responsible for the payment of damages resulting from the Auditor's activities or the activities of any person or person for which the Auditor is otherwise responsible.

5.4 Verification of Coverage. Auditor shall furnish City original certificates of insurance and endorsements, including additional insured endorsements, in a form acceptable to the City, affecting all of the coverages required by this section. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. Auditor shall provide to City all certificates and endorsements required by this section before commencing any work on the Project.

6. INDEMNIFICATION

To the fullest extent permitted by law, Auditor shall indemnify, defend (at Auditor's sole cost and expense), protect and hold harmless City and its officers, council members, officials, employees, agents and volunteers and all other public agencies whose approval of the Project is required, (individually "Indemnified Party"; collectively "Indemnified Parties") against any and all liabilities, claims, judgments, arbitration awards, settlements, costs, demands, orders, and penalties (collectively "Claims"), including but not limited to Claims arising from injuries or death of persons (Auditor's employees included) and damage to property, which Claims, including alleged Claims, arise out of, pertain to, or are related to the negligent acts or omissions, recklessness, or willful misconduct of Auditor, its agents, employees, or subcontractors, or arise from Auditor's negligent, reckless, or willful performance of or failure to perform any term, provision, covenant, or condition of this Agreement ("Indemnified Claims"), but Auditor's liability for Indemnified Claims shall be reduced to the extent such Claims arise from the willful misconduct or gross negligence of the City, its officers, council members, officials, or employees.

Auditor shall reimburse the Indemnified Parties for any reasonable expenditures, including reasonable attorneys' fees, expert fees, litigation costs, and expenses that each

Indemnified Party may incur by reason of Indemnified Claims. Upon request by an Indemnified Party, Auditor shall defend with legal counsel reasonably acceptable to the Indemnified Party all Claims against the Indemnified Party that may arise out of, pertain to, or relate to Indemnified Claims, whether or not Auditor is named as a party to the Claim proceeding. The determination whether a Claim “may arise out of, pertain to, or relate to Indemnified Claims” shall be based on the allegations made in the Claim and the facts known or subsequently discovered by the Parties. In the event a final judgment, arbitration award, order, settlement, or other final resolution expressly determines that Claims did not arise out of, pertain to, nor relate to the negligence, recklessness, or willful misconduct of Auditor to any extent, then City shall reimburse Auditor for the reasonable costs of defending the Indemnified Parties against such Claims, except City shall not reimburse Auditor for attorneys’ fees, expert fees, litigation costs, and expenses that were incurred defending Auditor or any parties other than Indemnified Parties against such Claims.

Auditor’s indemnification obligation hereunder shall survive the expiration or earlier termination of this Agreement until all actions against the Indemnified Parties for such matters indemnified hereunder are fully and finally barred by the applicable statute of limitations or, if an action is timely filed, until such action is final. This provision is intended for the benefit of third party Indemnified Parties not otherwise a party to this Agreement.

7. REPORTS AND RECORDS

7.1 Accounting Records. Auditor shall keep complete, accurate, and detailed accounts of all time, costs, expenses, and expenditures pertaining in any way to this Agreement. Auditor shall keep such books and records as shall be necessary to properly perform the Services required by this Agreement and to enable the Contract Officer to evaluate the performance of such Services. The Contract Officer shall have full and free access to such books and records at all reasonable times, including the right to inspect, copy, audit, and make records and transcripts from such records.

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

7.3 Ownership of Documents. All drawings, specifications, reports, records, documents, memoranda, correspondence, computations, and other materials prepared by Auditor, its employees, subcontractors, and agents in the performance of this Agreement shall be the property of City and shall be promptly delivered to City upon request of the Contract Officer or

upon the termination of this Agreement, and Auditor shall have no claim for further employment or additional compensation as a result of the exercise by City of its full rights of ownership of the documents and materials hereunder. Any use of such completed documents for other projects and/or use of incomplete documents without specific written authorization by the Auditor will be at the City's sole risk and without liability to Auditor, and the City shall indemnify the Auditor for all damages resulting therefrom. Auditor may retain copies of such documents for its own use. Auditor shall have an unrestricted right to use the concepts embodied therein. Auditor shall ensure that all its subcontractors shall provide for assignment to City of any documents or materials prepared by them, and in the event Auditor fails to secure such assignment, Auditor shall indemnify City for all damages resulting therefrom.

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

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

8. ENFORCEMENT OF AGREEMENT

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

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

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

8.4 Default of Auditor.

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

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

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

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

Agreement be construed as changing the terms of this Agreement in any manner or preventing the Parties from enforcing the full provisions hereof.

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

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

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

9. CITY OFFICERS AND EMPLOYEES: NON-DISCRIMINATION

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

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

9.3 Covenant Against Discrimination. In connection with its performance under this Agreement, Auditor shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, age, marital status, ancestry, or national origin. Auditor shall ensure that applicants are employed, and that employees are treated during their employment, without regard to their race, religion, color, sex, age, marital status, ancestry, or national origin. Such actions shall include, but not be limited to, the following: employment,

upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

10. MISCELLANEOUS PROVISIONS

10.1 Patent and Copyright Infringement.

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

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

10.2 Notices. All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered, sent by registered or certified mail, postage prepaid, return receipt requested, or delivered or sent by facsimile with attached evidence of completed transmission, and shall be deemed received upon the earlier of (i) the date of delivery to the address of the person to receive such notice if delivered personally or by messenger or overnight courier; (ii) five (5) business days after the date of posting by the United States Post Office if by mail; or (iii) when sent if given by facsimile. Any notice, request, demand, direction, or other communication sent by facsimile must be confirmed within forty-eight (48) hours by letter mailed or delivered. Other forms of electronic transmission such as e-mails, text messages, instant messages are not acceptable manners of notice required hereunder. Notices or other communications shall be addressed as follows:

To City: City of Laguna Hills
Attention: City Manager
24035 El Toro Road
Laguna Hills, California 92653
Telephone: (949) 707-2600
Facsimile: (949) 707-2633

To Auditor: Moss, Levy & Hartzheim, LLP
Craig A. Hartzheim, CPA, Partner
9107 Wilshire Blvd. Suite 400
Beverly Hills, CA 90210
Telephone: (310) 273-2745
Facsimile: (310) 273-1689

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

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

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

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

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

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

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

“CITY”
CITY OF LAGUNA HILLS,
a California municipal corporation

BRUCE E. CHANNING,
City Manager

ATTEST:

(SEAL)

PEGGY J. JOHNS,
City Clerk

APPROVED AS TO FORM:

GREGORY E. SIMONIAN,
City Attorney

“AUDITOR”
MOSS, LEVY & HARTZHEIM, LLP

By: _____
CRAIG A. HARTZHEIM, Partner

EXHIBIT “A”

PROPOSAL FOR AUDIT SERVICES

DATED DECEMBER 12, 2008

CITY OF LAGUNA HILLS
PROPOSAL FOR AUDITING SERVICES
For the Fiscal Years Ending June 30, 2009 and 2010

Submitted By:

Moss, Levy & Hartzheim, LLP
9107 Wilshire Blvd. Suite 400
Beverly Hills, CA 90210
Phone: (310) 273-2745
Fax: (310) 273-1689
Email: mlhbh@mlhcpas.com

Submitted On:

December 12, 2008

Contact Person:

Craig A. Hartzheim, CPA: Partner
Ron A. Levy, CPA: Partner
Hadley H. Hui, CPA: Partner

CITY OF LAGUNA HILLS
AUDIT PROPOSAL
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Attachments:

Insurance certificates



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

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

9107 WILSHIRE BLVD., SUITE 400
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.273.1689
www.mlhcpas.com

Donald White, Assistant City Manager
City of Laguna Hills
25201 Paseo de Alicia, Suite 150
Laguna Hills, CA 92653

Mr. White:

We are pleased to respond to the City of Laguna Hills' (City) Request for Proposal for independent auditing services. We have prepared our proposal to address each of the specifications included in the City's Request for Proposal.

After 58 years in public accounting and 31 years of performing local governmental and non-profit audits, it is extremely gratifying to witness the continued growth of Moss, Levy & Hartzheim, LLP. The firm has evolved from a one-person operation to a regional full service public accounting firm with offices in Beverly Hills and Santa Maria and clients throughout the State of California, as well as thirty-one other states. We and the entire staff are pleased with not only the continuing development of the firm but also the progress and economic health of our clients. We understand that governmental accounting is a specialized industry with its own accounting standards and requirements, and that is why we strive to constantly improve the quality of our professional services. This degree of dedication, coupled with our ability to inform our clients of any new accounting and auditing issues is paramount to our success.

We feel that our size is such that we are large enough to provide a broad spectrum of services and experience backed by an in-house training program, professional development courses, and an extensive professional library, yet not so large as to become impersonal and rigid. Our informal style allows us to be flexible enough to complete our engagements in a timely manner that is the most convenient for each client. Also, this style allows us to be more accessible to our clients when our clients have questions or concerns.

It is our understanding that we will perform an audit of the City's basic financial statements in accordance with auditing standards generally accepted in the United States of America with the objective of expressing an opinion on the fair presentation of the basic financial statements. We will also express an "in-relation-to" opinion on the combining and individual fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements. We will also test compliance with the Single Audit Act as amended in 1996, and applicable laws and regulations.

In addition to the procedures deemed necessary to express our opinion on the basic financial statements, we understand that we will also be responsible for performing certain limited procedures involving management's discussion and analysis (MD&A) and required supplementary information (RSI) required by the Governmental Accounting Standards Board as mandated by auditing standards generally accepted in the United States of America.

Our audits would be conducted in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards*, issued by the Comptroller General of the United States; U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of State, Local Governments, and Nonprofit Organizations*; and the provisions of the Federal Single Audit Act Amendments of 1996.

It is our understanding that we will be responsible for issuing the following reports: an independent auditor's report on the fair presentation of the City's basic financial statements in conformity with accounting principles generally accepted in the United States of America; an independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*; a summary schedule of findings and questioned costs; an in-relation-to report and notes on the schedule of expenditures of federal financial assistance in accordance with all requirements of the Federal Single Audit Act of 1996; an independent auditor's report on compliance with requirements applicable to each major federal award program and internal control over compliance in accordance with OMB Circular A-133; a Statement on Auditing Standards (SAS) 90 letter; a report on agreed-upon procedures applied to the Appropriations Limit Worksheets (GANN Limit); and a Management Letter.

We also understand that we will prepare the Financial Section of the City's Comprehensive Annual Financial Report, except for the Management's Discussion and Analysis, for which we will perform certain procedures when completed by the City. We will also assist in the preparation and formatting of the Statistical Section. Also, we will prepare, and submit electronically, the Financial Transactions Report to the California State Controller, for the City's activities.

All reportable conditions found during the audit will be communicated in writing. Reportable conditions that are also material weaknesses shall be identified as such in the audit report. All irregularities and illegal acts or indications of illegal acts of which we become aware during the course of our audit will be immediately reported, in writing, to the Audit Committee.

Moss, Levy & Hartzheim, LLP will perform the audit work within the specified time period, pending no unforeseen circumstances which the City imposes on our work.

The percentage of the audit work we expect to accomplish in each month is shown below:

June	September	Total
40%	60%	100%

This proposal for auditing services is an irrevocable offer until March 12, 2009.

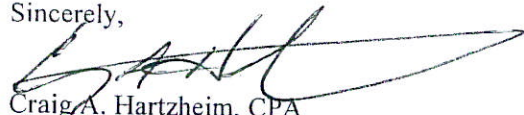
Thank you for your consideration and please do not hesitate to contact the authorized representatives listed below with any questions, problems, or concerns.

(1) Craig A. Hartzheim, CPA
Partner
9107 Wilshire Blvd.,
Suite 400
Beverly Hills, CA 90210
(310) 273-2745

(2) Ron A. Levy, CPA
Partner
9107 Wilshire Blvd.,
Suite 400
Beverly Hills, CA 90210
(310) 273-2745

(3) Hadley Hui, CPA
Partner
9107 Wilshire Blvd.,
Suite 400
Beverly Hills, CA 90210
(310) 273-2745

Sincerely,


Craig A. Hartzheim, CPA
Partner

Moss, Levy & Hartzheim, LLP is an Equal Opportunity Employer.

CITY OF LAGUNA HILLS
TECHNICAL PROPOSAL

EXECUTIVE SUMMARY

Moss, Levy & Hartzheim, LLP has an extensive background in auditing governmental and non-profit entities with over thirty years of experience in this specialized field. The firm currently performs thirty city audits.

We also audit the County Sanitation Districts of Los Angeles County (all 25 districts), the County of San Diego's Redevelopment Agency, thirty-five school district and related audits, and over seventy-five special district audits. We have recently completed monitoring of over two hundred (200) contractors for the County of Los Angeles, for contract compliance and fiscal monitoring. We are also on the master lists and have signed master contracts with the County of San Diego and the County of Los Angeles for Compliance and Financial Audits. Therefore, our firm has experience in dealing with and preparing financial statements for all types of governmental agencies.

GENERAL INFORMATION

Moss, Levy & Hartzheim, LLP is a properly licensed certified public accounting firm in the State of California. All certified public accountants engaged in the audit of the City are licensed to practice in the State of California and have received at least the minimum number of governmental continuing professional education hours required by the State Board of Accountancy to perform governmental audits.

Moss, Levy & Hartzheim, LLP is a regional firm that performs audits of governmental and non-profit entities throughout the State of California, from the Oregon border to the Mexico border. The firm has been in business since 1957 and has been performing governmental audits since 1977. We also perform review and compilation engagements as well as tax and consulting services to clients throughout the United States. The firm currently employs 30 professionals, all of whom are trained in governmental auditing, and has annual gross revenues in excess of 3.5 million dollars. The firm has two offices in California: Beverly Hills and Santa Maria. The audit work will be completed by staff from our Beverly Hills office.

Our firm currently provides the following services:

Audits:

- Governmental (cities, single audits, school districts, and special districts)
- Non-Profit
- Commercial
- Compliance
- Transient Occupancy Tax
- Pensions

Accounting Services:

- Reviews
- Compilations

Management Advisory Services (Non-Audit Clients):

- Acquisition and Mergers
- Business Consultation
- Pension and Profit Sharing Plan Assistance
- Data Processing Services

Income Tax Services:

- Preparation
- Planning
- Tax Audits and Negotiations with Internal Revenue Service and Other Taxing Authorities

GENERAL INFORMATION (Continued)

Our firm has never been the object of any disciplinary action from any federal or state regulatory body or professional organization, nor is there any disciplinary action pending.

QUALIFICATIONS OF STAFF

It is the firm's policy to have our partners and audit managers involved in the managing function of our governmental audits. Having both the partner and audit manager involved in the engagement allows the City to receive immediate response to questions about accounting and audit topics, concerns, and findings.

It is expected that Mr. Ron Levy would be the technical (concurring) partner in charge of the City's audit. He will be responsible for reviewing the City's basic financial statements and all other required statements and reports. He may also be responsible for addressing any City questions or concerns that arise during the year. He has assisted numerous municipalities and has also prepared award-winning CAFRs.

Mr. Craig Hartzheim or Mr. Hadley Hui will be the engagement partner assigned to the audit. As engagement partner, he will oversee the day-to-day operations of the audit, review all audit areas, and be on-site for a majority of the fieldwork. Both have assisted numerous municipalities and have prepared numerous award-winning CAFRs. It is the firm's policy during the first year on the audit engagement to have a partner on-site for a majority of the fieldwork. This policy enables the partner to become acquainted with the City's daily operations and key personnel.

Mr. Derek Rampone, Mr. David Yang, or Ms. Cathy Choi will be the manager assigned to the audit. He/she will oversee the day-to-day operations of the audit and perform more difficult audit sections.

Mr. Kelvin Ka Ki So, Mr. Derek Vuong Bui, or Ms. Jenny Tsang Wai Tang will be the senior auditor assigned to the audit. As senior auditor, it will be his or her responsibility to oversee the staff accountants, do preliminary reviews of audit sections, and to also perform more difficult audit sections.

Mr. David Ortiz will be the computer specialist assigned to the audit, when needed. Mr. Ortiz has extensive knowledge in auditing EDP functions. Mr. Ortiz may also perform the statistical sampling procedures for the audit and also document and test the internal control structure of the computer systems.

In addition to the supervisory staff listed above, one or two staff accountants will be assigned to the audit. All staff accountants have degrees from accredited colleges or universities, have received in-house governmental audit training. All staff accountants will be directly supervised by the senior accountants and manager assigned to the audit at all times. All partners, managers, and staff members have worked on numerous governmental engagements together. Consistently working together will provide the City with a knowledgeable, proficient, and efficient audit team.

The firm will maintain staff continuity on the engagement throughout the term of the contract, barring any terminations, illnesses, or other unforeseen circumstances (departure from the firm, promotions, or assignment to another office). At the written request of the City, any Moss, Levy & Hartzheim, LLP employee assigned to the audit can be removed and replaced by another qualified employee. The City of Laguna Hills retains the right to approve or reject replacements.

Please see *Appendix A - Resumes & References* for employees' qualifications and experience.

Moss, Levy & Hartzheim, LLP or any employee of the firm, has never had a record of substandard audit work, nor is there any outstanding claim of substandard work or unsatisfied performance pending with the State Board of Accountancy or other professional organizations.

SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENTAL ENTITIES

The firm's recent local auditing experience includes the following:

1. CSMFO and GFOA Award Programs

The firm has or is currently auditing the following entities that have participated in and have received the CSMFO and/or GFOA Award Programs:

City of Bellflower	City of Scotts Valley
City of Brawley	City of Susanville
City of Calabasas	City of Tracy
City of Campbell	City of Watsonville
City of Dinuba	City of Whittier
City of Eureka	City of Winters
City of Lathrop	City of Yuba City
City of Lompoc	County Sanitation Districts of
City of Lynwood	Los Angeles County
City of Pacifica	Encina Wastewater Authority
City of Paso Robles	

2. OMB Circular A-133

We have performed compliance audits in accordance with Office of Management and Budget (OMB) Circular A-133, *Audits of State, Local Government and Nonprofit Organizations*, for our municipal clients who are required to have compliance audits (which is the majority of our municipal clients) and for all of our school district clients.

