

8.1
BUDGETING, RESERVES,
AND REPORTING POLICY

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City of Laguna Woods Agenda Report

TO: Honorable Mayor and City Councilmembers
FROM: Christopher Macon, City Manager
FOR: June 15, 2016 Regular Meeting
SUBJECT: Budgeting, Reserves, and Reporting Policy

Recommendation

Approve a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, APPROVING REVISIONS TO ADMINISTRATIVE POLICY 2.9 PERTAINING TO BUDGETING, RESERVES, AND REPORTING

Background

The City Council initially adopted Administrative Policy 2.9, which establishes the City's budget preparation and reporting policies, in November 2010. The policy was last revised in June 2014 (Attachment A).

The Fiscal Year 2015-16 Budget & Work Plan includes a significant work plan item to "review and update the City's policies regarding fund balances that should be accumulated and maintained as reserves for specified purposes in order to promote fiscal prudence." As a logical component of the planned transition to two-year budgeting and long-term strategic financial planning, staff elected to combine that project with a comprehensive review of Administrative Policy 2.9.

Discussion

Today's meeting is an opportunity for the City Council and members of the public to provide input on topics related to the City's budgeting, reserves, and reporting

policies. Staff has also prepared proposed revisions to Administrative Policy 2.9 (Attachment B) for consideration by the City Council.

Significant Proposed Modifications

- Budget standards have been updated (e.g., staff recommends formalizing the practice of considering independent third-party analysis of the two largest sources of ongoing General Fund revenue – property tax and sales tax).
- Reserve and contingency funds have been updated. Staff recommends the establishment of committed and assigned reserves for paid leave, self-insurance, and general contingency purposes, with a combined annual target of 50% of the adopted General Fund revenue budget at the beginning of each fiscal year (July 1), less any one-time and non-operating revenue. The City would also continue to maintain additional unassigned reserves.
- In addition to the aforementioned reserves, staff recommends continuing to maintain a trust fund to prefund statutorily-mandated Other Post-Employment Benefit (OPEB) liabilities. The proposed policy is consistent with the City Council’s action in January 2016 to prefund OPEB liabilities in an amount equal to 80% of the unfunded liability using an irrevocable trust held by the California Public Employees’ Retirement System (CalPERS).
- Budget reporting practices have been updated (e.g., staff recommends that the preparation of Comprehensive Annual Financial Reports (as opposed to basic annual financial statements) be required and that the mix of interim financial reporting include quarterly budget reports, monthly investment reports, and any other reports requested by the City Council).

Fiscal Impact

While the proposed revisions to Administrative Policy 2.9 would contribute to the prudent management of the City’s finances, there would be no direct fiscal impact. The City Council would continue to exercise discretion as to the scope and nature of the budget that it adopts, including reserve and contingency funds.

Report Prepared With: Margaret Cady, CPA, Administrative Services Director/City Treasurer

Attachments: A – Existing Administrative Policy 2.9

B – Proposed Resolution

Exhibit A – Proposed Administrative Policy 2.9

CITY OF LAGUNA WOODS

ADMINISTRATIVE POLICY 2.9
CITY BUDGET PREPARATION AND REPORTING

2.9.01 PURPOSE

To provide guidelines for staff in preparation of budget requests, to assist Council in making informed decisions about the provision of services and capital assets, and to involve and promote effective communication with the community during the process.

2.9.02 FISCAL YEAR

The City's fiscal year is the period July through June.

2.9.03 BUDGET ADOPTION

The City Council shall adopt an annual budget for the ensuing fiscal year, by resolution, no later than June 30 of each year. The annual budget shall include appropriations by Department and Fund and a list of authorized full time employees.

2.9.04 CAPITAL IMPROVEMENT PROGRAM

As a part of the annual budget process, the City Council shall adopt a Seven-Year Capital Improvement Program that identifies funding required for long range infrastructure and facility improvement projects. The first year of this program shall be included as a part of the adopted annual budget.

2.9.05 BUDGET PROCESS

The following process and objectives will be met in a series of public meeting prior to the City Council's adoption of an annual budget:

- A. Review prior year work plan and program statistics.
- B. Review budget revenue and expenditure projections and base budget; and identify budget priorities.

- C. Receive community input regarding the budget process, base budget and proposed new programs.
- D. Receive, discuss, and provide direction on City Manager’s proposed all funds budget.
- E. Adopt a resolution appropriating and approving the budget for the ensuing fiscal year.

2.9.06 BUDGET POLICIES

- A. Current year General Fund expenditures should not exceed current year revenues.
- B. The General Fund budget should include a 5 - 10% reserve for economic uncertainties.
- C. The unbudgeted fund balance in the General Fund should be reserved for special one-time projects or capital improvements.
- D. Annually, the City should allocate an amount of money for the competitive Community Services grant program for not-for-profit organizations that provide services to residents.
- E. The City should maintain a Self-Insurance Fund with a balance of at least \$500,000.
- F. Capital Improvement Projects are budgeted on a multi-year basis. Once allocated, funds remain with a project until the project is complete or the monies are re-prioritized by the City Council.
- G. Grant Funds are often distributed on a reimbursement basis. The General Fund unencumbered Fund Balance may be used for temporary “loans” until reimbursements are received. These “loans” are not reflected in the budget.
- H. Transportation and Grant fund budgets should assure that monies are spent and/or obligated within required timeframes.
- I. The City should reserve an amount annually for uncompensated absences.

2.9.07 BUDGET CARRYOVERS

In general, all prior year appropriations shall lapse at the end of each fiscal year with the exception of:

- A. Budget balances for projects completed or underway at the end of the fiscal year as recommended by the City manager and approved by the City Council.
- B. Unexpended appropriations for capital improvement projects.

2.9.08 BUDGET ADJUSTMENTS

- A. The City Manager is charged with accomplishing the City's work plan within the constraints of the adopted budget.
- B. All budget appropriations must be approved by City Council before expenditures are incurred.
- C. The City Council may, by majority vote of the City Council members, amend or supplement the budget at any time after its adoption.
- D. Prior to July 1, 2014, the Finance Manager may authorize budget transfers not exceeding \$5,000 between line items within supplies and services accounts at the department level. Transfers between departments or requests exceeding \$5,000 must be approved by the City Manager before expenditures are incurred. Effective July 1, 2014, the City Manager may authorize adjustments within and between departments in the same fund, provided that there are no increases in fund budgets.
- E. The addition of full time or part-time staff shall require prior approval of the City Council. The City Manager is authorized to utilize consultants; or contract staff to fill authorized full time or part-time staff positions.
- F. All budget adjustments shall be documented on appropriate budget adjustment form prior to expenditure of any funds.

2.9.09 MIDYEAR BUDGET REVIEW

The City Council will formally review the City's financial condition no later than March of each year and amend the budget, as necessary.

2.9.10 FINANCIAL REPORTING

2.9.10.1 Annual Reporting

The City will prepare annual financial statements as follows:

- A. The City will contract for an annual audit by a qualified independent certified public accountant. The City will strive for an auditor's unqualified opinion.
- B. The City will issue audited financial statements within eight months of the close of the prior fiscal year.

2.9.10.2 Interim Reporting

The City will prepare and issue:

- A. Monthly finance reports within 30 days of the close of the month; such report shall identify line item budgets, monthly receipts/expenditures and actual receipts/expenditures to date.
- B. Quarterly revenue and expenditure reports within 60 days of the close of the quarter; such reports shall identify budget and receipts/expenditures by category, including accruals booked during the reporting period and notes explaining any anomalies.

Adopted by City Council: November 9, 2010

Revised: June 25, 2014

RESOLUTION NO. 16-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, APPROVING REVISIONS TO ADMINISTRATIVE POLICY 2.9 PERTAINING TO BUDGETING, RESERVES, AND REPORTING

WHEREAS, the City’s budget preparation and reporting policy is contained in Administrative Policy 2.9 and was last approved by the City Council on June 25, 2014; and

WHEREAS, as the City continues to transition to two-year budgeting and long-term strategic financial planning, the review and update of related policies is a prudent and advantageous course of action; and

WHEREAS, the Fiscal Year 2015-16 Budget & Work Plan includes a significant work plan item to “review and update the City’s policies regarding fund balances that should be accumulated and maintained as reserves for specified purposes in order to promote fiscal prudence”; and

WHEREAS, City staff has prepared revisions to Administrative Policy 2.9 for consideration by the City Council (incorporated into the administrative policy attached hereto as Exhibit A), including an update of budget standards, an update of reserve and contingency fund policies, the inclusion of Other Post-Employment Benefits (“OPEB”) Trust Fund policies, the modification of budget reporting practices, and others.

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

SECTION 1. That the administrative policy attached hereto as Exhibit A is approved and is a statement of the City’s budgeting, reserves, and contingency funds policy. The administrative policy attached hereto as Exhibit A replaces and supersedes all previous versions of Administrative Policy 2.9.

SECTION 2. The Deputy City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED AND ADOPTED on this XX day of XX 2016.

NOEL HATCH, Mayor

ATTEST:

YOLIE TRIPPY, Deputy City Clerk

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF LAGUNA WOODS)

I, YOLIE TRIPPY, Deputy City Clerk of the City of Laguna Woods, do HEREBY CERTIFY that the foregoing **Resolution No. 16-XX** was duly adopted by the City Council of the City of Laguna Woods at a regular meeting thereof, held on the XX day of XX 2016, by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

YOLIE TRIPPY, Deputy City Clerk

**CITY OF LAGUNA WOODS
ADMINISTRATIVE POLICY 2.9**

BUDGETING, RESERVES, AND REPORTING

2.9.01. Statement of Purpose.

This Administrative Policy is intended to provide a framework for the development of the City of Laguna Woods' budget, with an emphasis on balance, transparency, fiscal responsibility, and long-term planning.

2.9.02. Budget Periods.

The City operates on a fiscal year beginning on July 1 and ending on the following June 30. The City Manager shall present a proposed fiscal year budget to the City Council no later than June 30 of each immediately preceding fiscal year.

To implement a longer-term strategic vision and provide greater certainty regarding the sustainability of the City's operations, the City Manager shall present a proposed biennial fiscal year budget to the City Council for the upcoming two fiscal years no later than June 30, 2017.

2.9.03. Budget Adoption.

The City Council shall adopt a budget for the upcoming fiscal year no later than June 30 of each immediately preceding fiscal year. Such adoption shall occur at a public meeting duly noticed pursuant to all applicable provisions of California Government Code (Ralph M. Brown Act). Members of the public shall have an opportunity to comment on the proposed budget prior to adoption.

2.9.04. Budget Standards.

1. The budget and the underlying accounting shall be prepared in accordance with applicable State law and Generally Accepted Accounting Principles (GAAP) for municipal governments on a modified accrual basis.
2. The budget shall be adopted at the fund and department level. Sufficient detail shall be provided in accompanying narrative to describe significant programs, projects, and services, as well as employee staffing levels.

ITEM 8.1 – Exhibit A to Attachment B

3. The budget shall be developed using conservative projections of revenue and expenditure levels. Projections shall consider economic forecasts and data from multiple sources, including independent third-party analysis of the two largest sources of ongoing General Fund revenue – property tax and sales tax.
4. The budget development process is intended to weigh competing requests for City resources within anticipated fiscal constraints. Notwithstanding emergency needs and circumstances that may dictate otherwise, requests for new, ongoing programs made outside of the budget development process are discouraged.
5. Current fiscal year revenues should fund current fiscal year expenditures. Use of the unassigned General Fund balance should be limited to one-time projects, capital improvement projects, the payment of long-term liabilities for periods beyond the current fiscal year, and emergency expenditures.
6. Unless specifically restricted by law, GAAP, a funding source, or an agreement, revenues shall be deposited in the General Fund and allocated in accordance with this Administrative Policy. Restricted revenues shall be deposited and allocated as required, including in a manner that ensures that revenues are spent and/or obligated for eligible purposes within required timeframes.
7. Grant funds are often distributed on a reimbursement basis, meaning that the City is required to make expenditures in advance of receiving the offsetting revenue. The unassigned General Fund balance may be used to make temporary “loans” to grant-funded programs, projects, and services until reimbursements are received. Such temporary “loans” are not reflected in the budget.
8. In order to assist with the long-term development of funding for major capital improvement projects on public property, a seven-year Capital Improvement Program (CIP) for “major capital improvements projects” shall be adopted as a part of each budget. A “major capital improvement project” is any project that meets the definition of a “public project” in Section 22002 of the State of California’s Public Contracts Code, including “construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work” of facilities owned, leased, or operated by the City, as well as any non-minor “painting or repainting.” Maintenance is not considered a public project. A “major capital improvement project” also includes pavement management work included in the City’s seven-year Pavement Management Plan.

9. While the first year of the seven-year CIP is included in the budget, the City Council shall retain the ability to modify the CIP at its discretion and no funding commitment is created by the inclusion of unfunded projects or projects phased for future fiscal years.
10. With the exception of CIP project budgets, which shall be automatically carried over until the project is completed, carryover of budget appropriations between budget periods requires approval of the City Council.

2.9.05. Budget Adjustments.

During budget periods, circumstances may require adjustment of the appropriations established in the adopted budget. The City Manager is authorized to make budget adjustments within adopted fund-level appropriations, and may also reduce adopted fund-level appropriations, based on economic conditions or the needs of the City. Increases in adopted-fund level appropriations require City Council approval.

2.9.06. Reserves and Fund Balance.

Reserves are a key component of fiscal responsibility and financial resilience. They provide the City with options for responding to unanticipated events and risk.

Reserves are set aside as a part of fund balance. The term “fund balance” is used to describe the net position of the General Fund and other governmental funds. There are five categories of fund balance recognized by the Governmental Accounting Standards Board (GASB): *nonspendable, restricted, committed, assigned, and unassigned*. The committed, assigned, and unassigned categories are collectively known as “unrestricted fund balance.” Unrestricted fund balance may be considered the financial resources that are available, or are capable of being made available, for periodic, unanticipated and, emergency needs, without limitation.

Annually, the City shall evaluate current and future risk and funding requirements that may impact reserve levels and requirements. After considering best practices established by the Government Finance Officers Association (GFOA) and other authoritative agencies, the City shall establish an overall target for committed and assigned reserves and individual targets by reserve category. Beginning no later than June 30, 2017, reserve policies, targets, and funding levels shall be evaluated as a part of a long-term strategic financial planning process and adjusted, as necessary, as a part of annual budget development processes.

The time and method for replenishment of reserves shall be defined at the time of reserve usage, based on the category of reserve, reason required, amount used, and other relevant factors. Typically, replenishment of reserve balances should occur within one to three years of use. Funds for replenishment may be drawn from one-time revenues, excess revenues, year-end surpluses, reductions in appropriations, or other means deemed appropriate at the time reserve funds are used. A long-term perspective shall be considered when evaluating methods for replenishment.

Overall Target for Committed and Assigned Reserves

Based on risk assessment and long-term projection of potential reserve needs, the overall target for committed and assigned reserves shall be established in an amount equal to 50% of the adopted General Fund revenue budget at the beginning of each fiscal year (July 1), less any one-time revenues and non-operating revenues. Although annual revenues may fluctuate, they have historically been more stable than annual appropriations, allowing for greater consistency in committed and assigned reserve calculations year-over-year. The fund balance equal to the overall target for committed and assigned reserves shall be allocated first to other committed and assigned reserves and then to the General Fund Contingency Fund.

Committed and Assigned Reserves

Paid Leave Contingency Fund

The City shall maintain a Paid Leave Contingency Fund with an annual target equal to projected accrued paid leave balances at the end of each fiscal year (June 30), in accordance with the City's paid leave policies and obligations. An estimate of the annual target shall be adopted as a part of the City's budget and finalized by City Council action after fiscal-year-end calculations are available. The City Manager is authorized to make expenditures from the Paid Leave Contingency Fund in amounts necessary to comply with the City's paid leave policies and obligations, when such amounts exceed adopted budgets (e.g., the payment of accrued paid leave upon the retirement or resignation of an employee). The City Manager shall notify the City Council of all expenditures made from the Paid Leave Contingency Fund as a part of the budget reporting described in Section 2.9.07.

Self-Insurance Contingency Fund

The City shall maintain a Self-Insurance Contingency Fund for liability and workers' compensation claim settlements not covered by insurance policies. In developing the

annual target for this reserve, the City shall consider its five-year claims settlement history, the status of any pending claims, and any reasonably anticipated future claims activity. The City Manager is authorized to make expenditures from the Self-Insurance Contingency Fund of up to \$50,000 per individual claim settlement. The City Manager shall notify the City Council of all expenditures made from the Self-Insurance Contingency Fund as a part of the budget reporting described in Section 2.9.07. Expenditures from the Self-Insurance Contingency Fund in excess of \$50,000 per claim settlement require approval of the City Council.

General Fund Contingency Fund

The City shall maintain a General Fund Contingency Fund for economic uncertainty, operating contingencies, and emergencies caused by calamitous events. This reserve shall be established, annually, in an amount not less than the current overall target for total reserves less the amounts set aside for other reserves. Expenditures from the General Fund Contingency Fund require City Council approval.

Unassigned General Fund Balance

In addition to committed and assigned reserves, unassigned General Fund balance is available for any governmental purpose and can be appropriated upon direction from the City Council. Use of the unassigned General Fund balance should be limited to one-time projects, capital improvement projects, the payment of long-term liabilities for periods beyond the current fiscal year, and emergency expenditures.

2.9.07. Other Post-Employment Benefits Trust Fund.

The City shall maintain an irrevocable Other-Post Employment Benefits (OPEB) Trust Fund to prefund OPEB through the California Public Employees' Retirement System (CalPERS) in an amount not less than 80% of the unfunded OPEB liability calculated on the frequency that CalPERS requires actuarial valuations of OPEB liability for participation in its California Employers' Retiree Benefit Trust Fund. The OPEB Trust Fund is held by a trustee and amounts set aside for funding are calculated independent of all other reserve and contingency funds. Contributions to the OPEB Trust Fund require approval of the City Council. Expenditures from the OPEB Trust Fund shall be made in a manner approved by the City Council.

2.9.08. Reporting.

1. The City Treasurer shall prepare and submit a Comprehensive Annual Financial Report, which shall also include an independent audit performed by a certified public accounting firm, to the City Council within eight months of the end of each fiscal year. The City shall strive for an unqualified opinion and submission to the City Council within six months of the end of each fiscal year.
2. The City Treasurer shall prepare and submit a quarterly budget report to the City Council within 60 days of the end of each quarter. The report shall include actual year-to-date revenues and expenditures by fund, as well as any change in projections that are likely to result in the receipt of any ongoing revenue in an amount 10% or lower than the amount budgeted.
3. The City Treasurer shall prepare and submit a monthly investment report to the City Council within 30 days of the end of each month. The report shall include the information specified in Section 2.2.17 of Administrative Policy 2.2.
4. The City Council may request additional or supplemental budget, investment, or financial reports at any time by providing direction to the City Manager.

2.9.09. Relationship to Federal and State Laws.

Where federal or state laws are more restrictive than or contradict this Administrative Policy, such laws shall take precedence. Where this Administrative Policy is more restrictive than federal or state laws, this Administrative Policy shall take precedence. The City Treasurer shall advise the City Council of any contradictions of federal or state law for consideration during each budget development process.

City Council Approval: June XX, 2016

8.2
**FISCAL YEAR 2016-17 BUDGET AND WORK
PLAN DEVELOPMENT**

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City of Laguna Woods

Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Christopher Macon, City Manager

FOR: June 15, 2016 Regular Meeting

SUBJECT: Fiscal Year 2016-17 Budget and Work Plan Development

Recommendation

Discuss and provide direction to staff.

Discussion

Today's meeting is one of several opportunities for the City Council to receive public input and provide direction to staff on the development of the Fiscal Year 2016-17 Budget and Work Plan.

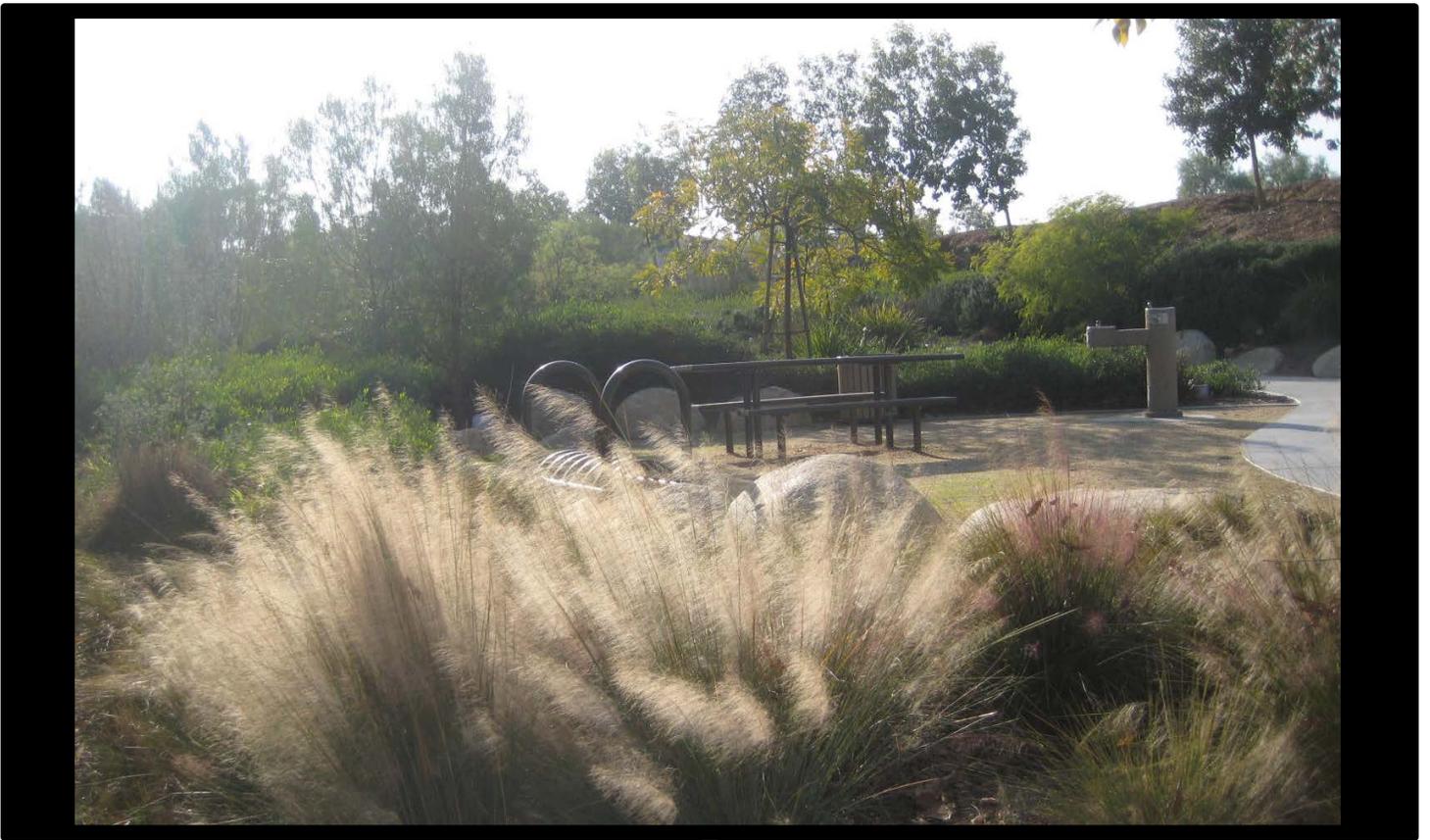
A draft of the Fiscal Year 2016-17 Budget & Work Plan is included as Attachment A. Please note that the document is not final and is subject to material revision.

