

SECTION ONE**TRAFFIC SIGNAL SYNCHRONIZATION GOALS, POLICIES AND OBJECTIVES**

Traffic signal synchronization allows a series of traffic signal lights along a street to turn green based on synchronized timers set to current traffic patterns and congestion levels. Signal synchronization is a cost-effective way to reduce overall stops and travel delays. The City of Laguna Woods acknowledges the importance of traffic signal synchronization and supports the following goals and objectives:

- To improve the flow of traffic on our street network.
- To coordinate with neighboring agencies to develop synchronization timing plans for a corridor-based approach.
- To reduce travel times by minimizing the number of stops at red lights.
- To reduce vehicle emissions by reducing the idling times at red lights.

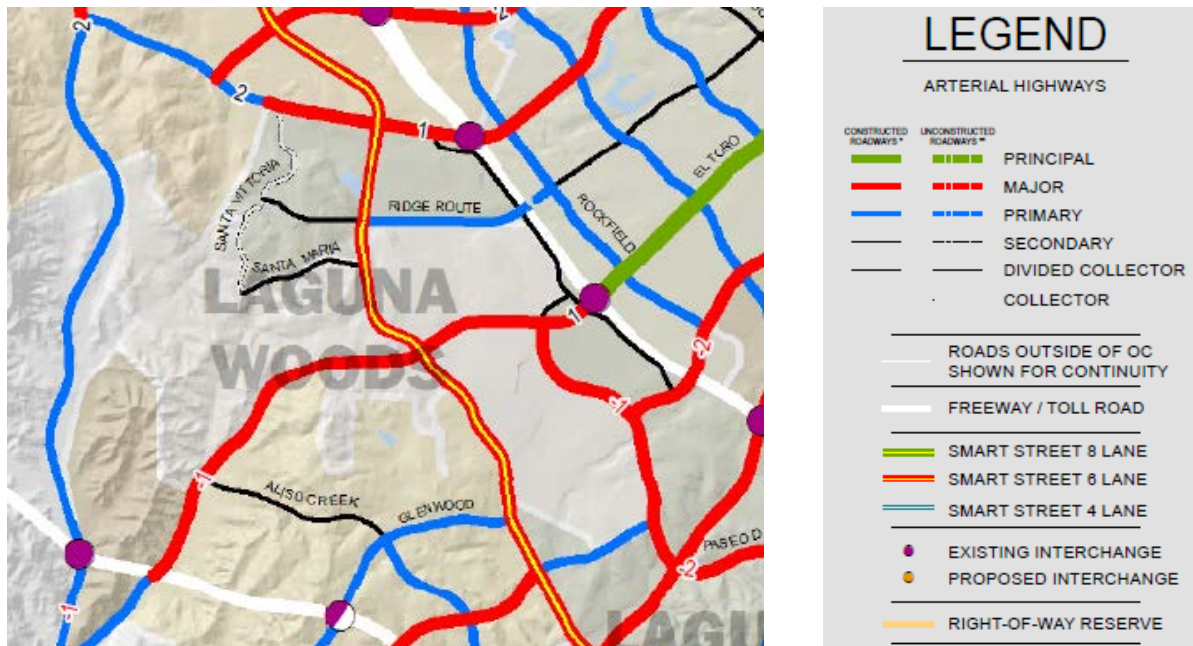
The City of Laguna Woods continues to collaborate closely with neighboring agencies to ensure that the central system monitoring all the traffic signals is in good working condition with proper alert settings. Every timing issue received from members of the public is evaluated in the field and continuous monitoring and modification is conducted to ensure driver expectations are met.

SECTION TWO
TRAFFIC SIGNAL SYNCHRONIZATION STREET ROUTES
(EXISTING AND PLANNED)

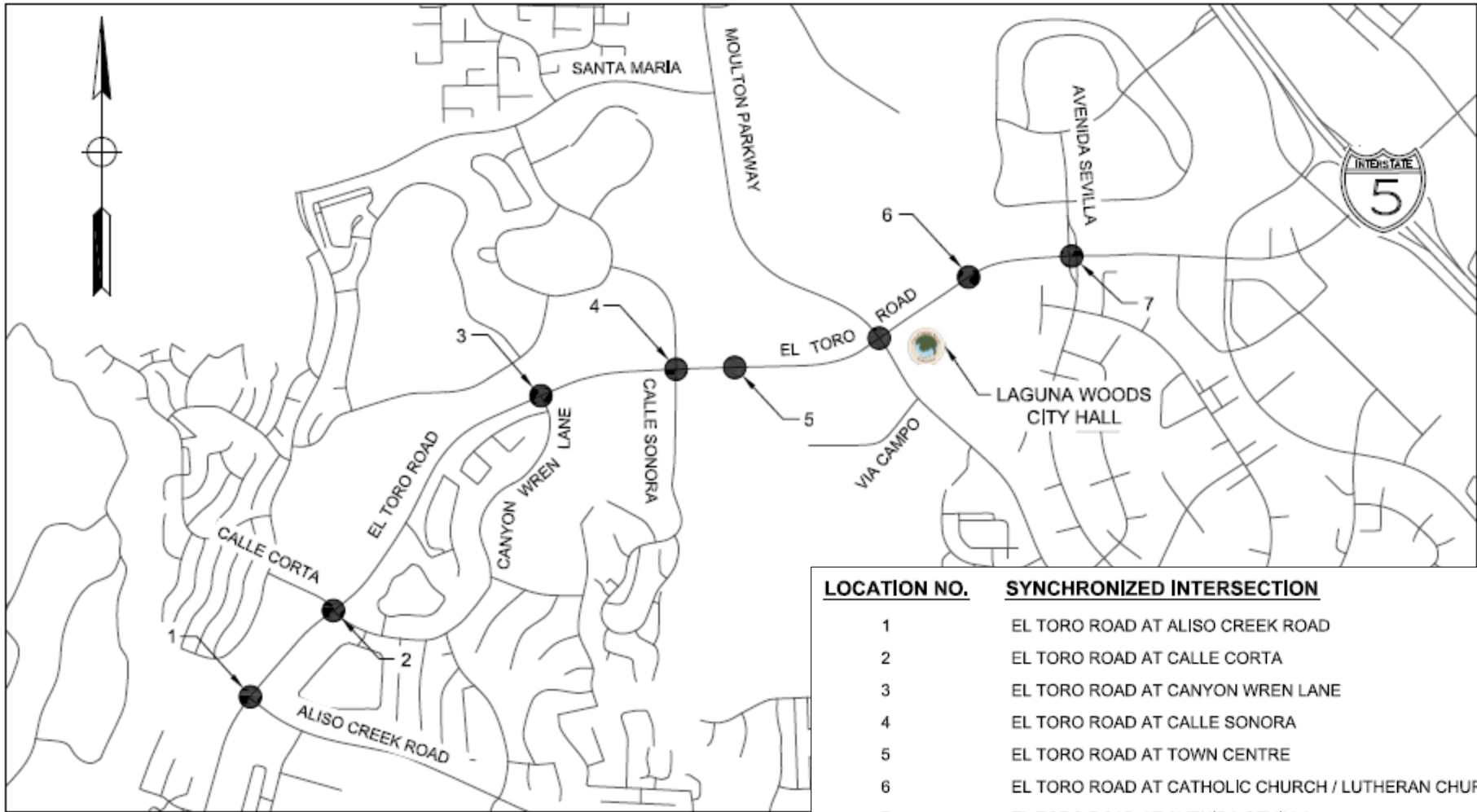
The City of Laguna Woods has two main corridors that are part of the Regional Signal Synchronization Network: Moulton Parkway and El Toro Road.

Moulton Parkway Corridor was coordinated in 2011 by OCTA with collaboration of neighboring agencies. Similarly, El Toro Road Corridor was coordinated in 2012, by OCTA with collaboration of neighboring agencies. Both corridors are currently being evaluated for updated basic (yellow, all red, walk, flash don't walk, bike, etc.) and coordinated timings. Upgrades are also part of the evaluation to ensure the traffic signals are operating efficiently and continuously. The City of Laguna Woods is the lead agency for the 2014 Project P for Moulton Parkway Corridor and for El Toro Road Corridor. Neighboring jurisdictions of Laguna Hills, Aliso Viejo, Laguna Niguel Cities and Caltrans are included in one or both projects.

El Toro Road and Moulton Parkway are the two major arterials crossing the City of Laguna Woods with significant commuter traffic from neighboring cities. OCTA's 2017 Master Plan of Arterial Highways (MPAH) also identifies these corridors as significant within the City of Laguna Woods, as shown below.

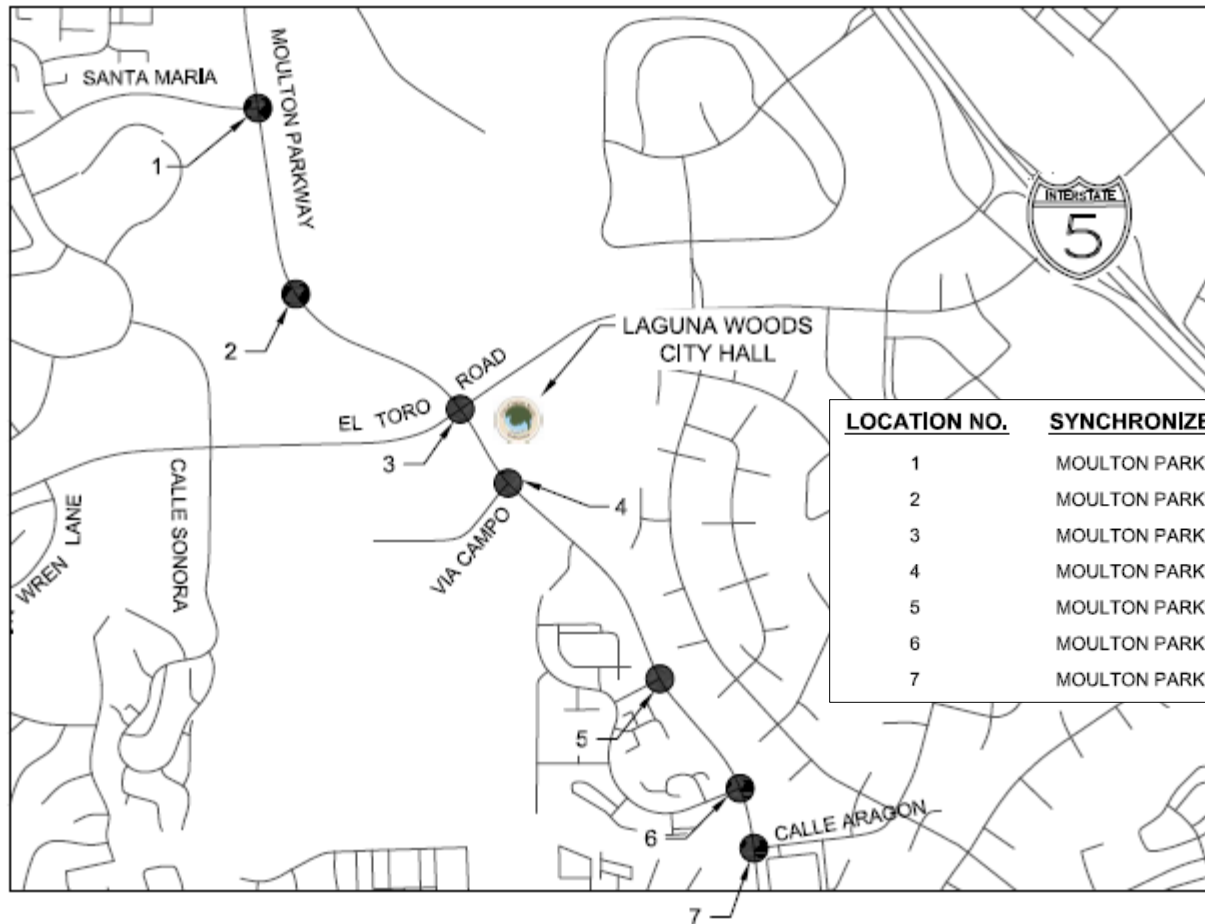


The following figures illustrate the corridors of El Toro Road and Moulton Parkway Traffic Signal Synchronization Street Routes, including the traffic signals along the routes.



VICINITY MAP

NOT TO SCALE



LOCATION NO.	SYNCHRONIZED INTERSECTION
1	MOULTON PARKWAY AT SANTA MARIA
2	MOULTON PARKWAY AT CLUBHOUSE (GATE 12 & 16)
3	MOULTON PARKWAY AT EL TORO
4	MOULTON PARKWAY AT VIA CAMPO
5	MOULTON PARKWAY AT CALLE CORTEZ
6	MOULTON PARKWAY AT VIA IGLESIA
7	MOULTON PARKWAY AT CALLE ARAGON

VICINITY MAP

NOT TO SCALE

**SECTION THREE
TRAFFIC SIGNAL INVENTORY**

CITY OF LAGUNA WOODS TRAFFIC SYNCHRONIZATION LIST							
Corridor	Cross-street Intersection	Cycle Length				Controller Type	Maintenance Responsibility
		AM	MD	PM	WKND		
El Toro Road	Aliso Creek Road	130	NA	130	130	Econolite ASC/3	City of Laguna Woods
	Calle Corta	130	NA	130	130	Econolite ASC/3	City of Laguna Woods
	Canyon Wren Lane	130	NA	130	NA	Econolite ASC/3	City of Laguna Woods
	Calle Sonora	130	NA	130	NA	Econolite ASC/3	City of Laguna Woods
	Town Centre / Home Depot	130	NA	130	NA	Econolite ASC/3	City of Laguna Woods
	Moulton Parkway	130	NA	130	NA	Econolite ASC/3	City of Laguna Woods
	Lutheran Church / Catholic Church	130	NA	130	NA	Econolite ASC/3	City of Laguna Woods
	Avenida Sevilla (Gates 1 & 5)	130	NA	130	NA	Econolite ASC/3	City of Laguna Woods
Moulton Parkway	Calle Aragon (Gate 3)	130	NA	130	100	Econolite ASC/3	City of Laguna Woods
	Via Iglesia	130	NA	130	100	Econolite ASC/3	City of Laguna Woods
	Calle Cortez	130	NA	130	100	Econolite ASC/3	City of Laguna Woods
	Via Campo	130	NA	130	100	Econolite ASC/3	City of Laguna Woods
	El Toro Road	130	NA	130	NA	Econolite ASC/3	City of Laguna Woods
	Clubhouse (Gates 12 & 16)	130	NA	130	NA	Econolite ASC/3	City of Laguna Woods
	Santa Maria Avenue	130	NA	130	NA	Econolite ASC/3	City of Laguna Woods

Central System (Indicate if multiple systems in use): CENTRACS

Controller Operating System: ECONOLITE (NEMA)

Communication Medium: Copper Twisted Pair

Updated: May 2017

SECTION FOUR

TRAFFIC SIGNAL SYNCHRONIZATION SYSTEM AND THREE YEAR PLAN

**3-YEAR OUTLOOK
TRAFFIC SIGNAL SYNCHRONIZATION**

Funding Needs for Synchronized Operation (Constrained)

Reporting Jurisdiction Expenditures: City of Laguna Woods

Type of Traffic Signal Synchronization Expenditures in Year of Expenditure Dollars (Note that sample expenditure categories are included - modify as necessary.)