3. Federal and State Grant Programs and the Single Audit

Each of our municipal clients, the majority of our special district clients, and all of our school district clients receive federal and state grants which require compliance audits. Some of our most commonly audited programs are as follows:

Municipal Major Programs:

- Community Development Block Grant Funds (CDBG)
- Federal Emergency Management Act Funds (FEMA)
- Section 8 Housing Assistance Payments
- Transportation Enhancement Act (TEA)
- Airport Improvement Program (AIP)
- Economic Development Grants (EDA)
- HOME
- Capitalization Grants for State Revolving Funds
- Surveys, Studies, Investigations, and Special Purpose Grants

Other Common Municipal Programs:

- COPS Grants (including LLEBG)
- Asset Seizure Funds
- Retired Senior Volunteer Program

Other Major Programs:

- Senior Nutrition Programs
- Child Nutrition Programs
- Title I
- Title VI
- Migrant Education
- Vocational Education
- Special Education

SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENTAL ENTITIES (Continued)

See *Appendix A* for a list of references. A complete list of recently completed governmental audits is available upon request.

SPECIFIC AUDIT APPROACH

During the first year of the engagement, we will utilize the prior year's financial statements, the current year's budget, and our knowledge of the City's systems to determine materiality for the different audit sections. Each year, we will select a sample of transactions to determine to what extent the systems are functioning as described to us. The extent of our sample size will depend upon our assessment of the internal control structure and the results of our assessment in accordance with the new Statement on Auditing Standards. These new standards require auditors to perform test of controls and transactions based on a risk approach. The selection of transactions for testing will be made using a combination of random, systematic, and haphazard sampling techniques. We will identify the strength of the systems upon which we can rely in planning our substantive tests. Our internal control review will meet all the requirements of AICPA Statement on Auditing Standards (SAS) No. 55, *Consideration of the Internal Control Structure in a Financial Statement Audit*, as amended by SAS No. 78, and SAS No. 99 *Consideration of Fraud in a Financial Statement Audit*. We will also perform preliminary analytical review procedures using the prior year's audited statements and the current year's budget.

It is estimated that the sampling size for transaction testing for compliance with systems as actually implemented would be as follows:

- I. Minimum of 60 disbursement items, including automatic and manual checks and bank debits
- II. Minimum of 60 payroll checks
- III. Minimum of 60 receipt items

We will also review the following documents in order to determine compliance with laws and regulations:

1. Minutes of the governing body with special attention to: indications of new revenue sources, including federal and state grants; expenditure authorizations and related appropriations, including any special or restrictive provisions; appropriation transfers; authorization for bank or other debt incurred; awards to successful bidders; authorization for new leases entered into; changes in licenses, fines, or fees; authorization for fund balance designations or reservations; and authorization for significant new employees hired.
2. New agreements and amendments to new agreements including but not limited to: grant agreements; debt and lease agreements; labor agreements; joint venture agreements; disposition and development agreements; and other miscellaneous agreements.
3. Administrative Code
4. Investment Policy

The main extent of our work would be what is required to enable us to express an opinion on the basic financial statements in accordance with:

1. *AICPA Industry Audit Guide for State and Local Governmental Units*
2. *AICPA Audit Standards*
3. *Guidelines for Compliance Audits of California Redevelopment Agencies*
4. *National Committee on Governmental Accounting, Auditing and Financial Reporting (Amended) Publication*
5. *Laws of the State of California*
6. *Requirements of Office of Management and Budget's (OMB) Circular A-133, Audits of State, Local Governments and Nonprofit Organizations*
7. *GAO Standards for Audit of Governmental Organizations, Activities and Functions, the Guidelines for Financial and Compliance Audits of Federally Assisted Programs*
8. Our firm's own additional standards and procedures

SPECIFIC AUDIT APPROACH (Continued)

The audit will be conducted in accordance with auditing standards generally accepted in the United States of America. The primary purpose of the audit is to express opinions on the basic financial statements, and such an audit is subject to the inherent risk that material errors or fraud may exist and not be detected by us. If conditions are discovered which lead to the belief that material errors, defalcations, or fraud may exist, or if any other circumstances are encountered that require extended services, we will promptly advise the City.

If convenient for the City's staff, the approximate target dates for the fiscal year 2008 City audits would be as follows (similar schedule for subsequent audit years will be followed):

1. Detailed audit plan – No later than April 30th
2. Audit committee meeting – May 4th
3. Planning meeting and entrance conference – Week of May 11th
4. Interim field work – Week of May 11th
4. Entrance conference and year-end field work – Weeks of September 14th and 21st
5. Exit conference – September 25th
6. Draft audit reports – No later than October 30th
7. Final Audit Reports and electronic copies in PDF Format – No later than November 13th
8. Audit Committee/City Council Presentation – Open

Our audit would begin when it is convenient for the City's staff. We estimate that in the second week of May, we will perform interim work. Each year, the partner or manager of the firm will contact the Finance Department personnel. The purpose of this contact will be to discuss the scope and timing of the annual audit, to review any accounting issues known at that time, and to address any City personnel's concerns about the impending audit.

We will schedule approximately one week of interim work each year. During the first year, we will prepare narrative flow charts and other documentation of the internal control structure and of the major systems, such as revenue and cash receipts, purchasing and cash disbursements, payroll and personnel, inventory, property and equipment, grant compliance, investment activities, and the budget process. We will gain this information through discussions with appropriate City's staff and the review of available documented policies, organizational charts, manuals, programs, and procedures. Once we obtain this information, we will evaluate the systems of internal controls and revise our standard governmental audit programs.

In April, we will contact you to provide our detailed audit plan for the interim fieldwork. We will also discuss with you any matters that may impact our audit procedures or your financial reporting. Before year-end fieldwork, we will discuss with you any assistance the City may need with the year-end closing.

Our year-end fieldwork would begin on September 14th. The year-end audit work will begin with an analytical review of all significant balance sheet and revenues and expenditures/expense accounts for each fund, which includes a comparison of prior year's financial statements and current year's budget to the year-end trial balance. It is our firm's policy to perform substantive tests on all balance sheet accounts. Analytical procedures will be used to supplement the substantive tests, not supplant them.

The primary objective of the year-end audit work is to audit the final numbers that will appear in the City's basic financial statements. Our fieldwork would also consist of procedures required under SAS No. 99, *Consideration of Fraud in a Financial Statement Audit*. We will also be performing procedures in accordance with SAS No.'s 103-112 during the fiscal year ended June 30, 2009. These procedures have significantly changed the way auditors approach audits and are required for audits with a fiscal year ended beginning after December 31, 2006. These new standards also require additional meetings with an audit committee or similar governing body representative.

SPECIFIC AUDIT APPROACH (Continued)

We will perform procedures such as:

- (a) Confirmations by positive and negative circularization including but not limited to all cash and investment accounts; selected receivable and revenue balances; all bonds, loans, notes payable, and capital leases; all notes receivable; all insurance carriers; all legal firms employed on the City business; and other miscellaneous confirmations as deemed necessary
- (b) Physical verifications and observations
- (c) Analysis and review of evidential material
- (d) Interviews and investigative efforts
- (e) Electronic data processing testing for computer and software reliability
- (f) Numerous other procedures

During the entire engagement, our audit team will be determining whether an audit in compliance with *OMB Circular A-133* is required through review of the City Council minutes, examination of the general ledger, and discussion with finance personnel. If a compliance audit is required, we would perform tests of: specific requirements; claims for advances and reimbursements; and amounts claimed or used for matching in compliance with the Single Audit Act. The compliance audit will be conducted in accordance with auditing standards generally accepted in the United States of America, the *GAO Standards for Audits of Governmental Organizations, Programs, Activities, and Functions*, and the *GAO Guidelines for Financial and Compliance Audits of Federally Assisted Programs*.

The year-end fieldwork should be completed no later than September 25th.

The workpapers for this engagement are the property of Moss, Levy & Hartzheim, LLP and constitute confidential information. However, we may be requested to make certain workpapers available to any Cognizant Agency pursuant to authority given to it by law or regulation. If requested, access to such workpapers will be provided under the supervision of Moss, Levy & Hartzheim, LLP's personnel. Furthermore, upon request we may provide photocopies of selected workpapers to the Cognizant Agency. The Cognizant Agency may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies.

The workpapers and related audit reports for this engagement will be retained for a minimum of seven (7) years after the date the auditors' report is issued or for any additional period requested by the Cognizant Agency for audit. If we are aware that the auditee is contesting an audit finding, we will contact the auditee for guidance prior to destroying the workpapers.

Minimal assistance of the City's staff is required during the course of the audit; however, we do ask that the City provide the following: cooperation in answering questions, requested confirmations, bank reconciliations, a general ledger, and other miscellaneous items.

INSURANCE LIMITS

Currently our firm maintains the following insurance coverage:

- General liability - \$1,000,000 per occurrence, \$4,000,000 aggregate
- Professional liability - \$1,000,000 per occurrence
- Automobile insurance - \$2,000,000 per occurrence
- Workers Compensation - Statutory

Please see attachments for a valid insurance certificate and proof of adequate workers' compensation coverage.

CITY OF LAGUNA HILLS
TECHNICAL PROPOSAL

COST

Please see Sealed Dollar Cost Proposal for the total all-inclusive maximum price, hourly rates and estimated hours for each member of the engagement team, and projected out of pocket reimbursable expenses for each fiscal year, and hourly rates for additional professional services.

Under penalties of perjury, I declare that I am an authorized signer and that there are no and have never been any financial interests between any officials or employees of the City of Laguna Hills and Moss, Levy & Hartzheim, LLP.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'C A H', with a stylized flourish extending from the end.

Craig A. Hartzheim, CPA
Partner
Moss, Levy & Hartzheim, LLP

CITY OF LAGUNA HILLS
APPENDIX A - RESUMES & REFERENCES

Resumes:

Ron A. Levy, C.P.A. - Partner

- California licensed CPA with 31 years of audit experience with governmental and non-profit entities.
- Technical partner (concurring) in charge of all governmental and non-profit audits, currently including 30 municipal audits, 35 school district and related audits, and over 75 special district audits.
- Member of the following:
 - American Institute of Certified Public Accountants
 - California Society of Municipal Finance Officers
 - California Society of Certified Public Accountants
 - California Association of School Business Officials
 - Kiwanis Club
- Bachelor of Science degree from Oregon State University conferred in 1977.

Craig A. Hartzheim, C.P.A. - Partner

- California licensed CPA with 23 years of audit experience with governmental, non-profit, and commercial entities.
- Engagement partner for governmental and non-profit audits (Beverly Hills office), currently including 17 municipal audits, 12 school districts and related audits, and 30 special district audits (including County Sanitation Districts of Los Angeles County)
- Bachelor of Science degree in Accounting from Marquette University conferred in 1982.
- Member of the following:
 - American Institute of Certified Public Accountants
 - California Society of Certified Public Accountants

Hadley Hui, C.P.A. - Partner

- California licensed CPA with 10 years of audit experience with governmental, non-profit, and commercial entities.
- Manager in charge of 11 municipal audits, 12 school districts and related audits, 8 special audits for the County of San Diego, and 26 special district audits.
- Bachelor of Arts degree in Economics with a minor in Accounting from University of California – Los Angeles was conferred in 1997.
- Member of the following:
 - American Institute of Certified Public Accountants
 - California Society of Certified Public Accountants

Derek Rampone – Manager

- Auditor with 8 years of audit experience with governmental, non-profit, and commercial entities.
- Auditor for 10 municipal audits and 10 special district audits.
- A Bachelor of Arts degree in Business Economics with an emphasis in Accounting from University of California – Santa Barbara was conferred in 1999.

David Yang – Manager

- Auditor with 5 years of audit experience with governmental, non-profit, and commercial entities.
- Auditor for 8 municipal audits, 5 school district audits and 29 special district audits.
- Bachelor of Arts degree in Business Economics with a minor in Accounting from University of California – Los Angeles was conferred in 2003.

Cathy Choi – Manager

- Auditor with 5 years of audit experience with governmental, non-profit, and commercial entities.
- Auditor for 7 municipal audits, 12 school district audits, and 29 special district audits.
- Bachelor of Arts degree in Accounting from California State Polytechnic University - Pomona was conferred in 2002.

CITY OF LAGUNA HILLS
APPENDIX A - RESUMES & REFERENCES

List of Senior and Staff Accountants:

Derek Vuong Bui – Senior Accountant
Kelvin Ka Ki So – Senior Accountant
Jenny Tsang Wai Tang – Senior Accountant
Michael Pei – Staff Accountant.
In Sook Han – Staff Accountant
Vivian Wei Wen Lai – Staff Accountant
Susan Chin – Staff Accountant
Pearl Tsui – Staff Accountant
Ricky Tzu-Wei Kuo – Staff Accountant
Bin Zeng – Staff Accountant
David Chung—Staff Accountant
David Ortiz – Computer Specialist

References:

CITY OF TRACY - 2004 to Present

Audit of basic financial statements, Redevelopment Agency, and Single Audit Report
Craig A. Hartzheim, CPA Contact: Linda Biscocho (209) 831-6828

CITY OF HERCULES - 2007 to Present

Audit of basic financial statements, Redevelopment Agency, Measure C, GANN Limit, Hercules
Municipal Utility, Public Financing Authority, and prepared City's State Controller's Report
Craig A. Hartzheim, CPA Contact: Gloria Leon (510) 799-8221

CITY OF BELLFLOWER - 1994 to Present

Audit of basic financial statements, Redevelopment Agency, Single Audit Report, and prepared City's
State Controller Report
Craig A. Hartzheim, CPA Contact: Tae Rhee (562) 804-1424, ext. 2234

CITY OF PACIFICA - 2006 to Present

Audit of basic financial statements, Redevelopment Agency, Child Development, Measure A,
MTC Article 3, Fire Suppression, Single Audit Report, and prepared City's State Controller's Report
Hadley Hui, CPA Contact: Sandra McClellan (650) 738-7396

CITY OF LATHROP - 1998 to Present

Audit of basic financial statements, Single Audit Report, and prepared City's State Controller's Report
Craig A. Hartzheim, CPA Contact: Terry Vigna (209) 858-2860

CITY OF OAKDALE - 2007 to Present

Audit of basic financial statements, Redevelopment Agency, Single Audit Report, and Riverbank-
Oakdale Transit Authority
Craig A. Hartzheim, CPA Contact: Albert Avila (209) 845-3571

CITY OF LYNWOOD – 2003 to Present

Audit of basic financial statements, Redevelopment Agency, Lynwood Information Inc., and Single Audit
Report
Craig A. Hartzheim, CPA Contact: Christy Valencia (310) 603-0220, ext. 240

CITY OF LAGUNA HILLS

APPENDIX B - SEGMENTATION AND BUDGETED HOURS BY SEGMENT

<u>AUDIT SEGMENTS</u>	<u>Estimated Hours</u>					<u>Total</u>
	<u>Clerical</u>	<u>Staff/Specialist</u>	<u>Senior</u>	<u>Manager</u>	<u>Partner/ Technical Partner</u>	
Planning				7	6	13
Risk Assessment			7	12	6	25
Audit Conferences (Preliminary, Progress, and Exit)				5	5	10
Correspondence	3	5		7		15
Review/Documentation of Internal Controls (including Single Audit):						
Documentation of systems		10	8			18
Testing of systems		20	12			32
Compliance Testing (including Single Audit)		9	9	8	4	30
Year End Balances Testing		30	15	10	20	75
Revenue and Expenditure/Expense Analysis (Analytical Procedures)		8	7			15
Preparation, Review, and Findings	10	10	15	10	10	55
GRAND TOTAL	<u>13</u>	<u>92</u>	<u>73</u>	<u>59</u>	<u>51</u>	<u>288</u>

EXHIBIT “B”

COST PROPOSAL

CITY OF LAGUNA HILLS
SEALED DOLLAR COST PROPOSAL

Name of Proposer: Moss, Levy & Hartzheim, LLP
Address: 9107 Wilshire Blvd. #400, Beverly Hills, CA 90210
Telephone: (310) 273-2745

Compensation:

FOR THE AUDIT OF THE FY 10-11

Total All-inclusive Maximum Price (See following schedules for breakdown of costs)

The total annual fee is after a **10% discount**. The total annual fee for FY 10-11 proposal shall not exceed the following:

City Audit, including Single Audit

	Hourly Rates	Hours	Total
Partners	170	57	\$ 9,690
Managers	128	65	8,320
Supervisory Staff	84	58	4,872
Staff	64	95	6,080
Clerical	32	13	416
Discount - 10%			(2,938)
Total		288	\$ 26,440

Price includes \$2,400 for single audit. This includes one major program tested, each additional major program tested would be billed at \$2,400 each.

FOR THE AUDIT OF THE FY 11-12

Total All-inclusive Maximum Price (See following schedules for breakdown of costs)

The total annual fee is after a **10% discount**. The total annual fee for FY 11-12 proposal shall not exceed the following:

City Audit, including Single Audit

	Hourly Rates	Hours	Total
Partners	173	57	\$ 9,861
Managers	131	65	8,515
Supervisory Staff	86	58	4,988
Staff	65	95	6,175
Clerical	32	13	416
Discount - 10%			(2,996)
Total		288	\$ 26,959

Price includes \$2,450 for single audit. This includes one major program tested, each additional major program tested would be billed at \$2,450 each.

CITY OF LAGUNA HILLS
SEALED DOLLAR COST PROPOSAL

FOR THE AUDIT OF THE FY 12-13

Total All-inclusive Maximum Price (See following schedules for breakdown of costs)

The total annual fee is after a **10% discount**. The total annual fee for FY 12-13 proposal shall not exceed the following:

City Audit, including Single Audit

	Hourly Rates	Hours	Total
Partners	176	57	\$ 10,032
Managers	133	65	8,645
Supervisory Staff	87	58	5,046
Staff	67	95	6,365
Clerical	32	13	416
Discount - 10%			<u>(3,050)</u>
Total		288	<u>\$ 27,454</u>

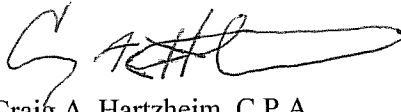
Price includes \$2,500 for single audit. This includes one major program tested, each additional major program tested would be billed at \$2,500 each.

All out-of-pocket expenses are included in the fee. No costs will be passed on to the City.

Progress payments will be made as work progresses and invoices will be billed on a monthly basis.