Fiscal Year 2016-17 Budget and Work Plan Meeting Schedule (tentative and subject to change)	
Wednesday, April 27, 2016 at 2 p.m.	<i>kick-off workshop, discussion and development</i> ✓
Wednesday, May 18, 2016 at 2 p.m.	<i>discussion and development</i> ✓
Wednesday, June 15, 2016 at 2 p.m.	– <i>discussion and development</i>
Wednesday, June 29, 2016 at 2 p.m.	– <i>consideration of adoption</i>

Attachment: A – Draft Fiscal Year 2016-17 Budget & Work Plan

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City of Laguna Woods Fiscal Year 2016-17 Budget & Work Plan



City of Laguna Woods
24264 El Toro Road
Laguna Woods, CA 92637
www.cityoflagunawoods.org

DRAFT June 10, 2016

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City of Laguna Woods

Fiscal Year 2016-17 Budget & Work Plan

DRAFT June 10, 2016



Noel Hatch
Mayor

Shari L. Horne
Mayor Pro Tem

Cynthia Conners
Councilmember

Bert Hack
Councilmember

Carol Moore
Councilmember

Christopher Macon
City Manager

Margaret Cady, CPA
Administrative Services Director/
City Treasurer

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1.0. CITY BACKGROUND

This chapter is intended to provide a brief overview of the City of Laguna Woods in order to establish a context for understanding the decision-making that resulted in this budget and work plan.

A BRIEF HISTORY

Laguna Woods, California occupies approximately three square miles of land that was once a part of South Orange County's expansive Moulton Ranch. Prior to the 1960s, dry farming and cattle grazing dominated the area, with a few scattered ranch dwellings and barns.

In 1962, Ross Cortese, a young developer whose previous projects included Rossmoor and Leisure World Seal Beach, purchased a portion of the Moulton Ranch. His goal was to create a second Leisure World community or, as he said, "to supply the basic needs of life for people aged 52 and older; create a serene atmosphere of beauty; and provide security, recreation, and religious facilities – then leave the living to the individual." His dream materialized and in 1964 Leisure World Laguna Hills received its first residents.

The prospect of incorporation first arose in 1971 and was a lingering issue until 1996, when the potential for a reduction in County services and the possibility of a commercial airport at the nearby site of the former Marine Corps Air Station, El Toro, became very real concerns. Proponents of cityhood were successful in gaining the necessary approvals and signatures to place the issue of incorporation on the ballot for a special election on March 2, 1999.

On March 24, 1999, Laguna Woods officially became Orange County's 32nd city. In an afternoon ceremony, Superior Court Judge Francisco F. Firmat swore in the five-newly elected members of the City Council.

Today, Laguna Woods is bordered by unincorporated areas, as well as the cities of Aliso Viejo, Irvine, Laguna Beach, and Laguna Hills. It includes the private gated community of Laguna Woods Village (formerly Leisure World Laguna Hills), several senior-oriented residential communities, a number of commercial centers, three public parks, and additional open space areas.

The City of Laguna Woods celebrated its 17th anniversary in 2016.

PHYSICAL LOCATION

Laguna Woods occupies approximately three square miles of land in Orange County, California and is bordered by the cities of Aliso Viejo, Irvine, Laguna Beach, and Laguna Hills, as well as unincorporated and undeveloped open space owned by the County of Orange and the City of Laguna Beach.

Transportation routes near Laguna Woods include the Interstate 5 Freeway (I-5) and State Routes 73 (SR-73) and 133 (SR-133). Portions of SR-73 and SR-133 are operated as toll roads by the Transportation Corridor Agency.

[Regional Location]



LOCAL GOVERNMENT

The City of Laguna Woods is a “general law city” with a “Council-Manager” form of local government, meaning that it operates within the parameters of California municipal law with an elected City Council that is responsible for legislative and policy functions. The City Council appoints and supervises a professional City Manager charged with the “day-to-day” responsibilities of managing the City and implementing City Council laws and policy. The City Council also appoints a City Attorney to serve as the City’s legal counsel. The five members of the City Council are residents elected at large by registered voters to four-year terms. Elections are held in even numbered years with two and then three Councilmembers elected at subsequent elections. The City Council appoints a Mayor and Mayor Pro Tem from amongst its membership.

[Elected Officials]

Mayor.....Noel Hatch
Mayor Pro Tem.....Shari L. Horne
Councilmember.....Cynthia Conners
Councilmember.....Bert Hack
Councilmember.....Carol Moore

[Key Appointed Officials]

City Manager.....Christopher Macon
City Attorney.....David B. Cosgrove

The City has eight and nine-tenths full-time equivalent (FTE) employees who are responsible for delivering a full range of municipal services. The City operates as a “contract city” meaning that its small in-house staff leverage the resources of a variety of contract, franchise, and joint powers agencies to provide efficient, effective, and economical services. If the City were a “full service city,” those services would be provided by City employees often at higher costs and with considerably greater liability. While contract service providers may charge the City for current year liabilities, the City’s contract service arrangements do not result in the assumption of any other agency’s long-term retirement or other post-employment benefit (OPEB) liabilities.

[Key Operating Contract Service Providers]

Animal Control & Shelter Services.....City of Laguna Beach
Building Inspection & Engineering Services.....CivilSource
Code Enforcement & Landscape Inspection Services.....
AndersonPenna Partners
Landscape Maintenance Services.....Nieves Landscaping
Law Enforcement Services.....Orange County Sheriff’s Department
Legal Services.....Rutan & Tucker, LLP
Planning Services.....Michael Baker International
Right-of-Way Maintenance Services.....PV Maintenance

Fire services are provided by the Orange County Fire Authority (OCFA). Unlike the Orange County Sheriff's Department, which provides law enforcement services pursuant to a contract with the City, OCFA's services are provided pursuant to a joint powers agreement and structural fire fund. As a "structural fire fund city," a fire tax is included in Laguna Woods' 1% basic property tax levy (approximately 12 cents of every dollar of property tax paid in Fiscal Year 2014-15). The fire tax was established prior to both the enactment of Proposition 13 in 1978 and the incorporation of the City in 1999. The County of Orange collects the fire tax, accumulates the proceeds in a structural fire fund, and makes payments to OCFA for Laguna Woods' fire services. Because the City is not involved in the levy, collection, or disbursement of the fire tax, expenses for fire services are not reported in this budget and work plan.

Insurance and risk management services are provided by the California Joint Powers Insurance Authority (California JPIA). The California JPIA provides its services pursuant to a joint powers agreement.

Waste and recycling services, including solid and household hazardous waste collection, are provided by franchise and contract service providers.

[Key Special Districts & Utility Providers]

- Electricity.....Southern California Edison
- Natural Gas.....Southern California Gas Company
- Library.....OC Public Libraries
- School District.....Saddleback Valley Unified School District
South Orange County Community College District
- Transportation.....Orange County Transportation Authority
San Joaquin Hills Transportation Corridor Agency
- Vectors.....Orange County Mosquito and Vector Control District
- Water & Sewer.....El Toro Water District

CITY PROPERTIES

Most of the land within Laguna Woods is privately owned, including all local roadways with the exception of El Toro Road, Moulton Parkway, Ridge Route

Drive, and Santa Maria Avenue. The City is responsible for operating and maintaining portions of those four roadways, as well as three public parks (City Centre Park, Ridge Route Linear Park/"A Place for Paws" Dog Park, and Woods End Wilderness Preserve); a multi-modal trail network for pedestrians, golf carts, and bicyclists; and, parkways, medians, and other areas of public right-of-way. Laguna Woods City Hall is located at 24264 El Toro Road.

LOCAL DEMOGRAPHICS

The State of California’s Department of Finance (DOF) estimates that Laguna Woods’ population was 16,213 as of January 1, 2016, a 0.3% increase from the year prior¹. DOF estimates incorporate United States Census counts, the most recent of which found that Laguna Woods’ population was 16,192². The population is known to experience some seasonal variation with the total number of residents present at any given time remaining mostly constant.

[Age]

Age	Population (2000 Census)	Population (2010 Census)
Median age	78 years	77.4 years
Birth to 34 years	1.6%	1.4%
35 to 54 years	3.6%	4.2%
55 to 74 years	32.4%	39%
75 to 84 years	41.1%	55.5%
85 years and over	21.2%	23.9%

[Gender]

Gender	Population (2000 Census)	Population (2010 Census)
Male	34.1%	35.5%
Female	65.9%	64.5%

¹ State of California, Department of Finance, *E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change — January 1, 2015 and 2016*. Sacramento, California, May 2016.

² U.S. Census Bureau, 2010 Census.

[Race and Ethnicity]

Racial/Ethnic Group	Population (2000 Census)	Population (2010 Census)
White	96.1%	87.3%
Asian	2.5%	10%
Asian Indian	0.1%	0.4%
Chinese	0.7%	3.1%
Filipino	0.6%	1.7%
Japanese	0.5%	1.1%
Korean	0.4%	3.1%
Vietnamese	0.1%	0.2%
Other Asian	0.1%	0.3%
Black or African American	0.2%	0.7%
Hispanic or Latino	2.1%	4%
All Other Races	0.4%	0.8%

[Language Spoken at Home³]

Subject	Speak English "very well"	Speak English less than "very well"
Population 5 years and over	91.6%	8.4%
Speak a language other than English	55.9%	44.1%
Speak Spanish or Spanish Creole	67.3%	32.7%
Speak other Indo-European languages	64.9%	35.1%
Speak Asian & Pacific Island languages	46.7%	53.3%
Speak other languages	26.7%	73.3%

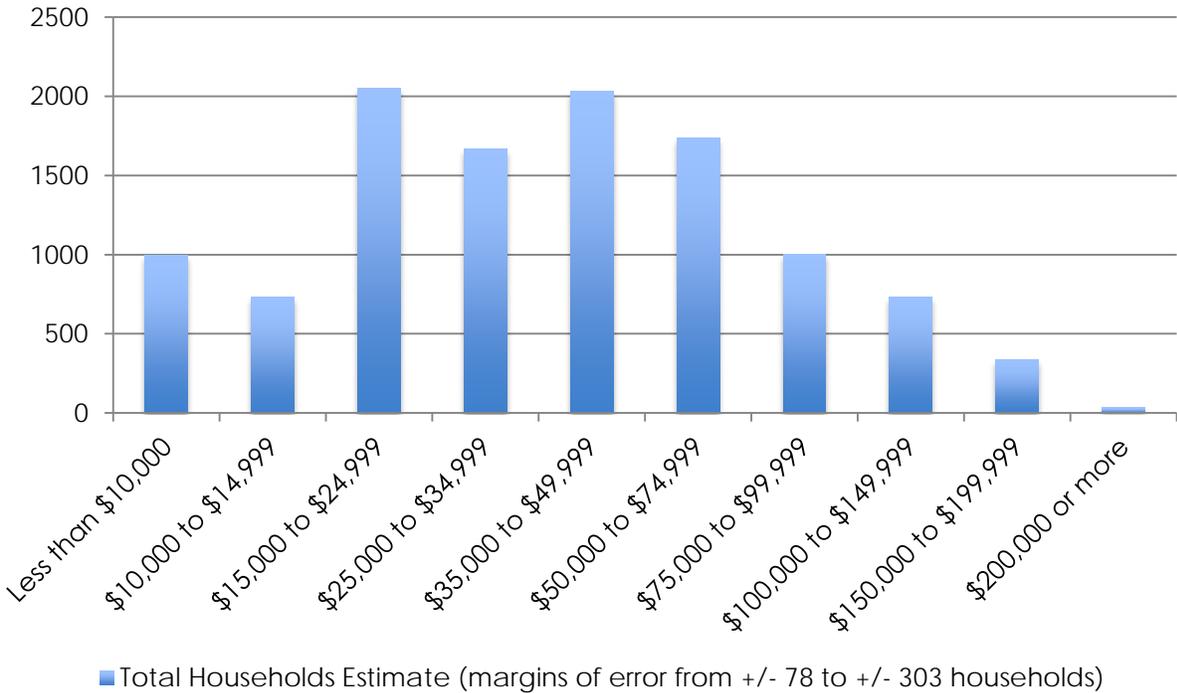
[Household Size]

Subject	Measure (2000 Census)	Measure (2010 Census)
Average household size	1.40	1.42

³ U.S. Census Bureau, 2008-2012 American Community Survey. Note: The American Community Survey produces population, demographic, and housing unit estimates only. Estimates for the "Language Spoken at Home" data for Laguna Woods are subject to margins of error from +/- 1.5% to +/- 38.6%.

[Household Income⁴]

Subject	Measure	Margin of Error
Median household income	\$36,818	+/- \$2,001
Mean household income	\$53,033	+/- \$3,839



As a point of comparison, the State of California’s median household income as reported in the 2008-2012 American Community Survey is \$61,400. Laguna Woods’ median household income is \$24,582 less per year, or approximately 60% of the State’s median household income.

LOCAL ECONOMY

Residential Communities

The vast majority of land within Laguna Woods is occupied by residential uses, which include five private residential communities offering an assortment of condominium, cooperative, rental, and assisted living housing totaling 13,386 units. Laguna Woods Village is the largest community with 12,736 units (or, approximately 95% of all units), including 311 units located in high-rise towers.

⁴ U.S. Census Bureau, 2008-2012 American Community Survey. Note: The American Community Survey produces population, demographic, and housing unit estimates only. Estimates for the “Income and Benefits” data for Laguna Woods are reported in 2012 inflation-adjusted dollars.

Other communities include Las Palmas (184 units), The Regency (192 units), San Sebastian (134 units), and Whispering Fountains (140 units).

Places of Worship

Laguna Woods is home to five dedicated places of worship serving Catholic, Jewish, Lutheran, Methodist, and Presbyterian faiths. Other faith-based groups and religious communities meet in locations throughout Laguna Woods.

Shopping Centers, Hotels, and Commercial Properties

At just over three square miles, most of the land within Laguna Woods is zoned for residential, open space, and other non-commercial purposes. While less than one-fifth of a square mile is zoned as commercial, residents and visitors enjoy a wide assortment of retail, professional, and medical services.

Laguna Woods is served by the following five shopping centers:

- Town Centre (north of El Toro Road, west of Moulton Parkway)
- Home Depot Center (south of El Toro Road, west of Moulton Parkway)
- PS Business Park (south of Ridge Route Drive, east of Moulton Parkway)
- Valencia Center (south of El Toro Road, west of Paseo de Valencia)
- Willow Tree Center (south of El Toro Road, east of Moulton Parkway)

Laguna Woods is home to the 138-room Ayres Hotel in Town Centre.

Additional commercial properties are located:

- In the vicinity of Moulton Parkway, east of Town Centre
- In the vicinity of Moulton Parkway at El Toro Road
- In the vicinity of Via Campo Verde, west of Moulton Parkway
- In the vicinity of Calle Aragon, east of Moulton Parkway
- In the vicinity of Paseo de Valencia, south of Valencia Center
- Northwest of Laguna Hills Drive and Paseo de Valencia
- Northwest of El Toro Road and Paseo de Valencia

2.0. CITY ORGANIZATION

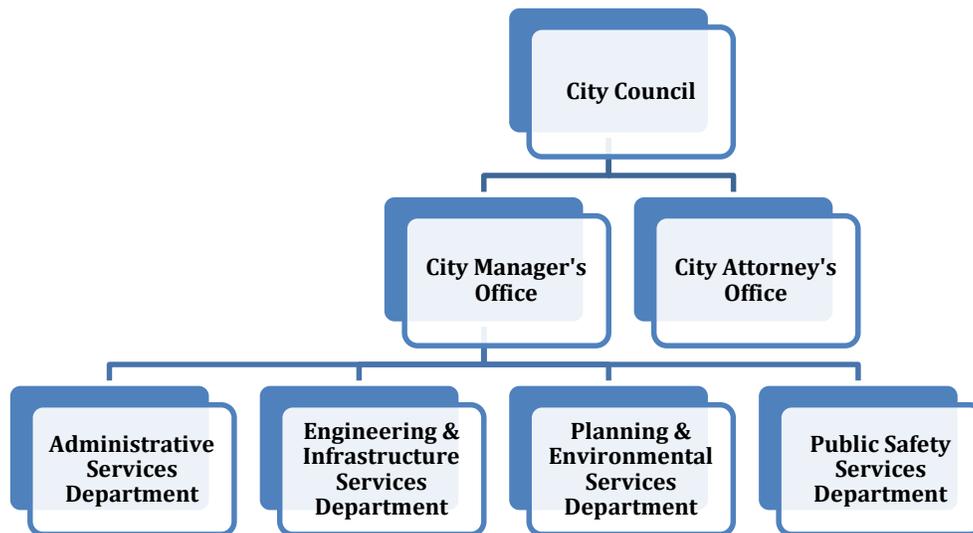
This chapter is intended to provide a brief overview of the City of Laguna Woods' internal structure in order to establish a context for understanding how this budget and work plan will be implemented.

DEPARTMENTAL STRUCTURE

The City is organized into the following seven departments:

- City Council
- City Manager's Office
- City Attorney's Office
- Administrative Services Department
- Engineering & Infrastructure Services Department
- Planning & Environmental Services Department
- Public Safety Services Department

[Organizational Chart – Departments]



As a contract city, many departmental functions are coordinated by City personnel and performed under contract with independent, franchise, and joint powers agencies. This chapter reviews the organizational structures and allocations of City personnel and the City Attorney's Office.

CITY COUNCIL

Noel Hatch, Mayor
Shari L. Horne, Mayor Pro Tem
Cynthia Conners, Councilmember
Bert Hack, Councilmember
Carol Moore, Councilmember

The City Council is the governing body for the City. Its five members are directly accountable to the Laguna Woods electorate and are responsible for providing overall legislative and policy direction for the City as an organization. As a body, the City Council is also responsible for appointing the City Manager and the City Attorney, as well as adopting the City's budget.

The Mayor and Mayor Pro Tem are appointed annually by the members of the City Council to preside over City Council meetings; execute certain legal instruments and authorizations; and, attend to various ceremonial matters.

CITY ATTORNEY'S OFFICE

David B. Cosgrove, City Attorney (under contract with Rutan & Tucker, LLP)

The City Attorney is appointed by the City Council and serves as chief legal counsel for the City as an organization. The City Attorney reports to the City Council and works closely with the City Manager.

In addition to furnishing legal advice to the City Council and City personnel on matters related to the conduct of City business, the City Attorney's Office is responsible for preparing, reviewing, and approving the form of ordinances, resolutions, agreements, and other legal instruments.

The City Attorney's Office is a contract function. Associated expenditures are included in the Legal Services line item of the General Government section of this budget; however, legal services rendered for special projects, and other related expenditures, may be charged to those projects.

PERSONNEL ALLOCATION

In addition to the five elected members of the City Council, this budget and work plan includes an authorized personnel allocation of eight and nine-tenths full-time equivalent (FTE) positions. Compared to the previous fiscal year, that

personnel allocation represents a reduction of one-half of a full-time position and an increase of two part-time positions, for a net increase of four-tenths of one FTE position. The two part-time positions are ineligible for California Public Employees' Retirement System (CalPERS) benefits and do not increase the City's other post-employment benefits (OPEB) liabilities.

Modifications to the personnel allocation are a continuation of the structural reorganization focused on efficiency, sustainability, and service delivery that was initiated in Fiscal Year 2014-15. Modifications continue to be made in order to promote the efficient, effective, and economical conduct of City business.

[Personnel Allocation – Citywide]

Position	Number Authorized			
	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17
<i>Full-Time Employees [full-time equivalents (FTE)]</i>				
City Manager	1.00	1.00	1.00	1.00
Assistant City Manager	1.00	1.00	1.00	-
Administrative Services Director/City Treasurer	-	1.00	1.00	1.00
Accounting Clerk	-	1.00	1.00	1.00
Administrative Coordinator	1.00	1.00	1.00	1.00
Building Official	1.00	-	-	-
Community Services Manager	1.00	1.00	0.50	-
Deputy City Clerk	1.00	1.00	1.00	1.00
Finance Manager	1.00	-	-	-
Management Analyst/ Senior Management Analyst	-	-	1.00*	2.00
Management Assistant	1.00	1.00	1.00*	-
Planning Manager	1.00	1.00	-	-
Public Safety Director	1.00	-	-	-
Senior Accountant	-	1.00	1.00	1.00
Total FTE – full-time positions	10.00	10.00	8.50	8.00

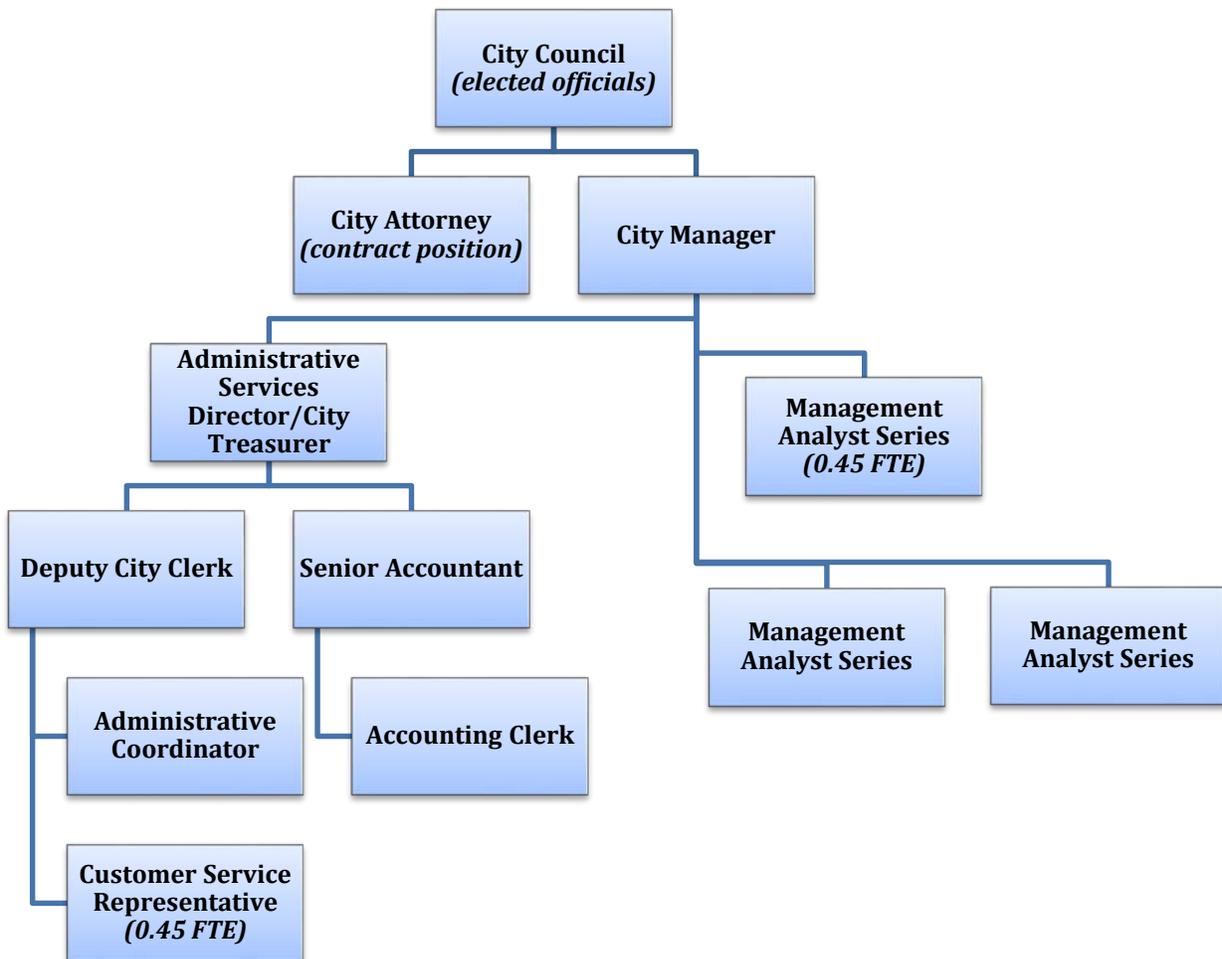
<i>Part-Time Employees [full-time equivalents (FTE)]</i>				
Accountant	0.50	-	-	-
Administrative Assistant	1.50	1.00	-	-
Customer Service Representative	-	-	-	0.45

Position	Number Authorized			
	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17
Management Analyst/ Senior Management Analyst	-	-	-	0.45
Total FTE – part-time positions	2.00	1.00	-	0.90

Total FTE – all positions	12.00	11.00	8.50	8.90
Year-over-year change		-1.00	-2.50	0.40

* These positions were authorized for only a portion of the fiscal year, resulting in a total net FTE of 1.00.