MAINTENANCE

PROJECT	FY17/18	FY18/19	FY19/20	TOTAL
Communication and Software Maintenance	5,000	5,000	5,000	15,000
Subtotal Maintenance	5,000	5,000	5,000	15,000

CONSTRUCTION

PROJECT	FY17/18	FY18/19	FY19/20	TOTAL
Moulton Parkway Corridor	520,000	200,000		720,000
El Toro Road Corridor	410,000	200,000		610,000
Subtotal Construction	930,000	400,000	0	1,330,000

OPERATIONS

PROJECT	FY17/18	FY18/19	FY19/20	TOTAL
Citywide Signal Timing Maintenance	5,000	5,000	5,000	15,000
Subtotal Operations	5,000	5,000	5,000	15,000
	940,000	410,000	10,000	1,360,000

**3-YEAR OUTLOOK
TRAFFIC SIGNAL SYNCHRONIZATION**

Funding Needs for Synchronized Operation (Unconstrained)

Reporting Jurisdiction Expenditures: City of Laguna Woods

Type of Traffic Signal Synchronization Expenditures in Year of Expenditure Dollars (Note that sample expenditure categories are included - modify as necessary.)

MAINTENANCE

PROJECT	FY17/18	FY18/19	FY19/20	TOTAL
Communication and Software Maintenance	20,000	20,000	20,000	60,000
Subtotal Maintenance	20,000	20,000	20,000	60,000

CONSTRUCTION

PROJECT	FY17/18	FY18/19	FY19/20	TOTAL
Moulton Parkway Corridor	520,000	200,000		720,000
El Toro Road Corridor	410,000	200,000		610,000
Subtotal Construction	930,000	400,000	0	1,330,000

OPERATIONS

PROJECT	FY17/18	FY18/19	FY19/20	TOTAL
Citywide Signal Timing Maintenance	20,000	20,000	20,000	60,000
Subtotal Operations				
	\$ 970,000	\$ 440,000	\$ 40,000	\$ 1,450,000

Note: System is fully synchronized/coordinated during appropriate traffic demand cycles. Potential upgrades beyond the 3-year outlook may include fiber optic communication along the arterials. However, future capital needs will be determined through normal 'end of useful life' equipment cycles or changes in standards mandated by Federal, State, Regional, County and/or local requirements.

LSSP IMPLEMENTATION – CANDIDATE SIGNAL SYNCHORNIZATION PROJECTS WITH ESTIMATED COSTS

Reporting Jurisdiction Expenditures: City of Laguna Woods

Include estimated cost for currently uncoordinated corridors, conversion of existing corridors to improve compatibility, and TMC upgrades if appropriate. Do not include equipment that meets current needs but has not yet reached the end of its normal life cycle.

CORRIDOR	IMPROVEMENT SUMMARY	ESTIMATED COST
NONE		\$0
	Total Estimated Cost	\$0

SECTION FIVE**TRAFFIC SIGNAL SYNCHRONIZATION ASSESSMENT REVIEW AND REVISE, AS
MAY BE NECESSARY, THE TIMING OF TRAFFIC SIGNALS****Significant timing plan updates and projects completed FY 2013/2014 through
2016/2017**

The City of Laguna Woods is the lead agency for the 2014 Project P for Moulton Parkway Corridor and for El Toro Road Corridor Projects. Both projects have recently gone out to bid for construction; implementation of timing is anticipated to occur within the Fiscal Year 2017-18. Neighboring jurisdictions of Laguna Hills, Aliso Viejo, Laguna Niguel Cities and Caltrans are included in one or both projects.

No other significant projects were completed during FY 2013/2014 through 2016/2017 on either corridors within the City of Laguna Woods. Due to minor construction projects and traffic pattern changes through the season within the City limits, continuous refinements of the existing traffic signal timing plans are conducted throughout the year. Alerts on the traffic control system are set to ensure that any critical issues (e.g. loss of communication, signal going to flash, etc.) are forwarded to designated staff to ensure minimal delays occur along these major corridors within the City.

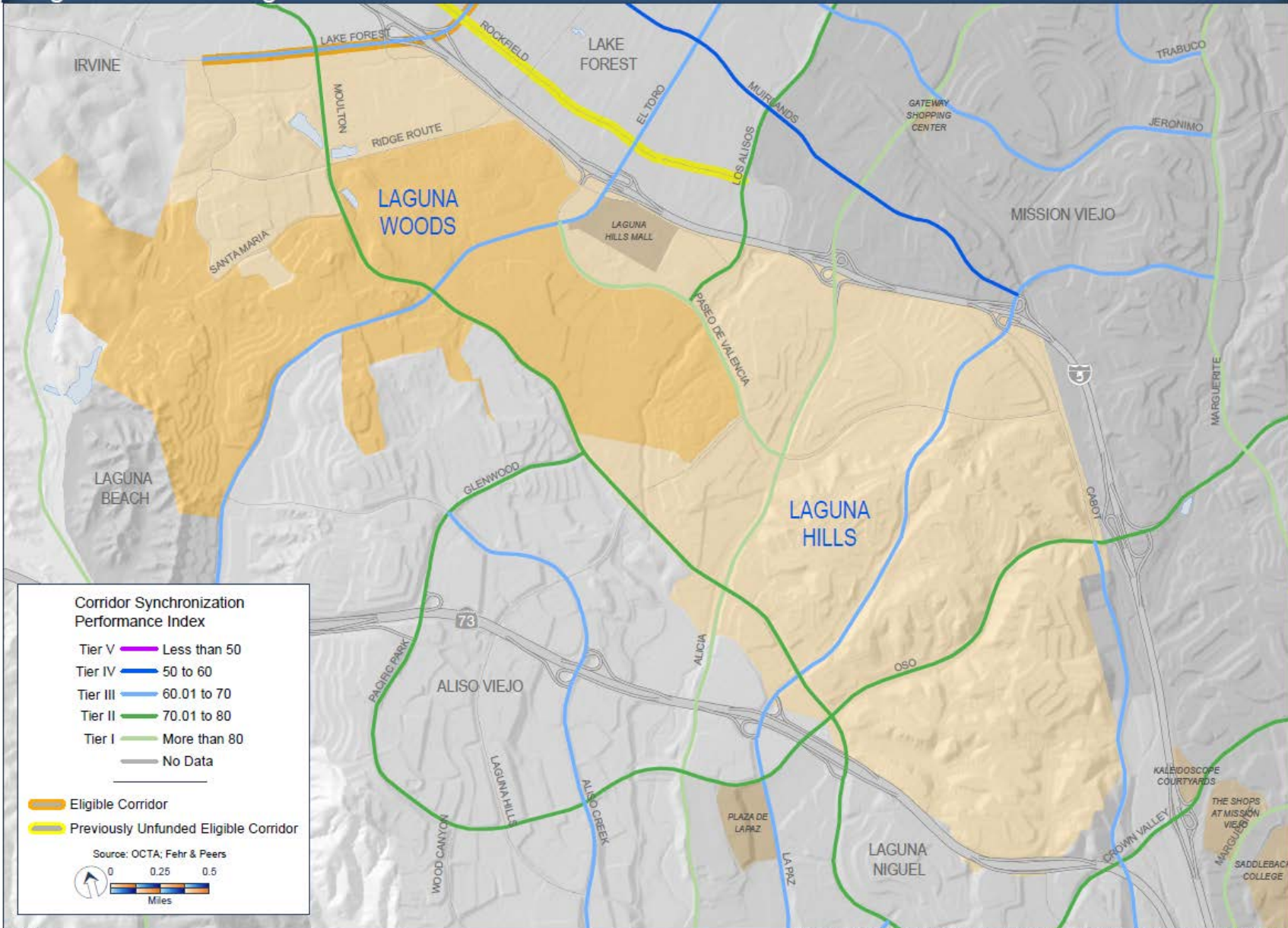
The OCTA Corridor Synchronization Performance Index (CSPI) measures the benefits of signal synchronization and is composed of speed, greens to reds, and stops per mile. The before travel time studies were conducted on the El Toro Road and Moulton Parkway corridors as part of the on-going 2014 Project P; however, because timing has not yet been implemented, the after studies travel time have not yet been collected.

TRAFFIC SIGNAL SYNCHRONIZATION ASSESSMENT, REVIEW, AND REVISION

LOCAL AGENCY CORRIDOR	TIMING REVIEWED (Past 3 Years)	DID TIMING REQUIRE AN UPDATE?	TIMING UPDATE RESULTS (if available)							
			Speed Travel		Stops per mile		Greens per red		CSPI Score*	
			Before	After	Before	After	Before	After	Before	After
El Toro Road (AM Peak Period)	Routine	Upcoming	28.99	N/A	1.09	N/A	4.00	N/A	89.4	N/A
El Toro Road (PM Peak Period)	Routine	Upcoming	30.42	N/A	1.01	N/A	3.60	N/A	86.7	N/A
Moulton Parkway (AM Peak Period)	Routine	Upcoming	34	N/A	0.94	N/A	4.20	N/A	94.6	N/A
Moulton Parkway (PM Peak Period)	Routine	Upcoming	34	N/A	0.70	N/A	4.86	N/A	106.7	N/A

The existing CSPI scores along the El Toro Road and Moulton Parkway corridors within the City of Laguna Woods indicates that synchronization is performing above 80 for the AM and PM peaks. This is considered “very good progression” where travel through the intersections results in minimal stops at favorable travel speeds. The upcoming timing may result in higher cycle lengths to accommodate bicycles and pedestrian.

2016 Corridor Operational Performance Laguna Hills and Laguna Woods



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6.10
MEASURE M2 ELIGIBILITY

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RESOLUTION NO. 17-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, CONCERNING THE STATUS AND UPDATE OF THE CIRCULATION ELEMENT, LOCAL SIGNAL SYNCHRONIZATION PLAN, AND MITIGATION FEE PROGRAM FOR THE MEASURE M (M2) PROGRAM

WHEREAS, the City of Laguna Woods (City) desires to maintain and improve the streets within its jurisdiction, including those arterials contained in the Master Plan of Arterial Highways (MPAH); and

WHEREAS, the City had endorsed a definition of and process for, determining consistency of the City's Traffic Circulation Plan with the MPAH; and

WHEREAS, the City has adopted a General Plan Circulation Element which does not preclude implementation of the MPAH within its jurisdiction; and

WHEREAS, the City is required to adopt a resolution biennially informing the Orange County Transportation Authority (OCTA) that the City's Circulation Element is in conformance with the MPAH and whether any changes to any arterial highways of said Circulation Element have been adopted by the City during Fiscal Year 2015-16 and Fiscal Year 2016-17; and

WHEREAS, the City is required to send, biennially, to the OCTA all recommended changes to the City's Circulation Element and the MPAH for the purposes of re-qualifying for participation in the Comprehensive Transportation Funding Programs; and

WHEREAS, the OCTA has developed the Regional Traffic Signal Synchronization Master Plan to identify traffic signal synchronization street routes and traffic signals within and across jurisdictional boundaries, and defines the means of implementing the Regional Traffic Signal Synchronization Program; and

WHEREAS, the Regional Traffic Signal Synchronization Program requires that local agencies adopt a Local Signal Synchronization Plan consistent with the Regional Traffic Signal Synchronization Master Plan as a key component of local agencies' efforts to synchronizing traffic signals across local agencies' boundaries; and

WHEREAS, the Local Signal Synchronization Plan must be updated by June 30, 2017 to continue to be eligible to receive Net Revenues as part of Measure M2; and

WHEREAS, the City is required to adopt a resolution biennially certifying that the City has an existing Mitigation Fee Program that assesses traffic impacts of new development and requires new development to pay a fair share of necessary transportation improvements attributable to the new development.

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

SECTION 1. The City Council does hereby inform the OCTA that:

- a) The arterial highway portion of the City's Circulation Element is in conformance with the MPAH.
- b) The City attests that no unilateral reduction in through lanes has been made on any MPAH arterials during Fiscal Year 2015-16 and Fiscal Year 2016-17.
- c) The City adopts and maintains a Local Signal Synchronization Plan which includes goals that are consistent with those outlined as part of the Regional Signal Synchronization Master Plan, including signal synchronization across jurisdictions.
- d) The Local Signal Synchronization Plan identifies traffic signal synchronization street routes, including all elements of the Regional Signal Synchronization Network located within the City.
- e) The Local Signal Synchronization Plan includes the traffic signal inventory for all traffic signal synchronization street routes in the City.
- f) The Local Signal Synchronization Plan includes a three-year plan showing capital, operations, and maintenance of signal synchronization along the traffic signal synchronization street routes and traffic signals.
- g) The Local Signal Synchronization Plan includes an update on the status and performance of traffic signal synchronization activities.

- h) The Local Signal Synchronization Plan includes a discussion on the review and revision, as may be necessary, on the timing of traffic signals on the traffic signal synchronization street routes.
- i) The City Council reaffirms its concurrence with the existing Mitigation Fee Program.

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

PASSED, APPROVED AND ADOPTED on this XX day of XX 2017.

SHARI L. HORNE, 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. 17-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 2017, by the following vote:

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

YOLIE TRIPPY, Deputy City Clerk

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6.11
**MOULTON PARKWAY WATER EFFICIENT
MEDIAN IMPROVEMENT PROJECT**

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RESOLUTION NO. 17-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, APPROVING AMENDED FUEL TAX FUND APPROPRIATIONS FOR THE FISCAL YEAR COMMENCING JULY 1, 2016 AND ENDING JUNE 30, 2017 RELATED TO THE MOULTON PARKWAY WATER EFFICIENT MEDIAN IMPROVEMENT PROJECT

WHEREAS, the Moulton Parkway Water Efficient Median Improvement Project (“Project”) is currently included in the City’s Capital Improvement Program as an unfunded project; and

WHEREAS, competitive bids to construct the Project have been solicited and staff is now recommending that the Project be funded; and

WHEREAS, it is necessary for the City Council to establish a budget for the Project in order for the Project to be constructed.

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

SECTION 1. Resolution No. 16-23 is hereby amended to increase the budget appropriation authorized for the Fuel Tax Fund for Fiscal Year 2016-17 from \$500,201 to \$774,115. The increase in the appropriation, in the amount of \$273,914, shall be drawn from unassigned Fuel Tax balance and allocated to the Moulton Parkway Water Efficient Median Improvement Project.

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

PASSED, APPROVED AND ADOPTED on this XX day of XX 2017.

SHARI L. HORNE, 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. 17-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 2017, by the following vote:

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

YOLIE TRIPPY, Deputy City Clerk

6.12
LAGUNA WOODS CIVIC SUPPORT FUND
(*NO REPORT*)

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7.1

**MEDICAL AND NON-MEDICAL MARIJUANA
CULTIVATION REGULATIONS**

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City of Laguna Woods Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Christopher Macon, City Manager
David B. Cosgrove, City Attorney

FOR: June 21, 2017 Regular Meeting

SUBJECT: Medical and Non-Medical Marijuana Cultivation Regulations

Recommendation

1. Receive staff report.

AND
2. Open public hearing.

AND
3. Receive public testimony.

AND
4. Close public hearing.

AND
5. Approve the introduction and first reading of an ordinance – read by title with further reading waived – entitled:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING SECTIONS 13.08.010, 13.10.020, 13.12.020, 13.13.020, AND 13.26.026 OF THE LAGUNA

WOODS MUNICIPAL CODE RELATED TO MEDICAL AND NON-MEDICAL MARIJUANA CULTIVATION

Background

On January 20, 2016, the City Council adopted regulations related to commercial medical marijuana cultivation, which are now codified in Section 13.26.026 of the Laguna Woods Municipal Code. In general, those regulations prohibit commercial medical marijuana cultivation and allow small-scale, personal medical marijuana cultivation that is conducted in conformance with state law.

On November 8, 2016, a majority of California voters voted to approve Proposition 64 (Control, Regulation, and Tax Adult Use of Marijuana Act) which, among other things, decriminalized certain non-medical marijuana-related activities under state law, including certain small-scale, personal non-medical marijuana cultivation.