Under penalties of perjury, I declare that I am entitled to represent the firm, empowered to submit the bid and I am an authorized signer. There are no and have never been any financial interests between any officials or employees of the City of Laguna Hills and Moss, Levy & Hartzheim, LLP.

Respectfully submitted,



Craig A. Hartzheim, C.P.A.
Partner
Moss, Levy & Hartzheim, LLP

CITY OF LAGUNA HILLS

AGENDA REPORT PUBLIC SERVICES DEPARTMENT

ISSUE: 2011 WEED ABATEMENT PROGRAM PUBLIC HEARING

SUMMARY:

This is the time and place established for the first Public Hearing associated with the Annual Weed Abatement Program. The Public Services Department requests that the City Council conduct the required Public Hearing, receive public testimony, and adopt a Resolution formally initiating the Annual Weed Abatement Program for public nuisance abatement of weeds, rubbish, and/or refuse on specified parcels in the City of Laguna Hills.

BACKGROUND:

On April 26, 2011, the City Council adopted Resolution No. 2011-04-26-1, thereby commencing the Weed Abatement Program for 2011, in accordance with the requirements and procedures set forth in Government Code Section 39560 *et seq.* The objective of the Weed Abatement Program is to declare by Resolution as a public nuisance, and abate, all weeds growing upon the streets, sidewalks, or private property in the City, and all rubbish, refuse, and dirt upon parkways, sidewalks, or private property in the City as identified and described in the 2011 Weed Abatement List, as submitted on April 26, 2011, for health and safety purposes, for management of fire hazards, and to provide a reasonable degree of fire safety to both improved and unimproved properties.

Resolution No. 2011-04-26-1 commenced the 2011 Weed Abatement Program by declaring the weeds, rubbish, refuse, and/or dirt on parcels identified in the 2011 Weed Abatement List to be a public nuisance and authorized the City Clerk to send written notice of the proposed public nuisance abatement to all persons owning property identified and described in the 2011 Weed Abatement List and advising them to remove any and all weeds, rubbish, refuse, and/or dirt that, when dry, become a fire hazard.

On April 27, 2011, the City sent the legally required notice to destroy weeds and remove rubbish, refuse, and dirt to all affected property owners identified on the 2011 Weed

RECOMMENDATION: THAT THE CITY COUNCIL: 1) CONDUCT A PUBLIC HEARING, RECEIVE AND CONSIDER ALL OBJECTIONS; AND 2) ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ISSUING AN ABATEMENT ORDER AND AUTHORIZING THE DIRECTOR OF PUBLIC SERVICES/CITY ENGINEER TO COMMENCE ENFORCING WEED, RUBBISH, AND REFUSE ABATEMENT AGAINST SPECIFIED PARCELS OF LAND."

Abatement List. The notice provided that if the public nuisance is not abated and removed by the owners of the parcels of land, such nuisances will be abated and removed by City authorities in accordance with the abatement procedures set forth in Government Code Section 39560 *et seq.*, in which case the cost of such removal shall be assessed upon the parcel of lands from which or in front of which such weeds, rubbish, refuse and/or dirt, are removed and that upon confirmation such cost will constitute a lien upon such parcel or lands until paid.

Pursuant to the April 27, 2011, mailed notice, affected property owners have been given until June 3, 2011, to abate and remove the weeds, rubbish, refuse and/or dirt on their property at their sole cost and expense. The notice further provided that the City Council will hear and consider all property owner objections and protests to the proposed public nuisance abatement as part of a Public Hearing process conducted on May 24, 2011, at 7:00 p.m.

The City Council is requested to open the Public Hearing, receive public testimony, and adopt a Resolution allowing or overruling any objections, authorizing the Director of Public Services/City Engineer to abate and remove the weeds, rubbish, refuse, and/or dirt on the parcels identified and described on the 2011 Weed Abatement List, and report in writing to the City Council on July 12, 2011, regarding the cost of abatement. Any objections by the property owners liable to be assessed for the costs of abatement will be heard by the City Council on July 12, 2011. Pursuant to State law, upon issuance of the abatement order through the adoption of the attached Resolution, the City Council acquires jurisdiction to proceed and perform the work of removal.

FISCAL IMPACT:

The 2010-2011 Fiscal Year Budget for the Annual Weed Abatement Program is \$40,000. Privately owned parcels abated by the City contractor shall each be assessed an administrative fee in addition to the cost to clear the respective parcels. These costs are anticipated to be within the funds available.

RECOMMENDATION: THAT THE CITY COUNCIL: 1) CONDUCT A PUBLIC HEARING, RECEIVE AND CONSIDER ALL OBJECTIONS; AND 2) ADOPT A RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ISSUING AN ABATEMENT ORDER AND AUTHORIZING THE DIRECTOR OF PUBLIC SERVICES/CITY ENGINEER TO COMMENCE ENFORCING WEED, RUBBISH, AND REFUSE ABATEMENT AGAINST SPECIFIED PARCELS OF LAND."

ATTACHMENTS:

- Resolution

RESOLUTION NO. 2011-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, ISSUING AN ABATEMENT ORDER AND AUTHORIZING THE DIRECTOR OF PUBLIC SERVICES/CITY ENGINEER TO COMMENCE ENFORCING WEED, RUBBISH, AND REFUSE ABATEMENT AGAINST SPECIFIED PARCELS OF LAND

WHEREAS, on April 26, 2011, the City Council adopted Resolution No. 2011-04-26-1, thereby commencing the Weed Abatement Program for 2011 in accordance with the requirements and procedures set forth in Government Code Section 39560 *et seq.*; the objective of the Weed Abatement Program is to declare by Resolution as a public nuisance, and abate, all weeds growing upon the streets, sidewalks, or private property in the City, and all rubbish, refuse, and dirt upon parkways, sidewalks, or private property in the City, as identified and described in the 2011 Weed Abatement List, for health and safety purposes, for management of fire hazards, and to provide a reasonable degree of fire safety to both improved and unimproved properties; and,

WHEREAS, Resolution No. 2011-04-26-1 commenced the 2011 Weed Abatement Program by declaring weeds, rubbish, refuse and/or dirt on specified parcels of land identified in the 2011 Weed Abatement List to be a public nuisance and authorized the City Clerk to send written notice of the proposed public nuisance abatement to all persons owning property identified and described in the 2011 Weed Abatement List and advising them to remove any and all weeds, rubbish, refuse and/or dirt that, when dry, become a fire hazard; and,

WHEREAS, on April 27, 2011, the City sent the legally required notice to destroy weeds and remove rubbish, refuse, and dirt; the notice provided that if the public nuisance is not abated and removed by the owners of the affected parcels of land by June 3, 2011, such nuisances will be abated and removed by City authorities in accordance with the abatement procedures set forth in Government Code Section 39560 *et seq.*, in which case the cost of such removal shall be assessed upon the parcels of land from which or in front of which such weeds, rubbish, refuse, and/or dirt are removed and that upon confirmation such cost will constitute a lien upon such parcels of land until paid; and,

WHEREAS, the legally required mailed notice sent to the affected property owners provided that the City Council will hear and consider all property owner objections and protests to the proposed public nuisance abatement as part of a Public Hearing process conducted on May 24, 2011; and,

WHEREAS, during the May 24, 2011, Public Hearing, the City Council heard and considered all objections and protests presented by property owners and other interested parties to the proposed public nuisance abatement and removal of all

weeds, rubbish, refuse, and/or dirt on specified parcels identified and described in the 2011 Weed Abatement List.

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

SECTION 1. After hearing all objections and protests during the Public Hearing, City Council hereby determines not to allow any objections.

SECTION 2. Pursuant to Government Code Section 39560 *et seq.*, the City Council hereby issues an abatement order and authorizes the Director of Public Services/City Engineer to abate and remove by use of City authorities all weeds, rubbish, refuse, and/or dirt on specified parcels as identified and described in the 2011 Weed Abatement List.

SECTION 3. By adoption of this Resolution, the City Council hereby acquires jurisdiction to proceed and perform the work of weed, rubbish, refuse, and/or dirt removal on specified parcels, pursuant to Government Code Section 39569.

SECTION 4. It is the intention of the City Council to assess the amount of the City's cost for the abatement of the public nuisances upon the specified parcels of land identified and described on the 2011 Weed Abatement List. Such assessments against the respective parcels of land shall constitute a lien.

SECTION 5. The Director of Public Services/City Engineer shall keep an account of the cost of abatement on each separate parcel of land where removal work is performed and shall submit to the City Council for confirmation an itemized written report showing such abatement costs. Pursuant to Government Code Section 39575, a copy of the report shall be posted for at least three (3) days prior to its submission to the City Council on or near the City Council Chamber doors, with a notice of the time of submission. Pursuant to Government Code Section 39576, such report shall be submitted to the City Council on July 12, 2011, which date shall be fixed for receiving and considering the report and during such time the City Council shall hear it with any objections of the property owners liable to be assessed for the abatement.

SECTION 6. The decision of the City Council to issue this abatement order is final.

PASSED, APPROVED, AND ADOPTED this 24th day of May 2011.

L. ALLAN SONGSTAD, JR., MAYOR

ATTEST:

PEGGY J. JOHNS, CITY CLERK

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

I, Peggy J. Johns, City Clerk of the City of Laguna Hills, California, DO
HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No.
2011-__ adopted by the City Council of the City of Laguna Hills, California, at a Regular
Meeting thereof held on the 24th day of May 2011, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

PEGGY J. JOHNS, CITY CLERK

CITY OF LAGUNA HILLS

AGENDA REPORT ADMINISTRATIVE SERVICES DEPARTMENT

ISSUE: CHANGE IN HEALTH INSURANCES PROGRAM

SUMMARY:

Since health insurance is a major component of the City's personnel costs, staff has investigated alternatives to the City's current health insurance coverages, which includes medical, dental and vision coverage. The purpose of this research was to save money and enter an environment of composite rates instead of "age-banded" rates. From this investigation, staff is recommending that the City Council authorize participation in the CSAC-EIA (California State Association of Counties – Excess Insurance Authority) Medical Benefits Program and Health Benefits Ancillary Coverages as administered by the Special District Risk Management Authority (SDRMA) under CSAC-EIA Health. This recommended change in insurance providers will achieve a savings of \$187,390 over the FY 2010-11 budget.

BACKGROUND:

In an effort to save money and enter into an environment of composite rates instead of "age-banded" rates, staff investigated alternatives to the City's current insurance plan. Currently, the City's health coverage is purchased directly with United Healthcare and its dental and vision coverage is purchased directly with Guardian. Due to the size of

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT THE FOLLOWING RESOLUTIONS: (1) A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A MEMORANDUM OF UNDERSTANDING AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY'S MEDICAL BENEFITS PROGRAM; (2) A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A MEMORANDUM OF UNDERSTANDING AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY'S HEALTH BENEFITS ANCILLARY COVERAGES.

Agenda Report
Change in Health Insurances Program
Page 2

the City's organization, the purchase of health coverage directly from the carrier meant that the City was subject to "age-banded" rates. While this presented reduced premium rates for younger-aged employees, it also subjected the City to higher premium rates for its older-aged employees, which were noticeably more expensive with no difference in coverage. The only way to avoid an "age-banding" environment is to join a large group. As a result, staff focused its attention on large group health plan options.

Through staff's investigation, two viable alternates emerged that could offer the City a composite rate structure for its medical coverage: (1) CalPERS healthcare and (2) CSAC-EIA Health administered by SDRMA. While the coverage provided by these two programs is comparable, the rates with SDRMA are slightly lower. In addition, SDRMA allows access for retired employees with the retiree paying the entire cost of the premium. Alternatively, under CalPERS, the City must offer retiree health coverage, as well as pay a portion of the retiree medical premium, which would create an OPEB (Other Post-Employment Benefits) liability for the City. Currently, the City has no OPEB requirements or liability. In order for the City to participate in SDRMA's Medical Benefits Program, it must also participate in SDRMA's ancillary health benefits, namely, dental and vision. Staff has evaluated the ancillary coverage program offered by SDRMA for its dental and vision and found the rates through SDRMA to be less than the City's current premiums through Guardian, with minimal change in coverage.

CSAC-EIA Health was founded in 2003 for public entities that were looking for cost-effective alternatives to health coverage. It was created to provide long-term stability by using a shared risk model to combine the risks of employers with similar risk profiles in a cost-effective and financially stable risk pool. This philosophy has created a financially stable risk pool that has outperformed the trend of both the California PPO market as well as CalPERS. Over the past 8 years, CSAC-EIA rates have increased an average of 6.72% compared to California PPOs (10.5%) and CalPERS (8.33%). CSAC-EIA Health has over 100,000 individual members.

Staff is recommending that the City Council adopt two Resolutions: one for the Medical Benefits Program and one for the Health Benefits Ancillary Coverages. The Resolutions authorize participation in the programs, approve the form of the respective Memorandums of Understanding (MOU), and authorize the City Manager to execute required documents. Both Resolutions and MOUs are attached to this report. The eligibility requirements of the program are consistent with the City's historical practices and are compliant with Federal healthcare reform. It should be noted that SDRMA requires a three year commitment.

FISCAL IMPACT:

In FY 2010-11, the City's budget for health coverage is \$648,613. The quoted rates provided by SDRMA were included in the proposed Biennial Budget for FY 2011-2013. The total health insurance cost in the proposed Biennial Budget for FY 2011-12 is budgeted at \$461,223. This represents a savings of \$187,390 over the FY 2010-11 budget.

RECOMMENDATION: THAT THE CITY COUNCIL ADOPT THE FOLLOWING RESOLUTIONS: (1) A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A MEMORANDUM OF UNDERSTANDING AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY'S MEDICAL BENEFITS PROGRAM; (2) A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A MEMORANDUM OF UNDERSTANDING AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY'S HEALTH BENEFITS ANCILLARY COVERAGES.

ATTACHMENTS:

- Resolution - SDRMA Medical Benefits Program
- MOU - SDRMA Medical Benefits Program
- Resolution - SDRMA Health Benefits Ancillary Coverages Program
- MOU - SDRMA Health Benefits Ancillary Coverages Program

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A MEMORANDUM OF UNDERSTANDING AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY'S MEDICAL BENEFITS PROGRAM

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

WHEREAS, the City of Laguna Hills, a public agency duly organized and existing under and by virtue of the laws the State of California (the "City"), has determined that it is in the best interest and to the advantage of the City to participate in Medical Benefits offered by the Special District Risk Management Authority (the "Authority"); and the City understands a condition of participation in Medical Benefits is a minimum of 3 full years; and

WHEREAS, Special District Risk Management Authority was formed in 1986 in accordance with the provisions of California Government Code 6500 *et seq.*, for the purpose of providing risk financing and risk management programs and other coverage protection programs; and

WHEREAS, participation in Special District Risk Management Authority programs require the City to execute and enter into a Memorandum of Understanding (the "MOU"); which states the purpose and participation requirements for Medical Benefits; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided.

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

Section 1. Findings. The City's Governing Body hereby specifically finds and determines that the actions authorized hereby relate to the public affairs of the City.

Section 2. Memorandum of Understanding. The Memorandum of Understanding, to be executed and entered into by and between the City and the Special District Risk Management Authority, in the form presented at this meeting and on file with the City

Clerk, is hereby approved. The City Manager is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Authority the Memorandum of Understanding.

Section 3. Program Participation. The City Council approves participating for a minimum of three full years in Special District Risk Management Authority Medical Benefits.

Section 4. Other Actions. The City Manager is hereby authorized and directed to execute and deliver any and all documents which is necessary in order to consummate the transactions authorized hereby and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 5. Effective Date. This resolution shall take effect immediately upon its passage.

PASSED, APPROVED, AND ADOPTED this 24th day of May, 2011.

L. ALLAN SONGSTAD, JR., MAYOR

ATTEST:

PEGGY J. JOHNS, CITY CLERK

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

I, Peggy J. Johns, City Clerk of the City of Laguna Hills, California, DO
HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution
No. 2011- adopted by the City Council of the City of Laguna Hills, California, at a
Regular Meeting thereof held on the 24th day of May 2011, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

PEGGY J. JOHNS, CITY CLERK

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (hereafter "MEMORANDUM") is entered into by and between the Special District Risk Management Authority (hereafter "SDRMA") and the participating public entity (hereafter "ENTITY") who is signatory to this MEMORANDUM.

Recitals

WHEREAS, on August 1, 2006, SDRMA was appointed administrator for the purpose of enrolling small public entities typically having 250 or less employees into the California State Association of Counties ("CSAC") Excess Insurance Authority ("EIA") EIAHealth's Small Group Medical Benefits Program (hereinafter "PROGRAM").

WHEREAS, the terms and conditions of the PROGRAM as well as benefit coverage, rates, assessments, and premiums are governed by EIAHealth Committee for the PROGRAM (the "COMMITTEE") and not SDRMA.

WHEREAS, ENTITY desires to enroll and participate in the PROGRAM.

NOW THEREFORE, SDRMA and ENTITY agree as follows:

1. **PURPOSE.** ENTITY is signatory to this MEMORANDUM for the express purpose of enrolling in the PROGRAM.
2. **INITIAL COMMITMENT PERIOD.** ENTITY understands and acknowledges that it is required to remain in the PROGRAM for a period of at least three (3) full years as a condition to participation in the PROGRAM (the "INITIAL COMMITMENT PERIOD").
3. **ENTRY INTO PROGRAM.** ENTITY shall enroll in the PROGRAM by making application through SDRMA which shall be subject to approval by the PROGRAM's Underwriter and governing documents and in accordance with applicable eligibility guidelines.
4. **MAINTENANCE OF EFFORT.** PROGRAM is designed to provide an alternative medical benefit solution to all participants of the ENTITY including active and retired employees, dependents and public officials. After the INITIAL COMMITMENT PERIOD, ENTITY may discontinue coverage or change the contribution amount for retirees. However, ENTITY must contribute at least the minimum percentage required by the eligibility requirements.
5. **PREMIUMS.** ENTITY understands that premiums and rates for the PROGRAM are set by the COMMITTEE. ENTITY will remit monthly premiums based upon rates established for each category of participants and the census of covered employees, dependents and retirees.

Rates for the ENTITY and each category of participant will be determined by the COMMITTEE designated for the PROGRAM based upon advice from their consultants and/or a consulting Benefits Actuary and insurance carriers. In addition, SDRMA will add an administrative fee to premiums and rates set by the COMMITTEE for costs associated with administering the PROGRAM. Rates may vary depending upon factors including, but not limited to, demographic characteristics, loss experience of all public entities participating in the PROGRAM and differences in benefits provided (plan design), if any.