REPORTING RELATIONSHIPS



CITY MANAGER'S OFFICE

Christopher Macon, City Manager

The City Manager is appointed by the City Council and is responsible for the "day-to-day" management of the City as an organization. The City Manager is also responsible for implementing City Council direction and policy, as well as serving as the City Council's chief technical advisor. All City employees work under the ultimate direction of the City Manager.

In addition to providing organizational oversight and development, the City Manager's Office works closely with the City Attorney's Office; facilitates public and inter-governmental relations; manages long-range planning and special projects; coordinates competitive procurement activities; and, oversees the Residential Energy Efficiency Improvement Program.

Though presented separately for ease of reference, the Public Safety Services Department receives ongoing support from personnel accounted for in the City Manager's Office section of this budget. Due to changes in personnel and resource availability, during Fiscal Year 2016-17, the City Manager's Office will provide increased oversight of the Engineering & Infrastructure Services Department and the Planning & Environmental Services Department.

[Personnel Allocation – City Manager's Office]

Position	Number Authorized		
	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17
<i>Full-time Employees [full-time equivalents (FTE)]</i>			
City Manager	1.00	1.00	1.00
Community Services Manager	1.00	0.50	-
Management Assistant	1.00	1.00	-
Total FTE – full-time positions	3.00	2.50	1.00
<i>Part-time Employees [full-time equivalents (FTE)]</i>			
Management Analyst/ Senior Management Analyst	-	-	0.45
Total FTE – part-time positions	-	-	0.45
Total FTE – all positions	3.00	2.50	1.45

Personnel allocated to the City Manager’s Office are included in the General Government expenditures section of this budget.

[Organizational Chart – City Manager’s Office]



ADMINISTRATIVE SERVICES DEPARTMENT

Margaret Cady, CPA, Administrative Services Director/City Treasurer

The Administrative Services Department contains a variety of internal business units, including finance, accounting, payroll, human resources, information technology, risk management, and the City Clerk’s Office.

Community Services Division

The Administrative Services Department’s Community Services Division includes the following service areas: community recreation events, local government television programming (Channel 31), and the Senior Mobility Program.

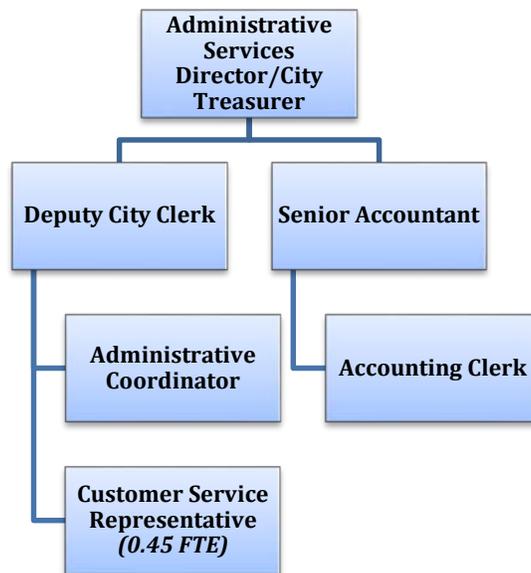
[Personnel Allocation – Administrative Services Department]

Position	Number Authorized		
	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17
<i>Full-time Employees [full-time equivalents (FTE)]</i>			
Administrative Services Director/City Treasurer	1.00	1.00	1.00
Accounting Clerk	1.00	1.00	1.00
Administrative Coordinator	1.00	1.00	1.00
Deputy City Clerk	1.00	1.00	1.00
Senior Accountant	1.00	1.00	1.00
Total FTE – full-time positions	5.00	5.00	5.00

Position	Number Authorized		
	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17
<i>Part-time Employees [full-time equivalents (FTE)]</i>			
Administrative Assistant	1.00	-	-
Customer Service Representative	-	-	0.45
Total FTE – part-time positions	1.00	-	0.45
Total FTE – all positions	6.00	5.00	5.45

Personnel expenses directly related to community events are included in the Community Services expenditures section of this budget. Personnel other than those allocated to the Administrative Services Department may also work at community events and be charged accordingly.

[Organizational Chart – Administrative Services Department]



ENGINEERING & INFRASTRUCTURE SERVICES DEPARTMENT

The Engineering & Infrastructure Services Department includes the following service areas: capital improvement projects, engineering, and maintenance (including maintenance of roadways, parks, landscaped areas, public rights-of-way, bus shelters, catch basins, streetlights, and City Hall).

Due to changes in personnel and resource availability, during Fiscal Year 2016-

17, increased oversight will be provided by the City Manager’s Office. Long-term and sustainable staffing patterns are areas of continuing analysis and will be addressed as resources permit.

[Personnel Allocation – Engineering & Infrastructure Services Department]

Position	Number Authorized		
	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17
<i>Full-time Employees [full-time equivalents (FTE)]</i>			
Assistant City Manager	0.50	0.25	-
Management Analyst/ Senior Management Analyst	-	1.00	1.00
Total FTE	0.50	1.25	1.00

PLANNING & ENVIRONMENTAL SERVICES DEPARTMENT

The Planning & Environmental Services Department includes the following service areas: building, planning, economic development, water quality, waste and recycling, environmental sustainability, and code enforcement.

Due to changes in personnel and resource availability, during Fiscal Year 2016-17, increased oversight will be provided by the City Manager’s Office. Long-term and sustainable staffing patterns are areas of continuing analysis and will be addressed as resources permit.

Personnel other than those allocated to the Planning & Environmental Services Department may also work at community waste events and be charged to the Planning & Environmental Services Department budget.

[Personnel Allocation – Planning & Environmental Services Department]

Position	Number Authorized		
	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17
<i>Full-time Employees [full-time equivalents (FTE)]</i>			
Assistant City Manager	0.50	0.75	-
Management Analyst/ Senior Management Analyst	-	-	1.00

Position	Number Authorized		
	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17
Planning Manager	1.00	-	-
Total FTE	1.50	0.75	1.00

PUBLIC SAFETY SERVICES DEPARTMENT

The Public Safety Services Department includes law enforcement and animal control and shelter services, which are provided under contract by the Orange County Sheriff’s Department and Laguna Beach Animal Services, respectively. This department’s budget also includes other public safety-related contract services (e.g., Trauma Intervention Program). Fire services provided by the Orange County Fire Authority are funded separately through a structural fire fund administered by the County of Orange on the City’s behalf.

Personnel accounted for in the City Manager’s Office section of this budget are responsible for coordinating with public safety service partners, as well as managing emergency planning, hazard mitigation, climate adaptation, and other “in-house” public safety programs.

OTHER ORGANIZATIONAL INFORMATION

Standing Advisory Committees

The City Council has established a Community Grants Oversight Committee and a Hazard Mitigation & Climate Change Committee to function in advisory roles to the City Council and City personnel. Committee members volunteer their time to provide crucial public input on relevant matters.

Other Volunteer Programs

Since incorporation, the City has relied on the generous support of volunteers to provide reception, administrative, and clerical services at Laguna Woods City Hall. That support is invaluable and helps to reduce personnel costs.

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3.0.

CITY WORK PLAN

This chapter is intended to describe the programs, projects, and services included in this budget and work plan and their alignment with the City Council's priority focus areas.

CONTINUED PROGRAMS, PROJECTS, AND SERVICES

In general, this budget and work plan includes the continuation of programs, projects, and services that were either ongoing or underway as of the close of Fiscal Year 2015-16, including all core municipal functions such as public safety; building plan review, permitting, and inspection; road, public right-of-way, park, and infrastructure maintenance; water quality and environmental improvement and protection activities; and, related administrative support.

Other continuing services include:

- The **Senior Mobility Program**, which subsidizes the cost of taxi travel for residents who are 60 years of age or older.
- The **Residential Energy Efficiency Improvement Program**, which installs replacement windows, doors, and other energy efficient improvements in the homes of qualifying low income residents, at no charge.
- The **Residential Bulky Item Collection Program**, which allows residents to have unwanted appliances, clothing, electronic waste, furniture, and certain types of residential waste removed from inside of their homes, at no charge. Bulky items are also collected from trash enclosures and designated curbside locations once a month, at no charge.
- The **Household Hazardous Waste Door-to-Door Collection Program**, which allows residents to safely and easily dispose of unwanted paint, light bulbs, aerosols, chemicals, motor oil, vehicle batteries, and other household hazardous waste, at no charge.
- The **Sharps Waste Mail Back Collection Program**, which allows residents to safely and easily dispose of used needles, lancets, and other home-generated sharps waste, via regular mail, at no charge.
- The **City Hall Waste Drop-Off Collection Program**, which allows residents to safely and easily dispose of medications, non-vehicle batteries, and certain other items by dropping them off at City Hall, at no charge.

- **Quarterly Document Shredding Events**, which allow residents to safely and easily dispose of unwanted, sensitive personal records (e.g., bank statements, tax returns, and medical information), at no charge.
- **Twice Annual Goods Exchange/Drop-Off Events**, which allow residents to donate unwanted appliances, clothing, electronic waste, furniture, books, and other items to others, or to charity, at no charge. Inoperable electronic waste is also collected for salvage or safe disposal.
- **Movie Matinees, Public Safety Workshops, 911 Ambulance Membership Program Registration Events, Office Hours for Federal and State Officials, and Other Events at City Hall**, which are provided at no charge.
- **Notary Services**, including foreign pension acknowledgements, which are provided to residents at no charge.

LAW ENFORCEMENT SERVICES

This budget and work plan continues the City's contract relationship with the Orange County Sheriff's Department for law enforcement services, including proactive patrol, 911 emergency response, investigation, and related support services (e.g., crime scene analysis, custody/jail services, coroner operations, and missing persons). Under the direction of the City's Chief of Police Services, the City's sworn peace officers will continue to work with private security and property management to maintain a high level of personal safety.

ANIMAL CONTROL & SHELTER SERVICES

This budget and work plan continues the City's contract relationship with the City of Laguna Beach for animal control and shelter services. Residents and their pets will continue to enjoy the high quality of services provided by the Laguna Beach/Laguna Woods Animal Services Division, including access to a humane animal shelter located in nearby Laguna Canyon.

SIGNIFICANT CHANGES IN SERVICE LEVELS

This budget and work plan includes several significant changes in service levels, all of which are intended to meet the needs of residents, including:

- **An increase in preventative maintenance and general upkeep at City parks**, including more frequent odor control, pet waste removal, and cleaning of the artificial turf grass at "A Place for Paws" Dog Park.
- **An increase in resources to combat aggressive coyote behavior.**

- ***An increase in resident programming and events at City Hall***, including more frequent public health and safety workshops and trainings.
- ***Installation of recycling receptacles in City parks*** to reduce litter, further promote source separation, and increase waste diversion.
- ***Implementation of a new Sharps Waste Drop Box Collection Program*** at City Hall, which will provide an additional opportunity for residents to safely and easily dispose of sharps waste, at no charge. This program will be in addition to the Sharps Waste Mail Back Collection Program.
- ***Addition of a National Prescription Drug Take-Back Day Event***, in place of the household hazardous waste “roundup” event, which will increase opportunities for residents to safely and easily dispose of unwanted or expired medications, at no charge.

Additional changes in service levels are described in the Significant Work Plan Items tables beginning on pages 22 (new items) and 26 (continuing items), as well as in the Capital Projects chapter beginning on page 35.

SIGNIFICANT WORK PLAN ITEMS

For ease of reference and to assist with implementation, programs, projects, and services that represent substantial new and/or limited-term undertakings by the City are presented in tables beginning on page 22.

The following terms are used in the Significant Work Plan Items tables:

- Description – A brief summary of the significant work plan item
- Lead Department – Designation of the City personnel who are primarily responsible for implementing the significant work plan item
- Priority Alignment – A visual representation of the City Council’s priority focus areas that are addressed by the significant work plan item

While many priority focus areas may be directly or indirectly addressed by a single work plan item, only the primary focus areas are shown in the table.

Please note that the City Council retains the ability to modify this budget and work plan throughout the fiscal year. Significant work plan items that are not completed within the current fiscal year will be carried over to a future fiscal year or, subject to City Council direction, reconsidered at a later date.

This work plan replaces all previous work plans approved for the City.

[New Significant Work Plan Items]

<p><i>Priority Alignment</i> (A City that is...) Legend:</p>	 <i>Healthy and safe</i>	 <i>High in quality of life</i>	 <i>Environmentally conscious</i>	 <i>Economically prosperous</i>	 <i>Fiscally responsible</i>	 <i>Professionally and efficiently served</i>
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ID	Description	Lead Department	Priority Alignment
1	<p>Two-Year Budget and Work Plan Development – Beginning with fiscal years 2017-18 and 2018-19, adopt a budget and work plan that outlines a financial plan and scope of services for the City to undertake for a two fiscal year period in order to provide longer-term economic forecasts, greater certainty regarding the sustainability of the City’s operations, and heightened strategic vision.</p>	Administrative Services	
2	<p>Five-Year Strategic Financial Plan (SFP) Development – Adopt a five-year strategic financial plan in order to provide economic forecasts, project long-term budget conditions, identify long-range and future strategic priorities; and, aid in the development of two-year budgets.</p>	Administrative Services	

<p><i>Priority Alignment</i> (A City that is...) Legend:</p>	 <i>Healthy and safe</i>	 <i>High in quality of life</i>	 <i>Environmentally conscious</i>	 <i>Economically prosperous</i>	 <i>Fiscally responsible</i>	 <i>Professionally and efficiently served</i>
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ID	Description	Lead Department	Priority Alignment
3	Orange County Public Library Service Enhancements – Work with OC Public Libraries (County of Orange) staff to explore partnerships and other opportunities to improve local public library services, including access to digital, audio/visual, accessible, and reference resources.	City Manager’s Office	
4	Electric Vehicle Charging at City Hall – Evaluate the feasibility of installing and maintaining electric vehicle charging infrastructure at City Hall in order to support the expanded use of alternatively fueled vehicles.	Engineering & Infrastructure Services	
5	Landscape Maintenance Request for Proposals – Conduct a competitive process to select landscape maintenance provider(s) for City property in order to ensure the efficient, effective, and economical conduct of City business.	Engineering & Infrastructure Services	

<p><i>Priority Alignment</i> (A City that is...) Legend:</p>	 <i>Healthy and safe</i>	 <i>High in quality of life</i>	 <i>Environmentally conscious</i>	 <i>Economically prosperous</i>	 <i>Fiscally responsible</i>	 <i>Professionally and efficiently served</i>
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ID	Description	Lead Department	Priority Alignment
6	Street, Right-of-Way, and Hardscape Infrastructure Maintenance Request for Proposals – Conduct a competitive process to select street, right-of-way, and hardscape infrastructure maintenance provider(s) for City property in order to ensure the efficient, effective, and economical conduct of City business.	Engineering & Infrastructure Services	
7	Street Sweeping Request for Proposals – Conduct a competitive process to select street sweeping provider(s) for City property in order to ensure the efficient, effective, and economical conduct of City business.	Engineering & Infrastructure Services	
8	Tree Trimming Request for Proposals – Conduct a competitive process to select tree trimming provider(s) for City property in order to ensure the efficient, effective, and economical conduct of City business.	Engineering & Infrastructure Services	

<p><i>Priority Alignment</i> (A City that is...) Legend:</p>	 <i>Healthy and safe</i>	 <i>High in quality of life</i>	 <i>Environmentally conscious</i>	 <i>Economically prosperous</i>	 <i>Fiscally responsible</i>	 <i>Professionally and efficiently served</i>
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ID	Description	Lead Department	Priority Alignment
9	<p>Local California Environmental Quality Act (CEQA) Guidelines Update – Review and update the City’s Local California Environmental Quality Act Guidelines in order to ensure compliance with State law, create new public education materials, and ensure the efficient, effective, and economical conduct of City business.</p>	<p>Planning & Environmental Services</p>	
10	<p>Emergency Operations Plan (EOP) Update – Review and update the City’s emergency operations plan to enhance collaboration with public and private stakeholders, incorporate analysis from the City’s Local Hazard Mitigation Plan, reflect changes in organizational structure, and prepare for future updates called for in the City’s Climate Adaptation Plan.</p>	<p>Public Safety Services</p>	

[Continuing Significant Work Plan Items]

<p><i>Priority Alignment</i> (A City that is...) Legend:</p>	 <i>Healthy and safe</i>	 <i>High in quality of life</i>	 <i>Environmentally conscious</i>	 <i>Economically prosperous</i>	 <i>Fiscally responsible</i>	 <i>Professionally and efficiently served</i>
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ID	Description	Lead Department	Priority Alignment
11	Banking Services Request for Proposals – Conduct a competitive process to select banking services provider(s) for the City in order to ensure the efficient, effective, and economical conduct of City business.	Administrative Services	 
12	Financial Software Replacement – Replace the City’s financial software in order to meet operational needs; improve internal efficiencies; receive more effective technical support; and enhance capabilities to aide in the future implementation of electronic systems requiring financial integration, including potential merchant services.	Administrative Services	 
13	Purchasing Standards Update – Review and update the City’s purchasing processes and regulations in order to ensure the efficient, effective, and economical conduct of City business.	Administrative Services	 

<p>Priority Alignment (A City that is...) Legend:</p>	 <i>Healthy and safe</i>	 <i>High in quality of life</i>	 <i>Environmentally conscious</i>	 <i>Economically prosperous</i>	 <i>Fiscally responsible</i>	 <i>Professionally and efficiently served</i>
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ID	Description	Lead Department	Priority Alignment
14	<p>Commercial Zoning Code Uses and Parking Standards Update – Review and update the City’s commercial zoning code to clarify and better align zoning districts with permitted uses and associated off-street parking standards. This item is consistent with the City’s goal of providing residents with access to high quality goods and services close to home.</p>	<p>Planning & Environmental Services</p>	
15	<p>Drought Conscious Development Regulations Update – Review and update the City’s development regulations in order to reduce potable water consumption and take local steps toward achieving the Governor’s statewide mandatory water reductions. Regulations to be reviewed include, but are not limited to, tree maintenance and removal standards, water efficient landscapes, and building and construction codes.</p>	<p>Planning & Environmental Services</p>	

<p><i>Priority Alignment</i> (A City that is...) Legend:</p>	 <i>Healthy and safe</i>	 <i>High in quality of life</i>	 <i>Environmentally conscious</i>	 <i>Economically prosperous</i>	 <i>Fiscally responsible</i>	 <i>Professionally and efficiently served</i>
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ID	Description	Lead Department	Priority Alignment
16	<p>General Plan Comprehensive Update – Review and update the City’s General Plan to establish a 25-year vision for the future of Laguna Woods. Updates will focus on the circulation, housing, land use, noise, and open space elements with modifications, as necessary, to the conservation and safety elements. A new economic vitality element will be developed to address business attraction, business development, and fiscal issues.</p>	<p>Planning & Environmental Services</p>	
17	<p>Medical Marijuana Studies – In September and October 2015, the City Council adopted and subsequently extended a moratorium on the establishment, location, or operation of medical marijuana dispensaries for the purpose of further study and analysis. Staff will continue to conduct the study and analysis requested by the City Council.</p>	<p>Planning & Environmental Services</p>	

<p><i>Priority Alignment</i> (A City that is...) Legend:</p>	 <i>Healthy and safe</i>	 <i>High in quality of life</i>	 <i>Environmentally conscious</i>	 <i>Economically prosperous</i>	 <i>Fiscally responsible</i>	 <i>Professionally and efficiently served</i>
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ID	Description	Lead Department	Priority Alignment
18	Organic Waste Recycling Program – Implement an organic waste recycling program to divert organic waste generated by residences and businesses, as required by state law.	Planning & Environmental Services	
19	Wireless Communication Facility Regulations Update – Review and update the City’s wireless communication facility regulations in order to ensure consistency with federal and state laws, regulations, and orders, as well as to promote clarity and administration.	Planning & Environmental Services	
20	Animal Regulations – Review and update the City’s animal regulations in order to strengthen prohibitions and procedures related to nuisance, potentially dangerous, and vicious animals, as well as feeding of wildlife. This item will also include updates to promote clarity and administration throughout the regulations.	Public Safety Services	 

<p><i>Priority Alignment</i> (A City that is...) Legend:</p>	 <i>Healthy and safe</i>	 <i>High in quality of life</i>	 <i>Environmentally conscious</i>	 <i>Economically prosperous</i>	 <i>Fiscally responsible</i>	 <i>Professionally and efficiently served</i>
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ID	Description	Lead Department	Priority Alignment
21	<p>Backup Generator Regulations – Adopt regulations requiring backup generators for new and redeveloped fuel stations and cellular telephone towers in order to mitigate energy shortage impacts.</p>	Public Safety Services	

FURTHERANCE OF LONG-RANGE PLANS

The City's Climate Adaptation Plan, Community & Economic Development Improvement Plan, and Local Hazard Mitigation Plan provide long-range strategic direction in areas of special concern. Each plan is intended to help focus and improve City programs, projects, and services, as well as assist with budget and work plan development and resource allocation.

In order to promote active and ongoing implementation of long-range plans, correlations between this budget and work plan's significant work plan items and the actions and recommendations contained in each long-range plan are presented beginning on page 32.

Climate Adaptation Plan

The City's Climate Adaptation Plan establishes an approach for the City to prepare for a future with evolving and potentially varying climate conditions. The Climate Adaptation Plan identifies local vulnerabilities to climate change impacts (e.g., increased temperatures, decreased precipitation, and strained water supplies) and outlines a strategy to increase resilience to climate change-related hazards, increase resource independence, and sustain and advance climate adaptation efforts. At the time of its initial adoption in late-2014, the Climate Adaptation Plan was the first non-coastal, stand-alone, municipal climate adaptation plan in California.

Community & Economic Development Improvement Plan

The City's Community & Economic Development Improvement Plan identifies potential business, development, and permit-related service and regulatory improvements that could be undertaken by the City in order to:

- Reduce and streamline regulatory mandates for residents and businesses with respect to permitting and other activities that result in local safety, environmental, and/or quality of life improvements; and
- Support and foster high quality shopping, dining, and service experiences in order to promote the local availability of amenities and jobs for residents, as well as a productive business climate.