Discussion

Today's meeting is an opportunity for City Council action, as well as public input, on proposed medical and non-medical marijuana cultivation regulations. Staff is recommending that the City Council approve the introduction and first reading of an ordinance that would clarify and supplement the City's land use regulations regarding medical and non-medical marijuana cultivation (Attachment A). The proposed ordinance would extend a substantially similar regulatory approach as currently exists for medical marijuana cultivation to non-medical marijuana cultivation, as discussed below and in the proposed ordinance.

A. Proposed Impact on Medical Marijuana Cultivation.

With respect to medical marijuana cultivation, the proposed ordinance would not alter the existing regulatory approach. Commercial medical marijuana cultivation would continue to be prohibited, while certain cultivation by qualified patients for personal use and by primary caregivers for qualified patients, in conformance with state law, would continue to be allowed. Prohibited forms of medical marijuana cultivation align with requirements for State-licensing and exclude the following:

1. "a qualified patient cultivating marijuana pursuant to Section 11362.5 [of the Health and Safety Code] if the area he or she uses to cultivate marijuana does not exceed 100 square feet and he or she cultivates

- marijuana for his or her personal medical use and does not sell, distribute, donate, or provide marijuana to any other person or entity”; or
2. “a primary caregiver cultivating marijuana pursuant to Section 11362.5 [of the Health and Safety Code] if the area he or she uses to cultivate marijuana does not exceed 500 square feet and he or she cultivates marijuana exclusively for the personal medical use of no more than five specified qualified patients for whom he or she is the primary caregiver within the meaning of Section 11362.7 and does not receive remuneration for these activities, except for compensation provided in full compliance with subdivision (c) of Section 11362.765.”
(AB 243, § 6 [Health & Saf. Code § 11362.777(g)].)

In other words, if a medical marijuana cultivation activity does not require a State license, it would continue be considered exempt under the proposed ordinance.

B. Proposed Impact on Non-Medical Marijuana Cultivation.

With respect to non-medical marijuana cultivation, the proposed ordinance would explicitly prohibit commercial cultivation, but allow certain small-scale, personal cultivation provided that it is conducted in conformance with state law. State law generally allows an individual who is at least 21 years of age to cultivate up to six marijuana plants, and prohibits cities from adopting regulations to the contrary.

If the City Council takes the recommended action at today’s meeting, the proposed ordinance would be agendized for a second reading and consideration of adoption at an upcoming meeting. The ordinance would take effect 30 days after adoption.

Environmental Review

The adoption of regulations is not a project under the requirements of the California Environmental Quality Act (CEQA), pursuant to sections 15061(b)(3) and 15321 of the CEQA Guidelines.

Fiscal Impact

The recommended action could be accommodated in the City’s budget.

Attachment: A – Proposed Ordinance
Exhibit A – Proposed Code Amendments

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ORDINANCE NO. 17-XX

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING SECTIONS 13.08.010, 13.10.020, 13.12.020, 13.13.020, AND 13.26.026 OF THE LAGUNA WOODS MUNICIPAL CODE RELATED TO MEDICAL AND NON-MEDICAL MARIJUANA CULTIVATION

WHEREAS, in 1996, the voters of the State of California approved Proposition 215 (codified as Health and Safety Code Section 11362.5, and entitled “The Compassionate Use Act of 1996” or “CUA”); and

WHEREAS, in 2004, the Legislature enacted Senate Bill 420 (codified as Health and Safety Code Section 11362.7 et seq., and referred to as the “Medical Marijuana Program Act” or “MMPA”) to clarify the scope of the CUA and to provide qualifying patients and primary caregivers who collectively or cooperatively cultivate marijuana for medical purposes with a limited defense to certain specific state criminal statutes; and

WHEREAS, in October of 2015, the Legislature enacted the “Medical Marijuana Regulation and Safety Act” or the “MMRSA” that substantially reworked existing State laws relating to medical marijuana (i.e., the CUA and the MMPA), and although the MMRSA took effect January 1, 2016, the State anticipates that it will need until January of 2018 to set up the necessary agencies, information systems, and regulations to implement and administer many aspects of the MMRSA (such as issuing State licenses for cultivation operations); and

WHEREAS, in November of 2016, California voters approved Proposition 64 (the “Control, Regulation, and Tax Adult Use of Marijuana Act”) which, among other things, decriminalized certain forms of non-medical marijuana-related activities under state law; and

WHEREAS, the MMRSA and Proposition 64 specifically authorize cities to prohibit the commercial cultivation of medical and non-medical marijuana; and

WHEREAS, in January of 2016, the City Council for the City of Laguna Woods (“City Council”) adopted Ordinance No. 16-01, which added Section 13.26.026 (Commercial Medical Marijuana Cultivation) to its Zoning Code to prohibit the commercial cultivation of *medical* marijuana but allow small-scale cultivation of medical marijuana for personal use (as opposed to commercial use) to

the same extent personal cultivation operations are exempt from the MMRSA’s State licensing requirements; and

WHEREAS, because the City adopted its commercial cultivation regulations prior to the passage of Proposition 64, the City’s regulations do not specifically address the cultivation of *non-medical* marijuana, but under the City’s permissive zoning regulations (i.e., Section 13.02.060 of the Laguna Woods Municipal Code, which provides that unlisted uses, like non-medical marijuana cultivation, are deemed prohibited unless the City Manager makes certain findings), the commercial cultivation of non-medical marijuana is not a permitted use in any of the City’s zoning districts; and

WHEREAS, the City Council finds that, like the commercial cultivation of *medical* marijuana, the commercial cultivation of *non-medical* marijuana, as allowed by the Proposition 64, could adversely affect public health, safety, and welfare, particularly if unregulated; and

WHEREAS, local regulation of the commercial cultivation of both medical and non-medical marijuana is proper and necessary to avoid the risks of criminal activity, degradation of the natural environment, malodorous smells, indoor electrical fire hazards that may result from such activities, and other potential adverse secondary effects; and

WHEREAS, although commercial non-medical marijuana cultivation is already a prohibited land use under the City’s permissive zoning regulations, the City Council desires to enact this ordinance to clarify that the City’s existing regulations for commercial cultivation apply to both medical and non-medical marijuana; and

WHEREAS, Proposition 64 exempts certain small-scale *personal* non-medical marijuana cultivation operations (as distinguished from larger-scale *commercial* cultivation) from state and local regulations; specifically, subdivision (a)(3) of Section § 11362.1 of the California Health and Safety Code states that:

“Subject to Sections 11362.2, 11362.3, 11362.4, and 11362.45, but notwithstanding any other provision of law, it shall be lawful under state and local law, and shall not be a violation of state or local law, for persons 21 years of age or older to ... [p]ossess, plant, cultivate, harvest, dry, or process not more than six living marijuana plants and possess the marijuana produced by the plants ...”; and

WHEREAS, on June 21, 2017, the City Council considered proposed amendments to the Laguna Woods Municipal Code, as identified in Exhibit A attached hereto and incorporated herein by reference (“Code Amendment”), to expressly prohibit the commercial cultivation of *non-medical* marijuana but allow small-scale cultivation of *non-medical* marijuana for personal use (as opposed to commercial use) to the same extent Proposition 64 exempts personal cultivation operations are exempt from state and local laws; and

WHEREAS, the Community Development Director or his or her designee prepared an exhibit, including proposed language and terminology for the proposed Code Amendments and any additional information and documents deemed necessary for the City Council to take action, and such exhibit was available for public inspection at City Hall and, upon request, was supplied to all persons desiring a copy, at least ten days prior to the scheduled City Council public hearing date; and

WHEREAS, on June 21, 2017, the City Council held a duly noticed public hearing on the proposed Code Amendments at which it considered all of the information, evidence, and testimony presented, both written and oral.

THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. In adopting this Ordinance, the City Council finds and determines that each of the recitals to this Ordinance are true and correct and are adopted herein as findings.

SECTION 2. This Ordinance is adopted pursuant to the authority granted by the California Constitution and State law, including but not limited to Article XI, Section 7 of the California Constitution, the CUA, the MMPA, the MMRSA, and Proposition 64.

SECTION 3. The City Council hereby finds and determines that (i) the Code Amendments comply with all applicable requirements of State law; (ii) the Code Amendments will not adversely affect the health, safety, or welfare of the residents within the community; (iii) the Code Amendments are in the public interest of the City of Laguna Woods; and, (iv) the Code Amendments are consistent with the Laguna Woods General Plan and its various elements.

SECTION 4. After reviewing the entire project record, the City Council finds and determines that the adoption of this Ordinance is not a project under the requirements

of the California Environmental Quality Act (CEQA), pursuant to sections 15061(b)(3), 15321, and 15378 of the CEQA Guidelines. It can be seen with certainty that the adoption of the Zoning Code presents no possibility that the activity in question will pose a significant effect on the environment, since there are no commercial dispensary or cultivation facilities present within the city, and this ordinance will continue that baseline condition; the ordinance relates to enforcement actions in connection with permits and permitted activities, and relates to general policy and procedure making of the City.

SECTION 5. Sections 13.08.010, 13.10.020, 13.12.020, 13.13.020, and 13.26.026 of the Laguna Woods Municipal Code are hereby amended to read as set forth in Exhibit A, attached to this Ordinance and incorporated herein by this reference.

SECTION 6. This Ordinance shall take effect and be in full force and operation thirty (30) days after adoption.

SECTION 7. If any section, subsection, subdivision, paragraph, sentence, clause or phrase, or portion of this Ordinance is, for any reason, held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have adopted this Ordinance and each section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance irrespective of the fact that one or more sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases be declared unconstitutional or invalid or ineffective. To this end the provisions of this Ordinance are declared to be severable.

SECTION 8. The Deputy City Clerk shall certify as to the adoption of this Ordinance and shall cause this Ordinance to be published or posted as required by law.

SECTION 9. All of the above-referenced documents and information have been and are on file with the City Clerk of the City.

PASSED, APPROVED AND ADOPTED this XX day of XX 2017.

SHARI L. HORNE, Mayor

ATTEST:

YOLIE TRIPPY, Deputy City Clerk

APPROVED AS TO FORM:

DAVID B. COSGROVE, City Attorney

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 **Ordinance No. 17-XX** was duly introduced and placed upon its first reading at a regular meeting of the City Council on the XX day of XX 2017, and that thereafter, said Ordinance was duly adopted and passed at a regular meeting of the City Council on the XX day of XX 2017 by the following vote to wit:

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

YOLIE TRIPPY, Deputy City Clerk

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**EXHIBIT A
CODE AMENDMENTS**

Section 13.08.010 (“Table of permitted uses”) of Chapter 13.08 (“Residential Districts”) of Title 13 (“Zoning”) of the Laguna Woods Municipal Code is amended to read as follows (additions shown with underlining and deletions shown with ~~strike through~~):

	Districts			
Land Use Types	RMF	RC	RT	Code References
<u>Marijuana Cultivation, Commercial</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>13.26.026</u>

Section 13.10.020 (“Table of permitted uses”) of Chapter 13.10 (“Commercial Districts”) of Title 13 (“Zoning”) of the Laguna Woods Municipal Code is amended to read as follows (additions shown with underlining and deletions shown with ~~strike through~~):

	Districts			
Land Use Types	NC	CC	PA	Code References
<u>Marijuana Cultivation, Commercial</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>13.26.026</u>

Section 13.12.020 (“Table of permitted uses”) of Chapter 13.12 (“Open Space Districts”) of Title 13 (“Zoning”) of the Laguna Woods Municipal Code is amended to read as follows (additions shown with underlining and deletions shown with ~~strike through~~):

	Districts		
Land Use Types	OS-P	OS-R	Code References
<u>Marijuana Cultivation, Commercial</u>	<u>X</u>	<u>X</u>	<u>13.26.026</u>

Section 13.13.020 (“Table of permitted uses”) of Chapter 13.13 (“Community Facilities Districts”) of Title 13 (“Zoning”) of the Laguna Woods Municipal Code is amended to read as follows (additions shown with [underlining](#) and deletions shown with ~~strike through~~):

	Community Facilities		
Land Use Types	Public/Institutional	Private	Code References
<u>Marijuana Cultivation, Commercial</u>	<u>X</u>	<u>X</u>	<u>13.26.026</u>

Section 13.26.026 (“Commercial medical marijuana cultivation”) of Chapter 13.08 (“Special Regulations”) of Title 13 (“Zoning”) of the Laguna Woods Municipal Code is amended to read as follows (additions shown with [underlining](#) and deletions shown with ~~strike through~~):

Sec. 13.26.026. - Commercial ~~medical~~-marijuana cultivation.

(a) *Legislative Purpose.* ~~Effective January 1, 2016, t~~[The](#) Medical Marijuana Regulation and Safety Act ("MMRSA") provides that, if a city does not have land use regulations or ordinances regulating or prohibiting the cultivation of marijuana, either expressly or otherwise under principles of permissive zoning, by March 1, 2016, then the State will be the "sole licensing authority" for medical marijuana cultivation in that city. (California Health & Safety Code § 11362.777(c)(4).) The City's permissive zoning regulations (set forth in Section 13.02.060 of the Laguna Woods Municipal Code) currently prohibit commercial ~~medical~~-marijuana cultivation in all of the City's zoning districts. As the City does not intend for the State to be the sole licensing authority for ~~medical~~-marijuana

cultivation in its jurisdiction, this section clarifies and supplements the City's existing land use regulations prohibiting commercial ~~medical~~-marijuana cultivation.

(b) *Exemption for ~~Medical~~ Marijuana Cultivation for Certain Use.* This section only applies to commercial ~~medical~~-marijuana cultivation. A medical marijuana cultivation activity that qualifies for the exemption set forth in subdivision (g) of Section 11362.777 of California Health and Safety Code or a personal marijuana cultivation activity that qualifies for the exemption set forth in subdivision (a) of Section 11362.1 of the California Health and Safety Code, as those statutes may be amended from time to time, ~~is~~ are ~~also~~ exempt from this section. This exemption does not limit or prevent the City from regulating or prohibiting indoor and outdoor ~~medical~~-marijuana cultivation (including cultivation for personal use) that is not being conducted in accordance with State and local laws related to land conversion, grading, electricity usage, water usage, water quality, woodland and riparian habitat protection, agricultural discharges, and similar matters, or from adopting, amending, or replacing local laws for the same.

(c) *Definitions.* All definitions set forth in Section 13.16.025 of this Title 13, as amended from time to time, shall apply under this section. ~~Unless otherwise specified, any and all definitions set forth in the Compassionate Use Act of 1996 (codified at California Health and Safety Code § 11362.5), Medical Marijuana Program Act (codified at California Health and Safety Code § 11362.7 et seq.) and MMRSA (codified at California Business and Professions Code § 19300 et seq.), as those statutes are amended from time to time or replaced with a successor statute, shall apply to this section in addition to the definitions set forth as follows:~~

~~(05) — Cultivation or cultivate shall have the same meaning as set forth in subdivision (l) of Section 19300.5 of the California Business and Professions Code, as may be amended from time to time.~~

~~(10) — Commercial cultivation shall mean any cultivation activity that does not qualify for the exemption set forth in subdivision (g) of Section 11362.777 of the California Health and Safety Code, as may be amended from time to time.~~

~~(15) — Medical marijuana shall mean "medical cannabis," as that term is defined in subdivision (ag) of Section 19300.5 of the California~~

~~Business and Professions Code, as may be amended from time to time.~~

~~(20) Primary caregiver shall have the same meaning as set forth in subdivision (d) of Section 11362.7 of the California Health and Safety Code, as may be amended from time to time.~~

~~(25) Qualified patient shall have the same meaning as set forth in subdivision (f) of Section 11362.7 of the California Health and Safety Code, as may be amended from time to time.~~

(d) *Prohibition.* Commercial ~~medical~~ marijuana cultivation is expressly prohibited in all zoning districts throughout the City, regardless of whether the marijuana is used for medical or non-medical purposes. A State license for the cultivation of ~~medical~~ marijuana does not entitle the licensee to engage in commercial ~~medical~~ marijuana cultivation within City limits.