- a. SDRMA will administrate a billing to ENTITY each month, with payments due by the date specified by SDRMA. Payments received after the specified date will accrue penalties. Medical benefit premiums are based on a full month. There are no partial months or prorated premiums.
- b. ENTITY must send notification of termination of benefits for a covered employee to the PROGRAM and SDRMA by the 15th of the current month to terminate at the end of the month. Otherwise (i.e. notification after the 15th), termination will be as of the end of the following month.

6. **BENEFITS.** Benefits provided to ENTITY participants shall be as set forth in ENTITY's Plan Summary for the PROGRAM and as agreed upon between the ENTITY and its recognized employee organizations as applicable.
7. **COVERAGE DOCUMENTS.** Except as otherwise provided herein, CSAC-EIAHealth documents outlining the coverage provided, including terms and conditions of coverage, are controlling with respect to the coverage of the PROGRAM.
8. **PROGRAM FUNDING.** It is the intent of this MEMORANDUM to provide for a fully funded PROGRAM by any or all of the following: pooling risk; purchasing individual stop loss coverage to protect the pool from large claims; and purchasing aggregate stop loss coverage.
9. **ASSESSMENTS.** Should the PROGRAM not be adequately funded for any reason, pro-rata assessments to the ENTITY may be utilized to ensure the approved funding level for applicable policy periods. Any assessments, which are deemed necessary to ensure approved funding levels, shall be made upon the determination and approval of the COMMITTEE in accordance the following:
 - a. Assessments/dividends will be used sparingly. Generally, any over/under funding will be factored into renewal rates.
 - b. If a dividend/assessment is declared, allocation will be based upon each ENTITY's proportional share of total premium paid for the preceding 3 years. ENTITY's must be current participants to receive a dividend except upon termination of the PROGRAM and distribution of assets.
 - c. ENTITY will be liable for assessments for 12 months following withdrawal from the PROGRAM.
 - d. Fund equity will be evaluated on a total program-wide basis as opposed to each year standing on its own.
10. **WITHDRAWAL.** ENTITY may withdraw after their INITIAL COMMITMENT PERIOD (three (3) full year commitment period) and subject to the following condition; ENTITY shall notify SDRMA and the PROGRAM in writing of their intent to withdraw at least 180 days prior to their actual coverage renewal date. ENTITY may rescind its notice of intent to withdraw.
11. **LIAISON WITH SDRMA.** Each ENTITY shall maintain staff to act as liaison with the SDRMA and between the ENTITY and the SDRMA's designated PROGRAM representative.
12. **DISPUTES.** Disputes between the parties related to this MEMORANDUM shall be resolved as follows:
 - a. Mediation Before Litigation. The parties agree that in the event of any dispute by and between them, they shall first attempt to resolve the dispute by way of an informal mediation and if such efforts do not result in a resolution, they may proceed to litigate the claims.
 - b. Selection of Mediator. The mediation shall be held before a neutral mediator having at least 15 years civil business litigation experience or a retired judge. Within ten (10) days of a demand for mediation, the parties shall attempt to mutually select a neutral and qualified mediator. If the parties agree on the selection of the mediator, the mutually selected mediator shall be appointed for the mediation. If the parties are unable to mutually select a qualified mediator, they shall each select a neutral mediator and the two shall then select the third who shall be designated as the parties' neutral mediator for the dispute. Any selected mediator who is unable or unwilling to fulfill his duties may be replaced.
 - c. Time of Mediation. Subject to the mediator's availability, the parties will make best efforts to have the mediation scheduled and held within 45 days of a demand.
 - d. Costs of Mediation. The parties shall split and pay for the fees charged by the mediator equally.

- e. Confidentiality of Mediation Process. The parties agree that the mediation of the dispute will be an effort to compromise disputed claims and that mediation shall be deemed confidential and no statements made at the mediation can be used against them in the event of future litigation.
 - f. Position Statements. Any party making a demand for mediation shall set forth in their written demand for mediation the factual and legal basis known to them for their claims or dispute and provide copies of any statements, summaries, reports, or documentary information known to them at the time to support their claims, save and except, privileged or confidential information, which may be withheld. Within thirty (30) days after receipt of a demand for mediation, the recipient shall provide a written response to the claims setting forth the factual and legal basis known to them to support the response or affirmative defenses and also provide copies of any statements, summaries, reports, or documentary information known to them at the time to support the response or affirmative defenses, save and except, privileged or confidential information, which may be withheld. Copies of the position statements and information exchanged between the parties under this provision shall be provided to the mediator in advance of the mediation.
 - g. Failure to Participate in Mediation. Any party who fails to participate in the mediation shall waive their right to collect attorney fees herein.
 - h. Exclusions From Mediation. The parties agree that any claim for immediate injunctive relief is specifically excluded from the requirements of mediation. The parties further agree that disputes related to coverage under the PROGRAM are excluded from this provision and shall be governed in accordance with CSAC-EIAHealth documents and/or PROGRAM documents.
- 13. **GOVERNING LAW.** This MEMORANDUM shall be governed in accordance with the laws of the State of California.
 - 14. **VENUE.** Venue for any dispute or enforcement shall be in Sacramento, California.
 - 15. **ATTORNEY FEES.** The prevailing party in any dispute shall be entitled to an award of reasonable attorney fees.
 - 16. **COMPLETE AGREEMENT.** This MEMORANDUM together with the related PROGRAM documents constitutes the full and complete agreement of the ENTITY.
 - 17. **SEVERABILITY.** Should any provision of this MEMORANDUM be judicially determined to be void or unenforceable, such determination shall not affect any remaining provision.
 - 18. **AMENDMENT OF MEMORANDUM.** This MEMORANDUM may be amended by the SDRMA Board of Directors and such amendments are subject to approval of ENTITY's signatory to this MEMORANDUM. Any ENTITY who fails or refuses to execute an amendment to this MEMORANDUM shall be deemed to have withdrawn from the PROGRAM on the next annual renewal date.
 - 19. **EFFECTIVE DATE.** This MEMORANDUM shall become effective upon the signing of this MEMORANDUM by the ENTITY and Chief Executive Officer or Board President of SDRMA.
 - 20. **EXECUTION IN COUNTERPARTS.** This MEMORANDUM may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

In Witness Whereof, the undersigned have executed the MEMORANDUM as of the date set forth below.

Dated: _____

By: _____

Special District Risk
Management Authority

Dated: _____

By: _____

Bruce E. Channing, City Manager
City of Laguna Hills

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A MEMORANDUM OF UNDERSTANDING AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY'S HEALTH BENEFITS ANCILLARY COVERAGES

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

WHEREAS, the City of Laguna Hills, a public agency duly organized and existing under and by virtue of the laws the State of California (the "City"), has determined that it is in the best interest and to the advantage of the City to participate in Health Benefits Ancillary Coverages offered by the Special District Risk Management Authority (the "Authority"); and the City understands a condition of participation in Health Benefits Ancillary Coverages is a minimum of 3 full years; and

WHEREAS, Special District Risk Management Authority was formed in 1986 in accordance with the provisions of California Government Code 6500 *et seq.*, for the purpose of providing risk financing and risk management programs and other coverage protection programs; and

WHEREAS, participation in Special District Risk Management Authority programs require the City to execute and enter into a Memorandum of Understanding (the "MOU"); which states the purpose and participation requirements for Health Benefits Ancillary Coverages; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided.

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

Section 1. Findings. The City Council hereby specifically finds and determines that the actions authorized hereby relate to the public affairs of the City.

Section 2. Memorandum of Understanding. The Memorandum of Understanding, to be executed and entered into by and between the City and the Special District Risk Management Authority, in the form presented at this meeting and on file with the City

Clerk, is hereby approved. The City Manager is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Authority the Memorandum of Understanding.

Section 3. Program Participation. The City Council approves participating for a minimum of three full years in Special District Risk Management Authority Health Benefits Ancillary Coverages.

Section 4. Other Actions. The City Manager is hereby authorized and directed to execute and deliver any and all documents which is necessary in order to consummate the transactions authorized hereby and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 5. Effective Date. This resolution shall take effect immediately upon its passage.

PASSED, APPROVED, AND ADOPTED this 24th day of May, 2011.

L. ALLAN SONGSTAD, JR., MAYOR

ATTEST:

PEGGY J. JOHNS, CITY CLERK

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

I, Peggy J. Johns, City Clerk of the City of Laguna Hills, California, DO
HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution
No. 2011- adopted by the City Council of the City of Laguna Hills, California, at a
Regular Meeting thereof held on the 24th day of May 2011, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

PEGGY J. JOHNS, CITY CLERK

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (hereafter "MEMORANDUM") is entered into by and between the Special District Risk Management Authority (hereafter "SDRMA") and the participating public entity (hereafter "ENTITY") who is signatory to this MEMORANDUM.

Recitals

WHEREAS, on August 1, 2006, SDRMA was appointed administrator for the purpose of enrolling small public entities typically having 250 or less employees into the California State Association of Counties ("CSAC") Excess Insurance Authority ("EIA") EIAHealth's Small Group Health Benefits Ancillary Coverages Program (hereinafter "PROGRAM").

WHEREAS, the terms and conditions of the PROGRAM as well as benefit coverage, rates, assessments, and premiums are governed by EIAHealth Committee for the PROGRAM (the "COMMITTEE") and not SDRMA.

WHEREAS, ENTITY desires to enroll and participate in the PROGRAM.

NOW THEREFORE, SDRMA and ENTITY agree as follows:

1. **PURPOSE.** ENTITY is signatory to this MEMORANDUM for the express purpose of enrolling in the PROGRAM.
2. **INITIAL COMMITMENT PERIOD.** ENTITY understands and acknowledges that it is required to remain in the PROGRAM for a period of at least three (3) full years as a condition to participation in the PROGRAM (the "INITIAL COMMITMENT PERIOD").
3. **ENTRY INTO PROGRAM.** ENTITY shall enroll in the PROGRAM by making application through SDRMA which shall be subject to approval by the PROGRAM's Underwriter and governing documents and in accordance with applicable eligibility guidelines.
4. **MAINTENANCE OF EFFORT.** PROGRAM is designed to provide an alternative health benefit ancillary coverage solution to all participants of the ENTITY including active employees, dependents and public officials. ENTITY must contribute at least the minimum percentage required by the eligibility requirements.
5. **PREMIUMS.** ENTITY understands that premiums and rates for the PROGRAM are set by the COMMITTEE. ENTITY will remit monthly premiums based upon rates established for each category of participants and the census of covered employees, dependents and public officials.

Rates for the ENTITY and each category of participant will be determined by the COMMITTEE designated for the PROGRAM based upon advice from their consultants and/or a consulting Benefits Actuary and insurance carriers. In addition, SDRMA will add an administrative fee to premiums and rates set by the COMMITTEE for costs associated with administering the PROGRAM. Rates may vary depending upon factors including, but not limited to, demographic characteristics, loss experience of all public entities participating in the PROGRAM and differences in benefits provided (plan design), if any.

- a. SDRMA will administrate a billing to ENTITY each month, with payments due by the date specified by SDRMA. Payments received after the specified date will accrue penalties. Health benefit ancillary coverage premiums are based on a full month. There are no partial months or prorated premiums.
 - b. ENTITY must send notification of termination of ancillary benefits for a covered employee to the PROGRAM and SDRMA by the 15th of the current month to terminate at the end of the month. Otherwise (i.e. notification after the 15th), termination will be as of the end of the following month.
6. **BENEFITS.** Benefits provided to ENTITY participants shall be as set forth in ENTITY's Plan Summary for the PROGRAM and as agreed upon between the ENTITY and its recognized employee organizations as applicable.

7. **COVERAGE DOCUMENTS.** Except as otherwise provided herein, CSAC-EIA Health documents outlining the coverage provided, including terms and conditions of coverage, are controlling with respect to the coverage of the PROGRAM.
8. **PROGRAM FUNDING.** It is the intent of this MEMORANDUM to provide for a fully funded PROGRAM by any or all of the following: pooling risk; purchasing individual stop loss coverage to protect the pool from large claims; and purchasing aggregate stop loss coverage.
9. **ASSESSMENTS.** Should the PROGRAM not be adequately funded for any reason, pro-rata assessments to the ENTITY may be utilized to ensure the approved funding level for applicable policy periods. Any assessments, which are deemed necessary to ensure approved funding levels, shall be made upon the determination and approval of the COMMITTEE in accordance the following:
 - a. Assessments/dividends will be used sparingly. Generally, any over/under funding will be factored into renewal rates.
 - b. If a dividend/assessment is declared, allocation will be based upon each ENTITY's proportional share of total premium paid for the preceding 3 years. ENTITY's must be current participants to receive a dividend except upon termination of the PROGRAM and distribution of assets.
 - c. ENTITY will be liable for assessments for 12 months following withdrawal from the PROGRAM.
 - d. Fund equity will be evaluated on a total program-wide basis as opposed to each year standing on its own.
10. **WITHDRAWAL.** ENTITY may withdraw after their INITIAL COMMITMENT PERIOD (three (3) full year commitment period) and subject to the following condition; ENTITY shall notify SDRMA and the PROGRAM in writing of their intent to withdraw at least 180 days prior to their actual coverage renewal date. ENTITY may rescind its notice of intent to withdraw.
11. **LIAISON WITH SDRMA.** Each ENTITY shall maintain staff to act as liaison with the SDRMA and between the ENTITY and the SDRMA's designated PROGRAM representative.
12. **DISPUTES.** Disputes between the parties related to this MEMORANDUM shall be resolved as follows:
 - a. Mediation Before Litigation. The parties agree that in the event of any dispute by and between them, they shall first attempt to resolve the dispute by way of an informal mediation and if such efforts do not result in a resolution, they may proceed to litigate the claims.
 - b. Selection of Mediator. The mediation shall be held before a neutral mediator having at least 15 years civil business litigation experience or a retired judge. Within ten (10) days of a demand for mediation, the parties shall attempt to mutually select a neutral and qualified mediator. If the parties agree on the selection of the mediator, the mutually selected mediator shall be appointed for the mediation. If the parties are unable to mutually select a qualified mediator, they shall each select a neutral mediator and the two shall then select the third who shall be designated as the parties' neutral mediator for the dispute. Any selected mediator who is unable or unwilling to fulfill his duties may be replaced.
 - c. Time of Mediation . Subject to the mediator's availability, the parties will make best efforts to have the mediation scheduled and held within 45 days of a demand.
 - d. Costs of Mediation. The parties shall split and pay for the fees charged by the mediator equally.
 - e. Confidentiality of Mediation Process. The parties agree that the mediation of the dispute will be an effort to compromise disputed claims and that mediation shall be deemed confidential and no statements made at the mediation can be used against them in the event of future litigation.
 - f. Position Statements. Any party making a demand for mediation shall set forth in their written demand for mediation the factual and legal basis known to them for their claims or dispute and provide copies of any statements, summaries, reports, or documentary information known to them at the time to support their

claims, save and except, privileged or confidential information, which may be withheld. Within thirty (30) days after receipt of a demand for mediation, the recipient shall provide a written response to the claims setting forth the factual and legal basis known to them to support the response or affirmative defenses and also provide copies of any statements, summaries, reports, or documentary information known to them at the time to support the response or affirmative defenses, save and except, privileged or confidential information, which may be withheld. Copies of the position statements and information exchanged between the parties under this provision shall be provided to the mediator in advance of the mediation.

- g. Failure to Participate in Mediation. Any party who fails to participate in the mediation shall waive their right to collect attorney fees herein.
 - h. Exclusions From Mediation. The parties agree that any claim for immediate injunctive relief is specifically excluded from the requirements of mediation. The parties further agree that disputes related to coverage under the PROGRAM are excluded from this provision and shall be governed in accordance with CSAC-EIAHealth documents and/or PROGRAM documents.
- 13. GOVERNING LAW. This MEMORANDUM shall be governed in accordance with the laws of the State of California.
 - 14. VENUE. Venue for any dispute or enforcement shall be in Sacramento, California.
 - 15. ATTORNEY FEES. The prevailing party in any dispute shall be entitled to an award of reasonable attorney fees.
 - 16. COMPLETE AGREEMENT. This MEMORANDUM together with the related PROGRAM documents constitutes the full and complete agreement of the ENTITY.
 - 17. SEVERABILITY. Should any provision of this MEMORANDUM be judicially determined to be void or unenforceable, such determination shall not affect any remaining provision.
 - 18. AMENDMENT OF MEMORANDUM. This MEMORANDUM may be amended by the SDRMA Board of Directors and such amendments are subject to approval of ENTITY's signatory to this MEMORANDUM. Any ENTITY who fails or refuses to execute an amendment to this MEMORANDUM shall be deemed to have withdrawn from the PROGRAM on the next annual renewal date.
 - 19. EFFECTIVE DATE. This MEMORANDUM shall become effective upon the signing of this MEMORANDUM by the ENTITY and Chief Executive Officer or Board President of SDRMA.
 - 20. EXECUTION IN COUNTERPARTS. This MEMORANDUM may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

In Witness Whereof, the undersigned have executed the MEMORANDUM as of the date set forth below.

Dated: _____

By: _____

Special District Risk
Management Authority

Dated: _____

By: _____

Bruce E. Channing, City Manager
City of Laguna Hills

CITY OF LAGUNA HILLS

AGENDA REPORT POLICE SERVICES DEPARTMENT

ISSUE: FY 2011-2012 LAW ENFORCEMENT SERVICES AGREEMENT

SUMMARY:

The City of Laguna Hills has provided police services for general law enforcement and traffic enforcement under an Agreement with the Orange County Sheriff's Department since FY 1992-1993. That arrangement remains both effective and cost efficient. Renewing the Agreement will provide the City with an equivalent police department of 43.22 full-time employees, as well as access to specialized Sheriff's personnel.

BACKGROUND:

The proposed service level would provide the City with the following personnel breakdown:

Lieutenant	1
Administrative Sergeant	1
Patrol Sergeants	1.97
Investigators	2
Patrol Deputies	15
School Resource Officer	1
Motorcycle Deputies	3
Directed Enforcement Deputy	1
Community Service Officers	2
Crime Prevention Specialist	1
Shared Staff	14.25
Total Staff	43.22

RECOMMENDATION: THAT THE CITY COUNCIL AUTHORIZE THE MAYOR TO EXECUTE THE FY 2011-2012 LAW ENFORCEMENT SERVICES AGREEMENT BETWEEN THE COUNTY OF ORANGE AND THE CITY OF LAGUNA HILLS.