Local Hazard Mitigation Plan

The City's Local Hazard Mitigation Plan forms the foundation for the City's long-term strategy to reduce disaster losses and break the cycle of disaster damage, reconstruction, and repeated damage. Consistent with federal law, the Local Hazard Mitigation Plan is updated at least every five years. The

Local Hazard Mitigation Plan fulfills the requirements of Section 322 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5165, as amended by the Disaster Mitigation Act of 2000, and also serves as the City’s Local Energy Assurance Plan consistent with the State of California’s Energy Assurance Plan and the California Energy Commission’s California Local Energy Assurance Planning (CaLEAP) framework.

[Significant Work Plan Item Correlations to Long-Range Plans]

Significant Work Plan Item 4: Electric Vehicle Charging at City Hall	
Climate Adaptation Plan	Implementation Action 2.3.2. Develop and implement municipal renewable energy technology and energy efficiency improvement projects.
Significant Work Plan Item 10: Emergency Operations Plan (EOP) Update	
Climate Adaptation Plan	Implementation Action 1.1.1. Amend the Emergency Operations Plan to include an Extreme Heat Annex.
	Implementation Action 1.2.1. Amend the Emergency Operations Plan to include a Wildfire Air Quality Annex.
	Implementation Action 3.1.1. Incorporate climate adaptation into long-range planning documents.
Local Hazard Mitigation Plan	Project V. Develop and implement a Continuity of Operations Plan (COOP) for City services.
	Project Y. Develop memoranda of understanding (MOUs) for emergency reception centers, shelters, and points of dispensing (PODs).
	Project Z. Develop MOUs for emergency provisions (e.g., food, water, and generator fuel).

Significant Work Plan Item 12: Financial Software Replacement	
Community & Economic Development Improvement Plan	Recommendation O.05. Implement electronic systems to support building permit issuance, plan review, and inspection processes, including digitization of records.
	Recommendation O.01. Expand the forms of payment accepted at City Hall to include credit cards, debit cards, and electronic funds transfers (e.g., web checks).
Significant Work Plan Item 14: Commercial Zoning Code Uses and Parking Standards Update	
Community & Economic Development Improvement Plan	Recommendation R.05. Update the City's permitting uses by zoning district regulations.
Significant Work Plan Item 15: Drought Conscious Development Regulations Update	
Climate Adaptation Plan	Implementation Action 2.2.1. Review and amend development and permitting standards to reduce potable water consumption.
Community & Economic Development Improvement Plan	Recommendation R.03. Update the City's tree maintenance and removal regulations.
Local Hazard Mitigation Plan	Project A. Review and update building-related ordinances and policies, as necessary.
	Project E. Develop and implement plans, projects, and programs that reduce water use and augment local water supplies (e.g., capture/reuse).

Significant Work Plan Item 16: General Plan Comprehensive Update	
Climate Adaptation Plan	Implementation Action 3.1.1. Incorporate climate adaptation into long-range planning documents.
Community & Economic Development Improvement Plan	Recommendation R.07. Update the City's General Plan for economic development issues.
Significant Work Plan Item 18: Organic Waste Recycling Program	
Climate Adaptation Plan	Implementation Action 2.3.2. Develop and implement municipal renewable energy technology and energy efficiency improvement projects.
Significant Work Plan Item 21: Backup Generator Regulations	
Local Hazard Mitigation Plan	Project C. Adopt an ordinance requiring emergency backup generators for new and redeveloped fuel stations and cellular telephone towers.

4.0. CITY CAPITAL PROJECTS

This chapter is intended to describe major capital improvement projects that are included in this budget, as well as projects that are currently unfunded, but may be considered in the future.

CAPITAL IMPROVEMENT PROGRAM

In order to assist with the long-term development of funding for major capital improvement projects on public property, the City Council adopts a seven-year Capital Improvement Program (CIP) as part of its annual budget and work plan process. The CIP and the seven-year period to which it applies is also a requirement for funding under Orange County's Measure M2 half-cent sales tax, which voters approved in 2006 to fund transportation projects and activities. While the first year of the seven-year CIP is included in this budget, it is important to note that the City Council retains the ability to modify the CIP at its discretion and that no funding commitment is created by the inclusion of unfunded projects or projects phased for future fiscal years.

The City considers a "major capital improvement project" to be any project that meets the definition of a "public project" in Section 22002 of the State of California's Public Contracts Code, including "construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work" of facilities owned, leased, or operated by the City, as well as any non-minor "painting or repainting." Maintenance is not considered a public project. A "major capital improvement project" also includes pavement management work included in the City's seven-year Pavement Management Plan.

The City classifies its major capital improvement projects as either primarily relating to buildings (e.g., City Hall), "green" spaces (e.g., landscaping and parks), or transportation (e.g., roadways and traffic control devices). These classifications are intended to organize similar projects for ease of reference.

Major capital improvement projects are further categorized as either funded, partially funded, or unfunded. Partial funding of projects is not unusual, as full funding is often developed over the course of several fiscal years, as grants and other federal, state, and county funds are obtained in order to reduce impacts to the General Fund. In other cases, funding from the General Fund may be set aside for projects over multiple fiscal years in the interest of fiscal

prudence. The preparation of design documents and construction drawings may also proceed the allocation of construction funding.

SIGNIFICANT CHANGES IN CAPITAL PROJECTS

A project to rehabilitate the pavement on eastbound El Toro Road between Avenida Sevilla and Paseo de Valencia has been added to the Fiscal Year 2016-17 Budget & Work Plan and CIP as a funded project.

A project to repair and improve restrooms and drinking fountains at City Hall has been added to the Fiscal Year 2016-17 Budget & Work Plan and CIP as a partially funded project. The City Council will consider funding construction after design documents and construction drawings have been prepared.

A project to install low-level lighting in City Centre Park has been added to the Fiscal Year 2016-17 Budget & Work Plan and CIP as an unfunded project.

FUTURE OUTLOOK FOR CAPITAL PROJECTS

The City’s seven-year Pavement Management Plan proposes rehabilitation phased in a manner that is intended to minimize the length and impact of in-lane roadway work on residents and businesses.

Major capital improvements at City Hall remain necessary in order to ensure its functionality and safety. Identified needs include the installation of a back-up generator capable of providing power during long-term energy shortages and disaster-related interruptions, accessibility improvements, more effective utilization of interior space, and construction of a trash enclosure.

FISCAL YEAR 2016-17 CAPITAL PROJECTS SUMMARY

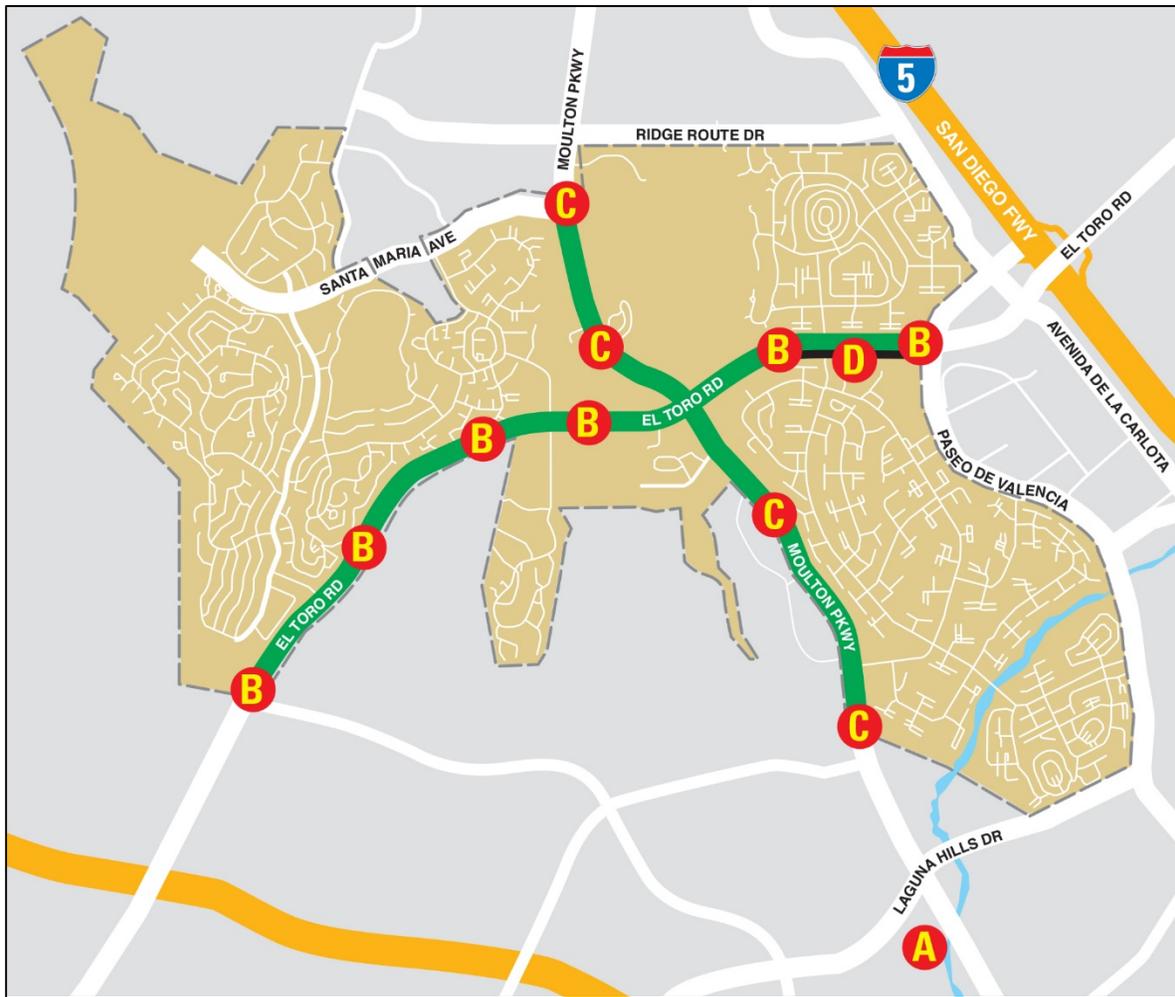
[Capital Projects Summary – Classifications and Funding Status]

Classification	Number of Projects		
	Funded	Partially Funded	Unfunded
Buildings	-	1	-
Green Spaces	1	-	4
Transportation	3	-	4
Total	4	1	8

[Funded Capital Improvement Projects]

Funded Project Title	ID	Page
Dairy Fork Constructed Wetland Project	A	39
El Toro Road Traffic Signal Synchronization Project	B	40
Moulton Parkway Traffic Signal Synchronization Project	C	41
Pavement Management Plan Project (Eastbound El Toro Road between Avenida Sevilla and Paseo de Valencia)	D	42

[Funded Capital Improvement Projects Map]



[Partially Funded Capital Improvement Projects]

Partially Funded Project Title	Page
City Hall Restroom Repair and Improvement Project	43

[Unfunded Capital Improvement Projects]

Unfunded Project Title	Page
City Centre Park Lighting Improvement Project	44
El Toro Road Water Efficient Median Improvement Project	45
Moulton Parkway Water Efficient Median Improvement Project	46
Santa Maria Avenue Water Efficient Median Improvement Project	47
Pavement Management Plan Projects <ul style="list-style-type: none"> • Westbound El Toro Road between Avenida Sevilla and Paseo de Valencia • Eastbound El Toro Road between Avenida Sevilla and Lutheran Church of the Cross • Westbound El Toro Road between St. Nicholas Catholic Church and Avenida Sevilla • Eastbound Ridge Route Drive between Moulton Parkway and Ridge Route Linear Park 	48

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET



Project Title: **Dairy Fork Constructed Wetland Project**

Classification: Green Spaces Funding Status: Funded

Priority Alignment:



Environmentally conscious

Project Description

This project is a multi-city undertaking with the City of Aliso Viejo acting as the lead agency with support from the cities of Laguna Woods, Laguna Hills, and Lake Forest. The project includes construction of a wetland southwest of the intersection of Aliso Viejo Parkway and Moulton Parkway in Aliso Viejo.

Purpose

This project will play an important role in supporting compliance with State-mandated pollutant load reduction requirements for Aliso Creek (bacteria, metals, nutrients, and oils) and will also re-vegetate native species, remove invasive species, and restore trails and wildlife habitat.

Construction and Implementation Costs

In March 2014, this project was awarded \$568,100 in funding from the Orange County Transportation Authority's Measure M2 Environmental Cleanup, Tier 2 grant program. The balance of the estimated \$874,000 project construction and implementation cost will be shared by the participating cities. The City's one-time, General Fund cost-share amount is \$59,956, which will be followed by an estimated \$1,960 cost-share for maintenance that will be adjusted annually, over a 20-year period, based on relevant conditions.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET



Project Title: **El Toro Road Traffic Signal Synchronization Project**

Classification: Transportation Funding Status: Funded

Priority Alignment:



Healthy and safe



High in quality of life



Environmentally conscious

Project Description

This project is a multi-city undertaking with the City acting as the lead agency with support from the City Aliso Viejo, City of Laguna Hills, and the California Department of Transportation (Caltrans). The project includes synchronization work and the installation of traffic detection, monitoring, and backup power equipment at certain intersections on El Toro Road from Bells Viero Lane (in Aliso Viejo) to Bridger Road (in Laguna Hills).

Purpose

This project will help improve the flow of traffic by modifying timing plans and installing various equipment to reduce congestion. Minimization of the time motor vehicles spend idling at red lights will also improve air quality and new uninterrupted power supplies will help sustain the operation of traffic signals during longer term energy shortages and disaster-related interruptions.

Construction and Implementation Costs

This project is currently awarded \$514,000 in funding from the Orange County Transportation Authority's Measure M2 program. The City will match the award with in-kind services and \$83,020 in CARITS funds. The total project cost, including matches from all involved agencies, is \$642,500.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET



Project Title: **Moulton Parkway Traffic Signal Synchronization Project**

Classification: Transportation Funding Status: Funded

Priority Alignment:



Healthy and safe



High in quality of life



Environmentally conscious

Project Description

This project is a multi-city undertaking with the City acting as the lead agency with support from the City of Laguna Hills, City of Laguna Niguel, and the California Department of Transportation (Caltrans). The project includes synchronization work and the installation of traffic detection, monitoring, and backup power equipment at certain intersections on Moulton Parkway from Lake Forest Drive (in Laguna Hills) to Camino del Avion (in Laguna Niguel).

Purpose

This project will help improve the flow of traffic by modifying timing plans and installing various equipment to reduce congestion. Minimization of the time motor vehicles spend idling at red lights will also improve air quality and new uninterrupted power supplies will help sustain the operation of traffic signals during longer term energy shortages and disaster-related interruptions.

Construction and Implementation Costs

This project is currently awarded \$645,440 in funding from the Orange County Transportation Authority's Measure M2 program. The City will match the award with in-kind services and \$65,680 in CARITS funds. The total project cost, including matches from all involved agencies, is \$808,050.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET



Project Title: **Pavement Management Plan Project (Eastbound El Toro Road between Avenida Sevilla and Paseo de Valencia)**

Classification: Transportation Funding Status: Funded

Priority Alignment:



Healthy and safe



High in quality of life

Project Description

This project involves the rehabilitation of pavement along the specified street section, including removal of deteriorated pavement and a surface seal of crack sealant and rubberized slurry. Pedestrian accessibility improvements will also be made along the street section.

Purpose

This project is a part of the City's seven-year Pavement Management Plan to extend the useful life and improve the quality of pavement on street sections rated at a Pavement Condition Index (PCI) below 80. Ongoing pavement management helps to minimize the prolonged and more impactful work that typically accompanies projects involving significantly degraded pavement. As of January 2016, the specified street section has a PCI of 76.

Construction and Implementation Costs

The one-time cost for designing and constructing this project is estimated at \$157,500 (as of May 2016; subject to the completion of design documents, construction specifications, and competitive proposals). Fuel Tax (\$150,000) and General Fund (\$7,500) revenue will be used to fund this project.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET



Project Title: **City Hall Restroom Repair and Improvement Project**

Classification: Buildings Funding Status: Partially Funded

Priority Alignment:



Healthy and safe



Environmentally conscious

Project Description

This project involves the repair of the deteriorated subfloor in the second floor restrooms at City Hall, including removal and replacement of the tile flooring and underlying lightweight concrete. Accessibility, lighting, energy, heating, ventilation, and air conditioning improvements will also be made in both the first and second floor restrooms and drinking fountains.

Purpose

This project is necessary in order to complete the repair of the deteriorated subfloor at City Hall; improve accessibility and energy efficiency within the building; and, modernize restroom and drinking facilities.

Construction and Implementation Costs

The one-time General Fund cost for designing this project is \$30,000. The one-time cost of construction will be determined once design work is complete.

Explanation of Partial Funding

The Fiscal Year 2016-17 Budget & Work Plan includes funding in the amount of \$30,000 to prepare construction drawings and technical specifications.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title: **City Centre Park Lighting Improvement Project**

Classification: Green Spaces Funding Status: Unfunded

Project Description

This project involves using existing conduit to install low-level walkway lighting along the serpentine walking path and hardscape areas in City Centre Park.

Purpose

This project is intended to improve the utility and function of City Centre Park. Lighting fixtures were a part of the initial design for City Centre Park; however, only conduit to allow for future lighting was installed during construction.

Construction and Implementation Costs

The one-time cost for designing and constructing this project is estimated at \$115,000 (as of May 2016; subject to the completion of design documents, construction specifications, and public bidding). No funding source has been identified; however, City personnel will seek grant opportunities.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title: **El Toro Road Water Efficient Median Project**

Classification: Green Spaces Funding Status: Unfunded

Project Description

This project involves retrofitting two primarily turf grass medians with drought-tolerant landscaping, water efficient irrigation systems, and “purple pipe” for future recycled water use. A hardscape maintenance band would also be installed around the perimeter of each median. This project could be phased by median location or completed concurrently, as funding permits.

Median ID	Median Location
El Toro Road, West Median #1	Moulton Parkway to Town Centre
El Toro Road, West Median #2	Town Centre to Calle Sonora

Purpose

This project is intended to reduce irrigation-related water consumption and runoff through the replacement of turf grass with drought-tolerant plantings and overhead spray irrigation with a more water efficient alternative. Moving irrigation systems and plantings further from the curb face of the medians will also help prevent inadvertent runoff and related pavement damage. When available, the use of recycled water for irrigation will help conserve potable water, thereby reducing demand for imported water.

Construction and Implementation Costs

The one-time cost for designing and constructing this project is estimated at \$295,550 (as of June 2014; subject to the completion of design documents, construction specifications, and public bidding). No funding source has been identified; however, City personnel continue to seek grant opportunities.

Median ID	Estimated Cost
El Toro Road, West Median #1	\$179,400
El Toro Road, West Median #2	\$116,150
Total	\$295,550

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title: **Moulton Parkway Water Efficient Median Project**

Classification: Green Spaces Funding Status: Unfunded

Project Description

This project involves retrofitting three primarily turf grass medians with drought-tolerant landscaping, water efficient irrigation systems, and “purple pipe” for future recycled water use. A hardscape maintenance band would also be installed around the perimeter of each median. This project could be phased by median location or completed concurrently, as funding permits.

Median ID	Median Location
Moulton Parkway, South Median #1	Via Campo Verde to Temple Judea
Moulton Parkway, South Median #2	Temple Judea to Calle Cortez
Moulton Parkway, South Median #2	Calle Cortez to Via Iglesia

Purpose

This project is intended to reduce irrigation-related water consumption and runoff through the replacement of turf grass with drought-tolerant plantings and overhead spray irrigation with a more water efficient alternative. Moving irrigation systems and plantings further from the curb face of the medians will also help prevent inadvertent runoff and related pavement damage. When available, the use of recycled water for irrigation will help conserve potable water, thereby reducing demand for imported water.

Construction and Implementation Costs

The one-time cost for constructing this project is estimated at \$352,176 plus the cost of non-irrigated groundcover (as of June 2016; subject to material selection and completion of design documents, construction specifications, and public bidding). No funding source has been identified; however, City personnel continue to seek grant opportunities.

Median ID	Estimated Cost
Moulton Parkway, South Median #1	\$65,152 + groundcover
Moulton Parkway, South Median #2	\$163,410 + groundcover
Moulton Parkway, South Median #3	\$123,614 + groundcover
Total	\$352,176 + groundcover

Construction drawings and technical specifications were prepared in Fiscal Year 2015-16 and will be finalized prior to any future construction in order to ensure that they reflect then-current codes and material availability.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title: Santa Maria Avenue Water Efficient Median Project

Classification: Green Spaces **Funding Status:** Unfunded

Project Description

This project involves retrofitting two primarily turf grass medians with drought-tolerant landscaping, water efficient irrigation systems, and “purple pipe” for future recycled water use. A hardscape maintenance band would also be installed around the perimeter of each median. This project could be phased by median location or completed concurrently, as funding permits.

Median ID	Median Location
Santa Maria Avenue, Median #1	Moulton Parkway to Florence Sylvester Memorial Senior Center
Santa Maria Avenue, Median #2	Florence Sylvester Memorial Senior Center to San Remo Drive

Purpose

This project is intended to reduce irrigation-related water consumption and runoff through the replacement of turf grass with drought-tolerant plantings and overhead spray irrigation with a more water efficient alternative. Moving irrigation systems and plantings further from the curb face of the medians will also help prevent inadvertent runoff and related pavement damage. When available, the use of recycled water for irrigation will help conserve potable water, thereby reducing the local demand for imported water.

Construction and Implementation Costs

The one-time cost for designing and constructing this project is estimated at \$418,485 (as of June 2014; subject to the completion of design documents, construction specifications, and public bidding). No funding source has been identified; however, City personnel continue to seek grant opportunities.

Median ID	Estimated Cost
Santa Maria Avenue, Median #1	\$46,920
Santa Maria Avenue, Median #2	\$371,565
Total	\$418,485

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title: **Pavement Management Plan Projects**

Classification: Transportation Funding Status: Unfunded

Project Description

These projects involve the rehabilitation of pavement along the specified street sections, including removal of deteriorated pavement and surface seals of crack sealant and rubberized slurry. Pedestrian accessibility improvements would also be made along the street sections.

Street Section ID	Street Section Location
W/BET-AS-PDV	Westbound El Toro Road between Avenida Sevilla and Paseo de Valencia
E/BET-AS-LCC	Eastbound El Toro Road between Avenida Sevilla and Lutheran Church of the Cross
W/BET-SNCC-AS	Westbound El Toro Road between St. Nicholas Catholic Church and Avenida Sevilla
E/BRR-MP-RRLP	Eastbound Ridge Route Drive between Moulton Parkway and Ridge Route Linear Park

Purpose

These projects are a part of the City's seven-year Pavement Management Plan to extend the useful life and improve the quality of pavement on street sections rated at a Pavement Condition Index below 80. Ongoing pavement management helps to minimize the prolonged and more impactful work that typically accompanies projects involving significantly degraded pavement.

Construction and Implementation Costs

Over the course of fiscal years 2017-18 through 2021-22, the one-time cost for constructing these projects is estimated at \$393,750 (as of June 2016; subject to the completion of design documents, construction specifications, and competitive proposals). It is anticipated that a combination of General Fund, Fuel Tax, and Measure M2 revenue will be used to fund these projects.

Street Section ID	Anticipated Fiscal Year	Pavement	Pedestrian Accessibility	Total
W/BET-AS-PDV	2017-18	\$150,000	\$7,500	\$157,500
E/BET-AS-LCC	2018-19	\$105,000	\$5,250	\$110,250
W/BET-SNCC-AS	2018-19	\$105,000	\$5,250	\$110,250
E/BRR-MP-RRLP	2021-22	\$15,000	\$750	\$15,750
Total		\$375,000	\$18,750	\$393,750

5.0. CITY BUDGET PRACTICES

This chapter is intended to review the budgeting and accounting practices employed in the development of this budget.