(e) *Public Nuisance.* Commercial ~~medical~~ marijuana cultivation within City limits shall be, and is hereby declared to be, a public nuisance and may be summarily abated by the City pursuant to California Code of Civil Procedure § 731 or any other remedy available at law.

(f) *Civil Penalties.* In addition to any other enforcement permitted by this section, the City Attorney may bring a civil action for injunctive relief and civil penalties against any person who violates any provision of this section. In any civil action that is brought pursuant to this section, a court of competent jurisdiction may award civil penalties and costs to the prevailing party.

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 21, 2017 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 MODIFICATIONS 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 budgeting, reserves, and reporting policies, in November 2010. The policy was last modified on June 15, 2016.

Discussion

Today's meeting is an opportunity for City Council action, as well as public input, on proposed modifications to Administrative Policy 2.9 (Attachment A). A redline version of the proposed modifications is included as Attachment B.

Significant Proposed Modifications

- Various modifications have been made to reflect the City's transition to a two-year budget and work plan.

- Budget standards have been modified to state that the budget “shall be adopted at the fund level,” rather than at the “fund and department level.” The existing policy already allows the City Manager to “make budget adjustments within adopted fund-level appropriations” (i.e., between departments).
- Budget standards have been modified to clarify that adoption of a seven-year Capital Improvement Program (CIP) will continue to occur on an annual basis, in order to comply with Orange County Transportation Authority requirements for maintaining eligibility to receive Measure M2 funds.
- Budget standards have been modified to provide for the automatic carryover of non-operating project budgets (which are often implemented over multiple fiscal years), in the same manner as the existing policy provides for CIP project budgets. Language has also been added to clarify that once a CIP or non-operating project is completed, the balance remaining within the budget is automatically returned to the fund from which it originated.
- Language has been added to state that the City Council will consider making lump sum payments to reduce unfunded accrued liability for California Public Employees’ Retirement System plans at least as frequently as each two-year budget development process.

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 whether to make lump sum payments to reduce unfunded accrued liability for retirement plans.

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

Attachments: A – Proposed Resolution
Exhibit A – Proposed Administrative Policy 2.9
B – Proposed Administrative Policy 2.9 (redline version)

RESOLUTION NO. 17-XX

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

WHEREAS, the City’s budgeting, reserves, and reporting policy is contained in Administrative Policy 2.9 and was last modified by the City Council on June 15, 2016; 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 necessary and prudent course of action; and

WHEREAS, City staff has prepared modifications to Administrative Policy 2.9 for consideration by the City Council (incorporated into the administrative policy attached hereto as Exhibit A), which include changes to budget standards and procedures related to the carryover and dispensation of CIP and non-operating projects budgets, as well as the addition of language related to the consideration of lump sum payments to reduce unfunded accrued liability for California Public Employees’ Retirement System plans, 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 reporting 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 2017.

SHARI L. HORNE, 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. 17-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 2017, 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 biennial fiscal years budget to the City Council no later than June 30, 2017, and every two years thereafter.

2.9.03. Budget Adoption.

The City Council shall adopt a budget for the upcoming two fiscal years no later than June 30, 2017, and every two years thereafter. 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 level. Sufficient detail shall be provided in accompanying narrative to describe significant programs, projects, and services, as well as employee staffing levels.
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.

ITEM 8.1 – Exhibit A to Attachment A

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. To comply with Orange County Transportation Authority requirements for maintaining eligibility to receive Measure M2 funds, a CIP shall also be adopted at each fiscal year intervening biennial budget adoptions. The adoption of intervening CIPs may also necessitate amendment of adopted budgets. 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 two years of the seven-year CIP are 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 and non-operating project budgets, which shall be automatically carried over until the project is completed, carryover of budget appropriations between fiscal years requires approval of the City Council. Once a CIP or non-operating project is completed, the balance remaining within the budget shall be automatically returned to the fund from which it originated.

2.9.05. Budget Adjustments.

During fiscal years, 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, to maintain consistency with Section 2.9.06 of this Administrative Policy.

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 2.9.09.

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 2.9.09. 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. Unfunded Accrued Liability for Retirement Plans.

The City shall consider making lump sum payments to reduce unfunded accrued liability for California Public Employees' Retirement System (CalPERS) plans at least as frequently as each biennial budget development process.

2.9.08. 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.

2.9.09. 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.

2.9.10. 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, 2017

**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 biennial fiscal years budget to the City Council no later than June 30 ~~of each immediately preceding fiscal year, 2017, and every two years thereafter.~~

~~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 two fiscal years no later than June 30 ~~of each immediately preceding fiscal year, 2017, and every two years thereafter.~~ 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.
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. To comply with Orange County Transportation Authority requirements for maintaining eligibility to receive Measure M2 funds, a CIP shall also be adopted at each fiscal year intervening biennial budget adoptions. The adoption of intervening CIPs may also necessitate amendment of adopted budgets. 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 two years of the seven-year CIP is-are 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 and non-operating project budgets, which shall be automatically carried over until the project is completed, carryover of budget appropriations between budget periodsfiscal years requires approval of the City Council. Once a CIP or non-operating project is completed, the balance remaining within the budget shall be automatically returned to the fund from which it originated.

2.9.05. Budget Adjustments.

During budget periodsfiscal years, 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 to maintain consistency with Section 2.9.06 of this Administrative Policy.

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.~~0709~~.

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.~~0709~~. 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. Unfunded Accrued Liability for Retirement Plans.

The City shall consider making lump sum payments to reduce unfunded accrued liability for California Public Employees' Retirement System (CalPERS) plans at least as frequently as each biennial budget development process.

2.9.0708. 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.

2.9.0809. 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.

2.9.0910. 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 ~~15XX~~, 20162017

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8.2
FISCAL YEARS 2017-19 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 21, 2017 Regular Meeting

SUBJECT: Fiscal Years 2017-19 Budget and Work Plan Development

Recommendation

Discuss and provide direction to staff.

Discussion

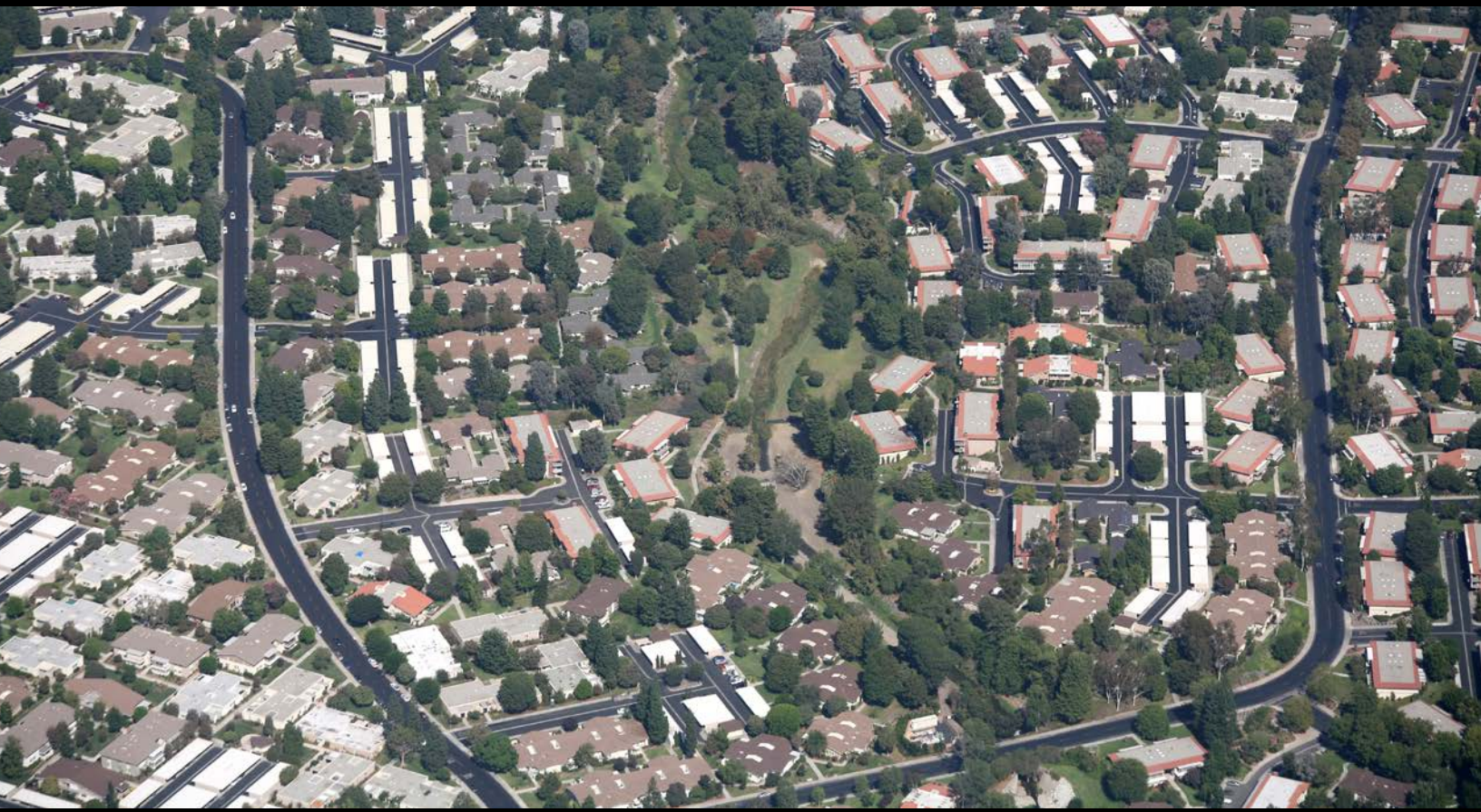
Today's meeting is one of several opportunities for the City Council to receive public input and provide direction to staff on the development of the Fiscal Year 2016-17 Budget and Work Plan.

A draft of the Fiscal Years 2017-19 Budget & Work Plan is included as Attachment A. Please note that the document is not final and is subject to material revision.

Fiscal Years 2017-19 Budget and Work Plan Meeting Schedule (tentative and subject to change)	
Wednesday, April 26, 2017 at 2 p.m.	– <i>kick-off workshop, discussion and development</i>
Wednesday, May 17, 2017 at 2 p.m.	– <i>discussion and development</i>
Wednesday, June 21, 2017 at 2 p.m.	– <i>discussion and development</i>
Wednesday, June 28, 2017 at 2 p.m.	– <i>consideration of adoption</i>

Attachment: A – Draft Fiscal Years 2017-19 Budget & Work Plan

City of Laguna Woods Fiscal Years 2017-19 Budget & Work Plan



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

June XX, 2017

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City of Laguna Woods
Fiscal Years 2017-19 Budget & Work Plan

June XX, 2017



Shari L. Horne
Mayor

Carol Moore
Mayor Pro Tem

Cynthia Conners
Councilmember

Vacant
Councilmember

Noel Hatch
Councilmember

Christopher Macon
City Manager

Margaret Cady, CPA
Administrative Services Director/
City Treasurer

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Appendices **(NOT INCLUDED IN THIS DRAFT)**

- A – Administrative Policy 2.9 (Budgeting, Reserves, and Reporting)
- B – Resolution No. 17-XX (Budget and Work Plan Adoption)
- C – Resolution No. 17-XX (Capital Improvement Program Adoption for Fiscal Year 2017-18)
- D – Resolution No. 17-XX (Annual Appropriations Limit Adoption) Fiscal Year 2017-18)

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TRANSMITTAL LETTER

June XX, 2017

Honorable Mayor and City Councilmembers:

It is my privilege to present the City of Laguna Woods' Fiscal Years 2017-19 Budget & Work Plan. This document establishes a scope of work and financial plan for the City to undertake during the fiscal years spanning the 24-month period from July 1, 2017 through June 30, 2019.

The programs, projects, and services provided for herein, are intended to continue to fulfill the City's legal responsibilities as set forth in State law and advance efforts with respect to the City Council's six priority focus areas (see *below*). The priority focus areas articulate the goals and intended outcomes of this budget and work plan, while also reinforcing the City's commitment to the delivery of exemplary municipal services rich in public value.

City Council's Priority Focus Areas

A City that is...



Healthy and safe



High in quality of life



Environmentally conscious



Economically prosperous



Fiscally responsible



Professionally and efficiently served

The Fiscal Years 2017-19 Budget & Work Plan marks the successful culmination of a multi-year, labor-intensive process to transition the City from single-year to two-year budgets and work plans. It also contains the City's first five-year strategic financial plan. As I have said previously, it is my sincere belief that the City's new, longer-term perspective will make the organization and its services more efficient, strategically-minded, and sustainable. Laguna Woods taxpayers should find assurance in knowing that the City is planning ahead, looking beyond even the two-years included in this budget and work plan, with an ever-present focus on the prudent stewardship of local dollars.

Prior Year Highlights

Before looking ahead, I would like to take a moment to highlight several of the City's recent accomplishments. Additional information is included on the City's highlights dashboard, which is produced annually and available at City Hall and on the City's website at www.cityoflagunawoods.org.

- Laguna Woods was ranked as the **fourth safest city in California** by SafeWise. In the 2016 calendar year alone, Laguna Woods' public safety personnel responded to **5,367** calls for fire/emergency medical services, **3,498** calls for law enforcement services, and **539** calls for animal services, under contracts and agreements with the City.
- The City continued to provide resources to applicants for renovation and development projects. In the 2016 calendar year alone, the City issued **3,486** building permits and conducted over **9,000** building inspections.
- The City's Senior Mobility Program continued to promote lifelong mobility by providing affordable, senior-oriented transportation services. In the 2016 calendar year alone, Laguna Woods residents took **15,042** trips to destinations throughout Orange County, totaling **95,940** miles.
- The City continued its efforts to protect and improve the environment by offering a wide assortment of waste and recycling programs. In addition to diverting a considerable amount of recyclable waste from landfills, in the 2016 calendar year alone, the City collected **120,274** pounds of paper at document shredding events, free of charge to residents. The City also began to accept home-generated sharps waste at City Hall, which resulted in the collection of **128** pounds in only five months.
- The City partnered with Southern California Edison to replace **170** public street light fixtures with new light-emitting-diode fixtures, at no cost.

- The City became the first city in Orange County to **fully fund** the entirety of its California Public Employees' Retirement System ("CalPERS") pension plans according to current actuarial projections. That action is expected to save the City upwards of \$500,000 over the next 30 years.
- The City was recognized for several financial achievements, including by receiving an **Operating Budget Excellence Award** from the California Society of Municipal Finance Officers for Fiscal Year 2016-17.
- The City's annual independent audit resulted in an **unmodified opinion** that the financial statements for Fiscal Year 2015-16 were fairly presented in conformity with governmental accounting standards.
- The City replaced its antiquated financial software with new software that will better meet operational needs, improve internal efficiency, and enable future electronic customer service opportunities.
- The City completed the first phase of a project to update and clarify its Zoning Code. Doing so supports the City's goal of providing residents with access to high quality goods and service close to home.
- The City enhanced the events offered at City Hall by entering into new partnerships that allowed for participation in National Prescription Drug Take-Back Day, senior fall prevention workshops offered in conjunction with Mission Hospital, monthly small business workshops hosted by the United States Small Business Administration's SCORE Program, and more frequent OC Public Libraries programming.
- The City established and obtained tax exemptions for the Laguna Woods Civic Support Fund, a nonprofit public benefit corporation that will help to support the City's operations, as well as the Laguna Woods branch of the County of Orange's public library system.