This staffing complement is designed to achieve a service level that would yield an optimum preventative patrol time of 40%. Preventative patrol time is that time spent in the field by patrol deputies that is not allocated to administrative time or responding to calls. In 2010, Laguna Hills Police Services averaged 41% in Preventative Patrol Time.

The contract law enforcement comparisons below show that Laguna Hills still continues to rank among the top tier of South County cities in both spending per capita on law enforcement services and sworn staff per capita.

Per Capita Cost

Dana Point	\$243
San Juan Capistrano	\$192
Laguna Hills	\$192
San Clemente	\$170
Lake Forest	\$156
Mission Viejo	\$151
Rancho Santa Margarita	\$143
Aliso Viejo	\$134
Laguna Niguel	\$133

Sworn Staff Per Capita (per 1000 residents)

Dana Point	0.91
San Juan Capistrano	0.75
Laguna Hills	0.74
San Clemente	0.64
Lake Forest	0.59
Mission Viejo	0.58
Rancho Santa Margarita	0.55
Aliso Viejo	0.52
Laguna Niguel	0.50

Additionally, Police Services was able to maintain our response time goals in all priority calls for 2010.

The Sheriff's Department has prepared the attached Agreement for FY 2011-2012. The City Attorney has reviewed the document and approved it as to form.

FISCAL IMPACT:

The total cost for law enforcement services for FY 2011-2012 is \$6,540,385. This represents an increase of \$82,677 (1.28%) over the FY 2010-2011 adjusted Law Enforcement Agreement of \$6,457,708, and is within the adopted budget for public safety.

RECOMMENDATION: THAT THE CITY COUNCIL AUTHORIZE THE MAYOR TO EXECUTE THE FY 2011-2012 LAW ENFORCEMENT SERVICES AGREEMENT BETWEEN THE COUNTY OF ORANGE AND THE CITY OF LAGUNA HILLS.

ATTACHMENTS:

- FY 2011-2012 Law Enforcement Agreement

1 **AGREEMENT**
2 **BETWEEN THE**
3 **CITY OF LAGUNA HILLS**
4 **AND THE**
5 **COUNTY OF ORANGE**

6
7 **THIS AGREEMENT** is entered into this First day of May 2011, which
8 date is enumerated for purposes of reference only, by and between the CITY OF
9 LAGUNA HILLS, hereinafter referred to as "CITY", and the COUNTY OF ORANGE, a
10 political subdivision of the State of California, hereinafter referred to as "COUNTY".

11 **WITNESSETH:**

12 **WHEREAS**, CITY wishes to contract with COUNTY for law enforcement
13 services; and

14 **WHEREAS**, COUNTY is agreeable to the rendering of such services, as
15 authorized in Government Code Sections 51301 and 55632, on the terms and
16 conditions hereinafter set forth,

17 **NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:**

18 //
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1 **A. TERM:**

2 The term of this Agreement shall commence July 1, 2011 and terminate June
3 30, 2012, unless earlier terminated by either party or extended in the manner
4 set forth herein.

5 **B. OPTIONAL TERMINATION OR EXTENSION:**

- 6 1. COUNTY or CITY may terminate this Agreement, without cause, upon one-
7 hundred and eighty (180) days written notice to the other party.
- 8 2. If COUNTY and CITY have not entered into a written agreement by June
9 30, 2012 for COUNTY to provide to CITY, during all or part of the period
10 between July 1, 2012 and June 30, 2013, law enforcement services similar
11 to those specified herein, then SHERIFF, on behalf of COUNTY, and CITY's
12 Manager, on behalf of CITY, are authorized to execute a written amendment
13 to this Agreement that provides as follows and does not materially alter
14 other terms of the Agreement: SHERIFF shall continue to provide to CITY
15 all or a designated part of the law enforcement services specified herein, for
16 a specified time period between July 1, 2012 and August 31, 2012, and
17 CITY shall pay COUNTY the full costs of providing such services. Such full
18 costs may be greater than those listed herein for the period July 1, 2011
19 through June 30, 2012. SHERIFF and CITY Manager shall file copies of
20 any such amendments to this Agreement with the Clerk of COUNTY's
21 Board of Supervisors and CITY's Clerk.

22 **C. REGULAR SERVICES BY COUNTY:**

- 23 1. COUNTY, through its Sheriff-Coroner and deputies, officers and employees,
24 hereinafter referred to as "SHERIFF", shall render to CITY law enforcement
25 services as hereinafter provided. Such services shall include the
26 enforcement of lawful State statutes and lawful municipal ordinances of
27 CITY other than licensing ordinances.

28 //

1 **C. REGULAR SERVICES BY COUNTY: (Continued)**

2 2. The night, day and evening patrol and supervisory shifts will be established
3 by SHERIFF. Personnel of each shift may work varying and different times
4 and may be deployed to other shifts when, in the opinion of SHERIFF and
5 CITY Manager, the need arises. Any long-term shift deployment change will
6 be reported to CITY's Council.

7 3. The level of service, other than for licensing, to be provided by the COUNTY
8 for the period July 1, 2011 through June 30, 2012, shall be as follows:

9 **Management:**

- 10 • One (1) Lieutenant
11 (80 hours per two-week pay period)

12 **Supervision:**

- 13 • Two and ninety-seven hundredths (2.97) Sergeants
14 (Each full sergeant position is 80 hours per two-week pay period)

15 **Investigation Services:**

- 16 • Two (2) Investigators
17 (each 80 hours per two-week pay period)

18 **Patrol Services:**

- 19 • Fifteen (15) designated one-deputy units
20 (80 hours per two-week pay period, per unit)
21 Deployment to be determined by SHERIFF in cooperation with CITY
22 Manager.

23 **School Resource Services**

- 24 • One (1) designated one-deputy unit
25 (80 hours per two-week pay period, per unit)
26 Deployment to be determined by SHERIFF in cooperation with CITY
27 Manager.

28 //

1 **C. REGULAR SERVICES BY COUNTY: (Continued)**

2 **Traffic Services:**

- 3 • Three (3) designated motorcycle units
4 (80 hours per two-week pay period, per unit)
5 Deployment to be determined by SHERIFF in cooperation with CITY
6 Manager.

7 **Parking Control:**

- 8 • Two (2) Community Services Officers
9 (each 80 hours per two-week pay period)

10 **Crime Prevention:**

- 11 • One (1) Crime Prevention Specialist
12 (80 hours per two-week pay period)

13 **Regional Support Services:**

- 14 • 10.32 percent of one half of one (.5) Sergeant - Traffic
15 • 10.32 percent of four (4) Deputy Sheriff IIs - Traffic
16 • 10.32 percent of one (1) Investigative Assistant - Traffic
17 • 10.32 percent of one (1) Office Specialist - Traffic
18 • 4.64 percent of one fourth of one (.25) Sergeant – Auto Theft
19 • 4.64 percent of two (2) Investigators – Auto Theft
20 • 4.64 percent of one (1) Investigative Assistant – Auto Theft
21 • 4.64 percent of one (1) Office Specialist – Auto Theft
22 • 10.39 percent of three (3) Investigative Assistants – Court
23 • 9.68 percent of one half of one (.5) Motorcycle Sergeant

- 24 4. For any service listed in Subsection C-3 of this Agreement that is provided
25 to CITY at less than 100% of a full-time SHERIFF position, COUNTY retains
26 the option to terminate such service in the event the other city or cities that
27 contract for the balance of the time of the employee providing the service no
28 longer pay(s) for such service and CITY does not request the Agreement be

1 **C. REGULAR SERVICES BY COUNTY: (Continued)**

2 amended to pay 100% of the cost of the employee providing such service.
3 The Maximum Obligation of CITY set forth in Subsection G-3 will be
4 adjusted accordingly.

- 5 5. All services contracted for in this Agreement may not be operational on the
6 precise date specified in this Agreement. In those instances, SHERIFF
7 shall notify CITY Manager of the date or dates such service or services are
8 to be implemented. COUNTY shall reduce the monthly charges to CITY,
9 based on the actual date of implementation of the service or services.
10 Charges shall be reduced on the next monthly billing tendered in
11 accordance with Subsection G-4 of this Agreement.
- 12 6. During emergencies, such as mutual aid situations, SHERIFF will attempt to
13 leave in CITY the Lieutenant in charge of CITY Police Services. If SHERIFF
14 determines that the Lieutenant is needed elsewhere, SHERIFF will notify
15 CITY's Manager within four (4) hours. SHERIFF will return Lieutenant to
16 CITY as soon as possible once the emergency situation is under control.
- 17 7. With respect to the licensing ordinances of CITY listed in Attachment A
18 hereto, which is incorporated herein by this reference, SHERIFF shall
19 receive applications for CITY licenses pursuant to said ordinances and
20 complete investigations relating to such applications. Said investigations
21 shall be forwarded to CITY Manager. COUNTY shall not provide any
22 advisory, administrative, hearing or litigation attorney support or services
23 related to licensing. COUNTY shall not provide any administrative or
24 investigatory services related to the licensing ordinances listed in
25 Attachment A hereto, except the investigations relating to initial applications
26 for which this subsection provides.

27 //

28 //

1 **C. REGULAR SERVICES BY COUNTY: (Continued)**

2 8. With the limitations set forth below, SHERIFF, on behalf of COUNTY, and
3 CITY Manager, on behalf of CITY, are authorized to execute written
4 amendments to this Agreement to increase or decrease the level of service
5 set forth in Subsection C-3, when SHERIFF and CITY Manager mutually
6 agree that such increase or decrease in the level of service is appropriate.
7 Any such amendment to the Agreement shall concomitantly increase or
8 decrease the cost of services payable by CITY set forth in Subsection G-2
9 and the Maximum Obligation of CITY set forth in Subsection G-3, in
10 accordance with the current year's COUNTY law enforcement cost study.
11 SHERIFF and CITY Manager shall file copies of any such amendments to
12 this Agreement with the Clerk of COUNTY's Board of Supervisors and
13 CITY's Clerk. Amendments to this Agreement executed by SHERIFF and
14 CITY Manager may not, in the aggregate, increase or decrease the cost of
15 services payable by CITY by more than one percent (1%) of the total cost
16 originally set forth in Subsection G-2 and the Maximum Obligation originally
17 set forth in Subsection G-3.

18 Prior approval by COUNTY's Board of Supervisors and CITY's Council is
19 required before execution of any amendment that brings the aggregate total
20 of changes in costs payable by CITY to one percent (1%) or more of the
21 total cost originally set forth in Subsection G-2 and the Maximum Obligation
22 originally set forth in Subsection G-3 of this Agreement.

23 Notwithstanding the foregoing, SHERIFF and CITY Manager may increase
24 the service level of Deputy Sheriff II – Patrol from fifteen (15) to seventeen
25 (17) without further approval by the COUNTY's Board of Supervisors and
26 CITY's Council.

27 //

28 //

1 **D. ENHANCED AND SUPPLEMENTAL SERVICES BY COUNTY:**

2 1. Enhanced services for events on CITY property. At the request of CITY,
3 through its City Manager, SHERIFF may provide enhanced law
4 enforcement services for functions, such as community events, conducted
5 on property that is owned, leased or operated by CITY. SHERIFF shall
6 determine personnel and equipment needed for such enhanced services.
7 To the extent the services provided at such events are at a level greater
8 than that specified in Subsection C-3 of this Agreement, CITY shall
9 reimburse COUNTY for such additional services, at an amount computed
10 by SHERIFF, based on the current year's COUNTY law enforcement cost
11 study. The cost of these enhanced services shall be in addition to the
12 Maximum Obligation of CITY set forth in Subsection G-3 of this Agreement.
13 SHERIFF shall bill CITY immediately after each such event.

14 2. Supplemental services for occasional events operated by private individuals
15 and entities on non-CITY property. At the request of CITY, through its City
16 Manager, and within the limitations set forth in this subsection D-2,
17 SHERIFF may provide supplemental law enforcement services to preserve
18 the peace at special events or occurrences that occur on an occasional
19 basis and are operated by private individuals or private entities on non-CITY
20 property. SHERIFF shall determine personnel and equipment needed for
21 such supplemental services, and will provide such supplemental services
22 only if SHERIFF is able to do so without reducing the normal and regular
23 ongoing services that SHERIFF otherwise would provide to CITY pursuant
24 to this Agreement. Such supplemental services shall be provided only by
25 regularly appointed full-time peace officers, at rates of pay governed by a
26 Memorandum of Understanding between COUNTY and the bargaining
27 unit(s) representing the peace officers providing the services. Such
28 supplemental services shall include only law enforcement duties and shall

1 **D. ENHANCED AND SUPPLEMENTAL SERVICES BY COUNTY: (Continued)**

2 not include services authorized to be provided by a private patrol operator,
3 as defined in Section 7582.1 of the Business and Professions Code. Law
4 enforcement support functions, including, but not limited to, clerical
5 functions and forensic science services, may be performed by non-peace
6 officer personnel if the services do not involve patrol or keeping the peace
7 and are incidental to the provision of law enforcement services. CITY shall
8 reimburse COUNTY its full, actual costs of providing such supplemental
9 services at an amount computed by SHERIFF, based on the current year's
10 COUNTY law enforcement cost study. The cost of these supplemental
11 services shall be in addition to the Maximum Obligation of CITY set forth in
12 Subsection G-3 of this Agreement. SHERIFF shall bill CITY immediately
13 after each such event.

- 14 3. Supplemental services for events operated by public entities on non-CITY
15 property. At the request of CITY, through its City Manager, and within the
16 limitations set forth in this subsection D-3, SHERIFF may provide
17 supplemental law enforcement services to preserve the peace at special
18 events or occurrences that occur on an occasional basis and are operated
19 by public entities on non-CITY property. SHERIFF shall determine
20 personnel and equipment needed for such supplemental services, and will
21 provide such supplemental services only if SHERIFF is able to do so without
22 reducing services that SHERIFF otherwise would provide to CITY pursuant
23 to this Agreement. CITY shall reimburse COUNTY its full, actual costs of
24 providing such supplemental services at an amount computed by SHERIFF,
25 based on the current year's COUNTY law enforcement cost study. The cost
26 of these supplemental services shall be in addition to the Maximum
27 Obligation of CITY set forth in Subsection G-3 of this Agreement. SHERIFF
28 shall bill CITY immediately after each such event.

1 **D. ENHANCED AND SUPPLEMENTAL SERVICES BY COUNTY: (Continued)**

- 2 4. Notwithstanding the foregoing, CITY, through its permit process, may utilize
3 the services of the Sheriff at events, for which CITY issues permits, that are
4 operated by private individuals or entities or public entities. SHERIFF shall
5 determine personnel and equipment needed for said events. If said events
6 are in addition to the level of services listed in Subsection C-3 of this
7 Agreement, CITY shall reimburse COUNTY for such additional services at
8 an amount computed by SHERIFF, based upon the current year's COUNTY
9 law enforcement cost study. The cost of these services shall be in addition
10 to the Maximum Obligation of CITY set forth in Subsection G-3 of this
11 Agreement. Sheriff shall bill City immediately after said services are
12 rendered.

13 **E. PATROL VIDEO SYSTEMS:**

- 14 1. As part of the law enforcement services to be provided to CITY, COUNTY
15 has provided, or will provide, patrol video systems (hereinafter called "PVS")
16 that are or will be mounted in patrol vehicles designated by COUNTY for
17 use within CITY service area.
- 18 2. SHERIFF has the exclusive right to use said PVS for law enforcement
19 services related to this Agreement.
- 20 3. CITY shall pay COUNTY the full costs to COUNTY of a) the acquisition and
21 installation of Patrol Video Systems that are or will be mounted in patrol
22 vehicles assigned to CITY, and b) recurring costs, as deemed necessary by
23 COUNTY, including the costs of maintenance and contributions to a fund for
24 replacement and upgrade of such PVS when they become functionally or
25 technologically obsolete.
- 26 The costs to be paid by CITY for recurring costs, including maintenance and
27 replacement/upgrade of PVS, are included in the costs set forth in
28 Subsection G-2 and the Maximum Obligation of CITY set forth in

1 **E. PATROL VIDEO SYSTEMS: (Continued)**

2 Subsection G-3 of this Agreement unless CITY has already paid such costs.
3 CITY shall not be charged additional amounts for maintenance or
4 replacement/upgrade of said PVS during the period July 1, 2011 through
5 June 30, 2012.

- 6 4. If, following the initial acquisition of PVS referenced above, CITY requires
7 PVS for additional patrol cars designated for use in the CITY service area,
8 COUNTY will purchase said additional PVS. Upon demand by COUNTY,
9 CITY will pay to COUNTY a) the full costs of acquisition and installation of
10 said additional PVS, and b) the full recurring costs for said PVS, as deemed
11 necessary by COUNTY, including the costs of maintenance, and
12 contributions to a fund for replacement and upgrade of such PVS when they
13 become functionally or technologically obsolete. Said costs related to
14 additional PVS are not included in, and are in addition to, the costs set forth
15 in Subsection G-2 and the Maximum Obligation of CITY set forth in
16 Subsection G-3 of this Agreement.
- 17 5. County will replace and/or upgrade PVS as needed. The costs of
18 replacing/upgrading PVS shall be paid by COUNTY from the
19 replacement/upgrade funds to be paid by CITY in accordance with the
20 foregoing. CITY shall not be charged any additional charge to replace or
21 upgrade PVS.

22 **F. LICENSING SERVICES BY CITY:**

23 Upon receipt from COUNTY of investigations of applications for licenses
24 referred to in Subsection C-7 of this Agreement, CITY Manager shall determine
25 whether to grant or deny the licenses and will issue the licenses or notify the
26 applicants of denial. CITY shall provide all attorney services related to the
27 granting, denial, revocation and administration of said licenses and the
28 enforcement of CITY ordinances pertaining to said licenses.