INTRODUCTION

In addition to outlining a scope of work for the City to undertake during the fiscal year beginning on July 1, 2016 and ending on June 30, 2017, this budget and work plan serves as a financial plan for the City's operations. To that end, chapters 5.0 and 6.0 translate the scope of work that is described in chapters 3.0 and 4.0 into revenue estimates and expenditure appropriations.

BUDGET AND WORK PLAN DEVELOPMENT PROCESS

The City Council adopts a budget and work plan, annually, by June 30th, for a fiscal year beginning on the following July 1st and ending June 30th.

The process of developing the City's budget and work plan is continuous and iterative in nature with City personnel working throughout the fiscal year, and particularly between the months of January and June, to prepare revenue estimates, expenditure projections, and draft documents that are responsive to the City Council's direction. Budget and work plan development is jointly managed by the City Manager's Office (City Manager) and Administrative Services Department (Administrative Services Director/City Treasurer).

The Fiscal Year 2016-17 Budget & Work Plan development process included a total of four open and publically noticed City Council meetings, each with an opportunity for public comment. The meetings occurred as follows:

- Wednesday, April 17, 2016 – kick-off, discussion and development
- Wednesday, May 18, 2016 – discussion and development
- Wednesday, June 15, 2016 – discussion and development
- Wednesday, June 29, 2016 – adoption

TWO-YEAR BUDGET AND WORK PLAN TRANSITION PROCESS

The City is transitioning from a single-year to two-year budget and work plan with the goal of providing longer-term economic forecasts, greater certainty regarding the sustainability of the City’s operations, and heightened strategic vision. Central to the transition to a two-year budget is the development of a five-year strategic financial plan, updated annually with projections of future budgetary conditions and long-range strategic priorities.

It is anticipated that the City’s initial five-year strategic financial plan will be developed by Fiscal Year 2017-18 to aid in the development of the City’s first two-year budget and work plan covering fiscal years 2017-18 and 2018-19. Thereafter, the budget and work plan development process will include an annual refinement of the two-year budget and work plan, as well as annual updates to the five-year strategic financial plan.

[Two-Year Budget and Work Plan Transition Schedule]

	Fiscal Year		
	2014-15	2015-16	2016-17
Budget & Work Plan	Expanded format	Enhanced information	Final single-year budget
Five-Year Strategic Financial Plan	-	Establishment of policies	Initial development
	Fiscal Year		
	2017-19	2017-18	2018-19
Budget & Work Plan	First two-year budget	<i>Interim refinement</i>	<i>Amended second-year</i>
Five-Year Strategic Financial Plan	-	<i>Annual update</i>	<i>Annual update</i>

CONTINUAL BUDGET AND WORK PLAN IMPROVEMENT PROCESS

The City is committed to continually improving the transparency and manner in which information is presented in its budgets and work plans. Best practices

and other guidance from the California Society of Municipal Finance Officers (CSMFO) and the Government Finance Officers Association (GFOA) is being used as a foundation for both near- and long-term improvement efforts.

In addition to internal utility, public comments, and City Council feedback, the effectiveness of budget and work plan improvements can be measured through evaluations conducted by CSMFO and GFOA. While the results of either organization's evaluations are expressed in the form of "awards," the evaluations are important, not as accolades, but as benchmarks of progress made by the City's budget and work plan improvements.

The City's Fiscal Year 2015-16 operating budget was submitted for evaluation by CSMFO. Following two independent, third-party reviews, the City earned CSMFO's highest level of distinction, the Operating Budget Excellence Award.

[CSMFO Operating Budget Excellence Award for Fiscal Year 2015-16]



BUDGET POLICIES

City of Laguna Woods Administrative Policy 2.9 (see Appendix A) provides a framework for the development of the City's budget, with an emphasis on balance, transparency, fiscal responsibility, and long-term planning. The policy establishes numerous conservative and prudent standards related to the development and implementation of the City's budget, including regular public reporting to emphasize financial transparency and accountability.

After the City Council adopts the budget, authorized appropriations become effective on July 1st of the applicable fiscal year and establish legal spending limits for City programs, projects, and services. The City Council may amend the adopted budget at a public meeting at any time during the fiscal year.

The City Council adopts budgets at the fund and department levels with the City Manager having the authority to make adjustments within and between departments in the same fund, provided that there are no increases in fund budgets. While the City Manager is authorized to decrease fund-level budget appropriations as a method of fiscal control, City Council action is required to increase fund-level budget appropriations, regardless of the amount.

STATUS OF BUDGETARY RESERVES IN THE CURRENT YEAR

Recognizing that reserves are a key component of fiscal responsibility and financial resilience, Administrative Policy 2.9 provides guidance for the City to ensure the adequacy of available financial resources to address periodic, unanticipated, and emergency needs. In addition to local fiscal needs, the establishment and maintenance of reserves also includes the consideration of best practices established by various authoritative agencies.

The overall target for committed and assigned reserves is currently established in an amount equal to 50% of the adopted General Fund revenue budget at the beginning of each fiscal year (July 1), less any one-time revenues and non-operating revenues. The overall target amount is currently used to fund three committed and assigned reserves – (1) a Paid Leave Contingency Fund to compensate for payments required to comply with the City's paid leave policies and obligations, when such amounts exceed adopted budgets; (2) a Self-Insurance Contingency Fund to compensate for liability and workers' compensation claim settlements not covered by insurance policies; and, (3) a General Fund Contingency Fund to compensate for economic uncertainty, operating contingencies, and emergencies caused by calamitous events.

[Committed and Assigned Reserves Funding Levels]

Fiscal Year 2016-17 General Fund Revenue Budget, less one-time and non-operating revenues	\$5,261,000
	x .50
Overall Target for Committed and Assigned Reserves	<u>\$2,630,500</u>
Paid Leave Contingency Fund ⁵	\$79,808
Self-Insurance Contingency Fund	\$50,000
General Fund Contingency Fund	\$2,500,692
Total Committed and Assigned Reserves	<u>\$2,630,500</u>

In addition to committed and assigned reserves, unassigned General Fund balance is available for any governmental purpose and can be appropriated upon direction from the City Council. Use of the unassigned General Fund balance is generally limited to one-time projects, capital improvement projects, the payment of long-term liabilities for periods beyond the current fiscal year, and emergency expenditures.

BASIS OF BUDGETING AND ACCOUNTING

This budget and the underlying accounting are prepared in accordance with Generally Accepted Accounting Principles (GAAP) on a "modified accrual" basis. In its *Finance Glossary of Accounting and Budgeting Terms*, the State of California's Department of Finance defines modified accrual as:

"The basis of accounting in which revenues are recognized if the underlying transaction has occurred as of the last day of the fiscal year and the amount is measurable and available to finance expenditures of the current period (i.e., the actual collection will occur either during the current period, or after the end of the current period, to be used to pay current year-end liabilities). Expenditures are recognized when the obligations are created, except for amounts payable from future fiscal year appropriations."

The City's accounting system is organized by fund. Each fund is a separate accounting entity with a self-balanced set of accounts that record assets,

⁵ Note: The Paid Leave Contingency Fund has an annual target equal to projected accrued paid leave balances at the end of each fiscal year (June 30). The funding level shown in this budget and work plan is an estimate that will be finalized after fiscal-year-end calculations are available.

liabilities, fund equity, revenues, and expenditures. Funds are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

FUND TYPES

Government agencies classify funds as either governmental (accounting for typical government operations), proprietary (accounting for activities financed and operated in a manner similar to private enterprises, where the cost of providing services is recovered from user charges), or fiduciary (used when acting as a trustee or agent for resources belonging to other agencies or individuals). The City has no proprietary or fiduciary funds, although this budget and work plan does include the establishment of an Other Post-Employment Benefits (OPEB) trust fund that will be administered by the California Public Employees Retirement System (CalPERS). The City maintains the following governmental fund types:

- General Fund – The General Fund is the City’s primary operating fund and is used to account for the proceeds of revenue sources that are not legally restricted to expenditures for specified purposes.
- Special Revenue Funds (“Special Funds”) – Special funds are used to account for the proceeds of revenue sources that are legally restricted to expenditures for specified purposes (e.g., grants and Measure M2 allocations). The City’s special funds are categorized as primarily relating to environmental, community services, public safety, or transportation.
- Capital Projects Fund – The Capital Projects Fund is used to account for transfers from the General Fund that are reserved for either current- or future-year capital improvement purposes. The Capital Projects Fund is combined with the General Fund for the purpose of reporting in the City’s Comprehensive Annual Financial Report (CAFR).

ANNUAL APPROPRIATIONS LIMIT (“GANN LIMIT”)

California’s Proposition 4, commonly referred to as the “Gann Initiative,” was approved by voters on November 6, 1979. The Gann Initiative added Article XIII B to the California State Constitution, establishing a limit on the amount of tax proceeds that state and local governments can receive and appropriate on an annual basis (“Gann limit”). Gann limits vary amongst agencies and are either based on the amount of tax revenue that was authorized to be spent in Fiscal Year 1978-79 or, in the case of the City of Laguna Woods and other local governments that incorporated after Fiscal Year 1978-79, on an amount

established by voters. Gann limits are modified, annually, according to calculation methods established by California's Proposition 111 (1990).

The City's Gann limit is adopted by the City Council by resolution each year as a part of the budget and work plan development process (see Resolution No. 16-XX included with this budget as Appendix D). The Gann limit for Fiscal Year 2016-17 is \$9,546,508 and was calculated as shown below.

[Gann Limit Calculation – Fiscal Year 2016-16]

Fiscal Year 2015-16 Gann Limit		\$8,971,351
Population Change (County of Orange) ⁶	x	1.0099
Cost of Living Change (Per Capita Personal Income) ⁵	x	1.0537
Fiscal Year 2016-17 Gann Limit		\$9,546,508
Fiscal Year 2016-17 Appropriations Subject to the Gann Limit		<u>\$3,796,765</u>
Fiscal Year 2016-17 Gann Limit over Appropriations		<u>\$5,749,743</u>

RETIREMENT AND OTHER POST-EMPLOYMENT BENEFIT COSTS

California Public Employees Retirement System

The City maintains defined benefit pension plans that are administered by the California Public Employees' Retirement System (CalPERS). The plans provide benefits to qualified employees based on their number of years of service, age at retirement, and final compensation (average salary for a defined period of employment). City employees hired prior to January 1, 2013, or otherwise eligible pursuant to the Public Employees' Pension Reform Act of 2013 (PEPRA), are considered "classic" members and are enrolled in CalPERS' 2% at age 55 plan. Classic members contribute 7% of their annual covered salary. City employees hired on or after January 1, 2013, and not considered "classic" members ("new/PEPRA members"), are enrolled in CalPERS' 2% at age 62 plan and contribute a percentage of their annual covered salary pursuant to PEPRA (6.65% for Fiscal Year 2016-17).

CalPERS produces annual valuation reports for the City's defined benefit pension plans, which are available at City Hall and on CalPERS' website at www.calpers.ca.gov. The most recent report is dated October 2014 with a

⁶ State of California, Department of Finance, *Price and Population Information*. May 2016. Factors are rounded to four decimal places for presentation purposes.

valuation as of June 30, 2013. The report includes calculations of the City's unfunded liability (\$393,424 as of June 30, 2013) and funded status (81.3% as of June 30, 2013), as well as a discussion of factors influencing plan costs.

[Retirement Rates and Employer Contributions]

	Fiscal Year 2013-14 (Valuation as of June 30, 2011)	Fiscal Year 2014-15 (Valuation as of June 30, 2012)	Fiscal Year 2015-16 (Valuation as of June 30, 2013)	Fiscal Year 2016-17 (Valuation as of June 30, 2014)
<i>Classic Employees</i>				
Normal Cost	9.409%	9.154%	9.344%	9.476%
Amortization of Unfunded Liability	2.230%	3.208%	\$15,072	\$18,622
Total	11.639%	12.362%		
<i>New/PEPRA Employees</i>				
Normal Cost	6.550%	6.550%	6.570%	6.650%
Amortization of Unfunded Liability	-	-	-	-
Total	6.550%	6.550%	6.570%	6.650%
Employer Contribution	\$88,608 (Actual)	\$80,286 (Actual)	\$80,377 (Projected)	\$78,288 (Projected)
Percent of General Fund Operating Budget	2.172%	2.001%	1.592%	1.483%

Social Security and Medicare

In addition to CalPERS' defined benefit pension plans, the City participates in Social Security and Medicare, which provide retirement and health benefits to qualified employees beginning as early as age 62. City employees pay the full "employee contribution" and the City pays an equivalent "employer contribution," which for Fiscal Year 2016-17 is 6.2% on earnings up to \$118,500 for Social Security and 1.45% on all earnings for Medicare. The employer contribution for Fiscal Year 2016-17 is projected to be \$45,042.

Other-Post Employment Benefits (Retiree Medical)

As a member of the CalPERS health insurance program, the City is statutorily required to offset a portion of the cost of CalPERS health insurance premiums

for qualified, retired employees at a minimum rate adjusted annually. Rates are established by State law with the current monthly cost per employee at \$100. The blended monthly cost for Fiscal Year 2016-17 is estimated to increase to \$105 per employee for a total employer contribution of \$3,783.

An actuarial study completed in April 2016 calculated the City's unfunded liability for retiree medical other post-employment benefits (OPEB) at \$75,638, as of July 1, 2016. In Fiscal Year 2015-16, the City established an irrevocable OPEB trust with an initial funding level of 80% of the unfunded liability (\$60,511). While many employers use a "pay-as-you-go" formula to minimally fund OPEB liabilities, the establishment of an interest-bearing OPEB trust allows the City to proactively manage future costs and reduce unfunded liabilities. This budget and work plan does not include any additional contributions to the OPEB trust. The next actuarial study will be for Fiscal Year 2017-18, after which additional contributions may be necessary to maintain a funding level of at least 80% of the recalculated unfunded liability.

Law Enforcement Retirement and Post-Employment Benefits

Agreements for law enforcement services with the County of Orange include certain employee retirement and OPEB-related expenses. While the City is not responsible for the County of Orange's long-term retirement or OPEB liabilities, changes in employer contribution rates and actuarial valuations for the Orange County Employees Retirement System (OCERS) create a year-to-year budgetary risk exposure for the City. While retirement and OPEB-related expenses have a material and generally upward impact on the City's costs, the City does not have a role in OCERS' decision-making. The County of Orange's long-term law enforcement services cost projections (see page 66) do not explicitly identify pension costs with amortized unfunded liabilities.

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6.0. CITY BUDGET DETAIL

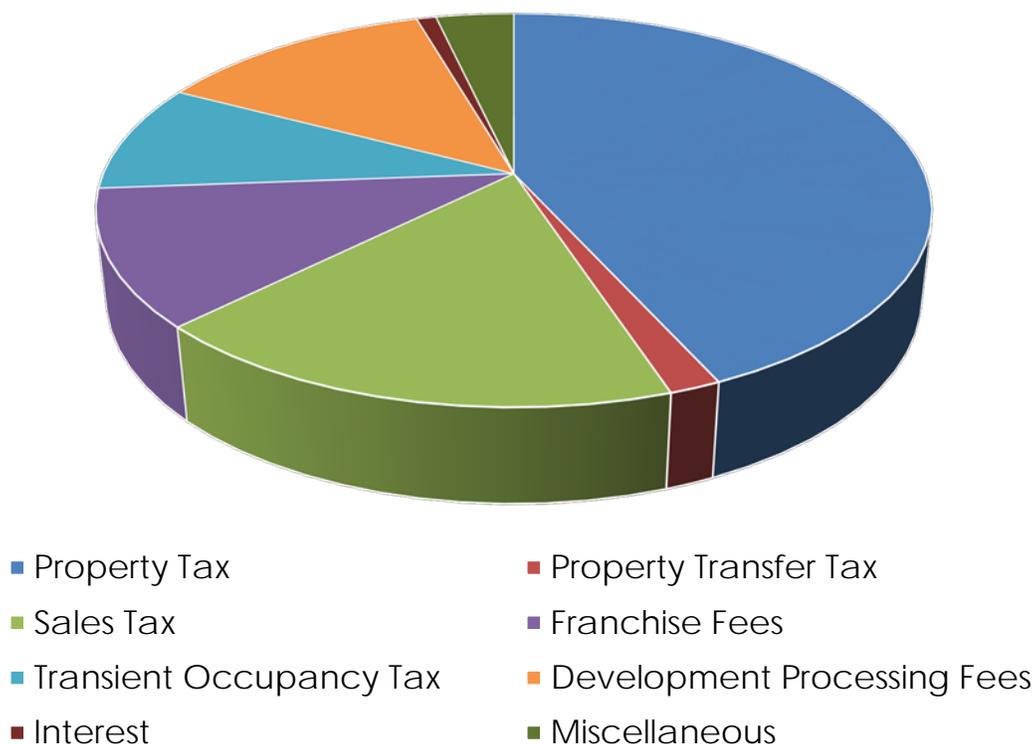
This chapter is intended to present revenue and expenditure detail for the programs, projects, and services included in this budget.

GENERAL FUND REVENUE SUMMARY

General Fund revenue for Fiscal Year 2016-17 is estimated to be \$5,261,000, or 4.4%, more than the Fiscal Year 2015-16 budget, and \$112,000, or 2.2%, more than year-end estimates for Fiscal Year 2015-16 (less one-time revenue). The differences in revenue can be attributed to a variety of contributing factors including modest increases in property tax, sales tax, and development processing fee revenue.

The three largest sources of General Fund revenue for Fiscal Year 2016-17 are anticipated to be property tax, sales tax, and development processing fees, which collectively account for approximately 73.7% of estimated revenue.

[General Fund Revenue Estimates by Source – Fiscal Year 2016-17]



[General Fund Revenue by Source – Percent of Total General Fund]

General Fund Revenue Source	Percent of Actual Year-End Receipts (Fiscal Year 2014-15)	Percent of Year-End Budget Projection (Fiscal Year 2015-16)	Percent of Adopted Budget Estimate (Fiscal Year 2016-17)
Property Tax	42.7%	41.9%	43.2%
Property Transfer Tax	1.9%	1.7%	1.7%
Sales Tax	19.2%	18.6%	17.7%
Franchise Fees	12.8%	11.7%	11.2%
Transient Occupancy Tax	9.6%	9.0%	8.9%
Development Processing Fees	9.7%	12.6%	12.8%
Fines	0.5%	0.1%	-*
Interest	0.4%	0.7%	0.9%
Miscellaneous	3.2%	3.7%	3.6%

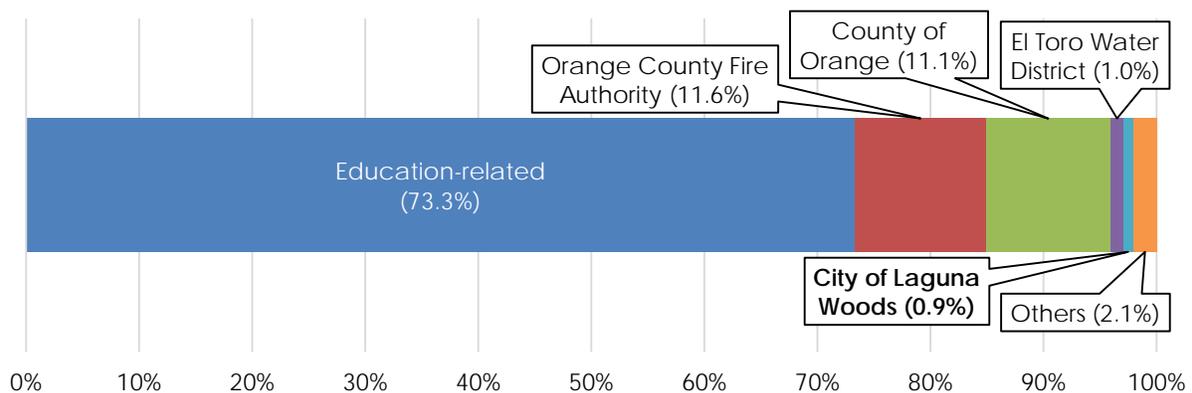
* Beginning with the Fiscal Year 2016-17 budget, revenue from fines (e.g., traffic citations) is accounted for as a part of Miscellaneous revenue.

This budget accounts for property tax in lieu of vehicle license fees as a part of general property tax revenue; property tax in lieu of sales tax as a part of sales tax revenue; and, property transfer tax separately.

Property Tax Allocation

For every dollar of property tax paid, the City receives an average of only \$0.00879. Over 73% of every property tax dollar funds education.

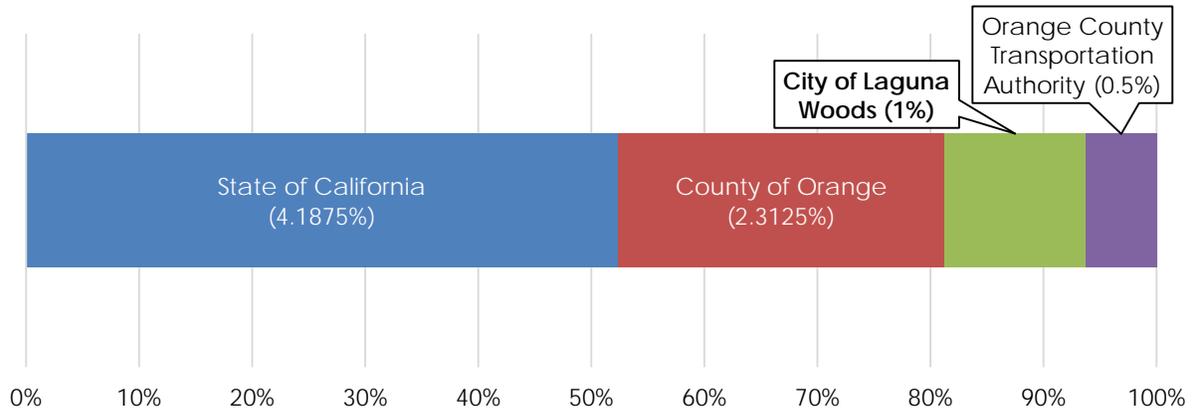
[Average Property Tax Allocation – Tax Rate Area 32010]



Sales Tax Allocation

Of the 8% local sales tax rate, the City receives only 1% of tax proceeds. The majority of sales tax revenue is paid to the State of California and the County of Orange. The City receives a portion of the half-cent sales tax collected by the Orange County Transportation Authority pursuant to Measure M2, which is reported in the Special Funds section of this budget.