Introductory Notes

This budget and work plan continues the conservative approach to budget development that has been a key contributing factor to the City's economic viability since its incorporation more than 18 years ago. While revenue trends continue to reflect minimal to modest growth, with the City's projected cost of doing business keeping pace with or slightly exceeding the same, the City must continue to exercise serious and steadfast fiscal discipline. In doing so, the City must also maintain a realistic understanding of the limits of available resources and remain committed to improving the efficiency, effectiveness,

and economy of its operations, not only in principal, but as an essential and ongoing strategy to manage future costs. While the City may not be able to provide a vast array of elective services, prudent management will allow for the continued fulfillment of all core services and statutory responsibilities.

17-18

Inclusive of all funds, net expenditures for Fiscal Year 2017-18 total \$7,357,806. The General Fund operating budget is balanced and accounts for the majority of net expenditures at \$5,359,050. At the end of the fiscal year, it is projected that the unassigned General Fund balance will be \$5,731,896, or 107% of the Fiscal Year 2017-18 operating budget. That unassigned balance would be in addition to assigned and committed reserves totaling \$2,686,800.

18-19

Inclusive of all funds, net expenditures for Fiscal Year 2017-18 total \$7,027,538. The General Fund operating budget is balanced and accounts for the majority of net expenditures at \$5,456,246. At the end of the fiscal year, it is projected that the unassigned General Fund balance will be \$5,568,250, or 102%, of the Fiscal Year 2018-19 operating budget. That unassigned balance would be in addition to assigned and committed reserves totaling \$2,770,800.

General Fund Highlights

The single greatest threat to the solvency of the City remains the rising cost of law enforcement services, exacerbated by operational changes within the Orange County Sheriff's Department and labor agreements approved by the Orange County Board of Supervisors. While the City was able to moderate costs in Fiscal Year 2017-18 through a reduction in staffing, future costs are expected to continue to increase at an unsustainable rate, significantly in excess of inflation. Projections from the Orange County Sheriff's Department indicate that costs to maintain the existing level of service will increase at least 15% over the next four years. Adding even greater cause for concern is that those projections do not account for potentially significant costs that are likely, but as-of-yet unknown, including impacts of future labor agreements and growth in departmental overhead. As a result, it is conceivable that costs may increase more than 15%, simply to continue the status quo.

In addition to advocating for restraint and consultation in decision-making by the Orange County Board of Supervisors, the City must continue to explore

alternate service delivery models with the goal of achieving sustainability in long-term costs, while still maintaining high levels of safety for Laguna Woods residents and law enforcement personnel. It is also necessary for the City to further develop community partnerships and enhance its crime prevention activities in order to manage future needs for law enforcement services and commensurate costs. In any case, service level reductions and operational changes above and beyond what the City has already implemented may still be required, so long as the Orange County Board of Supervisors exercises majority control over local law enforcement costs.

The City's lack of a strong and diversified local sales tax base also continues to be of significant concern. While there are signs of improvement, including the long-awaited renovation of the Willow Tree Center, the City will continue to be reliant on a small number of businesses for its second largest source of operating revenue. Now more than ever, fostering a productive environment for local businesses is of paramount importance. Doing so adds security to the City's budget and aids in the City's ongoing pursuit of ensuring that the mix of local businesses meets the needs of Laguna Woods residents.

Special Revenue Funds Highlights

In April 2017, Governor Brown signed the Road Repair and Accountability Act of 2017 ("Senate Bill 1") into law, which will dramatically increase the funds available to cities for public road maintenance and rehabilitation, beginning in Fiscal Year 2017-18. For the City, Senate Bill 1 revenue will help address the historical erosion of Fuel Tax revenue caused, in part, by statewide reductions in gasoline prices and consumption, which was highlighted as a matter of "significant concern" in the prior year's budget and work plan. Over the first 10 years of Senate Bill 1, the City anticipates that it will receive approximately \$3.5 million to improve the condition of local roads and flow of traffic.

Capital Improvement Program Highlights

The Capital Improvement Program ("CIP") included in this budget and work plan envisions public facility and infrastructure investments of approximately \$4.3 million over the course of the next seven years. The projects that will be completed during fiscal years 2017-18 and 2018-19 are primarily focused on rehabilitating existing infrastructure and improving pedestrian accessibility.

In addition to pedestrian accessibility improvements that will be constructed as part of pavement rehabilitation projects, the City anticipates receiving a federal Community Development Block Grant ("CDBG") in Fiscal Year 2017-

18 to enhance the ease and accessibility of pedestrian travel along Moulton Parkway. Similar improvements at other locations throughout Laguna Woods are planned for future years, contingent on the receipt of additional CDBG funding, which is subject to appropriation by the United States Congress.

Conclusion

As in years past, this budget and work plan was developed with an abiding concern for the quality of life, health, safety, wellness, and well-being of those who call Laguna Woods home. Though the City faces challenges in the years ahead, the prudence, conservatism, and strategic investments that underlay this document will serve residents and businesses well.

Respectfully submitted,

Christopher Macon
City Manager

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 18th anniversary in 2017.

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

[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 & Engineering Services.....CivilSource
 Landscape Maintenance Services.....Nieves Landscaping
 Law Enforcement Services.....Orange County Sheriff’s Department
 Legal Services.....Rutan & Tucker, LLP
 Planning Services.....Michael Baker International
 Street & Right-of-Way Maintenance Services.....PV Maintenance
 Traffic Signal & Lighting Maintenance Services.....
 Computer Service Company

Fire/emergency medical 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 between the City and the County of Orange, 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’ one-percent 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
Public Library.....	OC Public Libraries
School District.....	Capistrano Unified 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
Waste & Recycling.....	Waste Management of Orange County WM Curbside

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 California Department of Finance ("DOF") estimates that Laguna Woods' population was 16,319 as of January 1, 2017, a 0.1% decrease 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, 2016 and 2017*. Sacramento, California, May 2017.

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%
<i>Asian Indian</i>	0.1%	0.4%
<i>Chinese</i>	0.7%	3.1%
<i>Filipino</i>	0.6%	1.7%
<i>Japanese</i>	0.5%	1.1%
<i>Korean</i>	0.4%	3.1%
<i>Vietnamese</i>	0.1%	0.2%
<i>Other Asian</i>	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%

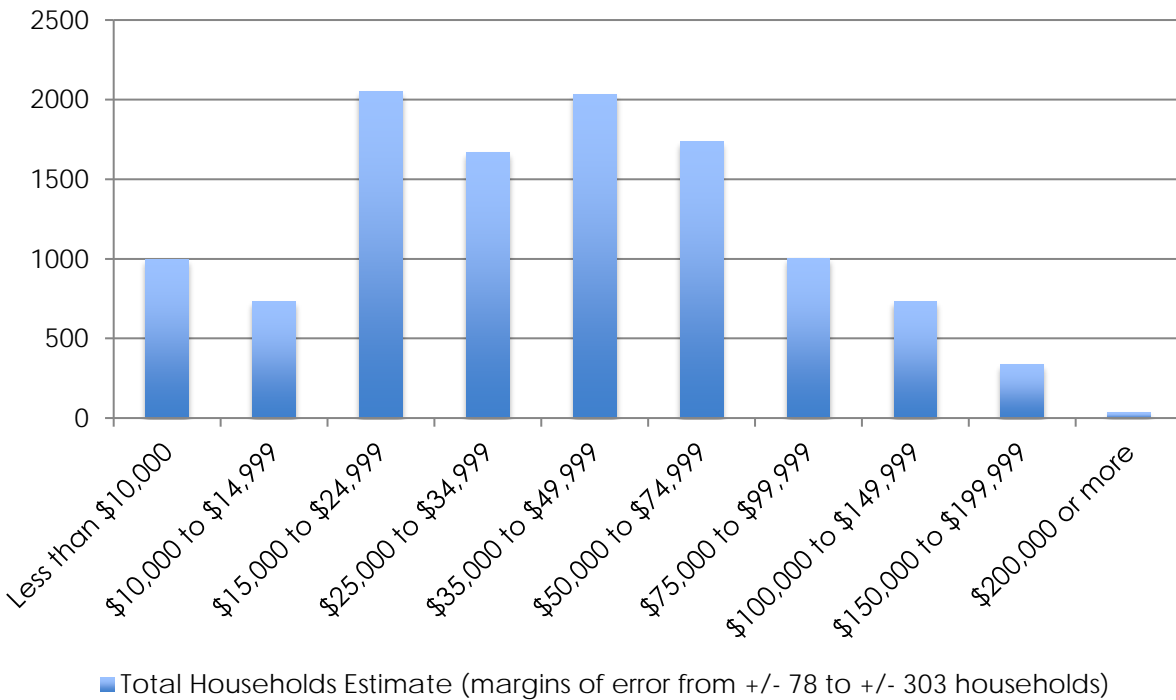
[Household Size]

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 (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

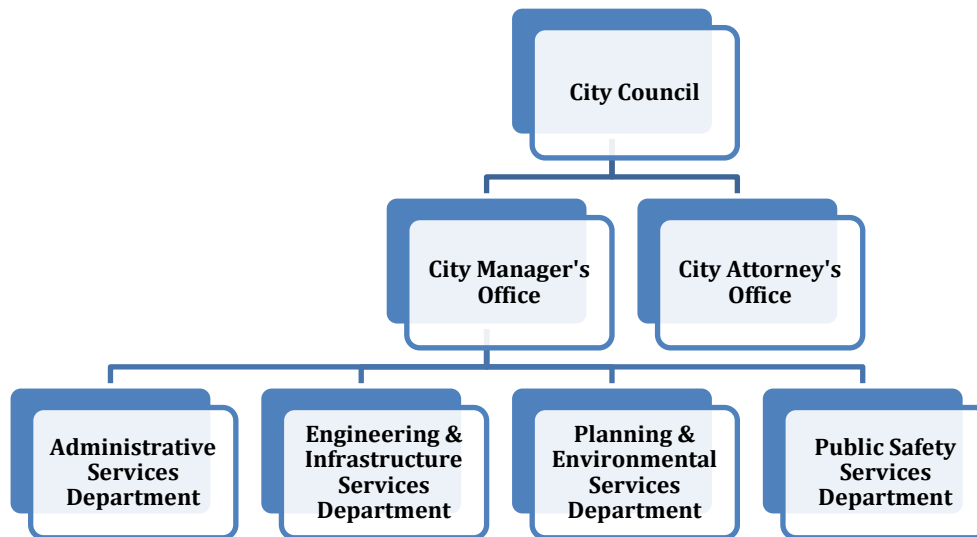
This chapter is intended to provide a brief overview of the City of Laguna Woods' internal structure in order to establish a context for understanding how this budget and work plan will be implemented.

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

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

This budget and work plan includes an authorized personnel allocation of eight and nine-twentieths full-time equivalent ("FTE") positions. Compared to the previous fiscal year, that personnel allocation represents a reduction of

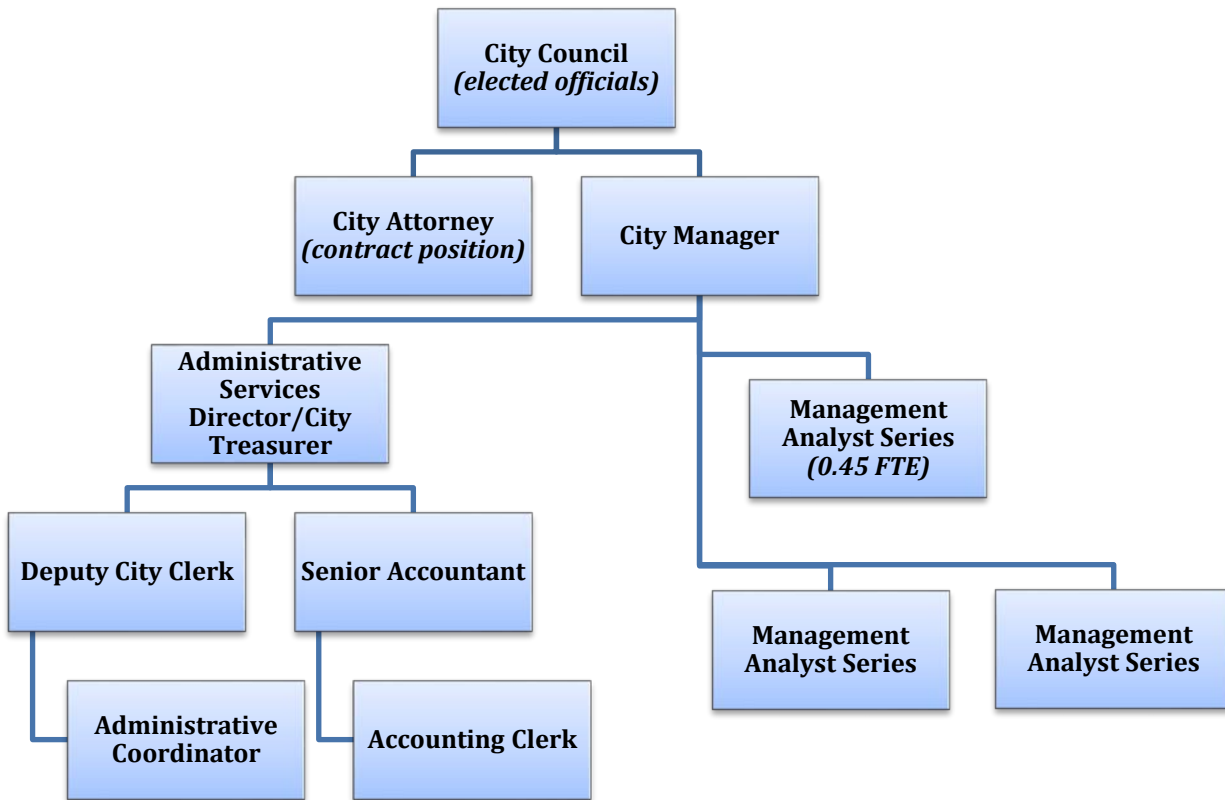
nine-twentieths of an authorized FTE position. The reduction in authorized personnel is primarily attributable to the impact of increasing law enforcement costs, exacerbated by labor agreements approved by the Orange County Board of Supervisors with higher salary and benefit costs.

[Personnel Allocation – Citywide]

Position	Number Authorized					
	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19
<i>Full-Time Employees [full-time equivalents (FTE)]</i>						
City Manager	1.00	1.00	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	1.00	1.00
Accounting Clerk	-	1.00	1.00	1.00	1.00	1.00
Administrative Coordinator	1.00	1.00	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	1.00	1.00
Finance Manager	1.00	-	-	-	-	-
Management Analyst/ Senior Management Analyst	-	-	1.00*	2.00	2.00	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	1.00	1.00
Total FTE – full-time positions	10.00	10.00	8.50	8.00	8.00	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	-	-
Management Analyst/ Senior Management Analyst	-	-	-	0.45	0.45	0.45
Total FTE – part-time positions	2.00	1.00	-	0.90	0.45	0.45
Total FTE – all positions	12.00	11.00	8.50	8.90	8.45	8.45
Year-over-year change		(1.00)	(2.50)	0.40	(0.45)	-

* 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; and, coordinates competitive procurement activities.

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 reductions in personnel in

previous fiscal years, the City Manager’s Office also provides direct 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	Fiscal Year 2017-18	Fiscal Year 2018-19
<i>Full-time Employees [full-time equivalents (FTE)]</i>					
City Manager	1.00	1.00	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	1.00	1.00
<i>Part-time Employees [full-time equivalents (FTE)]</i>					
Management Analyst/ Senior Management Analyst	-	-	0.45	0.45	0.45
Total FTE – part-time positions	-	-	0.45	0.45	0.45
Total FTE – all positions	3.00	2.50	1.45	1.45	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.