G. PAYMENT:

1. Pursuant to Government Code Section 51350, CITY agrees to pay to COUNTY the full costs of performing the services mutually agreed upon in this Agreement. The costs of services include salaries, wages, benefits, mileage, services, supplies, equipment, and divisional, departmental and COUNTY General overhead.
2. Unless the level of service described in Subsection C-3 is increased or decreased by mutual agreement of the parties, or CITY is required to pay for increases as set forth in Subsection G-5, the full cost of services described in Subsection C-3 of this Agreement, other than Licensing Services, to be provided by the COUNTY for the period July 1, 2011 through June 30, 2012, shall be as follows:

SERVICE

COST OF SERVICE

Management:

- One (1) Lieutenant
@ \$280,351/each

\$ 280,351

Supervision:

- One and ninety-seven hundredths (1.97) Sergeants - Patrol
@ \$254,761/each
- One (1) Sergeant - Administrative
@ \$254,761/each

\$ 501,879

\$ 254,761

Investigation Services:

- Two (2) Investigators
@ \$251,425/each

\$ 502,850

Patrol Services:

- Fifteen (15) designated one-deputy Patrol Units
@ \$211,533/unit

\$ 3,172,995

//

1 **G. PAYMENT: (Continued)**

2 **SERVICE**

COST OF SERVICE

3 **School Resource Services**

- 4 • One (1) designated one-deputy Patrol Units

5 @ \$211,533/unit \$ 211,533

6 **Traffic Services:**

- 7 • Three (3) Motorcycle Units

8 @ \$216,521/unit \$ 649,563

9 **Parking Control:**

- 10 • Two (2) Community Services Officers

11 @ \$102,610/each \$ 205,220

12 **Crime Prevention:**

- 13 • One (1) Crime Prevention Specialist

14 @ \$87,810/each \$ 87,810

15 **Regional Support:**

- 16 • 10.32% of one half of one (.5) Sergeant - Traffic

17 @ \$246,491/each \$ 12,719

- 18 • 10.32% of four (4) Deputy Sheriff IIs - Traffic

19 @ \$190,342/each \$ 78,573

- 20 • 10.32% of one (1) Investigative Assistant - Traffic

21 @ \$91,887/each \$ 9,483

- 22 • 10.32% of one (1) Office Specialist - Traffic

23 @ \$75,638/each \$ 7,806

- 24 • 4.64% of one fourth of one (.25) Sergeant – Auto Theft

25 @ \$246,491/each \$ 2,859

- 26 • 4.64% of two (2) Investigators – Auto Theft

27 @ \$222,319/each \$ 20,631

28 //

G. PAYMENT: (Continued)

<u>SERVICE</u>	<u>COST OF SERVICE</u>
----------------	------------------------

- | | |
|--|-----------|
| • 4.64% of one (1) Investigative Assistant – Auto Theft
@ \$93,940/each | \$ 4,359 |
| • 4.64% of one (1) Office Specialist – Auto Theft
@ \$78,676/each | \$ 3,651 |
| • 10.39% of three (3) Investigative Assistants – Court
@ \$100,037/each | \$ 31,182 |
| • 9.68% of one-half of one (.5) Motorcycle Sergeant
@ \$266,514/each | \$ 12,899 |

Other Charges and Credits:	\$ 489,261
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Charges: Annual leave paydowns; premium pay for bilingual staff; Contract Administration; data line; direct services and supplies; holiday pay, comp and straight time; Integrated Law & Justice Agency of Orange County; mileage interest for replacement vehicles; mobile data computer (MDC) acquisition and recurring costs; on-call pay; patrol video systems (PVS) recurring costs; training; transportation costs including vehicle fuel & maintenance.

Credits: False alarm fees; reimbursement for training and miscellaneous programs; credit for shared Deputy Sheriff II midnight shift coverage to City of Laguna Woods; credit for shared Deputy Sheriff II relief to City of Laguna Woods.

TOTAL COST OF SERVICES	<u>\$ 6,540,385</u>
-------------------------------	----------------------------

3. Unless the level of service described in Subsection C-3 is increased or decreased, or CITY is required to pay for increases as set forth in Subsection G-5; the Maximum Obligation of CITY for services, other than Licensing Services, described in Subsection C-3 of this Agreement, to be

1 **G. PAYMENT: (Continued)**

2 provided by the County for the period July 1, 2011 through June 30, 2012, is
3 \$6,540,385.

4 4. COUNTY shall invoice CITY monthly. During the period July 1, 2011
5 through June 30, 2012, said invoices will require payment by CITY of one-
6 twelfth (1/12) of the Maximum Obligation of CITY set forth in Subsection G-3
7 of this Agreement, as said Maximum Obligation may have been increased
8 or decreased pursuant to mutual agreement of the parties. In addition, if a
9 determination is made that increases described in Subsection G-5 must be
10 paid, COUNTY thereafter shall include the pro-rata charges for such
11 increases in its monthly invoices to CITY for the balance of the period
12 between July 1, 2011 and June 30, 2012.

13 5-a. At the time this Agreement is executed, there are unresolved issues
14 pertaining to potential increases in salaries and benefits for COUNTY
15 employees. The cost of such potential increases are not included in the
16 Fiscal Year 2011-12 costs set forth in Subsection G-2 nor in the Fiscal Year
17 2011-12 Maximum Obligation of City set forth in Subsection G-3 of this
18 Agreement. If COUNTY incurs or becomes obligated to pay for any such
19 increases for or on account of personnel whose costs are included in the
20 calculations of costs charged to CITY hereunder, CITY shall pay COUNTY,
21 in addition to the Maximum Obligation set forth in Subsection G-3 of this
22 Agreement, the full costs of said increases to the extent such increases are
23 attributable to work performed by such personnel after July 1, 2011, and
24 CITY's Maximum Obligation hereunder shall be deemed to have increased
25 accordingly. CITY shall pay COUNTY in full for such increases on a pro-rata
26 basis over the portion of the period between July 1, 2011 and June 30, 2012
27 remaining after COUNTY notifies CITY that increases are payable.

28 //

1 **G. PAYMENT: (Continued)**

2 5-b. If CITY is required to pay for cost increases as set forth in Subsection G-5a
3 above, COUNTY, at the request of CITY, will thereafter reduce the level of
4 service to be provided to CITY pursuant to Subsection C-3 of this
5 Agreement to a level that will make the Maximum Obligation of CITY
6 hereunder for the period July 1, 2011 through June 30, 2012 an amount
7 specified by CITY that is equivalent to or higher than the Maximum
8 Obligation set forth in Subsection G-3 for said period at the time this
9 Agreement originally was executed. The purpose of such adjustment of
10 service levels will be to give CITY the option of keeping its Maximum
11 Obligation hereunder at the pre-increase level or at any other higher level
12 specified by CITY. In the event of such reduction in level of service and
13 adjustment of costs, the parties shall execute an amendment to this
14 Agreement so providing. Decisions about how to reduce the level of service
15 provided to CITY shall be made by SHERIFF with the approval of CITY.

16 6. CITY shall pay COUNTY in accordance with COUNTY Board of
17 Supervisors' approved County Billing Policy, which is attached hereto as
18 Attachment B and incorporated herein by this reference.

19 7. COUNTY shall charge CITY late payment penalties in accordance with
20 County Billing Policy.

21 8. As payment for the Licensing Services described in Subsection C-7 of this
22 Agreement, COUNTY shall retain all fees paid by applicants for licenses
23 pursuant to CITY ordinances listed in Attachment A hereto. Retention of
24 said fees by COUNTY shall constitute payment in full to COUNTY for costs
25 incurred by COUNTY in performing the functions related to licensing
26 described in Subsection C-7; provided, however, that if any of said fees are
27 waived or reduced by CITY, CITY shall pay to COUNTY the difference
28 between the amount of fees retained by COUNTY and the fees that were

1 **G. PAYMENT: (Continued)**

2 set forth in the ordinances listed in Attachment A at the time this
3 Agreement was executed. If CITY increases the fee schedule for the
4 licensing ordinances set forth in Attachment A, either party shall have the
5 right to seek amendment of this Agreement with respect to the division of
6 the increased fees between CITY and COUNTY.

- 7 9. Fees generated or collected by SHERIFF contract personnel for copying of
8 documents related to the services provided in this Agreement will be at
9 COUNTY-established rates and will be credited to CITY on an annual basis.
10 10. Narcotic asset forfeitures will be handled pursuant to Attachment C hereto,
11 which is incorporated herein by this reference.

12 **H. NOTICES:**

- 13 1. Except for the notices provided for in Subsection 2 of this Section, all
14 notices authorized or required by this Agreement shall be effective when
15 written and deposited in the United States mail, first class postage prepaid
16 and addressed as follows:

17 **CITY:** ATTN: CITY MANAGER

18 24035 EL TORO ROAD

19 LAGUNA HILLS, CA 92653

20 **COUNTY:** ATTN: LAW ENFORCEMENT CONTRACT MANAGER

21 SHERIFF-CORONER DEPARTMENT

22 320 NORTH FLOWER STREET, SUITE 108

23 SANTA ANA, CA 92703

- 24 2. Termination notices shall be effective when written and deposited in the
25 United States mail, certified, return receipt requested and addressed as
26 above.

27 //

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1 **I. STATUS OF COUNTY:**

2 COUNTY is, and at all times shall be deemed to be, an independent contractor.
3 Nothing herein contained shall be construed as creating the relationship of
4 employer and employee, or principal and agent, between CITY and COUNTY
5 or any of COUNTY's agents or employees. COUNTY and its SHERIFF shall
6 retain all authority for rendition of services, standards of performance, control of
7 personnel, and other matters incident to the performance of services by
8 COUNTY pursuant to this Agreement. COUNTY, its agents and employees
9 shall not be entitled to any rights or privileges of CITY employees and shall not
10 be considered in any manner to be CITY employees.

11 **J. STATE AUDIT:**

12 Pursuant to Government Code Section 8546.7, CITY and COUNTY shall be
13 subject to examination and audit by the State Auditor for a period of three (3)
14 years after final payment by CITY to COUNTY under this Agreement. CITY
15 and COUNTY shall retain all records relating to the performance of this
16 Agreement for said three-year period, except that those records pertaining to
17 any audit then in progress, or to any claims or litigation, shall be retained
18 beyond said three-year period, until final resolution of said audit, claim or
19 litigation.

20 **K. ALTERATION OF TERMS:**

21 This Agreement fully expresses all understanding of CITY and COUNTY with
22 respect to the subject matter of this Agreement and shall constitute the total
23 Agreement between the parties for these purposes. No addition to, or
24 alteration of, the terms of this Agreement shall be valid unless made in writing,
25 formally approved and executed by duly authorized agents of both parties.

26 //

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1 **L. INDEMNIFICATION:**

2 1. COUNTY, its officers, agents, employees, subcontractors and independent
3 contractors shall not be deemed to have assumed any liability for the
4 negligence or any other act or omission of CITY or any of its officers,
5 agents, employees, subcontractors or independent contractors, or for any
6 dangerous or defective condition of any public street or work or property of
7 CITY, or for any illegality or unconstitutionality of CITY's municipal
8 ordinances. CITY shall indemnify and hold harmless COUNTY and its
9 elected and appointed officials, officers, agents, employees, subcontractors
10 and independent contractors from any claim, demand or liability whatsoever
11 based or asserted upon the condition of any public street or work or
12 property of CITY, or upon the illegality or unconstitutionality of any municipal
13 ordinance of CITY that SHERIFF has enforced, or upon any act or omission
14 of CITY, or its elected and appointed officials, officers, agents, employees,
15 subcontractors or independent contractors related to this Agreement,
16 including, but not limited to, any act or omission related to the maintenance
17 or condition of any vehicle or motorcycle that is owned or possessed by
18 CITY and used by COUNTY personnel in the performance of this
19 Agreement, for property damage, bodily injury or death or any other element
20 of damage of any kind or nature, and CITY shall defend, at its expense
21 including attorney fees, and with counsel approved in writing by COUNTY,
22 COUNTY and its elected and appointed officials, officers, agents,
23 employees, subcontractors and independent contractors in any legal action
24 or claim of any kind based or asserted upon such condition of public street
25 or work or property, or illegality or unconstitutionality of a municipal
26 ordinance, or alleged acts or omissions. If judgment is entered against
27 CITY and COUNTY by a court of competent jurisdiction because of the
28 concurrent active negligence of either party, CITY and COUNTY agree that

1 **L. INDEMNIFICATION: (Continued)**

2 liability will be apportioned as determined by the court. Neither party shall
3 request a jury apportionment.

- 4 2. COUNTY shall indemnify and hold harmless CITY and its elected and
5 appointed officials, officers, agents, employees, subcontractors and
6 independent contractors from any claim, demand or liability whatsoever
7 based or asserted upon any act or omission of COUNTY or its elected and
8 appointed officials, officers, agents, employees, subcontractors or
9 independent contractors related to this Agreement, for property damage,
10 bodily injury or death or any other element of damage of any kind or nature,
11 and COUNTY shall defend, at its expense, including attorney fees, and with
12 counsel approved in writing by CITY, CITY and its elected and appointed
13 officials, officers, agents, employees, subcontractors and independent
14 contractors in any legal action or claim of any kind based or asserted upon
15 such alleged acts or omissions.

16 **M. TRAFFIC VIOLATOR APPREHENSION PROGRAM:**

- 17 1. COUNTY has established a Traffic Violator Apprehension Program ["the
18 Program"], which is operated by SHERIFF, and is designed to reduce
19 vehicle accidents caused by unlicensed drivers and drivers whose licenses
20 are suspended and to educate the public about the requirements of the
21 Vehicle Code and related safety issues with regard to driver licensing,
22 vehicle registration, vehicle operation, and vehicle parking. The Program
23 operates throughout the unincorporated areas of the COUNTY and in the
24 cities that contract with COUNTY for SHERIFF's law enforcement services,
25 without regard to jurisdictional boundaries, because an area-wide approach
26 to reduction of traffic accidents and driver education is most effective in
27 preventing traffic accidents. In order for CITY to participate in the Program,
28 CITY has adopted a fee pursuant to Vehicle Code section 22850.5, in the

1 **M. TRAFFIC VIOLATOR APPREHENSION PROGRAM: (Continued)**

2 amount and under the terms and conditions set forth in the resolution that is
3 attached hereto as Attachment D and incorporated into this Agreement by
4 reference [hereinafter referred to as a "TVAP resolution"], and has directed
5 that the revenue from such fee be used for the Program. CITY's
6 participation in the Program may be terminated at any time by rescission or
7 amendment of the TVAP resolution that is attached hereto as Attachment D.
8 In the event CITY 1) amends said TVAP resolution, or rescinds said TVAP
9 resolution and adopts a new TVAP resolution pertaining to the above-
10 referenced fee and the Program, and 2) remains a participant in the
11 Program thereafter, CITY's Manager, on behalf of CITY, and SHERIFF, on
12 behalf of COUNTY, have authority to execute an amendment of this
13 Agreement to substitute CITY's amended or new TVAP resolution for
14 Attachment D hereto, as long as said amendment to this Agreement does
15 not materially change any other provision of this Agreement.

- 16 2. COUNTY will make available for review, at the request of CITY, all financial
17 data related to the Program as may be requested by CITY.
- 18 3. Fee revenue generated by COUNTY and participating cities will be used to
19 fund the following positions, which will be assigned to the Program:
- 20 • One fourth of one (.25) Sergeant
21 (20 hours per two-week pay period)
 - 22 • One (1) Staff Specialist
23 (80 hours per two-week pay period)
 - 24 • One (1) Information Processing Specialist
25 (80 hours per two-week pay period)
 - 26 • One (1) Administrative Manager I, Extra Help
27 (960 hours per fiscal year)

28 //

1 **M. TRAFFIC VIOLATOR APPREHENSION PROGRAM: (Continued)**

- 2 • One (1) Investigative Assistant
3 (80 hours per two-week pay period)
4 • One (1) Office Specialist
5 (80 hours per two-week pay period)

6 4. Fee revenue generated by CITY may be used to reimburse CITY for
7 expenditures for equipment and/or supplies directly in support of the
8 Program. In order for an expenditure for equipment and/or supplies to be
9 eligible for reimbursement, CITY shall submit a request for and obtain pre-
10 approval of the expenditure by using the form as shown in Attachment E.
11 The request shall be submitted within the budget schedule established by
12 SHERIFF. SHERIFF shall approve the expenditure only if both of the
13 following conditions are satisfied: 1) there are sufficient Program funds,
14 attributable to revenue generated by CITY's fee, to pay for the requested
15 purchase, and 2) CITY will use the equipment and/or supplies, during their
16 entire useful life, only for purposes authorized by its TVAP resolution in
17 effect at the time of purchase.

18 In the event that CITY terminates its participation in the Program, CITY
19 agrees that the equipment purchased by CITY and reimbursed by Program
20 funds will continue to be used, during the remainder of its useful life,
21 exclusively for the purposes authorized by CITY's TVAP resolution in effect
22 at the time of purchase.

23 5. In the event the fees adopted by COUNTY, CITY and other participating
24 jurisdictions are not adequate to continue operation of the Program at the
25 level at which it operated previously, COUNTY, at the option of CITY, will
26 reduce the level of Program service to be provided to CITY or will continue
27 to provide the existing level of Program services. COUNTY will charge CITY
28 the cost of any Program operations that exceed the revenue generated by

1 **M. TRAFFIC VIOLATOR APPREHENSION PROGRAM: (Continued)**

2 fees. Such charges shall be in addition to the Maximum Obligation of CITY
3 set forth in Subsection G-3 of this Agreement. The amount of any revenue
4 shortfall charged to CITY will be determined, at the time the revenue
5 shortfall is experienced, according to CITY's share of Program services
6 rendered. In the event of a reduction in level of Program service,
7 termination of Program service or adjustment of costs, the parties shall
8 execute an amendment to this Agreement so providing. Decisions about
9 how to reduce the level of Program service provided to CITY shall be made
10 by SHERIFF with the approval of CITY.

11 **N. MOBILE DATA COMPUTERS:**

- 12 1. As part of the law enforcement services to be provided to CITY, COUNTY
13 has provided, or will provide, mobile data computers (hereinafter called
14 "MDCs") that are or will be mounted in patrol vehicles and motorcycles,
15 designated by COUNTY for use within CITY limits.
- 16 2. SHERIFF has the exclusive right to use said MDCs for law enforcement
17 services related to this Agreement.
- 18 3. CITY shall pay COUNTY the full costs to COUNTY of a) the acquisition and
19 installation of MDCs that are or will be mounted in patrol vehicles and
20 motorcycles assigned to CITY, and b) recurring costs, as deemed
21 necessary by COUNTY, including the costs of maintenance and
22 contributions to a fund for replacement and upgrade of such MDCs when
23 they become functionally or technologically obsolete.