[Sales Tax Allocation]



[Top 25 Sales Tax Producers – 2015 Calendar Year⁶]

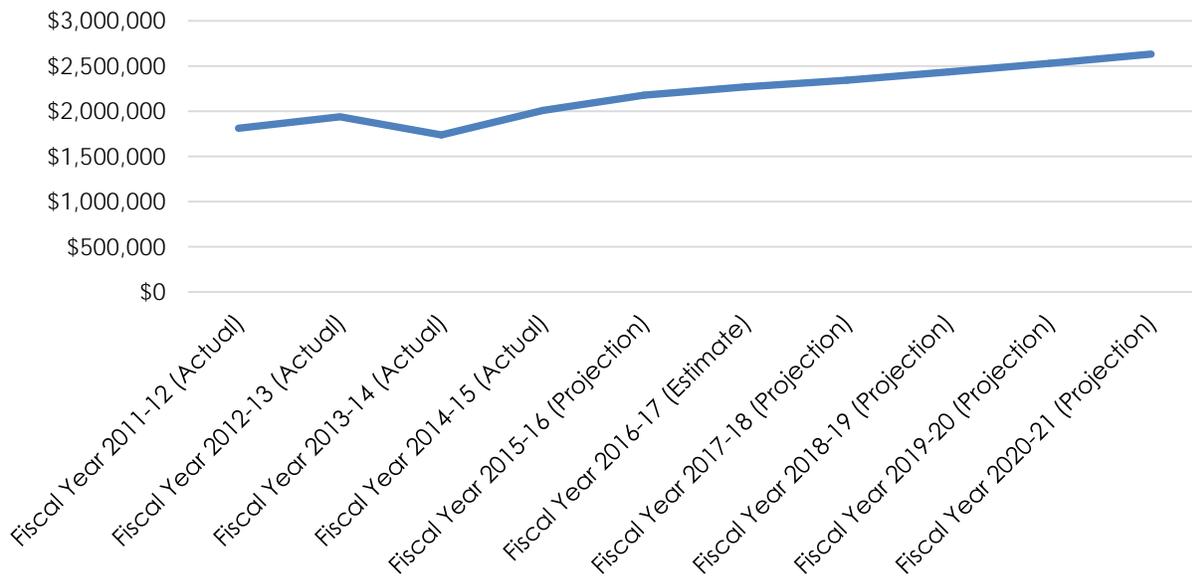
19 Restaurant & Lounge	Olive Garden
Adapt 2 It	Papa John's
Carl's Jr.	Rite Aid
CVS Pharmacy	Saddleback Golf Cars
Firehouse Subs	Stage 21 Bikes
Golden Rain Foundation	Stanley Okon Dental Lab
Home Depot	Starbucks
Hometown Buffet	Stater Bros.
Jack in the Box	Thaitanium
Leisure World Mobil	Tomo Sushi
Mothers Market	Valvoline Instant Oil Change
Moulton Arco AM/PM	Vons
OfficeMax	

⁶ Sales Tax Allocations Adjusted for Economic Data, January 2014 through December 2015, Hinderliter, de Llamas & Associates. Based on information from the State Board of Equalization. Sales tax producers are presented in alphabetical order.

Summary of Significant Trends and Observations

- Property tax revenue is estimated to increase by \$158,000, or 7.5%, from the Fiscal Year 2015-16 budget due, in part, to continued growth in home sale prices, continued recapture of assessed property valuations that had been temporarily reduced pursuant to Proposition 8’s tax relief program, and an increase in the Consumer Price Index used by the Orange County Assessor to calculate annual property valuations.
- Modest increases in property tax revenue are estimated over the next five years with an average annual increase of 3.92%. Property tax is known to experience periodic economic fluctuations which may result in as of yet unknown, but potentially significant, decreases in revenue.

[Property Tax Revenue – Fiscal Years 2011-12 through 2020-21]

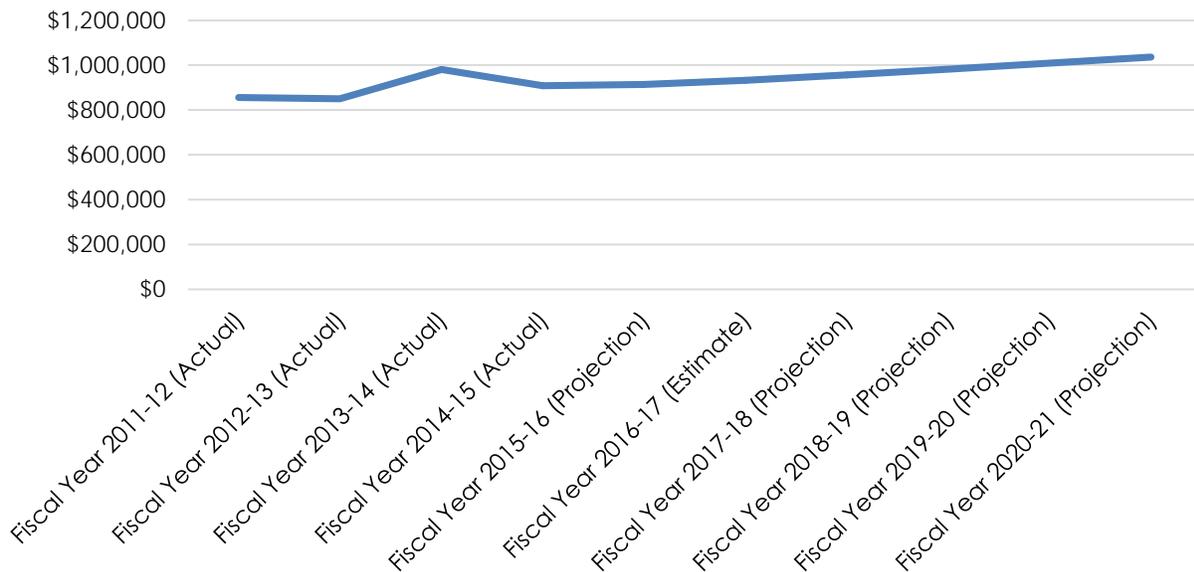


- Sales tax revenue is estimated to increase by \$45,000, or 5.1%, from the Fiscal Year 2015-16 budget due, in part, to consumer spending growth as the economy continues to improve. The increase is tempered by the closure of two of the Top 25 Sales Tax Producers (Hometown Buffet and Vons) in the first quarter of the 2016 calendar year. A third Top 25 Sales Tax Producer (Thaitanium) has notified the City of its closure plans.
- Fiscal Year 2015-16 was the final year of Proposition 57’s triple flip, which temporarily modified sales tax allocations in order to allow the State of California to establish a Fiscal Recovery Fund to pay for bonds issued for deficit reduction. The Fiscal Year 2015-16 budget included one-time

revenue of approximately \$55,000 related to the end of the triple flip, which the City will not receive again in Fiscal Year 2016-17.

- The City’s sales tax base continues to be limited in size and lacking diversity with the top 25 sales tax producers accounting for more than 96% of total sales tax revenue in the 2015 calendar year. This over-dependence on a narrow subset of sales tax producers means that the City is particularly vulnerable to significant fluctuations of sales tax revenue, the totality of which funds approximately 17.7% of the General Fund operating budget for Fiscal Year 2016-17.
- Small increases in sales tax revenue are estimated over the next five years with an average annual increase of 2.65%. Sales tax is known to experience periodic economic fluctuations which may result in as of yet unknown, but potentially significant, decreases in revenue. The size and lack of diversity of the City’s sales tax base creates the potential for significant revenue fluctuations and near- and short-term instability.

[Sales Tax Revenue – Fiscal Years 2011-12 through 2020-21]



- In late-2015, the City entered into a new franchise agreement for solid waste handling services. The new agreement structures the franchisee’s required payments in a manner that provides the City with greater ongoing revenue growth and predictability than previously existed.
- Bus shelter franchise fee revenue is estimated to decrease by \$20,000, or 50%, from the Fiscal Year 2015-16 budget due to the expiration of the existing franchise agreement in December 2016. While indications are

that the existing franchisee is interested in extending the agreement, negotiations are still ongoing. Accordingly, this budget assumes that bus shelter franchise revenue will end in December 2016.

- Development processing fee revenue is estimated to increase by \$48,000, or 7.7%, from the Fiscal Year 2015-16 budget due, in part, to an increase in private building-related work and an update of the City's fee schedules to continue to seek 100% cost recovery. As development processing fees are charged to recover the City's reasonable costs of providing services, expenditures are also projected to increase.
- Miscellaneous revenue is estimated to increase by \$32,000, or 20.3%, from the Fiscal Year 2015-16 budget due, in part, to changes in the payments required by the new solid waste handling services franchise agreement and the recent approval of the Waste Disposal Agreement with the County of Orange, which includes ongoing revenue for the City related to the importation of waste to Orange County landfills.

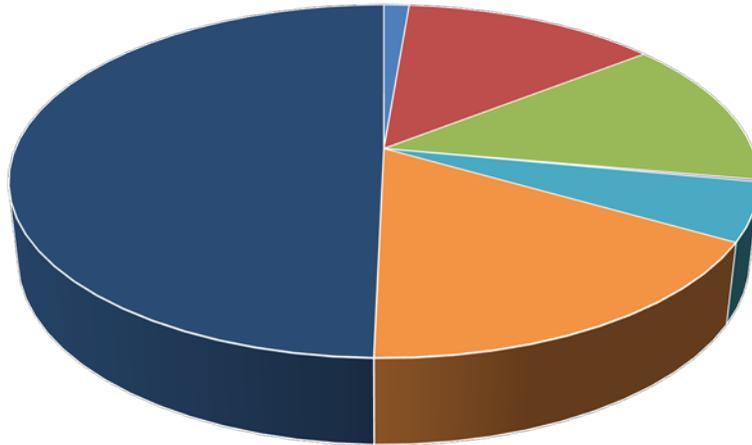
GENERAL FUND EXPENDITURES SUMMARY

General Fund operating expenditures for Fiscal Year 2016-17 are budgeted at \$5,248,513, or 4.2% more than the Fiscal Year 2015-16 budget. An additional \$98,043 in non-operating expenditures and transfers for capital projects is budgeted to provide funding for the following:

- Commercial Zoning Code Uses & Parking Standards Update Project
- General Plan Comprehensive Update Project
- Financial Software Replacement Project
- Law Enforcement Services 800 MHz Next Generation Project
- City Hall Restroom Repair and Improvement Project (Design)
- Pavement Management Plan Project (Eastbound El Toro Road between Avenida Sevilla and Paseo de Valencia) - Accessibility

The three largest types of General Fund operating budget expenditures for Fiscal Year 2016-17 are anticipated to be public safety services [including law enforcement (Orange County Sheriff's Department) and animal control and shelter services]; planning and environmental services (including building, planning, code enforcement, water quality, waste, and recycling services); and, general government (including City Hall building maintenance, legal services, and other central or non-departmental services and City personnel, as well as City personnel to support public safety services).

[General Fund Operating Expenditures by Program – Fiscal Year 2016-17*]



- City Council
- General Government
- Administrative Services
- Community Services
- Engineering & Infrastructure Services
- Planning & Environmental Services
- Public Safety Services

[General Fund Operating Expenditures by Program – Percent]

General Fund Operating Expenditure Program	Percent of General Fund Operating Budget*
City Council	1.4%
General Government	13.2%
Administrative Services	13.5%
Community Services	0.2%
Engineering & Infrastructure Services	4.7%
Planning & Environmental Services	17.1%
Public Safety Services	49.9%

* Non-operating expenditures and transfers to Special Funds for Capital Projects and the Senior Mobility Program are not included.

Contract Law Enforcement Services

Routine law enforcement services provided under contract with the Orange County Sheriff’s Department represent the single largest expenditure in the General Fund operating budget, at 47.1%, or \$2,472,672, assuming an offset of \$100,000 in Supplemental Law Enforcement Services Account funding from the State of California (accounted for in the Special Funds section of this budget), a savings of \$6,448 in early payment discounts (as provided for in the City’s contract with the County of Orange), and \$13,000 in vacancy credits based on historic averages. Additional non-operating expenditures to continue the City’s participation in the countywide 800 MHz Next Generation Project total \$7,743.

The share of the routine law enforcement services contract borne by the General Fund operating budget in Fiscal Year 2016-17 includes an increase of 8.81%, or \$209,961, from Fiscal Year 2015-16 due, in part, to:

- Salary and benefit increases negotiated and approved by the Orange County Board of Supervisors (the City does not have a role in labor negotiations); and
- Overtime increases calculated using a new methodology developed by the County of Orange and an increased assumption of total hours.

Over the next four fiscal years, the County of Orange is projecting continued increases in routine contract law enforcement services costs that total 6.78%. Those projections are recalculated annually and are subject to change.

[Projected Change in Routine Contract Law Enforcement Services Costs⁷]

Fiscal Year	Projected Percent Change	Projected New General Fund Fiscal Impact
2017-18	0.46%	(\$11,914)
2018-19	3.08%	(\$80,126)
2019-20	2.09%	(\$56,130)
2020-21	1.01 %	(\$27,690)
Total	6.78%	(\$175,860)

⁷ County of Orange. Law Enforcement Contracts Cost Projections (2014 SFP). February 2, 2014. Based on the City’s Fiscal Year 2015-16 staff levels and excluding non-operating costs.

“AT-A-GLANCE” GENERAL FUND SUMMARY

[General Fund Revenue over Operating Expenditures Estimate]

Total General Fund Revenue Estimate:	\$5,261,000
Non-Operating Revenue Estimate:	(\$ 0)
Operating Expenditures:	(\$5,248,513)
Total General Fund Operating Revenue over Operating Expenditures:	\$ 12,487

[Total General Fund Non-Operating Expenditures and Transfers]

Non-Operating Expenditures:	\$ 7,743
Transfers to Capital Projects Fund:	<u>\$ 90,300</u>
	\$ 98,043

[Total General Fund Expenditures]

Total General Fund Operating Expenditures:	\$5,248,513
Total General Fund Non-Operating Expenditures and Transfers:	<u>\$ 98,043</u>
	\$5,346,555

At the end of Fiscal Year 2016-17, the unallocated (or, unassigned) General Fund balance is estimated to be \$9,074,136, or 173%, of Fiscal Year 2016-17 operating expenditures. The City maintains additional reserves for paid leave, self-insurance, and general contingency purposes.

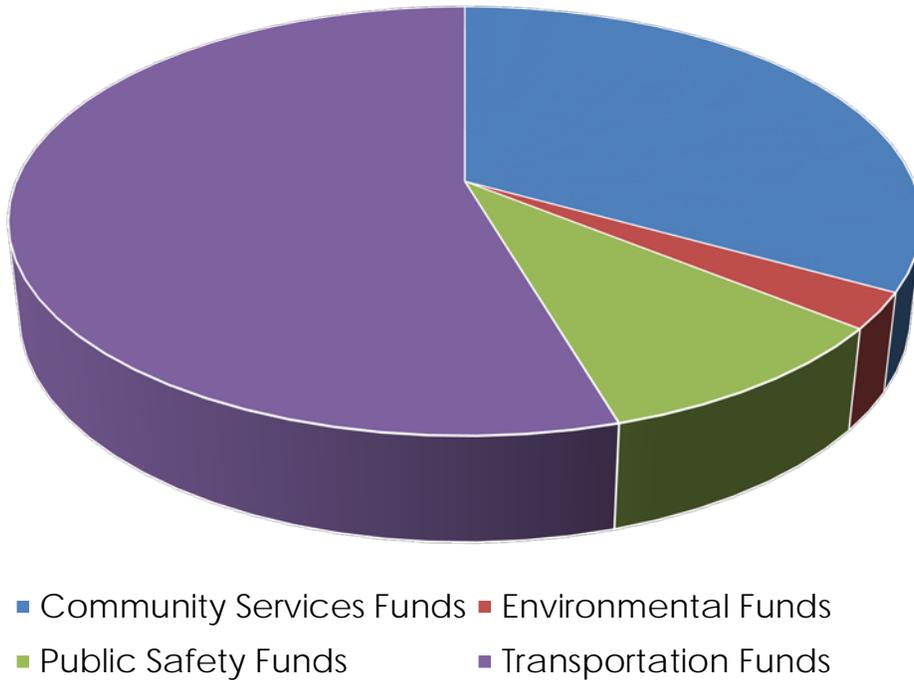
SPECIAL FUNDS REVENUE SUMMARY

Special Funds revenue for Fiscal Year 2016-17 is estimated to be \$1,080,700, or 53.5%, less than the Fiscal Year 2015-16 budget, and 23.4%, or \$329,225, less than year-end estimates for Fiscal Year 2015-16. The differences in revenue can be attributed to a projected decrease in fuel tax revenues and one-time revenue for two traffic signal synchronization projects that were budgeted in Fiscal Year 2015-16, the balances of which will be carried over to the Fiscal Year 2016-17 budget.

The three largest sources of Special Funds revenue for Fiscal Year 2016-17 are anticipated to be Fuel Tax (including highway users tax/gasoline excise tax), Measure M2 (including fair share allocations and grant-related revenues), and Senior Mobility (including Senior Mobility Program and Transportation

Development Act funding from the Orange County Transportation Authority, as well as user fee revenue). Fuel Tax and Measure M2 fair share revenue, both of which can be used for operations and maintenance of public right-of-way, account for approximately 50% of Special Funds revenue.

[Special Funds Revenue Estimates by Category – Fiscal Year 2016-17]



[Special Funds Revenue by Category – Percent of Total Special Funds]

Special Fund Revenue Category	Percent of Actual Year-End Receipts (Fiscal Year 2014-15)	Percent of Year-End Budget Projection (Fiscal Year 2015-16)	Percent of Adopted Budget Estimate (Fiscal Year 2016-17)
Community Services	16.5%	27.0%	34.6%
Environmental	3.1%	2.2%	2.9%
Public Safety	8.5%	8.0%	9.9%
Transportation	71.9%	62.8%	52.6%

Summary of Significant Trends and Observations

- Fuel tax revenue is estimated to decrease by \$53,000, or 13.2%, from the Fiscal Year 2015-16 budget due, in part, to decreases in gasoline consumption and prices, as well as year-to-year adjustments mandated in the State of California's Fuel Tax Swap of 2010⁸. The fuel tax revenue estimated for Fiscal Year 2016-17 represents the lowest amount that the City will receive since Fiscal Year 2008-09. This reduction is concerning, particularly as a part of a trend that is likely to continue as vehicles become increasingly fuel efficient, in that fuel tax is a significant source of funding for street and right-of-way operations and maintenance.
- Total Measure M2 revenue is estimated to decrease by \$1,203,580, or 84.7%, from the Fiscal Year 2015-16 budget due, in part, to one-time revenue related to the El Toro Road and Moulton Parkway traffic signal synchronization projects, which was budgeted in Fiscal Year 2015-16 and will be carried over to the Fiscal Year 2016-17 budget. Measure M2 fair share revenue, which is ongoing, is estimated to increase by \$10,000, or 4.8%, from the Fiscal Year 2015-16 budget⁹.
- While there is no supplemental funding projected to be required from the General Fund to support the Senior Mobility Program in Fiscal Year 2016-17, 19.4% of the program's revenue is the product of a temporary allocation of Transportation Development Act funding from the Orange County Transportation Authority. This budget assumes that funding that was scheduled to end in June 2015 will be extended by the Orange County Transportation Authority's Board of Directors.
- Fiscal Year 2015-16 is the second of a three-year cycle of Community Development Block Grant funding to support the Residential Energy Efficiency Improvement Program. Funding is subject to appropriation by the United States Department of Housing and Urban Development and approval of the Orange County Board of Supervisors.

SPECIAL FUNDS EXPENDITURES SUMMARY

Special Fund expenditures for Fiscal Year 2016-17 are budgeted at \$1,238,633, or 49.3%, less than the Fiscal Year 2015-16 budget, and \$60,136, or 5.1%, more than year-end projections for Fiscal Year 2015-16. The differences in

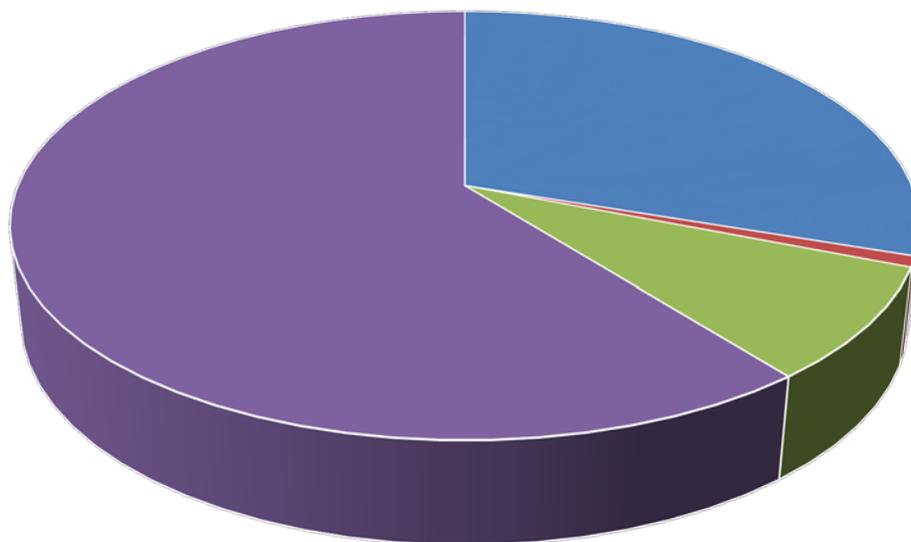
⁸ CaliforniaCityFinance.com, Shared Revenue Estimates: State Revenue Allocations to Cities and Counties Highway User Tax – Estimates for 2015-16, 2014-15, February 25, 2015.

⁹ Orange County Transportation Authority, Measure M2 Local Fair Share Program Revenue Estimates, FY 2014-15 through FY 2020-21, April 2016.

expenditures can be attributed to budgeting in the prior year for the El Toro and Moulton Parkway traffic signal synchronization projects.

The two largest types of Special Fund budget expenditures for Fiscal Year 2016-17 are anticipated to be transportation (including public right-of-way maintenance, public roadway lighting, traffic engineering, and roadway-related capital improvement projects) and community services [including the Senior Mobility Program, residential energy efficiency improvement program, and local government television channel equipment (Channel 31)], which collectively account for 90.4% of total Special Funds expenditures.

[Special Funds Expenditures by Fund Category – Fiscal Year 2016-17]



- Community Services Funds
- Environmental Funds
- Public Safety Funds
- Transportation Funds

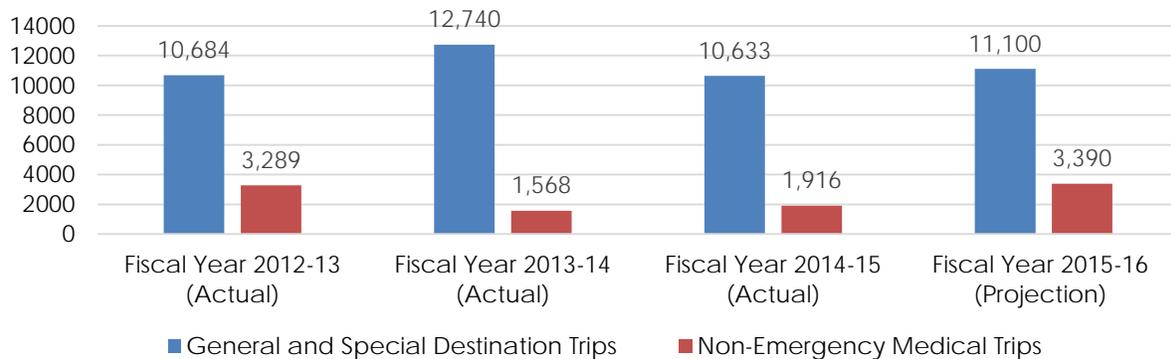
[Special Funds Expenditures by Fund Category – Percent]

Special Fund Expenditure Category	Percent of Special Funds Budget
Community Services	31.3%
Environmental	0.8%
Public Safety	8.7%
Transportation	59.2%

Senior Mobility Program

The Fiscal Year 2016-17 budget includes \$240,088 in expenditures related to the Senior Mobility Program (Taxi Voucher Program), which is a 9.1% increase from the Fiscal Year 2015-16 budget. The increase in expenditures is based on increased transportation costs and a projected increase in usage.