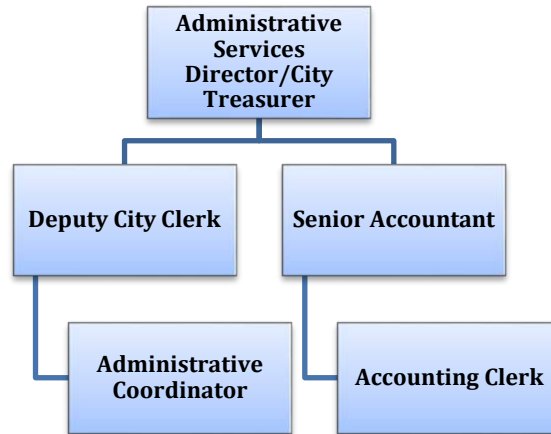
[Personnel Allocation – Administrative Services Department]

Position	Number Authorized				
	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19
<i>Full-time Employees [full-time equivalents (FTE)]</i>					
Administrative Services Director/City Treasurer	1.00	1.00	1.00	1.00	1.00
Accounting Clerk	1.00	1.00	1.00	1.00	1.00
Administrative Coordinator	1.00	1.00	1.00	1.00	1.00
Deputy City Clerk	1.00	1.00	1.00	1.00	1.00
Senior Accountant	1.00	1.00	1.00	1.00	1.00
Total FTE – full-time positions	5.00	5.00	5.00	5.00	5.00
<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	5.00	5.00

* This position was authorized, but never filled, due to the impact of increasing law enforcement costs, exacerbated by labor agreements approved by the Orange County Board of Supervisors with higher salary and benefit costs.

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, street lights, and City Hall).

[Personnel Allocation – Engineering & Infrastructure Services Department]

Position	Number Authorized				
	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19
<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	1.00	1.00
Total FTE	0.50	1.25	1.00	1.00	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.

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	Fiscal Year 2017-18	Fiscal Year 2018-19
<i>Full-time Employees [full-time equivalents (FTE)]</i>					
Assistant City Manager	0.50	0.75	-	-	-
Management Analyst/ Senior Management Analyst	-	-	1.00	1.00	1.00
Planning Manager	1.00	-	-	-	-
Total FTE	1.50	0.75	1.00	1.00	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.

CITY HALL VOLUNTEER PROGRAM

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.

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 2016-17, 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 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, 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 **City Hall Waste Drop-Off Collection Program**, which allows residents to safely and easily dispose of medications, home-generated sharps waste, 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.

- **An Annual “National Prescription Drug Take Back Day” Event**, which allows residents to safely and easily dispose of unwanted, unused, and expired prescription medications, at no charge.
- **Public Health and Safety Workshops, SCORE Small Business Workshops, Office Hours for Federal and State Officials, and Other Events at City Hall**, which are offered at no charge.
- **Notary Services and 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

The significant changes in service levels that are included in this budget and work plan are necessary in order to ensure the long-term solvency of the City in light of increasing law enforcement costs.

- Discontinuance of the **Sharps Waste Mail Back Collection Program**, which allowed residents to dispose of used needles, lancets, and other home-generated sharps waste, via regular mail, at no charge. The City continues to accept home-generated sharps waste from residents, at City Hall, at no charge.

- Suspension of the ***Residential Energy Efficiency Improvement Program***, which installed replacement windows, doors, and other energy efficient improvements in the homes of qualifying low-income residents, at no charge. Reinstatement of the program may be considered for future Community Development Block Grant (“CDBG”) applications, should circumstances change.

Additional changes in service levels are described in the Significant Work Plan Items tables beginning on pages 20 (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 20.

The following information is included 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	2020 Census Local Update of Census Addresses Operation – Work with the United States Census Bureau in order to ensure that the local address list that will be used for the 2020 Census is accurate and complete.	City Manager’s Office	
2	Audit Services Request for Proposals – Conduct a competitive process to select an audit services provider for the City’s annual audits in order to ensure the efficient, effective, and economical conduct of City business.	Administrative Services	 
3	City Hall Elevator Maintenance Services Request for Proposals – Conduct a competitive process to select City Hall elevator maintenance provider(s) 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
4	<p>Complete Streets Assessment – Conduct an analysis of El Toro Road and Moulton Parkway in order to identify opportunities for active transportation, pedestrian and bicycle safety, transit facility, drainage and storm water capture, and other “complete streets” improvements. The analysis will be based on the Orange County Council of Governments’ (“OCCOG”) Complete Streets Handbook.</p>	<p>Engineering & Infrastructure Services</p>	
5	<p>Landscape Architecture, Landscape Plan Review, and Arborist Services Request for Proposals – Conduct a competitive process to select landscape architecture, landscape plan review, and arborist services provider(s) for City property in order to ensure the efficient, effective, and economical conduct of City business.</p>	<p>Engineering & Infrastructure 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
6	<p>Pavement Management Plan Update – Review and update the City’s pavement management plan in order to plan for and manage the long-term preservation, rehabilitation, and maintenance of public streets. This item will also fulfill a biennial planning requirement for the local allocation of revenues generated from Orange County’s Measure M2 half-cent transportation sales tax. The planning period for this update is fiscal years 2018-19 through 2024-25.</p>	<p>Engineering & Infrastructure Services</p>	
7	<p>Polyphagous Shot Hole Borer (“PSHB”) Response – Develop and implement a response plan for PSHB infections in the City’s street trees in order to maintain a healthy and safe urban forest. The response plan may be implemented over several fiscal years, based on identified needs.</p>	<p>Engineering & Infrastructure 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
8	Construction and Demolition Materials Management Regulations Update – Review and update the City’s construction and demolition materials management regulations in order to streamline the permitting process and ensure compliance with State law.	Planning & Environmental Services	
9	County Easements Clarification – Review and correct property records for easements that were transferred from the County of Orange to the City upon incorporation. This item may also include the vacation or transfer of unnecessary easements.	Planning & Environmental Services	
10	Permitting Software – Implement permitting software in order to increase operational efficiencies, automate certain workflows, increase digitization of records, add new internal controls, and enable future online customer service opportunities.	Planning & Environmental 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
11	Planning Services Request for Proposals – Conduct a competitive process to select planning services provider(s) in order to ensure the efficient, effective, and economical conduct of City business.	Planning & Environmental Services	
12	Crime Prevention through Environmental Design (“CPTED”) Regulations – Adopt regulations related to the design and maintenance of new development and redevelopment projects in order to deter criminal activity.	Public Safety Services	
13	Local Hazard Mitigation Plan Update – Review and update the City’s local hazard mitigation plan in order to support the City’s long-term strategy to reduce disaster losses. This item will also fulfill requirements of federal law. The planning period for this update is calendar years 2018 through 2022.	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
14	<p>Smoking and Tobacco Sales Regulations Update – Review and update the City’s smoking and tobacco sales regulations in order to protect public health, safety, and welfare, as well as to promote clarity and administration.</p>	Public Safety Services	

[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
15	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	
16	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	
17	Right-of-Way and Park Landscape Maintenance Request for Proposals – Conduct a competitive process to select right-of-way and park 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
18	<p>Commercial Parking Standards Update – Review and update the City’s parking regulations in order to clarify and better align commercial permitted uses with 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>	
19	<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>	

<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
20	<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>	
21	<p>Water Conscious Development Regulations Update – Review and update the City’s development regulations in order to reduce potable water consumption within the built environment. Regulations to be reviewed and potentially updated include, but are not limited to, tree maintenance and removal standards, water conservation, 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
22	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.	Public Safety Services	
23	Backup Generator Regulations – Adopt regulations requiring backup generators for new and redeveloped fuel stations in order to mitigate energy shortage impacts.	Public Safety Services	
24	Emergency Operations Plan (“EOP”) Update – Review and update the City’s emergency operations plan in order to enhance collaboration with public and private stakeholders, incorporate analysis from the City’s Local Hazard Mitigation Plan, reflect organizational changes, and prepare for future updates called for in the City’s Climate Adaptation Plan.	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 31.

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: Complete Streets Assessment	
Climate Adaptation Plan	Goal 1. Increase resilience to climate change-related hazards.
	Implementation Action 2.3.1. Manage the City’s urban forest and landscaping in a changing climate.
Local Hazard Mitigation Plan	Objective 1.2. Implement resource and property protection and improvement projects.
Significant Work Plan Item 10: Permitting Software	
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 13: Local Hazard Mitigation Plan Update	
Local Hazard Mitigation Plan	Project L. Enhance the local specificity and estimative accuracy of Hazus analysis.
	Project BB. Update the Local Hazard Mitigation Plan at least once every five years, including integration into the City’s General and Capital Improvement Plans.

Climate Adaptation Plan	Implementation Action 3.1.1. Incorporate climate adaptation into long-range planning documents.
Significant Work Plan Item 16: 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 18: Commercial Parking Standards Update	
Community & Economic Development Improvement Plan	Recommendation R.05. Update the City's permitted uses by zoning district regulations.
Significant Work Plan Item 19: 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 21: Water 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.

Local Hazard Mitigation Plan	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 23: 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.
Significant Work Plan Item 24: 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).

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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") on an annual basis. The CIP and the seven-year period to which it applies is also a requirement for receiving funding from Orange County's Measure M2 half-cent sales tax, which voters approved in 2006 to fund transportation projects and activities. While the first two years of the CIP are included in this budget and work plan, 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 planned for future 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), and/or transportation (e.g., streets and traffic control devices). These classifications are intended to organize similar projects for ease of reference. Throughout the CIP, projects are color-coded **purple** for building projects, **green** for green spaces projects, and **blue** for transportation projects. Where a project is classified in multiple categories, the color-coding is blended (e.g., transportation/green spaces projects are color-coded **blue/green**).

Major capital improvement projects are further categorized as either funded, partially funded, or unfunded. Partial funding of projects is not unusual, as full

funding may be 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 precede the allocation of construction funding.

SIGNIFICANT CHANGES IN CAPITAL IMPROVEMENT PROJECTS

Fiscal Year 2017-18

A project to rehabilitate the pavement on westbound El Toro Road between Avenida Sevilla and Paseo de Valencia has been added to the Fiscal Year 2017-18 Budget & Work Plan and CIP as a funded project. The project is part of the City's seven-year Pavement Management Plan.

A project to improve pedestrian accessibility in several locations along Moulton Parkway has been added to the Fiscal Year 2017-18 Budget & Work Plan and CIP as a funded project contingent on the receipt of external funding. The City has received a tentative notice of award of Community Development Block Grant ("CDBG") funds for the project.

A project to improve drainage in the vicinity of Moulton Parkway at Santa Maria Avenue has been added to the Fiscal Year 2017-18 Budget & Work Plan and CIP as a funded project.

Construction of the "City Hall Restroom Repair and Improvement Project" has been added to the Fiscal Year 2017-18 Budget & Work Plan and CIP as a funded project. Design documents and construction drawings were prepared in Fiscal Year 2016-17.

A project to design various refurbishments and safety improvements at City Hall has been added to the Fiscal Year 2017-18 Budget & Work Plan and CIP as a funded project. Construction of the refurbishments has been added to the Fiscal Year 2018-19 Budget & Work Plan and CIP as a funded project.

Fiscal Year 2018-19

A project to rehabilitate the pavement on eastbound El Toro Road between Avenida Sevilla and Church Intersection has been added to the Fiscal Year 2018-19 Budget & Work Plan and CIP as a funded project. The project is part of the City's seven-year Pavement Management Plan.

A project to improve pedestrian accessibility in several locations along El Toro Road and Moulton Parkway has been added to the Fiscal Year 2018-19 Budget & Work Plan and CIP as a funded project, contingent on the receipt of external funding. The City intends to apply for CDBG funds for the project.

A project to design water efficient improvements for the medians located on El Toro Road between Calle Sonora and Moulton Parkway has been added to the Fiscal Year 2018-19 Budget & Work Plan and CIP as a funded project. The City Council is expected to consider funding construction as part of the Fiscal Years 2019-20 Budget & Work Plan and CIP.

A project to refurbish and improve safety at City Hall has been added to the Fiscal Year 2018-19 Budget & Work Plan and CIP as a funded project.

Future Fiscal Years

The following projects have been added to the CIP as unfunded projects for the fiscal years noted. The City Council is expected to consider funding as a part of the respective fiscal years budgets, work plans, and CIPs.

[Capital Projects Summary – Changes for Future Fiscal Years]

Fiscal Year	Project Title
2019-20	Americans with Disabilities Act (ADA) Pedestrian Accessibility Project: Phase 3 (El Toro Road)
2019-20	El Toro Road Water Efficient Median Improvement Project (Between Calle Sonora and Moulton Parkway) (Construction)
2019-20	City Hall Emergency Backup Generator Project (Design)
2020-21	Woods End Wilderness Preserve Trail Drainage and Improvement Project
2020-21	City Hall Emergency Backup Generator Project (Construction)
2020-21	City Hall Television Broadcast Improvement Project
2021-22	Americans with Disabilities Act (ADA) Pedestrian Accessibility Project: Phase 4 (Moulton Parkway and Santa Maria Avenue)
2022-23	Americans with Disabilities Act (ADA) Pedestrian Accessibility Project: Phase 5 (El Toro Road and Santa Maria Avenue)

The estimated cost of the pedestrian accessibility improvements included in the "Pavement Management Plan Project (Eastbound Ridge Route Drive between Eastern City Limit and Moulton Parkway)" has been increased by \$1,750, based on the nature of anticipated improvements.

The estimated costs for design and construction of the “El Toro Road Water Efficient Median Improvement Project (Between Calle Sonora and Moulton Parkway)” have been decreased by \$181,300, based on conceptual design changes. It is assumed that no hardscape maintenance band will be installed and that the irrigated area will be limited to 25% of the pervious surface area.

The “Santa Maria Avenue Water Efficient Median Project” has been removed from the CIP. It was previously included as an unfunded project; however, after further consideration, it has been determined that on-site conditions do not necessitate such extensive reconstruction, at this time.

FUTURE OUTLOOK FOR CAPITAL PROJECTS

The City’s seven-year Pavement Management Plan anticipates rehabilitation phased in a manner that is intended to minimize the length and impact of in-lane roadway work on residents and businesses. The Pavement Management Plan will undergo a biennial update during Fiscal Year 2017-18 for a term spanning fiscal years 2018-19 through 2024-25. It is anticipated that additional pavement management plan projects will be identified through that effort.

Pedestrian accessibility improvements on City sidewalks and curb ramps will continue to be necessary on an ongoing basis, as even well-maintained and presently accessible hardscape cracks, lifts, or otherwise degrades over time. It is anticipated that an accessibility survey will be completed during Fiscal Year 2020-21, and every five years thereafter, to identify future projects.

During Fiscal Years 2017-19, staff will conduct an analysis of El Toro Road and Moulton Parkway in order to identify opportunities for active transportation, pedestrian and bicycle safety, transit facility, drainage and storm water capture, and other “complete streets” improvements. It is anticipated that future projects will be identified through that effort.

During Fiscal Years 2017-19, staff will prepare a scope of work for additional refurbishments and safety improvements at City Hall. It is anticipated that the scope of work will form the basis of a future, second phase of the “City Hall Refurbishment and Safety Improvement Project.”

Like jurisdictions throughout California, the City’s urban forest is impacted by the invasive Polyphagous Shot Hole Borer (“PSHB”). The PSHB has infected more than one-third of the Sycamore trees on El Toro Road (as of November 2016) with a pathogenic fungi likely to cause branch dieback, canopy loss, and/or death. While the infected trees show only minimal impacts at present,

extensive tree removal and replacement may be required in coming years to maintain a healthy and safe urban forest. Staff is currently monitoring the situation and developing a recommended course of action. PSHB response is included as a significant work plan item in this budget and work plan.