24 The costs to be paid by CITY for recurring costs, including maintenance and
25 replacement/upgrade of MDCs, are included in the costs set forth in
26 Subsection G-2 and the Maximum Obligation of CITY set forth in Subsection
27 G-3 of this Agreement unless CITY has already paid such costs. CITY shall
28 not be charged additional amounts for maintenance or replacement/upgrade

1 **N. MOBILE DATA COMPUTERS (Continued)**

2 of said MDCs during the period July 1, 2011 through June 30, 2012.

- 3 4. If, following the initial acquisition of MDCs referenced above, CITY requires
4 MDCs for additional patrol cars or motorcycles designated for use in the
5 CITY, or for CITY Emergency Operations Center, COUNTY will purchase
6 said additional MDCs. Upon demand by COUNTY, CITY will pay to
7 COUNTY a) the full costs of acquisition and installation of said additional
8 MDCs, and b) the full recurring costs for said MDCs, as deemed necessary
9 by COUNTY, including the costs of maintenance, and contributions to a
10 fund for replacement and upgrade of such MDCs when they become
11 functionally or technologically obsolete. Said costs related to additional
12 MDCs are not included in, and are in addition to, the costs set forth in
13 Subsection G-2 and the Maximum Obligation of CITY set forth in Subsection
14 G-3 of this Agreement.
- 15 5. COUNTY will replace and/or upgrade MDCs as needed. The costs of
16 replacing/upgrading MDCs shall be paid by COUNTY from the replacement/
17 upgrade funds to be paid by CITY in accordance with the foregoing. CITY
18 shall not be charged any additional charge to replace or upgrade MDCs.

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CITY OF LAGUNA HILLS

ORDINANCE NO. 92-6

LICENSING

BINGO GAME

BINGO OFFICIAL

DANCE INSTRUCTOR (NUDE)

DANCE STUDIO (NUDE)

ESCORT

ESCORT BUREAU

FIGURE MODEL (NUDE)

FIGURE MODEL STUDIO (NUDE)

GUN DEALER

INTERLOCUTRIX (NUDE)

INTRODUCTORY SERVICE

JUNK COLLECTOR

JUNK DEALER

MASSAGE PARLOR (Includes FBI Fees)

MASSAGIST (Includes FBI Fees)

PEDDLER

POOL ROOM

PUBLIC DANCE

RAP SESSION (NUDE)

SECONDHAND DEALER (Pawnbroker)

TAXICAB STAND

**COUNTY BILLING POLICY
APPROVED BY BOARD MINUTE ORDER DATED OCTOBER 27, 1992**

I. POLICY

All County agencies/departments/districts (County) governed by the Board of Supervisors shall bill contracting entities for materials and/or services provided under contract in accordance with the following standardized billing and collection policy. Billing frequency is dependent on whether the contract is a fixed price or actual cost contract. Payment due date is designed to be both responsive to the County's cash flow needs and reasonable enough as to not require special processing by the contracting entity. If payments are not received by the required due dates, a late payment fee shall be computed and billed to the contracting entity in accordance with the requirements of this procedure.

Nothing herein shall affect the liability, including pre-judgment interest, of the contracting party for services or materials in as much as this is a policy to enact standard billing practices.

II. DEFINITIONS

- A. Contract for the purposes of this policy - A contract is a formal written agreement, a purchase order from the contracting entity, or any other acceptable mutual understanding between the contracting parties.
- B. Received by the County - The phrase "received by the County", as used in Section VI of this policy, refers to the date a payment is received by the County. It is defined as the date the payment is in the County's possession. It is not the date the payment is posted or deposited by the County.

III. FIXED PRICE CONTRACTS

- A. Fixed Price (One-Time/Non-Recurring Contracts) - Invoices that represent a billing for a one-time, non-recurring provision of materials and/or services shall be issued no later than five (5) working days after delivery by the County of the materials and/or services. Examples of such one-time, non-recurring provision of materials and/or services might be a city contracting with the Sheriff for security service at a parade or sporting event; or, a city purchasing a computer listing containing certain city-requested data. Payment due date shall be invoice date plus 30 days.
- B. Fixed Price (Ongoing/Recurring Contracts) - Invoices that represent a billing for an ongoing, recurring provision of materials and/or services shall be issued according to the following frequency:
 - 1. Annual Billings that total \$10,000 or less per 12-month period shall be billed via one (1) annual invoice. Annual invoices will be issued for each 12-month period of the contract, or portions thereof. Invoices shall be issued no later than five working days after the beginning of each 12-month period. Payment due date shall be invoice date plus 30 days.

2. Quarterly Billings that are greater than \$10,000 but not more than \$200,000 per 12-month period, shall be billed in quarterly installments. Quarterly invoices will be issued representing the contract amount for each 12-month period of the contract, or portions thereof, prorated into four (4) installments. Invoices shall be issued no later than 30 days after the beginning of each quarter. Payment due date shall be 60 days after the beginning of each calendar quarter.
3. Monthly Billings that are greater than \$200,000 per 12-month period shall be billed in monthly installments. Monthly invoices will be issued representing the contract amount for each 12-month period of the contract, or portions thereof, prorated into 12 installments. Invoices shall be issued on or before the first day of each service month. Payment due date shall be 30 days after the beginning of each service month.

An example of a fixed price contract for ongoing, recurring provision of materials and/or services might be a city contracting with the Sheriff for law enforcement services.

IV. ACTUAL COST CONTRACTS

- A. Actual Cost (One-Time/Non-Recurring Contracts) - Invoices that represent a billing for a one-time, non-recurring provision of materials and/or services shall be issued after delivery by the County of the materials and/or services and no later than 15 days after actual cost data is available. Payment due date shall be invoice date plus 30 days.
- B. Actual Cost (Ongoing/Recurring Contracts) - Invoices that represent a billing for an ongoing, recurring provision of materials and/or services shall be issued on a monthly basis and shall represent the cost of materials and/or services provided to the contracting entity during the previous calendar month. Such invoices shall be issued no later than 15 days after the close of the monthly billing period. If the County agency/department/district does not utilize a monthly billing cycle, the invoice shall be issued no later than 15 days after actual cost data is available. Payment due date shall be invoice date plus 30 days.

Examples of actual cost contracts for the ongoing, recurring provision of materials and/or services might be a city contracting with the County for communications equipment repair or waste disposal at a County landfill.

V. PAYMENT DUE DATES

Notwithstanding the provisions of Sections II and III above, payment due date shall be at least invoice date plus 30 days. If the County is late in issuing an invoice, the contracting entity would always have at least invoice date plus 30 days to pay. If the County is early in issuing an invoice, the contracting entity would still have a payment due date of either 60 days after the beginning of the quarter (quarterly invoices) or 30 days after the beginning of the service month (monthly invoices).

(EXAMPLES: An invoice for October service, dated and issued October 8 (late) would have a payment due date of November 7. An invoice for August service, dated and issued July 20 (early) would have a payment due date of August 30.)

VI. LATE CHARGES

The late payment of any invoiced amount by a contracting entity will cause the County to incur costs not contemplated by the County/contracting entity agreement, the exact amount of such cost will be extremely difficult to ascertain. Such costs include, but are not limited to, costs such as administrative follow-up and processing of delinquent notices, increased accounting costs, etc.

Late charges will be assessed in the following situations:

- Over-the-counter payments will be assessed a late charge if any payment is not received by the County by the payment due date.
- Payments transmitted to the County via the U.S. Mail that have the payer's postage meter mark will be assessed a late charge if any payment is not received by the County by the payment due date plus one day.
- Payments transmitted to the County via the U.S. Mail that have a U.S. Post Office postmark dated after the payment due date will be assessed a late charge.

The late charge assessed in each of these situations shall be three-quarters of one percent (0.75%) of the payment due and unpaid plus \$100.00 for late payments made within 30 days of the payment due date. An additional charge of three-quarters of one percent (0.75%) of said payment shall be added for each additional 30-day period that the payment remains unpaid. Late charges shall be added to the payment and invoiced to the contracting entity in accordance with this policy.

VII. COLLECTIONS

Any invoice remaining unpaid 90 days after the invoice date shall be referred to the Auditor-Controller for subsequent collection action, such as deduction from contracting entity moneys on deposit with the County Treasurer in accordance with Government Code Section 907 and any other applicable provision of law. Non-payment of invoices and applicable late charges will constitute a breach of contract for which the County retains all legal remedies including termination of the contract.

VIII. DISCOUNT FOR EARLY PAYMENT

Any payment received by the County from a contracting entity 20 days or more before the payment due date shall be entitled to a discount of one-quarter of one percent (0.25%). If the contracting entity takes a discount, and the payment is received by the County less than 20 days before the payment due date, County staff shall immediately notify the contracting entity by telephone that the discount should not have been taken and that the balance is due by the original payment due date.

If the balance is not received by the County in accordance with the dates as specified in Section VII, applicable late charges shall be calculated on the balance due.

IX. DEFERRED REVENUE

At fiscal year end, any portion of revenue invoiced (not necessarily received) during the fiscal year being closed out that represents charges or prepayment for materials and/or services for the upcoming fiscal year shall be reclassified from a revenue account to a deferred revenue account (liability). In the new fiscal year the deferred revenue shall be reclassified to a revenue account. (EXAMPLE: On June 1, 19X1, a city is invoiced \$48,000 which represents charges for the 12-month period June 1, 19X1 to May 31, 19X2. The amount to be reclassified to deferred revenue would be \$44,000, representing 11/12ths of the total amount. In July 19X1, the \$44,000 would be reclassified to revenue.) Reclassification entries shall be made by Auditor-Controller Agency Accounting units, or for those agencies/departments/districts without such a unit, the agency/department/district shall notify the Auditor-Controller of the amounts to be reclassified.

X. COST RECOVERY

All County agencies/department/districts shall include all costs of providing contracted services in contract rates. Including all direct costs, allocated indirect costs such as departmental and County (CWCAP) overhead, and cost of capital financing.

XI. EXISTING CONTRACTS

Billing terms and provisions contained in existing contracting entity agreements (existing as of the date this policy is approved by the Board of Supervisors) shall remain in effect for the life of the contract. However, when these existing contracts are renegotiated, they shall contain the billing provisions as set forth in this policy.

XII. DEVIATIONS FROM POLICY

Deviations from this policy shall be approved by the Board of Supervisors. Proposed deviations by agencies/departments/districts shall be submitted to the CEO for concurrence in advance of filing an Agenda Item Transmittal (AIT) with the Clerk of the Board. The CEO, or his/her designee, shall advise the agency/department/district of approval or disapproval of the proposed deviations. If a County agency/department/district submits a contract to the Board of Supervisors for approval, and the billing provisions in the contract deviate from this policy, the agency/department/district shall specifically advise the Board of Supervisors in the AIT of the deviation, the reason for the deviation, and of the CEO's recommendation relative thereto.

POLICY FOR DISTRIBUTION OF FORFEITED AND SEIZED ASSETS

BACKGROUND

The Orange County Sheriff's Department provides contract law enforcement services to cities in Orange County. Because of the increased likelihood that contracted patrol or investigation personnel may become involved in significant narcotic seizures, which could affect law enforcement services provided by the Sheriff's Department to contract cities, the following policy is in effect.

1. NON-RNSP CONTRACTED PATROL AND INVESTIGATION OFFICERS

When assets (cash or property) are seized in CITY by contracted patrol or investigation personnel other than RNSP personnel, and subsequently forfeited to COUNTY, the forfeited assets shall be shared with CITY as set forth below, for the purpose of augmenting law enforcement services in CITY, subject to approval by the forfeiting agency (U.S. Attorney or State) of such sharing and use of forfeited assets. A portion of forfeited assets may be retained by COUNTY's Sheriff Department, hereinafter referred to as "SHERIFF", to pay for departmental expenses not recovered through law enforcement contracts.

In such cases, SHERIFF shall apply to the forfeiting agency for the return of a share of the assets to COUNTY. In his application, SHERIFF shall specify the percentage of shared assets returned to COUNTY that will be used to augment law enforcement services in CITY and the use of said assets by CITY.

In those cases in which assets are seized within CITY by non-RNSP personnel assigned to CITY pursuant to this Agreement, without the involvement of other law enforcement personnel, and in which the seizure is a result solely of activities self-initiated by non-RNSP SHERIFF personnel assigned to CITY or initiated by said personnel in response to calls for service within CITY, SHERIFF shall apply to have all of the assets used to augment CITY law enforcement services.

In those cases in which non-RNSP SHERIFF personnel assigned to CITY pursuant to this Agreement play an ancillary role in a seizure or in which other law enforcement personnel are involved in a seizure, SHERIFF shall determine the percentage of the total forfeited assets for which he will apply to augment CITY's law enforcement services. This determination will be based on the circumstances of the seizure, including the pro-rata involvement of all personnel, including those assigned to CITY.

Each seizure will be evaluated on an individual and independent basis, and said evaluations will be available for review to CITY's manager. Examples of those incidents which would be evaluated as set forth in this section include situations in which a contract patrol deputy provides uniformed backup at a SHERIFF's Narcotic Bureau search warrant location or in which contract investigators participate in the service of a search warrant that was initiated by non-contract law enforcement personnel.

NON-RNSP CONTRACTED PATROL AND INVESTIGATION OFFICERS (Continued)

Assets (cash or property) that are returned to COUNTY by the forfeiting agency with the understanding that they will be used to augment CITY law enforcement services shall be used by CITY and COUNTY only for such purposes. If the forfeiting agency attaches additional or more specific conditions to the use of said assets, CITY and COUNTY shall also abide by those conditions. SHERIFF and CITY's manager shall determine the specific use of said assets within the conditions imposed by the forfeiting agency.

Subject to conditions imposed by the forfeiting agency and to the requirement that forfeited assets be used to augment law enforcement services, COUNTY shall place forfeited cash, or cash from the sale of forfeited assets in an interest-bearing account for use in CITY in compliance with the forfeiting agency's regulations.

2. CONTRACTED REGIONAL NARCOTICS SUPPRESSION PROGRAM (RNSP) OFFICERS

Assets forfeited as a result of activities conducted by contracted RNSP officers will be used to augment CITY's law enforcement services. Because activities of this type result from the efforts of both contracted officers and other RNSP officers, the percentage of sharing will be determined pursuant to the RNSP Memorandum of Understanding in effect at the time of the seizure. Said Memorandum of Understanding provides that assets are distributed according to percentage amounts based on the number of sworn personnel participating in the RNSP at the time of the seizure. The number of personnel in RNSP, as well as the number of participating agencies in RNSP, may fluctuate during the course of a contract year, thereby affecting the percentage amounts distributed to participating agencies. The percentage amounts distributed to participating agencies may also be affected by action taken by the RNSP Executive Board.

CITY will use RNSP forfeited assets only to augment CITY's law enforcement services. If the forfeiting agency or applicable RNSP Memorandum of Understanding attaches any additional or more specific conditions on the use of said assets, CITY shall abide by those conditions. SHERIFF and CITY's manager shall determine the specific use of said assets within the conditions imposed by the forfeiting agency and the RNSP Memorandum of Understanding.

Subject to conditions imposed by the forfeiting agency and the RNSP Memorandum of Understanding and to the requirement that RNSP forfeited assets be used to augment law enforcement services, COUNTY shall place forfeited cash or cash from the sale of forfeited assets in an interest-bearing account for use in CITY in compliance with the forfeiting agency's regulations and the RNSP Memorandum of Understanding.

RESOLUTION NO. 2000-06-13-1

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF LAGUNA HILLS, CALIFORNIA,
ESTABLISHING A COST RECOVERY FEE
RELATED TO VEHICLE IMPOUNDS

WHEREAS, the Orange County Sheriff-Coroner (hereinafter "the Sheriff") has instituted a Traffic Violator Apprehension Program designed to reduce vehicle accidents caused by unlicensed drivers and drivers whose licenses are suspended and to educate the public about the requirements of the Vehicle Code and related safety issues with regard to driver licensing, vehicle registration, vehicle operation, and vehicle parking; and

WHEREAS, the Sheriff operates said Traffic Violator Apprehension Program in the unincorporated areas of Orange County and in the Cities in Orange County that contract for the Sheriff's law enforcement services, including this City; and

WHEREAS, the operation of the Traffic Violator Apprehension Program on an area-wide basis, without regard to jurisdictional boundaries between the County and the cities, serves the public purposes of the City of Laguna Hills because drivers routinely cross jurisdictional boundaries, making an area-wide approach to reduction of traffic accidents and driver education most effective in preventing traffic accidents in all participating jurisdictions; and

WHEREAS, the Orange County Board of Supervisors already has adopted fees for the unincorporated areas of the County that are identical to those described herein; and

WHEREAS, the Orange County Board of Supervisors has directed the establishment in the County Treasury of an interest-earning, budgeted special revenue fund, called "the Traffic Violator Fund" and designated as Fund No. 13B, to be controlled by the Sheriff; and

WHEREAS, the Orange County Board of Supervisors has directed that the proceeds of the County fees that are identical to the fees described herein be deposited in the Traffic Violator Fund; and

WHEREAS, the Orange County Board of Supervisors has directed that the Traffic Violator Fund be used exclusively for the Traffic Violator Apprehension Program operated by the Sheriff in the unincorporated areas of Orange County and the cities that contract for the Sheriff's law enforcement services; and

WHEREAS, the Orange County Board of Supervisors has directed that permissible expenditures from the Traffic Violator Fund include, but are not limited to,

the costs of personnel who perform duties for the Traffic Violator Apprehension Program and the purchase and maintenance of equipment, materials, and supplies utilized in the Traffic Violator Apprehension Program; and

WHEREAS, the Orange County Board of Supervisors has directed that until further order of that Board, the balance remaining in the Traffic Violator Fund at the close of any fiscal year shall be carried forward and accumulated in said Fund for the above-described purposes; and

WHEREAS, the Sheriff has advised this Council of his plans to seek adoption, by the City Councils of each of the other cities that contract for the Sheriff's law enforcement services, of fees identical to those described herein, to be used for the Traffic Violator Apprehension Program; and

WHEREAS, the Sheriff impounds numerous and various vehicles removed from highways, public property, or private property in this city during the normal course of duty; and

WHEREAS, the Sheriff impounds said vehicles pursuant to his authority under the California Vehicle Code as follows:

Vehicle Code Section and Impound Ground

14602.6	Suspended, revoked or unlicensed driver/ 30-day hold
22651 (a)	Unattended vehicle on bridge
22651 (d)	Vehicle blocking driveway
22651 (e)	Vehicle blocking fire hydrant
22651 (f)	Vehicle blocking freeway
22651 (h) (1)	Driver arrested
22651 (h) (2)	Order of suspension or revocation pursuant to section 13388
22651 (i) (1)	Multiple parking citations
22651 (j)	Lack of vehicle registration
22651 (k)	Parking over seventy-two hours
22651 (l)	Parking in a construction zone
22651 (m)	Violation of special events restriction
22651 (n)	No parking zone
22651 (o) (1)	Delinquent vehicle registration
22651 (p)	Driver unlicensed or license suspended
22651 (r)	Vehicle blocking another vehicle
22651 (t)	Notice to appear/illegal amber lights
22655.3	Removal for investigation (fleeing in violation of Section 2800.1 or 2800.2)
22655.5 (b)	Vehicle is evidence of crime
22669	Abandoned vehicle;

WHEREAS, it also is unfair to impose the administrative fee authorized by Vehicle Code Section 22850.5 in the following circumstances: (1) when the vehicle was left because it became inoperable while being driven, if the owner makes good faith attempts promptly to remove the vehicle from a location where it is not permitted, (2) when the vehicle was stolen, (3) when the vehicle was left by an ill or injured driver, and (4) when it is demonstrated to the satisfaction of the Sheriff or his designee that neither the registered owner of the vehicle nor his agent, if any, was at fault in creating the circumstances leading to the impounding of the vehicle; and

WHEREAS, a public hearing pertaining to said proposed new fees was held by the Orange County Board of Supervisors on March 28, 2000.