[Senior Mobility Program Trips – Fiscal Years 2012-13 through 2015-16]



CAPITAL PROJECTS FUND REVENUE AND EXPENDITURES

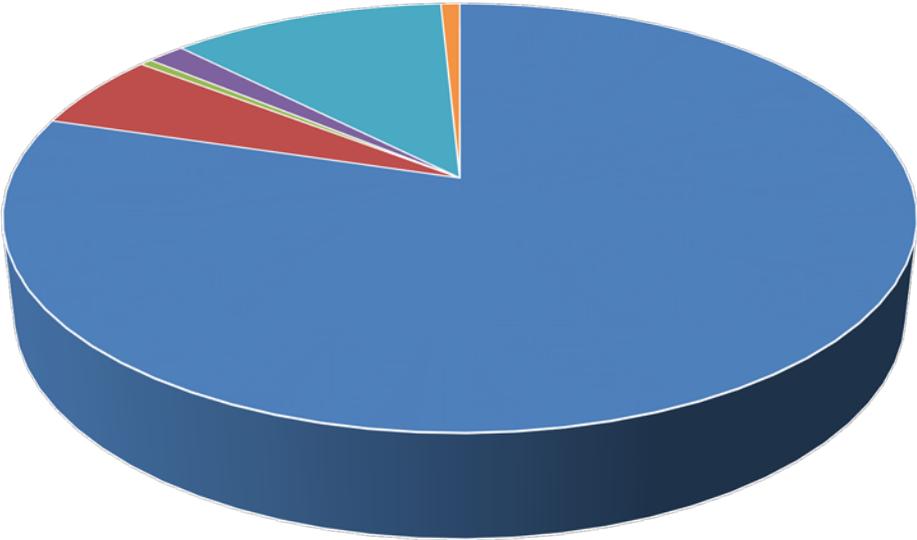
Capital Projects Fund revenue for Fiscal Year 2016-17 is estimated at \$137,240, all of which is transferred from the General Fund. That revenue will be used to fund expenditures related to the following:

- El Toro Road Traffic Signal Synchronization Project
- Moulton Parkway Traffic Signal Synchronization Project
- City Hall Restroom Repair and Improvement Project (Design)
- Pavement Management Plan Project (Eastbound El Toro Road between Avenida Sevilla and Paseo de Valencia)

“ALL FUNDS” REVENUE SUMMARY

Total Fiscal Year 2016-17 revenue from the General Fund, Special Funds, and Capital Projects Fund is estimated at \$6,388,640 (excluding internal transfers).

[Total Revenue Estimates by Fund – Fiscal Year 2016-17]



- General Fund
- Environmental Funds
- Transportation Funds
- Community Services Funds
- Public Safety Funds
- Capital Projects Fund

[Total Revenue Estimates by Fund – Percent]

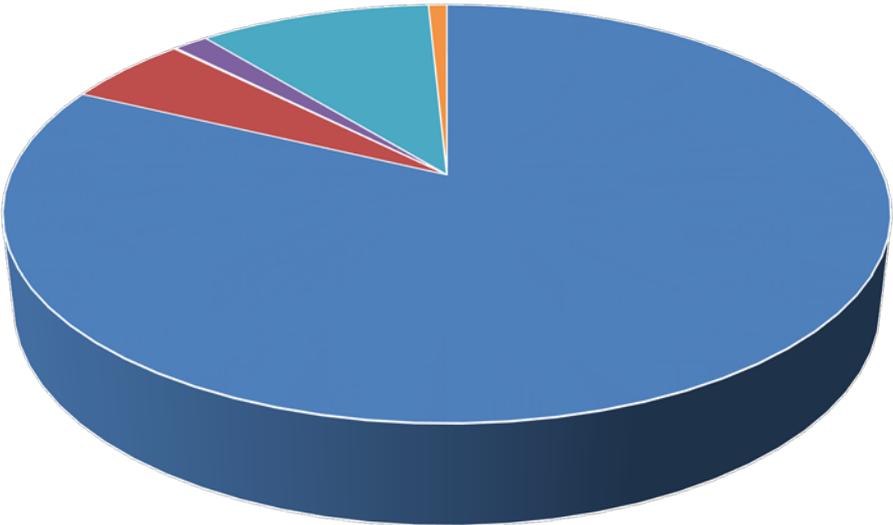
Fund(s)	Percent of Total Estimated Revenue
General	82.3%
Community Services	5.9%
Environmental	0.5%
Public Safety	1.7%
Transportation	8.9%
Capital Projects*	0.7%

* All Capital Projects revenue is transferred from the General Fund.

“ALL FUNDS” EXPENDITURES SUMMARY

Total Fiscal Year 2016-17 expenditures from the General Fund, Special Funds, and Capital Projects Fund are budgeted at \$6,632,128 (excluding internal transfers). Please note that expenditures exceed revenues as a result of one-time non-operating expenditures and expenditures for projects that utilize revenues received in prior fiscal years.

[Total Expenditures Estimates by Fund – Fiscal Year 2016-17]



- General Fund
- Environmental Funds
- Transportation Funds
- Community Services Funds
- Public Safety Funds
- Capital Projects Fund

[Total Expenditures Estimates by Fund – Percent]

Fund	Percent of Total Budgeted Expenditures
General – Operating	77.8%
General – Non-Operating	1.5%
Community Services	5.8%
Environmental	0.2%
Public Safety	1.6%
Transportation	11.0%
Capital Projects	2.1%

CITY OF LAGUNA WOODS
Fiscal Year 2016-17 Revenue Summary - All Funds

	2013-14	2014-15	2015-16		2016-17		
	Actual For Year	Actual For Year	Amended Budget	Current Projection for Year	Budget Estimate for Year	% Change From 2015-16 Budget	% Change From 2015-16 Projection
GENERAL FUND							
Property Tax	1,739,807	2,019,911	2,114,000	2,180,000	2,272,000	7.5%	4.2%
Property Transfer Tax	71,991	88,357	81,000	89,000	90,000	11.1%	1.1%
Sales Tax:							
Regular	980,555	908,621	887,000	914,000	932,000	5.1%	2.0%
One-Time	-	-	55,000	57,000	-	-100.0%	-100.0%
Franchise Fees	628,028	604,739	611,000	611,000	591,000	-3.3%	-3.3%
Transient Occupancy Tax	443,361	452,293	452,000	466,000	467,000	3.3%	0.2%
Development Processing Fees	475,972	459,906	623,000	655,000	671,000	7.7%	2.4%
Fines	248,089	25,810	10,000	7,000	-	-100.0%	-100.0%
Interest	18,216	18,657	48,000	34,000	48,000	0.0%	41.2%
Miscellaneous	66,403	150,814	158,000	193,000	190,000	20.3%	-1.6%
Total General Fund	4,672,421	4,729,106	5,039,000	5,206,000	5,261,000	4.4%	1.1%
Less: One-Time Sales Tax	-	-	(55,000)	(57,000)	-	-100.0%	-100.0%
Total General Fund (ongoing)	4,672,421	4,729,106	4,984,000	5,149,000	5,261,000	5.6%	2.2%

CITY OF LAGUNA WOODS
Fiscal Year 2016-17 Revenue Summary - All Funds

	2013-14	2014-15	2015-16		2016-17		
	Actual For Year	Actual For Year	Amended Budget	Current Projection for Year	Budget Estimate for Year	% Change From 2015-16 Budget	% Change From 2015-16 Projection
Plus: INTER-FUND TRANSFERS*	-	-	1,043,009	1,043,009	-	-100.0%	-100.0%
Self-Insurance Fund*	199,913	-	-	-	-	0.0%	0.0%
TOTAL GENERAL FUND (including Self-Insurance and one-time revenues)	4,872,334	4,729,106	6,082,009	6,249,009	5,261,000	-13.5%	-15.8%
SPECIAL FUNDS:							
Transportation Funds							
Fuel Tax	593,948	537,418	403,000	378,000	350,000	-13.2%	-7.4%
Measure M1	77,100	235,774	-	4,075	-	0.0%	-100.0%
Measure M2	219,040	177,604	1,421,580	208,000	218,000 **	-84.7%	4.8%
Prop 1B -- State-Local Partnership Program (SLPP)	-	-	-	293,000	-	0.0%	-100.0%
Traffic Mitigation Fees - Moulton Parkway Project	681,800	709,529	-	1,800	-	0.0%	-100.0%
Federal Transportation Enhancement (TE)	22,359	-	-	-	-	0.0%	0.0%

CITY OF LAGUNA WOODS
Fiscal Year 2016-17 Revenue Summary - All Funds

	2013-14	2014-15	2015-16		2016-17		
	Actual For Year	Actual For Year	Amended Budget	Current Projection for Year	Budget Estimate for Year	% Change From 2015-16 Budget	% Change From 2015-16 Projection
Beverage Container Recycling	5,068	53	5,000	5,100	5,000	0.0%	-2.0%
Used Oil/Oil Payment Program	4,976	5,035	5,000	5,050	5,000	0.0%	-1.0%
Energy Efficiency Conservation	(4,492)	-	-	100	-	0.0%	0.0%
CalRecycle Grant	-	46,000	-	-	-	0.0%	0.0%
OC Recycling Grant	-	-	-	-	-	0.0%	0.0%
Total Environmental Funds	88,948	71,840	30,000	31,250	31,000	3.3%	-0.8%
<u>Community Services Funds</u>							
PEG/Cable Television	27,280	13,349	13,400	13,500	13,700	2.2%	1.5%
Senior Mobility	298,103	229,454	221,500	232,000	225,000	1.6%	-3.0%
Community Development Block Grant (CDBG)	263,703	136,815	133,165	135,000	135,000	1.4%	0.0%
Total Community Services Funds	589,086	379,618	368,065	380,500	373,700	1.5%	-1.8%
TOTAL SPECIAL FUNDS	2,449,046	2,308,315	2,322,645	1,409,925	1,080,700	-53.5%	-23.4%

CITY OF LAGUNA WOODS
Fiscal Year 2016-17 Revenue Summary - All Funds

	2013-14	2014-15	2015-16		2016-17		
	Actual For Year	Actual For Year	Amended Budget	Current Projection for Year	Budget Estimate for Year	% Change From 2015-16 Budget	% Change From 2015-16 Projection
CAPITAL PROJECTS FUND:							
Capital Projects	-	91,320	62,780	64,780	137,240	118.6%	111.9%
TOTAL CAPITAL PROJECTS FUND	-	91,320	62,780	64,780	137,240	118.6%	111.9%
TOTAL REVENUE - ALL FUNDS	7,321,380	7,128,741	8,467,434	7,723,714	6,478,940	-23.5%	-16.1%
Less: INTER-FUND TRANSFERS	238,187	88,697	1,105,789	1,105,789	90,300	-91.8%	-91.8%
TOTAL NET REVENUE	7,083,193	7,040,044	7,361,645	6,617,925	6,388,640	-13.2%	-3.5%
Less: One-Time Sales Tax	-	-	(55,000)	(57,000)	-	-100.0%	-100.0%
TOTAL NET ONGOING REVENUE	7,083,193	7,040,044	7,306,645	6,560,925	6,388,640	-12.6%	-2.6%

* Transfers to the General Fund from Special Funds are generally a return of unexpended General Fund support not spent from prior years.

** Beginning with Fiscal Year 2014-15, self-insurance premiums and deposits are being paid from the General Government section of the General Fund operating budget, rather than from a separate Self Insurance Fund. A Self-Insurance Reserve is maintained within the General Fund.

Unspent revenues related to capital projects and grant programs from Fiscal Year 2015-16, as well as certain operating budget items, will be carried over to the Fiscal Year 2016-17 budget.

CITY OF LAGUNA WOODS
Fiscal Year 2016-17 Expenditures Summary - All Funds

	2013-14	2014-15	2015-16		2016-17		
	Actual For Year	Actual For Year	Amended Budget	Current Projection for Year	Budget Estimate for Year	% Change From 2015-16 Budget	% Change From 2015-16 Projection
Planning and Environmental Services	-	893,727	1,227,273	849,555	896,551	-26.9%	5.5%
Public Safety Services	-	1,502,870	2,552,765	2,503,787	2,623,990	2.8%	4.8%
Subtotal General Fund	3,849,340	4,120,772	5,851,715	5,225,125	5,256,255	-10.2%	0.6%
Economic Uncertainties Reserve	-	-	-	-	-	0.0%	0.0%
Transfer to Self-Insurance Reserve*	199,913	-	-	-	-	0.0%	0.0%
Transfer to PEG/Cable Television	4,481	-	-	-	-	0.0%	0.0%
Transfer to Senior Mobility Fund	25,000	-	-	-	-	0.0%	0.0%
Transfer to Capital Projects	-	88,697	62,780	62,780	90,300	43.8%	43.8%
Total General Fund	4,078,734	4,209,469	5,914,495	5,287,905	5,346,555	-9.6%	1.1%
Self-Insurance Fund*	103,770	-	-	-	-	0.0%	0.0%
TOTAL GENERAL FUND (including Self-Insurance)	4,182,504	4,209,469	5,914,495	5,287,905	5,346,555	-9.6%	1.1%

CITY OF LAGUNA WOODS
Fiscal Year 2016-17 Expenditures Summary - All Funds

	2013-14	2014-15	2015-16		2016-17		
	Actual For Year	Actual For Year	Amended Budget	Current Projection for Year	Budget Estimate for Year	% Change From 2015-16 Budget	% Change From 2015-16 Projection
SPECIAL FUNDS							
Transportation Funds							
Fuel Tax	559,953	266,925	322,500	364,184	500,201	55.1%	37.3%
Measure M1	225,624	181,849	-	-	-	0.0%	0.0%
Measure M2	457,277	-	1,405,580	311,445	233,033	-83.4%	-25.2%
Prop 1B - State-Local Partnership Program (SLPP)	293,000	-	-	-	-	0.0%	0.0%
Traffic Mitigation Fees - Moulton Parkway Project	938,593	80,809	43,500	43,500	-	-100.0%	-100.0%
Federal Transportation Enhancement (TE)	22,569	-	-	-	-	0.0%	0.0%
Coastal Area Road Improvement and Traffic Signals (CARITS)	1,773	-	148,700	-	-	-100.0%	0.0%
Total Transportation Funds	2,498,788	529,582	1,920,280	719,129	733,234	-61.8%	2.0%

CITY OF LAGUNA WOODS
Fiscal Year 2016-17 Expenditures Summary - All Funds

	2013-14	2014-15	2015-16		2016-17		
	Actual For Year	Actual For Year	Amended Budget	Current Projection for Year	Budget Estimate for Year	% Change From 2015-16 Budget	% Change From 2015-16 Projection
CalRecycle Grants	14,968	13,714	46,000	-	-	0.0%	0.0%
OC Recycling Grants	20,717	-	-	-	-	0.0%	0.0%
Total Environmental Funds	115,481	16,206	56,000	10,105	10,310	-81.6%	2.0%
Community Services Funds							
PEG/Cable Television	-	2,455	13,400	-	12,000	-10.4%	100.0%
Senior Mobility	273,812	221,460	220,000	226,650	240,088	9.1%	5.9%
Community Development Block Grant (CDBG)	222,532	136,815	133,165	110,034	135,000	1.4%	22.7%
Total Community Services Funds	496,344	360,730	366,565	336,684	387,088	5.6%	15.0%
TOTAL SPECIAL FUNDS	3,344,183	1,041,556	2,442,845	1,178,495	1,238,633	-49.3%	5.1%
CAPITAL PROJECTS FUND							
Capital Projects	10,290	24,089	129,654	99,053	137,240	5.9%	38.6%
Transfer to General Fund	-	-	1,043,009	1,043,009	-	-	-
TOTAL CAPITAL PROJECTS FUND	10,290	24,089	1,172,663	1,142,062	137,240	-88.3%	-88.0%

CITY OF LAGUNA WOODS
Fiscal Year 2016-17 Expenditures Summary - All Funds

	2013-14	2014-15	2015-16		2016-17		
	Actual For Year	Actual For Year	Amended Budget	Current Projection for Year	Budget Estimate for Year	% Change From 2015-16 Budget	% Change From 2015-16 Projection
TOTAL EXPENDITURES	7,536,977	5,275,113	9,530,003	7,608,462	6,722,428	-29.5%	-11.6%
Less: INTER-FUND TRANSFERS	229,394	88,697	1,105,789	1,105,789	90,300	-91.8%	-91.8%
TOTAL NET EXPENDITURES	7,307,583	5,186,416	8,424,214	6,502,673	6,632,128	-21.3%	2.0%

* Beginning with Fiscal Year 2014-15, self-insurance premiums and deposits are being paid from the General Government section of the General Fund operating budget, rather than from a separate Self-Insurance Fund. A Self-Insurance Reserve is maintained within the General Fund.

Unexpended appropriations related to capital projects and grant programs from Fiscal Year 2015-16, as well as certain operating budget items, will be carried over to the Fiscal Year 2016-17 budget.

CITY OF LAGUNA WOODS
Fiscal Year 2016-17 Expenditures Detail - General Fund

<u>Line Item</u>	<u>Fiscal Year 2015-16</u>	<u>Fiscal Year 2015-16</u>	<u>Fiscal Year 2016-17</u>
	<u>Adopted</u>	<u>Amended</u>	<u>Proposed</u>
City Council			
<u>General Expenses</u>			
Mileage and Parking	500	500	500
Travel, Conferences, and Meetings	9,885	9,885	5,952
<u>City Council Contingency</u>			
City Council Contingency	50,000	0	50,000
<u>Compensation</u>			
Monthly Compensation	14,400	14,400	14,400
Payroll Taxes	0	0	0
TOTAL	74,785	24,785	70,852

General Government			
<u>General Expenses</u>			
Community Outreach	4,750	4,750	2,500
Insurance	40,241	40,241	82,710
Legal Services	153,900	153,900	153,900
Meeting Accessibility Services	5,865	5,865	5,508
Memberships and Dues	17,967	17,967	15,339
Mileage and Parking	1,696	1,696	1,000
Office Equipment & Maintenance	13,168	9,318	12,456
Office Supplies & Activities	9,750	9,750	9,750
Postage	3,500	3,500	3,500
Printing	3,750	3,750	1,000
Public Notices	3,500	6,500	6,500
Travel, Conferences, and Meetings	6,274	6,274	7,775
Other Projects and Services	25,950	22,950	8,600
Non-Operating	60,511	60,511	0
<u>Election Expenses</u>			
City Council Election	0	0	25,000

CITY OF LAGUNA WOODS
Fiscal Year 2016-17 Expenditures Detail - General Fund

<u>Line Item</u>	<u>Fiscal Year 2015-16</u>	<u>Fiscal Year 2015-16</u>	<u>Fiscal Year 2016-17</u>
	<u>Adopted</u>	<u>Amended</u>	<u>Proposed</u>
<u>City Hall Expenses</u>			
Janitorial Services, City Hall	8,900	8,900	10,590
Maintenance, City Hall	29,236	79,236	33,124
Non-Operating, Maintenance 2nd Floor	0	150,000	0
Telephones, City Hall	12,509	13,509	16,794
Utilities, Electric, City Hall	23,579	25,779	20,342
Utilities, Gas, City Hall	420	1,070	501
Utilities, Water, City Hall	1,920	1,920	1,539
<u>Compensation & Benefits</u>			
Salaries, Full-time	266,656	263,756	181,681
Salaries, Part-time	0	0	39,886
Fringe Benefits	30,000	30,000	12,000
Supplemental Allowances	3,708	3,708	2,754
Payroll Taxes	17,510	17,510	13,498
Retirement (Employer Contribution)	28,460	28,460	20,940
Benefit Administration	1,335	1,335	1,858
Long-term Disability	344	594	351
Retiree Medical (Employer Contribution)	3,061	3,061	3,783
TOTAL	778,460	975,810	695,178
<u>Administrative Services</u>			
<u>General Expenses</u>			
Audit Services	22,000	22,000	20,700
Information Technology Services	16,376	19,476	17,739
Telephones, City Hall	0	0	0
Finance and Payroll Services	78,852	78,852	95,693
Non-Operating	82,329	82,329	0
Merchant Payment Services	5,000	1,900	0
Records Management Services	1,660	2,871	11,660
Website Services	4,300	4,300	2,900

CITY OF LAGUNA WOODS
Fiscal Year 2016-17 Expenditures Detail - General Fund

<u>Line Item</u>	<u>Fiscal Year 2015-16</u>		<u>Fiscal Year 2015-16</u>		<u>Fiscal Year 2016-17</u>	
	<u>Adopted</u>		<u>Amended</u>		<u>Proposed</u>	
Non-Operating	0		7,500		0	
Other Projects & Services	7,500		6,289		3,500	
<u>Compensation & Benefits</u>						
Salaries, Full-time	396,993		395,243		402,104	
Salaries, Part-time	0		0		15,912	
Fringe Benefits	60,000		60,000		60,000	
Payroll Taxes	29,209		29,209		30,817	
Retirement (Employer Contribution)	39,422		40,922		44,103	
Long-term Disability	3,647		3,897		3,707	
TOTAL	747,288		754,788		708,835	

Community Services

<u>General Expenses</u>						
Channel 31 Programming	3,057		3,057		3,057	
Community Recreation Events	1,045		1,045		950	
<u>Community Services Grant Program</u>						
Community Grants	0		87,500		0	
<u>Senior Mobility Program</u>						
Postage (Senior Mobility)	0		0		0	
Printing (Senior Mobility)	0		0		0	
<u>Civic Support Fund</u>						
Civic Support Fund Establishment	0		0		5,000	
<u>Compensation & Benefits</u>						
Salaries, Full-time	3,591		3,591		3,378	
Community Events						
Payroll Taxes	236		236		258	
Community Events						
Retirement (Employer Contribution)						
Community Events	236		236		225	
TOTAL	8,165		95,665		12,868	

CITY OF LAGUNA WOODS
Fiscal Year 2016-17 Expenditures Detail - General Fund

<u>Line Item</u>	<u>Fiscal Year 2015-16</u>	<u>Fiscal Year 2015-16</u>	<u>Fiscal Year 2016-17</u>
	<u>Adopted</u>	<u>Amended</u>	<u>Proposed</u>
Engineering & Infrastructure Services			
<u>General Expenses</u>			
Engineering Services	5,000	5,000	7,500
Non-Operating	0	0	0
Landscaping Services	45,936	45,936	60,131
Landscaping Services, M2 Maintenance of Effort	83,501	83,501	84,173
Maintenance, Catch Basins	8,500	8,500	2,800
<u>Utilities</u>			
Utilities, Street Lights, Residential	33,960	33,960	33,696
<u>Compensation & Benefits</u>			
Salaries, Full-time	34,307	34,247	36,380
Fringe Benefits	3,000	3,000	12,000
Payroll Taxes	2,334	2,334	5,566
Retirement (Employer Contribution)	3,834	3,834	4,838
Long-term Disability	257	317	897
TOTAL	220,629	220,629	247,981
Planning & Environmental Services			
<u>General Expenses</u>			
Building Services	430,950	430,950	526,900
Building Services, Printing	3,600	3,600	1,800
Building Services, Publications	1,000	1,000	1,000
Code Enforcement Services	31,428	31,428	40,592
Community Waste Events and Collections	89,250	89,250	53,550
Planning Services	7,500	7,500	15,000
Non-Operating	353,920	389,010	0
Waste Management Services	45,000	45,000	35,000
Water Quality Services	91,813	91,813	99,677