FUNDED AND PARTIALLY FUNDED CAPITAL IMPROVEMENT PROJECTS

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CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET



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

Classification: **Transportation**

Funding Status: Funded (Multiple Prior Years)

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 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 Vireo 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 energy shortages and disruptions.

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 (Multiple Prior Years)

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 energy shortages and disruptions.

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 (Westbound El Toro Road between Avenida Sevilla and Paseo de Valencia)**

Classification: **Transportation** Street Section ID: W/BET-AS-PDV

Funding Status: Funded (2017-18)

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 replacement of deteriorated pavement and a surface seal of crack sealant and rubberized slurry. Pedestrian accessibility improvements will also be made along the street section and/or within the City.

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 had a PCI of 78.

Construction and Implementation Costs

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

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET



Project Title: **Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 1 (Moulton Parkway)**

Classification: **Transportation**

Funding Status: Contingent on the receipt of external funding (2017-18)

Priority

Alignment:



Healthy and safe



High in quality of life

Project Description

This project involves the improvement of pedestrian paths-of-travel, including elimination of gaps, lifts, and other uneven sidewalk surfaces; reconstruction of curb ramps; and, replacement of detectable warnings. Right-of-way may also be modified to increase navigable area and clearances.

Purpose

This project is based on the findings of an accessibility survey of City sidewalks and curb ramps. The improvements are intended to enhance ease of travel and promote compliance with the Americans with Disabilities Act of 1990, Architectural Barriers Act of 1968, and Rehabilitation Act of 1973.

Construction and Implementation Costs

The one-time cost of designing and constructing this project is estimated at \$145,700 (as of January 2017; subject to the completion of design documents, construction drawings, and competitive bids). This project is contingent on the receipt of external funding. The City anticipates receiving Community Development Block Grant ("CDBG") funding.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET



Project Title: **Drainage Improvement Project (Moulton Parkway at Santa Maria Avenue)**

Classification: **Transportation**

Funding Status: **Funded (2017-18)**

Priority

Alignment:



Healthy and safe



High in quality of life

Project Description

The project involves the installation of a box culvert and related drainage, as well as the repair of an existing perforated pipe, on Moulton Parkway south of Santa Maria Avenue. Portions of the southbound sidewalk will be removed to allow for the repair of the perforated pipe and replaced with mulch or another pervious covering to facilitate future repairs.

Purpose

This project is intended to improve drainage and prevent pooling near curb ramps and in pedestrian paths-of-travel.

Construction and Implementation Costs

The one-time cost of constructing this project is estimated at \$59,563 (as of April 2017; subject to competitive bids). Unassigned General Fund balance will be used to fund this project.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET



Project Title: **Moulton Parkway Water Efficient Median Improvement Project (Construction)**

Classification: **Transportation/Green Spaces**

Funding Status: Funded (2016-17)

Priority

Alignment:



Healthy and safe



High in quality of life



Environmentally conscious

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. The irrigated area of the medians will be limited to 25% of the pervious surface area. The medians are located on Moulton Parkway between Via Campo Verde and 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 of constructing this project is estimated at \$273,914 (as of June 2017). Fuel tax 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: Funded (2017-18)

Priority

Alignment:



Healthy and safe

Project Description

This project involves the repair of the deteriorated subfloor in the second floor restrooms at City Hall, including replacement of 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 first floor 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 City Hall, and modernize restroom and drinking facilities.

Construction and Implementation Costs

The one-time cost of constructing this project is estimated at \$283,363 (as of May 2017; subject to competitive bids). Unassigned General Fund balance will be used to fund this project.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET



Project Title: **City Hall Refurbishment and Safety Project: Phase 1 (Design)**

Classification: **Buildings**

Funding Status: Funded (2017-18)

Priority

Alignment:



Healthy and safe

Project Description

This project involves refurbishments and safety improvements at City Hall, including the exterior, public areas, and stairwells. Improvements will include paint, façade repair, replacement of deteriorated signage, reconstruction of damaged planters, replacement of stained/worn carpeting and baseboards, accessibility improvements, and safety and security modifications.

Purpose

This project is intended to ensure that City Hall remains a safe, accessible, and well-maintained public space. The improvements will help to safeguard the City's only public building and seat of government.

Design Costs

The one-time cost of designing this project is estimated at \$22,500. Unassigned General Fund balance will be used to fund this project.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET



Project Title: **Pavement Management Plan Project (Eastbound El Toro Road between Avenida Sevilla and Church Intersection)**

Classification: **Transportation** Street Section ID: E/BET-AS-LCC

Funding Status: Funded (2018-19)

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 replacement of deteriorated pavement and a surface seal of crack sealant and rubberized slurry. Pedestrian accessibility improvements will also be made along the street section and/or within the City.

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 had a PCI of 79.

Construction and Implementation Costs

The one-time cost of designing and constructing this project is estimated at \$110,250 (as of May 2016; subject to the completion of design documents, construction drawings, and competitive bids). Road Maintenance and Rehabilitation Program revenue will be used to fund this project.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET



Project Title: **Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 2 (El Toro Road and Moulton Parkway)**

Classification: **Transportation**

Funding Status: Contingent on the receipt of external funding (2018-19)

Priority

Alignment:



Healthy and safe



High in quality of life

Project Description

This project involves the improvement of pedestrian paths-of-travel, including elimination of gaps, lifts, and other uneven sidewalk surfaces; reconstruction of curb ramps; and/or, replacement of detectable warnings. Right-of-way may also be modified to increase navigable area and clearances.

Purpose

This project is based on the findings of an accessibility survey of City sidewalks and curb ramps. The improvements are intended to enhance ease of travel and promote compliance with the Americans with Disabilities Act of 1990, Architectural Barriers Act of 1968, and Rehabilitation Act of 1973.

Construction and Implementation Costs

The one-time cost of designing and constructing this project is estimated at \$145,700 (as of January 2017; subject to the completion of design documents, construction drawings, and competitive bids). This project is contingent on the receipt of external funding. The City anticipates applying for Community Development Block Grant ("CDBG") funding.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET



Project Title: **El Toro Road Water Efficient Median Improvement Project (Between Calle Sonora and Moulton Parkway) (Design)**

Classification: **Transportation/Green Spaces**

Funding Status: Funded (2018-19)

Priority

Alignment:



Healthy and safe



High in quality of life

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. The irrigated area of the medians will be limited to 25% of the pervious surface area. The medians are located on El Toro Road between Calle Sonora and Moulton Parkway.

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.

Design Costs

The one-time cost of designing this project is estimated at \$19,250. Fuel Tax revenue will be used to fund this project.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET



Project Title: **City Hall Refurbishment and Safety Project: Phase 1 (Construction)**

Classification: **Buildings**

Funding Status: **Funded (2018-19)**

Priority

Alignment:



Healthy and safe



Environmentally conscious

Project Description

This project involves refurbishments and safety improvements at City Hall, including the exterior, public areas, and stairwells. Improvements will include paint, façade repair, replacement of deteriorated signage, reconstruction of damaged planters, replacement of stained/worn carpeting and baseboards, accessibility improvements, and safety and security modifications.

Purpose

This project is intended to ensure that City Hall remains a safe, accessible, and well-maintained public space. The improvements will help to safeguard the City’s only public building and seat of government.

Construction and Implementation Costs

The one-time cost of constructing this project is estimated at \$165,000 (as of May 2017; subject to the completion of design documents, construction drawings, and competitive bids). Unassigned General Fund balance will be used to fund this project.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

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

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

Projected Funding Plan: Fiscal Year 2023-24

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. Light fixtures were 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 of designing and constructing this project is estimated at \$115,000 (as of May 2016; subject to the completion of design documents, construction drawings, and competitive bids). 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 Improvement Project (Between Calle Sonora and Moulton Parkway) (Construction)**

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

Projected Funding Plan: Fiscal Year 2019-20

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. The irrigated area of the medians will be limited to 25% of the impervious surface area. The medians are located on El Toro Road between Calle Sonora and Moulton Parkway.

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 of constructing this project is estimated at \$95,000 (as of May 2017; subject to the completion of design documents, construction drawings, and competitive bids). It is anticipated that Fuel Tax revenue will be used to fund this project.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title: **Woods End Wilderness Preserve Trail Drainage and Improvement Project**

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

Projected Funding Plan: Fiscal Year 2020-21

Project Description

This project involves the construction of new drainage facilities, installation of crushed rock and gravel on the trail and access road, entry improvements, and safety and security modifications at Woods End Wilderness Preserve.

Purpose

This project is intended to improve drainage and prevent storm water runoff from the Woods End Wilderness Preserve trail and access road. It will also enhance the safety and condition of the City-maintained entry area.

Construction and Implementation Costs

The one-time cost of constructing this project is estimated at \$101,396 (as of May 2017; subject to competitive bids). It is anticipated that unassigned General Fund balance will be used to fund this project.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title: **Pavement Management Plan Projects**

Classification: **Transportation** Funding Status: Unfunded

Projected Funding Plan: See Table Below

Project Description

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

Street Section ID	Street Section Location
W/BET-SNCC-AS	Westbound El Toro Road between Avenida Sevilla and Church Intersection
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 ("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, Street Section W/BET-SNCC-AS had a PCI of 78 and Street Section E/BRR-MP-RRLP had a PCI of 95.

Construction and Implementation Costs

Over the course of fiscal years 2019-20 through 2021-22, the one-time cost of constructing these projects is estimated at \$127,750 (as of June 2016; subject to the completion of design documents, construction drawings, and competitive bids). It is anticipated that Road Maintenance and Rehabilitation Program revenue will be used to fund these projects.

Street Section ID	Anticipated Fiscal Year	Pavement	Pedestrian Accessibility	Total
W/BET-SNCC-AS	2019-20	\$105,000	\$5,250	\$110,250
E/BRR-MP-RRLP	2021-22	\$15,000	\$2,500	\$17,500
Total		\$120,000	\$7,750	\$127,750

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title: **Americans with Disabilities Act (ADA) Pedestrian
Accessibility Improvement Projects**

Classification: **Transportation** Funding Status: Unfunded

Projected Funding Plan: See Table Below

Project Description

These projects involve the improvement of pedestrian paths-of-travel along El Toro Road, Moulton Parkway, and Santa Maria Avenue, including elimination of gaps, lifts, and other uneven sidewalk surfaces; reconstruction of curb ramps; and/or, replacement of detectable warnings. Right-of-way may also be modified to increase navigable area and clearances.

Street(s)
El Toro Road
Moulton Parkway and Santa Maria Avenue
El Toro Road and Santa Maria Avenue

Purpose

These projects are based on the findings of an accessibility survey of City sidewalks and curb ramps. The improvements are intended to enhance ease of travel and promote compliance with the Americans with Disabilities Act of 1990, Architectural Barriers Act of 1968, and Rehabilitation Act of 1973.

Construction and Implementation Costs

Over the course of fiscal years 2019-20 through 2022-23, the one-time cost of designing and constructing these projects is estimated at \$437,100 (as of January 2017; subject to the completion of design documents, construction drawings, and competitive bids). These projects are contingent on the receipt of external funding. The City anticipates applying for Community Development Block Grant ("CDBG") funding.

Street(s)	Anticipated Fiscal Year	Total
El Toro Road	2019-20	\$145,700
Moulton Parkway and Santa Maria Avenue	2021-22	\$145,700
El Toro Road and Santa Maria Avenue	2022-23	\$145,700
Total		\$437,100

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title: **City Hall Television Broadcast Improvement Project**

Classification: **Buildings** Funding Status: Unfunded

Projected Funding Plan: Fiscal Year 2020-21

Project Description

This project involves the replacement of analog video equipment in the City Council Chambers at City Hall with digital video equipment.

Purpose

This project is intended to improve the broadcast quality of the City's local government television channel. Currently, individuals who use digital or high-definition televisions to view the City's local government channel experience low picture quality as a result of existing analog video equipment.

Construction and Implementation Costs

The one-time cost of designing and constructing this project is estimated at \$75,000 (as of May 2017; subject to the completion of design documents, construction drawings, and competitive bids). It is anticipated that Public, Educational, and Governmental ("PEG") Fees collected from cable television franchisees will be used to fund this project.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title: **City Hall Emergency Backup Generator Project (Design)**

Classification: **Buildings** Funding Status: Unfunded

Projected Funding Plan: Fiscal Year 2019-20

Project Description

This project involves the installation of an emergency backup generator and automatic transfer switch at City Hall. The emergency backup generator will be capable of providing sufficient power to allow City Hall to function for a period of not less than 24 hours of continuous use.

Purpose

This project is intended to ensure the security, reliability, and functionality of City Hall during emergencies. The installation of an appropriately sized and configured emergency backup generator will support continuity of City Hall's operations during energy shortages and disruptions.

Design Costs

The one-time cost of designing this project is estimated at \$60,000. It is anticipated that unassigned General Fund balance will be used to fund this project.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title: **City Hall Emergency Backup Generator Project
(Construction)**

Classification: **Buildings** Funding Status: Unfunded

Projected Funding Plan: Fiscal Year 2020-21

Project Description

This project involves the installation of an emergency backup generator and automatic transfer switch at City Hall. The emergency backup generator will be capable of providing sufficient power to allow City Hall to function for a period of not less than 24 hours of continuous use.

Purpose

This project is intended to ensure the security, reliability, and functionality of City Hall during emergencies. The installation of an appropriately sized and configured emergency backup generator will support continuity of City Hall's operations during energy shortages and disruptions.

Construction and Implementation Costs

The one-time cost of constructing this project is estimated at \$385,000 (as of May 2017; subject to the completion of design documents, construction drawings, and competitive bids). It is anticipated that unassigned General Fund balance will be used to fund this project.