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

SECTION 1. That this Council finds, in accordance with California Public Resources Code Section 21080 (b) (8), that the charges listed herein below are only for the purposes of meeting operating expenses and are, therefore, exempt from compliance with the Californian Environmental Quality Act.

SECTION 2. That on July 1, 2000, the administrative fees indicated below shall become effective for the removal, impound, storage or release of vehicles properly impounded after removal from locations in this city in accordance with or on account of violation of the provisions of the Vehicle Code listed below.

(a) A fee of \$152.00 for each impound of a vehicle in accordance with or on account of violation of Vehicle Code section 14602.6, and

(b) A fee of \$50.00 for each impound of a vehicle in accordance with or on account of violation of Vehicle Code section

22651 (a),
22651 (d),
22651 (e),
22651 (f),
22651 (h) (1),
22651 (h) (2),
22651 (i) (1),
22651 (j),
22651 (k),
22651 (l),
22651 (m),
22651 (n),
22651 (o) (1),
22651 (p),

WHEREAS, Vehicle Code section 22850.5 authorizes this Council, by resolution, to establish a fee equal to the administrative costs relating to the removal, impound, storage, or release of properly impounded vehicles; and

WHEREAS, the Sheriff is proposing adoption of the following fees pursuant to Vehicle Code section 22850.5:

(a) \$152.00 when a vehicle is impounded pursuant to or on account of violation of Vehicle Code section 14602.6, which relates to the licensing status of the driver, and

(b) \$50.00 when a vehicle is impounded pursuant to or on account of violation of any of the other Vehicle Code provisions listed above;

WHEREAS, a cost study conducted by the Sheriff shows that the administrative costs relating to the removal, impound, storage, or release of vehicles properly impounded pursuant to or on account of violation of Vehicle Code Section 14602.6 exceed \$152.00 per impound; and

WHEREAS, a cost study conducted by the Sheriff shows that the administrative costs relating to the removal, impound, storage or release of vehicles properly impounded pursuant to or on account of violations of the other Vehicle Code provisions listed above exceed \$50.00 per impound; and

WHEREAS, the above-described difference in costs is attributable to the additional costs of ascertaining the licensing status of the driver and complying with the complex requirements of Vehicle Code section 14602.6; and

WHEREAS, persons whose vehicles are impounded, rather than the public as a whole, should bear the administrative costs of processing such impounds; and

WHEREAS, Vehicle Code section 22850.5 imposes the following restrictions on the imposition of an administrative fee:

(a) The fee may only be imposed on the registered owner or the agents of that owner and may not include any vehicle towed under an abatement program or sold at a lien sale pursuant to Sections 3068.1 to 3074, inclusive of, and Section 22851 of, the Civil Code unless the sale is sufficient in amount to pay the lien holder's total charges and proper administrative costs; and

(b) The fee may not be imposed for any hearing or appeal relating to the removal, impound, storage, or release of a vehicle unless that hearing or appeal was requested in writing by the registered or legal owner of the vehicle or an agent of that registered or legal owner, and the fee may be imposed only upon the person requesting that hearing or appeal; and

22651 (r),
22651 (t),
22655.3,
22655.5 (b), or
22669.

SECTION 3. That the Sheriff is authorized to collect said fees, on behalf of this city, at the time of release of vehicles that are subject to the fees.

SECTION 4. That said fees shall only be imposed on the registered owner or the agent of the owner of the impounded vehicle and shall not include any vehicle towed under an abatement program or sold at a lien sale pursuant to Sections 3068.1 to 3074, inclusive, of, and Section 22851 of, the Civil Code unless the sale is sufficient in amount to pay the lien holder's total charges and proper administrative costs.

SECTION 5. That said fees shall not be imposed for any hearing or appeal relating to the removal, impound, storage, or release of a vehicle unless that hearing or appeal was requested in writing by the registered or legal owner of the vehicle or an agent of that registered or legal owner, and such fees, if otherwise applicable, shall be imposed only upon the person requesting that hearing or appeal.

SECTION 6. That said fees shall not be imposed in any of the following circumstances: (a) when the vehicle was left because it become inoperable while being driven, if the owner made good faith attempts promptly to remove the vehicle from a location where it was not permitted; (b) when the vehicle was stolen; (c) when the vehicle was left by an ill or injured driver; or (d) when it is demonstrated to the satisfaction of the Sheriff or his designee that neither the registered owner of the vehicle nor his agent, if any, was at fault in creating the circumstances leading to the impounding of the vehicle.

SECTION 7. That at Sheriff headquarters or at any Sheriff substation, a registered owner or an agent of a registered owner who believes he/she/it is exempt from either of said fees in accordance with any of the above-listed criteria may apply in writing for a waiver of the fee and shall present such supporting information or documentation as the Sheriff may request.

SECTION 8. That upon presentation of a written application for waiver of either of said fees, together with such supporting documentation as the Sheriff may request, the Sheriff shall determine promptly whether the applicant meets the above-listed criteria for waiver of the fee, and if so, shall waive the fee.

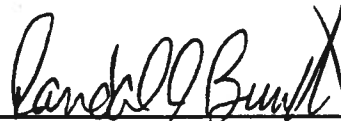
SECTION 9. That until further order of this Council, the Sheriff is directed to deposit the proceeds of the fees established by this Resolution in the above-described Traffic Violator Fund in the County Treasury, to be used exclusively for the Traffic Violator Apprehension operated by the Sheriff in the unincorporated

areas of Orange County and the cities in Orange County that contract for the Sheriff's law enforcement services.

SECTION 10. That expenditures of said fee proceeds from the Traffic Violator Fund may include, but are not limited to, the costs of personnel who perform duties for the Traffic Violator Apprehension Program, and the purchase and maintenance of equipment, materials and supplies utilized in the Traffic Violator Apprehension Program.

SECTION 11. That until further order of this Council, the Orange County Board of Supervisors is authorized to carry forward in the Traffic Violator Fund and accumulate any balance of proceeds of fees imposed by this Resolution that is remaining at the end of a fiscal year, as long as such fee proceeds will be used for the purposes recited herein.

PASSED, APPROVED, AND ADOPTED this 13th day of June 2000.



RANDAL J. BRESSETTE, MAYOR PRO TEMPORE

ATTEST:


MARY A. CARLSON, CITY CLERK

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

I, Mary A. Carlson, City Clerk of the City of Laguna Hills, California, DO
HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No.2000-
06-13-1 adopted by the City Council of the City of Laguna Hills, California, at a Regular
Meeting thereof held on the 13th day of June 2000, by the following vote:

AYES: Council Members Greengold, Scott, Songstad,
 And Mayor Pro Tempore Bressette

NOES: None

ABSENT: Mayor Lautenschleger

ABSTAIN: None

(SEAL)



MARY A. CARLSON, CITY CLERK

**ORANGE COUNTY SHERIFF-CORONER
TRAFFIC VIOLATOR APPREHENSION PROGRAM**

REQUEST	CONTRACT CITY		
	Participating City Request to Purchase From the TVA in FY _____	Date _____	
	<u>QUANTITY</u>	<u>ITEM DESCRIPTION</u>	<u>APPLICABILITY TO TVA PROGRAM</u>
			<u>ESTIMATED COST</u>
	THE CITY CERTIFIES THAT THE EQUIPMENT PURCHASED BY CITY AND TO BE REIMBURSED BY PROGRAM FUNDS WILL BE USED FOR ITS ENTIRE USEFUL LIFE EXCLUSIVELY FOR THE PURPOSES OF THE TRAFFIC VIOLATOR APPREHENSION PROGRAM CITY MANAGER REQUEST: Printed Name _____ Signature: _____ DATE _____		
CERTIFICATION			
	ORANGE COUNTY SHERIFF-CORONER DEPARTMENT		
	Recommended For Approval CITY POLICE SERVICES CHIEF _____ MANAGER – TVA PROGRAM _____		
APPROVALS			

OCSD
BUDGET
USE ONLY

CITY OF LAGUNA HILLS

AGENDA REPORT COUNCIL MEMBER BRESSETTE

ISSUE: REQUEST TO REDUCE FEES FOR THE 3/5 MARINES PARTICIPATING IN THE MEMORIAL DAY HALF MARATHON AND 5K RACE AND TO REFUND THE \$200 BOOTH FEE PAID BY TEAM DARK HORSE

SUMMARY:

The 3/5 Battalion Support Committee (Laguna Hills Team Dark Horse) has recently received confirmation that 16 Marines and Sailors (Marines) from our 3/5 Dark Horse Battalion, just back from serving America in combat in Afghanistan, will be running in the City's Memorial Day Half-Marathon and 5K Race (Race). The entry fee for the Marines, along with other expenses related to their participation, is being paid for by the 3/5 Support Committee and/or other generous businesses and individuals in our community.

The late entry fee, based on when the Marines could confirm their attendance (last week), for the half-marathon run is \$60.00 (as opposed to \$50 they would have paid could they have confirmed their attendance when they were in combat in Afghanistan). Laguna Hills Team Dark Horse is requesting that the non-direct portion of the entry fee (\$46.00 as defined by staff) be waived by the City.

BACKGROUND:

The City of Laguna Hills adopted the 3rd Battalion, 5th Marine Regiment, of the 1st Marine Division. This infantry battalion, nicknamed "DARKHORSE", is based out of Camp Pendleton. The 3/5 Dark Horse just returned from combat operations in the southern part of Afghanistan, where they distinguished themselves in the finest tradition and honor of the United States Marine Corps.

RECOMMENDATION: THAT THE CITY COUNCIL CHARGE THE 3/5 BATTALION SUPPORT COMMITTEE A DISCOUNTED RATE OF \$14.00 PER EACH 3/5 ACTIVE DUTY MARINE THAT PARTICIPATES IN THE MEMORIAL DAY HALF MARATHON AND 5K RACE AND THAT THE FINISH LINE COMMUNITY EXPO FEE BE REFUNDED TO TEAM DARK HORSE IF IT HAS ALREADY BEEN PAID.

Agenda Report
Reduction of Fees for Memorial Day Half Marathon
Page 2

The 3/5 is a “Charity Partner” of the Memorial Day Half Marathon and 5K, and is listed as such on the race website.

Laguna Hills Team Dark Horse (Team Dark Horse), the City’s 3/5 support committee, recalling what Memorial Day stands for - a day of remembrance for those who have died in our nation's service – made arrangements for Marines from the 3/5 to participate in the Race and also to display USMC equipment at the Finish Line Community Expo at the Laguna Hills Community Center.

Team Dark Horse, and Chairman Michael Bland, created an excellent relationship with both the 3/5 and the Camp Pendleton Command Staff over a short period of time, due greatly because of Team Dark Horse’s immediate support of the 3/5 while they were in Afghanistan. Because of that relationship, and the support provided by the community of Laguna Hills, 16 Marines from the 3/5 will be running in the half-marathon (not the 5K), giving the Laguna Hills Memorial Day Half Marathon and 5K a Marine Corps presence and adding prestige to our event.

When news of our 3/5 Marines running in the Race became known, the Laguna Hills community stepped into action to welcome them to Laguna Hills on Memorial Day.

The Hills Hotel donated 6 rooms, and discounted four more, for Marines and their families (many wives and children are also attending to cheer on their husbands). The Hills Hotel is also donating space for other 3/5 activities over Memorial Day weekend.

“Teen” Dark Horse has received donations from businesses within Laguna Hills and has created a welcome gift bag for the 3/5 runners. Additionally, “Teen” Dark Horse will provide and serve breakfast to the Marines’ wives and children Memorial Day morning, as well as displaying welcome banners and balloons for our Marines.

Team Dark Horse will be providing hospitality and transportation, as needed, for our Marines.

Additionally, at Team Dark Horses’ request, The Marines of Camp Pendleton are bringing to the Finish Line Community Expo, at the Team Dark Horse tent, a static display. The static display will consist of two combat Humvee’s and either a Mk 19 grenade launcher, the M2 heavy machine gun, the M240G/B machine gun or the M249 LMG. The Marine’s will set up a tent and allow visitors to try on the gear and equipment they wear in combat to give the visitor an idea of the substantial weight the Marines carry with them on patrol. The Marines are expected to face paint kids faces with camo paint.

The Marine Corps presence adds prestige and an additional recognition of the meaning of Memorial Day to Laguna Hills and the Race.

Agenda Report
Reduction of Fees for Memorial Day Half Marathon
Page 3

Upon learning upon the 16 runners confirmation, staff was approached about providing a discounted fee to the 3/5 runners. The expense of the race has already been determined, and perhaps already paid. It costs nothing else for additional runners to participate except for direct costs such as the t-shirt, medal, water, etc. In fact, if sixteen men simply joined in the run without registering, or using facilities, it would cost the city nothing more for the race.

I approached staff with the belief that the runners' fee (which will be paid for by Team Dark Horse) should be whatever the actual "hard costs" of the Race are. Staff identified those "hard costs" as \$14.00. \$14.00 per runner would cost Team Dark Horse \$224.00. Staff disagreed, and proposed a discounted fee, that includes recovering costs for expenses such as additional barriers, traffic control, public relations, advertising and security, of \$47.00, costing Team Dark Horse \$752.00. That is a \$528.00 difference. Please remember that the 3/5 is listed as a "Charity Partner", but staff is proposing that we recover overhead expenses from the Marines of our "Charity Partner".

Additionally, I do not believe that we can place a price for Laguna Hills' benefit of having the Marine's participate in the Race and bringing the static display, adding prestige and patriotism to our Race that we would not otherwise have. I believe the value of the United State Marine Corps Presence is worth more than \$752.00.

STAFF'S INTERPRETATION OF FISCAL IMPACT:

Below I am copying, verbatim, staff's interpretation of the Fiscal Impact of only charging \$14.00 per Marine Corp. runner:

The total cost of the entry fee, if charged to the Committee for the 16 runners at the early registration rate of \$60.00 (before May 17th) would be \$960.00. After that date, the registration fee increases to \$65.00 or \$1,040.00 for all 16 runners. The costs incurred by the City for conducting the race are expected to be approximately \$61.00 per runner (assuming 1,800 participants). Consequently, if the City Council lowers the charge to the 3/5 Committee to \$14.00 per runner, which would cover the cost of each participant's t-shirt, finisher's medal, timing services, water/food and portable rest rooms, then the total cost absorbed by the City's General Fund for all other race-related expenses would be \$752.00 ($\$61.00 - \$14.00 = \47.00 net cost x 16 runners). This amount would therefore be added to the City Council's prior allocation of \$10,000 to the 3/5 Support Committee.

FISCAL IMPACT:

No significant impact.

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Reduction of Fees for Memorial Day Half Marathon
Page 4

By allowing the fee of \$14.00 per runner, the general fund impact is a positive \$224.00. These 16 runners would not have run without Team Dark Horse arranging for them to do so.

If the \$14.00 per runner payment is approved, no amount is added to the previous \$10,000 allocation by the City. The City does not incur any additional indirect costs by having these 16 Marines run.

Team Dark Horse should reimburse the City \$224.00, or \$14.00 per runner, for the direct cost of each participant's t-shirt, finisher's medal, timing services, water/food and portable rest rooms. (Portable rest rooms are even included in the \$14.00 – are we adding an extra portable toilet just for the Marines?). According to staff, these are the additional costs the city will incur for having these 16 American Heroes run in our Race.

Besides, I know that there have been extra t-shirts and medals at the end of each of the other races, so even the \$14.00 may be an overpayment.

REFUND THE \$200 BOOTH FEE PAID BY TEAM DARK HORSE:

I was not aware until Thursday of last week that Team Dark Horse was required to pay the \$200.00 booth fee to participate in the Finish Line Community Expo. First of all, as a "Charity Partner" Team Dark Horse should not have been charged. Now, however, Team Dark Horse will have their own pop-up next to the USMC tent in the parking lot and is not in need of the Expo's table, chair and booth. Since this expense is eliminated, their fee should be refunded if it has already been paid.

RECOMMENDATION: THAT THE CITY COUNCIL CHARGE THE 3/5 BATTALION SUPPORT COMMITTEE A DISCOUNTED RATE OF \$14.00 PER EACH 3/5 ACTIVE DUTY MARINE THAT PARTICIPATES IN THE MEMORIAL DAY HALF MARATHON AND 5K RACE AND THAT THE FINISH LINE COMMUNITY EXPO FEE BE REFUNDED TO TEAM DARK HORSE IF IT HAS ALREADY BEEN PAID.