CITY OF LAGUNA WOODS
Fiscal Year 2016-17 Expenditures Detail - General Fund

Line Item	Fiscal Year 2015-16	Fiscal Year 2015-16	Fiscal Year 2016-17
	Adopted	Amended	Proposed
Compensation & Benefits			
Salaries, Full-time	102,921	102,921	88,712
Community Events	3,404	3,404	5,320
Fringe Benefits	9,000	10,000	12,000
Payroll Taxes	7,003	7,003	6,786
Community Events	248	248	407
Retirement (Employer Contribution)	11,501	13,001	8,406
Community Events	224	224	504
Long-term Disability	771	921	897
TOTAL	1,189,533	1,227,273	896,551

Public Safety Services			
<u>General Services</u>			
Animal Services	100,875	107,375	105,516
Law Enforcement Services	2,308,375	2,301,875	2,508,685
Non-Operating	97,689	127,689	7,743
Other Public Safety Services	15,826	15,826	2,046
TOTAL	2,522,765	2,552,765	2,623,990

Inter-Fund Transfers			
<u>Inter-Fund Transfers</u>			
Transfer to Capital Projects	52,250	62,780	90,300
Transfer to Senior Mobility	0	0	0
TOTAL	52,250	62,780	90,300
Operating Expenditures	5,127,194	5,034,676	5,248,513
TOTAL	5,127,194	5,034,676	5,248,513

CITY OF LAGUNA WOODS
Fiscal Year 2016-17 Expenditures Detail - General Fund

Line Item	Fiscal Year 2015-16		Fiscal Year 2015-16		Fiscal Year 2016-17	
	Adopted	Amended	Adopted	Amended	Proposed	
Non-Operating Expenditures Subtotal	594,449	817,039			7,743	
Transfer to Capital Projects Subtotal	52,250	62,780			90,300	
Transfer to Senior Mobility Subtotal	0	0			0	
TOTAL	646,699	879,819			98,043	
TOTAL GENERAL FUND EXPENDITURES	5,593,875	5,914,495			5,346,555	

<u>Fiscal Year 2016-17 Non-Operating Detail</u>	
PUBLIC SAFETY SERVICES	
800 MHz Next Generation Project	7,743
TOTAL	7,743

<u>Fiscal Year 2016-17 Transfer to Capital Projects Detail</u>	
El Toro Road Traffic Signal Synchronization Project	28540
Moulton Parkway Traffic Signal Synchronization Project	24260
City Hall Restroom Repair and Improvement Project (Design)	30,000
Pavement Management Plan Project, Pedestrian Accessibility	7,500
TOTAL	90,300

CITY OF LAGUNA WOODS
Fiscal Year 2016-17 Expenditures Detail - General Fund

<u>Line Item</u>	<u>Fiscal Year 2015-16</u> <u>Adopted</u>	<u>Fiscal Year 2015-16</u> <u>Amended</u>	<u>Fiscal Year 2016-17</u> <u>Proposed</u>
<i>Fiscal Year 2016-17 Carryovers from Fiscal Year 2015-16 (Anticipated)</i>			
Financial Software Replacement		Unexpended balance at year-end	
Commercial Zoning Code Uses and Parking Standards Update		Unexpended balance at year-end	
General Plan Conservation Element Update		Unexpended balance at year-end	
General Plan Comprehensive Update		Unexpended balance at year-end	
Dairy Fork Constructed Wetland Project		Unexpended balance at year-end	
EI Toro Road Traffic Signal Synchronization Project		Unexpended balance at year-end	
Moulton Parkway Traffic Signal Synchronization Project		Unexpended balance at year-end	
Medical Marijuana Dispensary Studies		Unexpended balance at year end	

CITY OF LAGUNA WOODS
Fiscal Year 2016-17 Expenditures Detail - Special Funds and Capital Projects Fund

	2015-16		2016-17		
	Amended Budget	Current Projection for Year	Budget Estimate for Year	% Change From 2015-16 Budget	% Change From 2015-16 Projection

TRANSPORTATION FUNDS

Fuel Tax

Street Lighting - Public ROW	16,500	39,900	40,698	146.7%	2.0%
Direct Administrative Costs	-	-	-	100.0%	100.0%
Contract - Landscaping	134,600	183,998	238,503	77.2%	29.6%

Contract - Pavement Management Plan Project (Eastbound El Toro Road between Avenida Sevilla dn Paseo de Valencia)	-	-	150,000	100.0%	100.0%
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Contract - Street Maintenance	128,500	97,386	71,000	-44.7%	-27.1%
Contract - Street Sweeping	42,900	42,900	-	-100.0%	-100.0%
TOTAL	322,500	364,184	500,201	55.1%	37.3%

Measure M1

Moulton Pkwy Widening	-	-	-	0.0%	0.0%
TOTAL	-	-	-	0.0%	0.0%

Measure M2

El Toro Road Traffic Signal Synchronization Project	515,080	39,383	-	-100.0%	100.0%
Moulton Parkway Traffic Signal Synchronization Project	689,500	42,910	-	-100.0%	100.0%
Street Lighting - Public ROW	16,500	24,832	25,329	53.5%	2.0%
Contract - Traffic Engineering	142,500	162,841	165,600	16.2%	1.7%
Contract - Traffic Signal Maint.	42,000	40,879	41,505	-1.2%	1.5%
Allowable Overhead Costs	-	600	600	100.0%	0.0%
TOTAL	1,405,580	311,445	233,033	-83.4%	-25.2%

CITY OF LAGUNA WOODS
Fiscal Year 2016-17 Expenditures Detail - Special Funds and Capital Projects Fund

2015-16		2016-17		
Amended Budget	Current Projection for Year	Budget Estimate for Year	% Change From 2015-16 Budget	% Change From 2015-16 Projection

Prop 1B - State-Local Partnership Program (SLPP)

TOTAL	-	-	0.0%	0.0%
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Traffic Mitigation Fees - Moulton Parkway Project

Santa Maria Avenue Bioswale Project	43,500	43,500	-	-100.0%
TOTAL	43,500	43,500	-	-100.0%

Federal Transportation Enhancement (TE)

Program Activities	-	-	-	0.0%
TOTAL	-	-	-	0.0%

Coastal Area Road Improvement and Traffic Signals (CARITS)

EI Toro Road Traffic Signal	83,020	-	-	-100.0%
Synchronization Project	-	-	-	-
Moulton Parkway Traffic Signal	-	-	-	-
Synchronization Project	65,680	-	-	-100.0%
TOTAL	148,700	-	-	-100.0%

PUBLIC SAFETY FUNDS

Service Authority for Abandoned Vehicles

Contract - Other	-	-	-	0.0%
TOTAL	-	-	-	0.0%

Supplemental Law Enforcement Services

Law Enforcement Services	100,000	112,580	108,000	8.0%	-4.1%
TOTAL	100,000	112,580	108,000	8.0%	-4.1%

CITY OF LAGUNA WOODS
Fiscal Year 2016-17 Expenditures Detail - Special Funds and Capital Projects Fund

	2015-16		2016-17		% Change From 2015-16 Budget	% Change From 2015-16 Projection
	Amended Budget	Current Projection for Year	Budget Estimate for Year	From 2015-16 Budget		
Disaster Recovery Initiative (DRI) Grant						
Grant Activities	-	-	-	-	0.0%	0.0%
TOTAL	-	-	-	-	0.0%	0.0%
Points of Dispensing Activities						
Grant Activities	-	-	-	-	0.0%	0.0%
TOTAL	-	-	-	-	0.0%	0.0%
ENVIRONMENTAL FUNDS						
Mobile Source Reduction						
Grant Activities	-	-	-	-	0.0%	0.0%
TOTAL	-	-	-	-	0.0%	0.0%
Proposition 84 Grant						
Grant Activities	-	-	-	-	0.0%	0.0%
TOTAL	-	-	-	-	0.0%	0.0%
Beverage Container Recycling						
Contract - Solid Waste	5,000	4,798	5,000	5,000	0.0%	4.2%
TOTAL	5,000	4,798	5,000	5,000	0.0%	4.2%
Used Oil/Oil Payment Program						
Contract - Solid Waste	5,000	5,308	5,310	5,310	6.2%	0.0%
TOTAL	5,000	5,308	5,310	5,310	6.2%	0.0%
Energy Efficiency Conservation						
Grant Activities	-	-	-	-	0.0%	0.0%
TOTAL	-	-	-	-	0.0%	0.0%

CITY OF LAGUNA WOODS
Fiscal Year 2016-17 Expenditures Detail - Special Funds and Capital Projects Fund

	2015-16		2016-17		% Change From 2015-16 Budget	% Change From 2015-16 Projection
	Amended Budget	Current Projection for Year	Budget Estimate for Year	From 2015-16 Budget		
CalRecycle Grants						
Administrative Costs	2,500	-	-	-100.0%	0.0%	
Collection/Contract-Solid Waste	26,000	-	-	-100.0%	0.0%	
Education	17,500	-	-	-100.0%	0.0%	
TOTAL	46,000	-	-	-100.0%	0.0%	
OC Recycling Grants						
Grant Activities	-	-	-	0.0%	0.0%	
TOTAL	-	-	-	0.0%	0.0%	
COMMUNITY SERVICES FUNDS						
PEG/Cable Television						
Equipment & Maintenance	13,400	-	12,000	-10.4%	100.0%	
TOTAL	13,400	-	12,000	-10.4%	100.0%	
Senior Mobility						
Printing	3,680	4,020	4,100	11.4%	2.0%	
Contract - Transportation	156,320	163,500	173,310	10.9%	6.0%	
Contract - Taxi Voucher NEMT	60,000	59,130	62,678	4.5%	6.0%	
TOTAL	220,000	226,650	240,088	9.1%	5.9%	
Community Development Block Grant (CDBG)						
CDBG Residential Energy Improvement	133,165	110,034	135,000	1.4%	22.7%	
TOTAL	133,165	110,034	135,000	1.4%	22.7%	
TOTAL SPECIAL FUNDS	2,442,845	1,178,497	1,238,633	-49.3%	5.1%	

CITY OF LAGUNA WOODS
Fiscal Year 2016-17 Expenditures Detail - Special Funds and Capital Projects Fund

	2015-16		2016-17		% Change From 2015-16 Budget	% Change From 2015-16 Projection
	Amended Budget	Current Projection for Year	Budget Estimate for Year	From 2015-16 Budget		
Capital Projects						
City Hall Bollard Replacement Project	34,311	28,800	-	-100.0%	-100.0%	
Dairy Fork Constructed Wetland Project	43,093	26,618	-	-100.0%	-100.0%	
El Toro Road Traffic Synchronization Project	-	-	29,980	100.0%	100.0%	
Moulton Parkway Traffic Synchronization Project	-	-	69,760	100.0%	100.0%	
Pavement Management Plan, Pedestrian Accessibility	-	-	7,500	100.0%	100.0%	
City Hall Restroom Repair and Improvement Plan	-	-	30,000	100.0%	100.0%	
Moulton Parkway Water Efficient Median Project	52,250	43,255	-	-100.0%	-100.0%	
Santa Maria Avenue Bioswale Project	-	380	-	0.0%	0.0%	
Inter-Fund Transfer to General Fund	1,043,009	1,043,009	-	-100.0%	-100.0%	
TOTAL CAPITAL PROJECTS FUND	1,172,663	1,142,062	137,240	-88.3%	-88.0%	
TOTAL ALL EXPENDITURES	3,615,508	2,320,559	1,375,873	-61.9%	-40.7%	
Less: INTER-FUND TRANSFERS	1,043,009	1,043,009	-	-100.0%	-100.0%	
TOTAL NET EXPENDITURES	2,572,499	1,277,550	1,375,873	-46.5%	7.7%	

Unexpended balances of capital projects and grant programs from Fiscal Year 2015-16, as well as certain operating budget items, will be carried over to Fiscal Year 2016-17.

CITY OF LAGUNA WOODS
Fiscal Year 2016-17 Budget Summary By Fund

Fund	7/1/2016				6/30/2017	
	Estimated Opening Fund Balance	Estimated Revenues	Proposed Expenditures	Changes to Reserves	Net Change in Fund Balance	Projected Ending Fund Balance
<u>General Fund</u>						
General Fund - Unassigned	9,159,691	5,261,000	5,346,555	-	(85,555)	\$ 9,074,136
Nonspendable:						
Prepays	-	-	-	-	-	-
Restricted for:						
Public Safety (Seatbelt Safety)	-	-	-	-	-	-
Public Safety (Emergency Mgmt.)	-	-	-	-	-	-
Assigned for:						
Compensated Absences Reserve	110,526	-	-	-	-	110,526
Self Insurance Reserve	500,000	-	-	-	-	500,000
TOTAL	9,770,217	5,261,000	5,346,555	-	(85,555)	9,684,662
<u>Special Funds:</u>						
<u>Transportation Funds:</u>						
Fuel Tax	605,959	350,000	500,201	-	(150,201)	455,759
Measure M 1	(179,925)	-	-	-	-	(179,925)
Measure M 2	(109,727)	218,000	233,033	-	(15,033)	(124,760)
Prop 1B - State-Local Partnership Program	-	-	-	-	-	-
Traffic Mitigation Fees	436,546	-	-	-	-	436,546
Federal Transportation Enhancement (TE)	-	-	-	-	-	-
CARIS	1,525	-	-	-	-	1,525
TOTAL	754,378	568,000	733,234	-	(165,234)	589,144
<u>Public Safety Funds:</u>						
Srv. Authority for Abandoned Vehicles	35,107	-	-	-	-	35,107
Supplemental Law Enforcement	19	108,000	108,000	-	-	19
Disaster Recovery Initiative	-	-	-	-	-	-
Point of Dispensing Activities	-	-	-	-	-	-
TOTAL	35,126	108,000	108,000	-	-	35,126
<u>Environmental Funds:</u>						
Mobile Source Reduction	114,051	21,000	-	-	21,000	135,051
Proposition 84 Grant	(15,733)	-	-	-	-	(15,733)
Beverage Container Recycling	22,591	5,000	5,000	-	-	22,591
Used Oil/Oil Payment Program	16,584	5,000	5,310	-	(310)	16,274

CITY OF LAGUNA WOODS
Fiscal Year 2016-17 Budget Summary By Fund

Fund	7/1/2016		6/30/2017		Net Change In Fund Balance	Projected Ending Fund Balance
	Estimated Opening Fund Balance	Estimated Revenues	Proposed Expenditures	Changes to Reserves		
CalRecycle & Energy Efficiency Grants	30,724	-	-	-	-	30,724
OC Recycling Grant	-	-	-	-	-	-
TOTAL	168,216	31,000	10,310	-	20,690	188,906
Community Services Funds:						
PEG/Cable Television	43,194	13,700	12,000	-	1,700	44,894
Senior Mobility Program	(194,227)	225,000	240,088	-	(15,088)	(209,315)
CDBG Program	(3,634)	135,000	135,000	-	-	(3,634)
TOTAL	(154,667)	373,700	387,088	-	(13,388)	(168,055)
Capital Projects Fund						
Capital Projects	8,021	137,240	137,240	-	-	8,021
TOTAL	8,021	137,240	137,240	-	-	8,021
CUMULATIVE TOTAL	\$ 10,581,291	\$ 6,478,940	\$ 6,722,428	\$ -	\$ (243,487)	\$ 10,337,805

Unspent revenues and unexpended appropriations related to capital projects and grant programs from Fiscal Year 2015-16, as well as certain operating budget items, will be carried over to the Fiscal Year 2016-17 budget. Fund balance has been adjusted for these estimated carryovers.

**CITY OF LAGUNA WOODS
Fiscal Year 2016-17 Capital Improvement Program - Funding Status**

EXPENDITURES									
Project Title	Estimated Project Cost	Funded Prior Fiscal Years	Funded FY 13-14	Funded FY 14-15	Funded FY 15-16	Proposed FY 16-17	Total Funded	Remaining Amount	
								Funded	Unfunded
Dairy Fork Constructed Wetland Project	\$ 59,956	-	-	-	59,956	-	\$ 59,956	-	-
El Toro Road Traffic Signal Synchronization Project	\$ 642,500	-	-	720	611,800	29,980	\$ 642,500	-	-
Moulton Parkway Traffic Signal Synchronization Project	\$ 808,050	-	-	1,440	736,850	69,760	\$ 808,050	-	-
Pavement Management Plan Project (Eastbound El Toro Road between Avenida Sevilla and Paseo de Valencia)	\$ 150,000	-	-	-	-	150,000	\$ 150,000	-	-
Pavement Management Plan Project, Pedestrian Accessibility	\$ 7,500	-	-	-	-	7,500	\$ 7,500	-	-
City Hall Restroom Repair and Improvement Project (Design)	\$ 30,000	-	-	-	-	30,000	\$ 30,000	-	-
City Centre Park Lighting Improvement Project	\$ 115,000	-	-	-	-	-	\$ -	115,000	-
El Toro Road Water Efficient Median Improvement Project	\$ 295,550	-	-	-	-	-	\$ -	-	295,550
Moulton Parkway Water Efficient Median Improvement Project	\$ 352,176	-	-	-	52,250	-	\$ 52,250	\$ 299,926	-
Santa Maria Avenue Water Efficient Median Improvement Project	\$ 418,485	-	-	-	-	-	\$ -	-	418,485
Pavement Management Plan Projects (Between Fiscal Years 2017-18 and 2021-22)	\$ 375,000	-	-	-	-	-	\$ -	-	375,000
Pavement Management Plan Project, Pedestrian Accessibility	\$ 18,750	-	-	-	-	-	\$ -	-	18,750
TOTAL	\$ 3,272,967	\$ -	\$ -	\$ 2,160	\$ 1,460,856	\$ 287,240	\$ 1,750,256	\$ 1,522,711	\$ -

CITY OF LAGUNA WOODS
Fiscal Year 2016-17 Capital Improvement Program - Funding Status

Project Title	Amount Funded	FUNDING SOURCE					
		General Fund	Fuel Tax	Measure M2	Traffic Mitigation Fees	CARITS	Other Agencies
Dairy Fork Constructed Wetland Project	\$ 59,956	59,956					
El Toro Road Traffic Signal Synchronization Project	\$ 642,500	33,580		514,000		\$ 83,020	\$ 11,900
Moulton Parkway Traffic Signal Synchronization Project	\$ 808,050	30,380		645,440		\$ 65,680	\$ 66,550
Pavement Management Plan Project (Eastbound El Toro Road between Avenida Sevilla and Paseo de Valencia)	\$ 150,000		\$ 150,000				
Pavement Management Plan Project, Pedestrian Accessibility	\$ 7,500	7,500					
City Hall Restroom Repair and Improvement Project, Design	\$ 30,000	30,000					
Moulton Parkway Water Efficient Median Improvement Project	\$ 52,250	52,250					
TOTAL	\$ 1,750,256	\$ 213,666	\$ 150,000	\$ 1,159,440	\$ -	\$ 148,700	\$ 78,450

CITY OF LAGUNA WOODS
Capital Improvement Program - Potential Seven-Year Phasing
Fiscal Years 2016-17 - 2022-23

Project Title	Project Cost	Prior Fiscal Years	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
Dairy Fork Constructed Wetland Project	\$ 59,956	\$ 59,956	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
El Toro Road Traffic Signal Synchronization Project*	\$ 642,500	\$ 607,120	\$ 29,980	\$ 3,600	\$ 1,800	\$ -	\$ -	\$ -	\$ -
Moulton Parkway Traffic Signal Synchronization Project**	\$ 808,050	\$ 732,170	\$ 69,760	\$ 4,080	\$ 2,040	\$ -	\$ -	\$ -	\$ -
Pavement Management Plan Project (Eastbound El Toro Road between Avenida Sevilla and Paseo de Valencia)	\$ 150,000	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pavement Management Plan Project, Pedestrian Accessibility	\$ 7,500	\$ -	\$ 7,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Hall Restroom Repair and Improvement Project (Design)	\$ 30,000	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Centre Park Lighting Improvement Project	\$ 115,000	\$ -	\$ -	\$ 115,000	\$ -	\$ -	\$ -	\$ -	\$ -
El Toro Road Water Efficient Median Improvement Project	\$ 295,550	\$ -	\$ -	\$ -	\$ 295,550	\$ -	\$ -	\$ -	\$ -
Moulton Parkway Water Efficient Median Improvement	\$ 352,176	\$ 52,250	\$ -	\$ -	\$ -	\$ 299,926	\$ -	\$ -	\$ -
Santa Maria Water Efficient Median Improvement Project	\$ 418,485	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,920	\$ 371,565
Pavement Management Plan Projects (Between Fiscal Years 2017-18 and 2021-22)	\$ 375,000	\$ -	\$ -	\$ 150,000	\$ 210,000	\$ -	\$ -	\$ 15,000	\$ -
Pavement Management Plan Project, Pedestrian Accessibility	\$ 18,750	\$ -	\$ -	\$ 7,500	\$ 10,500	\$ -	\$ -	\$ 750	\$ -
TOTAL	\$ 3,272,967	\$ 1,451,496	\$ 287,240	\$ 280,180	\$ 519,890	\$ 299,926	\$ -	\$ 62,670	\$ 371,565

* Project costs include cash, in-kind, and operations and maintenance expenses from both the City and all involved agencies.
 Note: This table complies with Orange County Transportation Authority requirements.

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8.3
AD HOC AUDIT COMMITTEE APPOINTMENTS
(NO REPORT)

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8.4
LAGUNA WOODS CIVIC SUPPORT FUND
APPOINTMENTS

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City of Laguna Woods Agenda Report

TO: Honorable Mayor and City Councilmembers
FROM: Christopher Macon, City Manager
FOR: June 15, 2016 Regular Meeting
SUBJECT: Laguna Woods Civic Support Fund Appointments

Recommendation

Appoint two members of the City Council to the Board of Directors for the Laguna Woods Civic Support Fund.

Background

As one potential avenue for expanding the City's financial resources for the benefit of its residents and businesses, the Fiscal Year 2015-16 Budget & Work Plan includes a significant work plan item to "consider the potential formation of a nonprofit civic support fund to support City events and programs (e.g., public art, cultural affairs, library services, and business promotion)."

On June 24, 2015, the City Council appointed Mayor Hatch and Councilmember Moore to an Ad Hoc Civic Support Fund Committee to prepare recommendations for consideration by the City Council regarding potential formation of a nonprofit civic support fund to support City events and programs.

On March 16, 2016, the City Council unanimously voted to approve the formation of a nonprofit civic support fund, approved associated articles of incorporation, and authorized staff to take actions to incorporate the civic support fund and obtain tax-exempt statuses. The specific and primary purpose of the civic support fund is to raise and distribute funds to support programs, projects, and services of the City, as well as to function as a "friends of the library" group in support of the Laguna Woods branch of the County of Orange's public library system.

In April 2016, the Laguna Woods Civic Support Fund was officially incorporated as a nonprofit public benefit corporation in the State of California.

Discussion

At today's meeting, staff is recommending that the City Council appoint two of its members to the Board of Directors for the Laguna Woods Civic Support Fund. Doing so will allow for the filing of applications for tax-exempt statuses, as well as other establishment activities, including the approval of Bylaws.

Fiscal Impact

Incorporation of the Laguna Woods Civic Support Fund can be accommodated in the City's budget. Staff has proposed \$5,000 of start-up capital for the Civic Support Fund as part of the Fiscal Year 2016-17 Budget. In order to minimize the use of prospective donations for administrative functions, it is also anticipated that the City would take responsibility for certain ongoing financial and legal expenses, as well as for providing in-kind staff support. The exact nature of the financial and administrative relationship between the City and the Civic Support Fund would be determined by future City Council action and would be partially dependent on the activities of the Civic Support Fund.

In addition to conventional donations, it is envisioned that the Civic Support Fund would pursue grants and other third-party funding opportunities. Certain third-party funding opportunities are exclusively available to nonprofit corporations.