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CITY OF LAGUNA WOODS
Fiscal Years 2017-18 and 2018-19 Capital Improvement Program - Funding Plan

EXPENDITURES		FY 14-15	FY 15-16	FY 2016-17	Year 1				Year 2					
#	Project Title	Estimated Project Cost	Funded FY 14-15	Funded FY 15-16	Funded FY 16-17	Amount Unfunded (If Partially Funded)	Budget FY 17-18 (General Fund)	Budget FY 17-18 (Transportation Funds)	Proposed FY 17-18 (Other)	Amount Unfunded (If Partially Funded)	Budget FY 18-19 (General Fund)	Budget FY 18-19 (Transportation Funds)	Budget FY 18-19 (Other)	Amount Unfunded (If Partially Funded)
TRANSPORTATION PROJECTS														
1	El Toro Road Traffic Signal Synchronization Project	\$ 642,500	\$ 720	\$ 611,800	\$ 29,980	-	-	-	-	-	-	-	-	-
2	Moulton Parkway Traffic Signal Synchronization Project	\$ 808,050	\$ 1,440	\$ 736,850	\$ 69,760	-	-	-	-	-	-	-	-	-
3	Pavement Management Plan Project (Westbound El Toro Road between Avenida Sevilla and Paseo de Valencia)	\$ 157,500	-	-	-	-	-	\$ 157,500	-	-	-	-	-	-
4	Pavement Management Plan Project (Eastbound El Toro Road between Avenida Sevilla and Church Intersection)	\$ 110,250	-	-	-	-	-	-	-	-	-	\$ 110,250	-	-
5	Pavement Management Plan Project (Westbound El Toro Road between Avenida Sevilla and Church Intersection)	\$ 110,250	-	-	-	-	-	-	-	-	-	-	-	-
6	(Eastbound Ridge Route Drive between Moulton Parkway and Ridge Route Linear Park)	\$ 17,500	-	-	-	-	-	-	-	-	-	-	-	-
7	Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 1 (Moulton Parkway)	\$ 145,700	-	-	-	-	-	-	\$ 145,700 *	-	-	-	-	-
8	Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 2 (El Toro Road and Moulton Parkway)	\$ 145,700	-	-	-	-	-	-	-	-	-	-	\$ 145,700 **	-
9	Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 3 (El Toro Road)	\$ 145,700	-	-	-	-	-	-	-	-	-	-	-	-
10	Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 4 (Moulton Parkway and Santa Maria Avenue)	\$ 145,700	-	-	-	-	-	-	-	-	-	-	-	-
11	Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 5 (El Toro Road and Santa Maria Avenue)	\$ 145,700	-	-	-	-	-	-	-	-	-	-	-	-
12	Drainage Improvement Project (Moulton Parkway at Santa Maria Avenue)	\$ 59,563	-	-	-	-	\$ 59,563	-	-	-	-	-	-	-
TRANSPORTATION / GREEN SPACES PROJECTS														
13	El Toro Road Water Efficient Median Improvement Project (Between Calle Sonora and Moulton Parkway) (Design)	\$ 19,250	-	-	-	-	-	-	-	-	-	\$ 19,250	-	-

CITY OF LAGUNA WOODS
Fiscal Years 2017-18 and 2018-19 Capital Improvement Program - Funding Plan

EXPENDITURES		FY 14-15	FY 15-16	FY 2016-17		Year 1			Year 2					
#	Project Title	Estimated Project Cost	Funded FY 14-15	Funded FY 15-16	Funded FY 16-17	Amount Unfunded (If Partially Funded)	Budget FY 17-18 (General Fund)	Budget FY 17-18 (Transportation Funds)	Proposed FY 17-18 (Other)	Amount Unfunded (If Partially Funded)	Budget FY 18-19 (General Fund)	Budget FY 18-19 (Transportation Funds)	Budget FY 18-19 (Other)	Amount Unfunded (If Partially Funded)
TRANSPORTATION / GREEN SPACES PROJECTS (continued)														
14	El Toro Road Water Efficient Median Improvement Project (Between Calle Sonora and Moulton Parkway) (Construction)	\$ 95,000	-	-	-	-	-	-	-	-	-	-	-	-
15	Moulton Parkway Water Efficient Median Improvement Project (Design)	\$ 52,250	-	\$ 52,250	-	-	-	-	-	-	-	-	-	-
16	Moulton Parkway Water Efficient Median Improvement Project (Construction)	\$ 273,914	-	-	\$ 273,914	-	-	-	-	-	-	-	-	-
GREEN SPACES PROJECTS														
17	City Centre Park Lighting Improvement Project	\$ 115,000	-	-	-	-	-	-	-	-	-	-	-	-
18	Woods End Wilderness Preserve Trail Drainage and Improvement Project	\$ 101,396	-	-	-	-	-	-	-	-	-	-	-	-
BUILDING PROJECTS														
19	City Hall Restroom Repair and Improvement Project (Construction)	\$ 283,363	-	-	-	-	\$ 283,363	-	-	-	-	-	-	-
20	City Hall Refurbishment and Safety Project: Phase 1 (Design)	\$ 22,500	-	-	-	-	\$ 22,500	-	-	-	-	-	-	-
21	City Hall Refurbishment and Safety Project: Phase 1 (Construction)	\$ 165,000	-	-	-	-	-	-	-	-	\$ 165,000	-	-	-
22	City Hall Emergency Backup Generator Project (Design)	\$ 60,000	-	-	-	-	-	-	-	-	-	-	-	-
23	City Hall Emergency Backup Generator Project (Construction)	\$ 385,000	-	-	-	-	-	-	-	-	-	-	-	-
24	City Hall Television Broadcast Improvement Project	\$ 75,000	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL (ALL PROJECTS)		\$ 4,281,786	\$ 2,160	\$ 1,400,900	\$ 373,654	\$ -	\$ 365,426	\$ 157,500	\$ 145,700	\$ -	\$ 165,000	\$ 129,500	\$ 145,700	\$ -
TRANSPORTATION-RELATED OPERATIONS & MAINTENANCE***														
A	Measure M2 Fair Share Expenditures													
	Street Lighting - Public Right-of-Way	\$ 22,501	\$ 27,006	\$ 25,329	-	-	\$ 25,761	-	-	-	\$ 26,367	-	-	-
	Contract - Traffic Engineering	\$ 119,429	\$ 122,126	\$ 165,600	-	-	\$ 163,600	-	-	-	\$ 163,600	-	-	-
	Contract - Traffic Signal Maintenance	\$ 35,502	\$ 23,843	\$ 41,505	-	-	\$ 51,983	-	-	-	\$ 52,325	-	-	-
	Vendor Reimbursements (Prior Year Charges)	\$ (9,495)	-	-	-	-	-	-	-	-	-	-	-	-
	Allowable Overhead Costs	\$ 1,535	\$ 600	\$ 600	-	-	\$ 700	-	-	-	\$ 700	-	-	-
TOTAL		\$ 169,472	\$ 173,575	\$ 233,034	\$ -	\$ -	\$ 242,044	\$ -	\$ -	\$ -	\$ 242,992	\$ -	\$ -	\$ -

* This project is contingent on the City receiving external funding. The City anticipates receiving Community Development Block Grant (CDBG) funding.
 ** This project is contingent on the City receiving external funding. The City anticipates applying for Community Development Block Grant (CDBG) funding.
 *** This information is provided at the direction of the Orange County Transportation Authority. Operations and maintenance expenses are not capital improvement projects.

CITY OF LAGUNA WOODS
Fiscal Years 2019-20 through 2023-24 Capital Improvement Program - Projected Funding Plan

EXPENDITURES		Year 3				Year 4				Year 5				Year 6				Year 7			
		Projected FY 19-20 (General Fund)	Projected FY 19-20 (Transportation Funds)	Projected FY 19-20 (Other)	Amount Unfunded (If Partially Funded)	Projected FY 20-21 (General Fund)	Projected FY 20-21 (Transportation Funds)	Projected FY 20-21 (Other)	Amount Unfunded (If Partially Funded)	Projected FY 21-22 (General Fund)	Projected FY 21-22 (Transportation Funds)	Projected FY 21-22 (Other)	Amount Unfunded (If Partially Funded)	Projected FY 22-23 (General Fund)	Projected FY 22-23 (Transportation Funds)	Projected FY 22-23 (Other)	Amount Unfunded (If Partially Funded)	Projected FY 23-24 (General Fund)	Projected FY 23-24 (Transportation Funds)	Projected FY 23-24 (Other)	Amount Unfunded (If Partially Funded)
TRANSPORTATION PROJECTS																					
1	El Toro Road Traffic Signal Synchronization Project	\$ 642,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2	Moulton Parkway Traffic Signal Synchronization Project	\$ 808,050	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3	Pavement Management Plan Project (Westbound El Toro Road between Avenida Sevilla and Paseo de Valencia)	\$ 157,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	Pavement Management Plan Project (Eastbound El Toro Road between Avenida Sevilla and Church Intersection)	\$ 110,250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5	Pavement Management Plan Project (Westbound El Toro Road between Avenida Sevilla and Church Intersection)	\$ 110,250	-	\$ 110,250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	(Eastbound Ridge Route Drive between Moulton Parkway and Ridge Route Linear Park)	\$ 17,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
7	Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 1 (Moulton Parkway)	\$ 145,700	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8	Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 2 (El Toro Road and Moulton Parkway)	\$ 145,700	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9	Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 3 (El Toro Road)	\$ 145,700	-	-	\$ 145,700 *	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10	Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 4 (Moulton Parkway and Santa Maria Avenue)	\$ 145,700	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11	Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 5 (El Toro Road and Santa Maria Avenue)	\$ 145,700	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12	Drainage Improvement Project (Moulton Parkway at Santa Maria Avenue)	\$ 59,563	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TRANSPORTATION / GREEN SPACES PROJECTS																					
13	El Toro Road Water Efficient Median Improvement Project (Between Calle Sonora and Moulton Parkway) (Design)	\$ 19,250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14	El Toro Road Water Efficient Median Improvement Project (Between Calle Sonora and Moulton Parkway) (Construction)	\$ 95,000	-	\$ 95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
15	Moulton Parkway Water Efficient Median Improvement Project (Design)	\$ 52,250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
16	Moulton Parkway Water Efficient Median Improvement Project (Construction)	\$ 273,914	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
GREEN SPACES PROJECTS																					
17	City Centre Park Lighting Improvement Project	\$ 115,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18	Woods End Wilderness Preserve Trail Drainage and Improvement Project	\$ 101,396	-	-	-	\$ 101,396	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
BUILDING PROJECTS																					
19	City Hall Restroom Repair and Improvement Project (Construction)	\$ 283,363	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
20	City Hall Refurbishment and Safety Project: Phase 1 (Design)	\$ 22,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
21	City Hall Refurbishment and Safety Project: Phase 1 (Construction)	\$ 165,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
22	City Hall Emergency Backup Generator Project (Design)	\$ 60,000	\$ 60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
23	City Hall Emergency Backup Generator Project (Construction)	\$ 385,000	-	-	-	\$ 385,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
24	City Hall Television Broadcast Improvement Project	\$ 75,000	-	-	-	-	-	\$ 75,000 ***	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL (ALL PROJECTS)		\$ 4,281,786	\$ 60,000	\$ 205,250	\$ 145,700	\$ -	\$ 486,396	\$ -	\$ 75,000	\$ -	\$ -	\$ 17,500	\$ 145,700	\$ -	\$ -	\$ -	\$ 145,700	\$ -	\$ 115,000	\$ -	\$ -

CITY OF LAGUNA WOODS
Fiscal Years 2019-20 through 2023-24 Capital Improvement Program - Projected Funding Plan

EXPENDITURES		Year 3				Year 4				Year 5				Year 6				Year 7			
		Projected FY 19-20 (General Fund)	Projected FY 19-20 (Transportation Funds)	Projected FY 19-20 (Other)	Amount Unfunded (If Partially Funded)	Projected FY 20-21 (General Fund)	Projected FY 20-21 (Transportation Funds)	Projected FY 20-21 (Other)	Amount Unfunded (If Partially Funded)	Projected FY 21-22 (General Fund)	Projected FY 21-22 (Transportation Funds)	Projected FY 21-22 (Other)	Amount Unfunded (If Partially Funded)	Projected FY 22-23 (General Fund)	Projected FY 22-23 (Transportation Funds)	Projected FY 22-23 (Other)	Amount Unfunded (If Partially Funded)	Projected FY 23-24 (General Fund)	Projected FY 23-24 (Transportation Funds)	Projected FY 23-24 (Other)	Amount Unfunded (If Partially Funded)
TRANSPORTATION-RELATED OPERATIONS & MAINTENANCE****																					
A	Measure M2 Fair Share Expenditures																				
	Street Lighting - Public Right-of-Way		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Contract - Traffic Engineering	\$	163,600	-	-	-	\$	167,440	-	-	-	-	\$	167,440	-	-	-	\$	167,440	-	-
	Contract - Traffic Signal Maintenance	\$	52,682	-	-	-	\$	53,048	-	-	-	-	\$	54,359	-	-	-	\$	54,359	-	-
	Vendor Reimbursements (Prior Year Charges)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Allowable Overhead Costs	\$	700	-	-	-	\$	750	-	-	-	-	\$	700	-	-	-	\$	700	-	-
	TOTAL	\$	216,982	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-

* This project is contingent on the City receiving external funding. The City anticipates receiving Community Development Block Grant (CDBG) funding.
 ** This project is contingent on the City receiving external funding. The City anticipates applying for Community Development Block Grant (CDBG) funding.
 *** This project would be funded using Public, Educational, and Governmental ("PEG") fees.
 **** This information is provided at the direction of the Orange County Transportation Authority. Operations and maintenance expenses are not capital improvement projects.

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 years spanning July 1, 2017 through June 30, 2019, this budget and work plan serves as a financial plan for the City's operations. To that end, chapters 5.0, 6.0, 7.0, and 8.0 translate the scope of work that is described in chapters 3.0 and 4.0 into revenue estimates and expenditure appropriations.

TWO-YEAR BUDGETING AND WORK PLANNING

Beginning with the adoption of the Fiscal Years 2017-19 Budget & Work Plan, the City transitioned from single-year to two-year budgets and work plans. The transition was undertaken with the goals 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 and work plan was the development of a five-year strategic financial plan with projections of future revenue and expenditure conditions. The five-year strategic financial plan is discussed in greater detail in Chapter 9.0 and is incorporated throughout this budget and work plan.

BUDGET AND WORK PLAN DEVELOPMENT PROCESS

The City Council adopts a budget and work plan for the upcoming two fiscal years, no later than June 30 of odd-numbered years. Fiscal years begin every July 1 and end 12 months later on the following June 30.

The process of developing the City's budget and work plan is continuous and iterative in nature with City personnel working throughout each 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).

In the first year of each two-year budget and work plan, development focuses on updating revenue estimates and expenditure projections, as well as refining the budget figures adopted for the second year of the same two-year budget and work plan. In June, the City Council will adopt a Gann limit for the second year of the same two-year budget and work plan, as well as update budgetary reserves and the seven-year capital improvement program. The City Council may also be asked to modify adopted budgets and work plans to reflect changes in the economy and/or priorities.

In the second year of each two-year budget and work plan, development is focused on updating revenue estimates and expenditure projections, as well as preparing a draft budget and work plan for the next two-year budget and work plan. The City Council's public budget and work plan deliberations begin with a kick-off meeting in mid- to late-April and conclude with adoption of the budget and work plan in late-June.

The Fiscal Years 2017-19 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 26, 2017 – kick-off, discussion and development
- Wednesday, May 17, 2017 – discussion and development
- Friday, June 16, 2017 – release of the draft budget and work plan
- Wednesday, June 21, 2017 – discussion and development
- Wednesday, June 28, 2017 – adoption

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 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 assessed by evaluations conducted by CSMFO and GFOA. While the results of evaluations are expressed in the form of "awards," evaluations are important, not as accolades, but as benchmarks of progress made in improving budgets and work plans through the incorporation of best practices.

The City's Fiscal Year 2016-17 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 2016-17]



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 in the interest of financial transparency and accountability.

After the City Council adopts the budget, authorized appropriations become effective on July 1 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 level 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

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 its 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 2017-18]

Fiscal Year 2017-18 General Fund Revenue Budget,	
less one-time and non-operating revenues	\$5,373,600
	x .50
Overall Target for Committed and Assigned Reserves	<u>\$2,686,800</u>
Paid Leave Contingency Fund ⁵	\$81,609
Self-Insurance Contingency Fund	\$50,000

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.

General Fund Contingency Fund	\$2,555,191
Total Committed and Assigned Reserves	<u>\$2,686,800</u>

[Committed and Assigned Reserves Funding Levels – Fiscal Year 2018-19]

Fiscal Year 2017-18 General Fund Revenue Budget, less one-time and non-operating revenues	\$5,541,600
	x .50
Overall Target for Committed and Assigned Reserves	<u>\$2,770,800</u>
Paid Leave Contingency Fund ⁶	\$81,609
Self-Insurance Contingency Fund	\$50,000
General Fund Contingency Fund	\$2,639,191
Total Committed and Assigned Reserves	<u>\$2,770,800</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 at a public meeting. Use of 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 on a “modified accrual” basis. In the California Department of Finance’s *Finance Glossary of Accounting and Budgeting Terms* (2017), “modified accrual” is defined 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

⁶ 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 levels shown in this budget and work plan are estimates that will be finalized after fiscal-year-end calculations are available.

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, 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 that are 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 the City does maintain an Other Post-Employment Benefits (“OPEB”) trust fund that is administered by the California Public Employees’ Retirement System. 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 the environment, 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