

CITY of LAGUNA WOODS CITY COUNCIL AGENDA

Adjourned Regular Meeting
Wednesday, June 23, 2021
2:00 p.m.

Laguna Woods City Hall
24264 El Toro Road
Laguna Woods, California 92637

Shari L. Horne
Mayor

Carol Moore
Mayor Pro Tem

Cynthia Conners
Councilmember



Noel Hatch
Councilmember

Ed H. Tao
Councilmember

Welcome to a meeting of the Laguna Woods City Council!

This meeting may be recorded, televised, and made publicly available.

Public Comments: Persons wishing to address the City Council are requested to complete and submit a speaker card to City staff. Speaker cards are available near the entrance to the meeting location. Persons wishing to address the City Council on an item appearing on this agenda will be called upon at the appropriate time during the item's consideration. Persons wishing to address the City Council on an item *not* appearing on the agenda will be called upon during the "Public Comments" item. Persons who do not wish to submit a Speaker Card, or who wish to remain anonymous, may indicate their desire to speak from the floor. Speakers are requested, but not required, to identify themselves.

Americans with Disabilities Act (ADA): It is the intention of the City to comply with the ADA. If you need assistance to participate in this meeting, please contact either the City Clerk's Office at (949) 639-0500/TTY (949) 639-0535 or the California Relay Service at (800) 735-2929/TTY (800) 735-2922. The City requests at least two business days' notice in order to effectively facilitate the provision of reasonable accommodations.

REGULAR MEETING SCHEDULE

The Laguna Woods City Council meets regularly on the third Wednesday of each month at 2 p.m.

AGENDA POSTING AND AVAILABILITY

Regular and Adjourned Regular Meetings: Pursuant to California Government Code Section 54954.2 of the Ralph M. Brown Act, the City of Laguna Woods posts agendas at Laguna Woods City Hall, 24264 El Toro Road, Laguna Woods, California 92637; on the City’s website (www.cityoflagunawoods.org); and, at other locations designated by Resolution No. 17-30, at least 72 hours in advance of regular and adjourned regular meetings. Agendas and agenda materials are available at Laguna Woods City Hall during normal business hours and on the City’s website. Printed copies of agendas and agenda materials are provided at no charge in advance of meetings. After meetings have occurred, a per page fee is charged for printed copies.

Special and Emergency Meetings: Agenda posting and availability for special and emergency meetings is conducted pursuant to all applicable provisions of California Government Code (Ralph M. Brown Act).

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FOR ADDITIONAL INFORMATION

For additional information, please contact the City Clerk’s Office at (949) 639-0500/TTY (949) 639-0535, cityhall@cityoflagunawoods.org, or 24264 El Toro Road, Laguna Woods, California 92637.

AFFIDAVIT OF POSTING

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

I, Yolie Trippy, City Clerk, City of Laguna Woods, hereby certify under penalty of perjury that this agenda was posted at Laguna Woods City Hall, 24264 El Toro Road, Laguna Woods, California 92637; on the City’s website (www.cityoflagunawoods.org); and, at other locations designated by Resolution No. 17-30, pursuant to California Government Code Section 54954.2 of the Ralph M. Brown Act.



YOLIE TRIPPY, CMC, City Clerk

6-18-21

Date

NOVEL CORONAVIRUS (COVID-19) NOTICE

Please exercise caution when attending City Council meetings. If you attend this meeting, please abide by all applicable state and local public health orders.

OPTIONS FOR PUBLIC COMMENTS

1. Attend the meeting in-person.

2. Submit public comments in writing. Written public comments may be submitted via email (cityhall@cityoflagunawoods.org) or by mail (Laguna Woods City Hall, 24264 El Toro Road, Laguna Woods, CA 92637), provided that they are received by the City prior to 2:00 p.m. on the day of the meeting. Written public comments may be read or summarized to the City Council at the meeting, and parties submitting comments should be aware that their email addresses and any information submitted may be disclosed or become a matter of public record. No party should expect privacy of such information.

3. Make public comments by telephone. Dial (312) 626-6799. When prompted enter the following meeting ID: 971 9096 6276 followed by pound (#) and the following meeting passcode: 607048 followed by pound (#). When an item you wish to comment on is discussed, press *9 on your phone to raise your hand. When it is your turn, you will be unmuted and able to speak. Please note that your telephone number will be visible to the City. No party should expect privacy of such information.

4. Make oral public comments by computer.

- Visit www.zoom.us
- Click on “Join a Meeting” toward the top right of the webpage
- Enter the following meeting ID: 971 9096 6276
- Open the Zoom application following the on-screen prompts
- Enter the following meeting password: 607048
- Enter a name and email address as required by Zoom

When an item you wish to comment on is discussed, click on “Raise Hand.” When it is your turn, you will be unmuted and able to speak. Please note that information you enter into Zoom will be visible to the City. No party should expect privacy of such information.

I. CALL TO ORDER

II. ROLL CALL

III. PLEDGE OF ALLEGIANCE

IV. PRESENTATIONS AND CEREMONIAL MATTERS

4.1 Orange County Mosquito and Vector Control District Presentation

Recommendation: Receive and file.

V. PUBLIC COMMENTS

About Public Comments: This is the time and place for members of the public to address the City Council on items *not* appearing on this agenda. Pursuant to state law, the City Council is unable to take action on such items, but may engage in brief discussion, provide direction to City staff, or schedule items for consideration at future meetings.

VI. CONSENT CALENDAR

About the Consent Calendar: All items listed on the Consent Calendar are considered routine and will be enacted by one vote. There will be no separate discussion of these items unless a member of the City Council, City staff, or the public requests that specific items be removed from the Consent Calendar for separate discussion and consideration of action.

6.1 City Attorney Services

Recommendation:

1. Waive the provisions set forth in Laguna Woods Municipal Code Section 3.06.080(c) related to competitive bidding.

AND

2. Approve a legal representation letter extending and amending the agreement with Rutan & Tucker, LLP for legal services as City Attorney and authorize the Mayor to execute the legal representation letter.

6.2 Hazardous Waste Handling Services

Recommendation: Approve an agreement with WM Curbside, LLC for hazardous waste handling services and authorize the Mayor to execute the agreement, subject to approval as to form by the City Attorney.

VII. PUBLIC HEARINGS

VIII. CITY COUNCIL BUSINESS

8.1 Fiscal Years 2021-23 Budget and Work Plan & Fiscal Years 2021-32 Capital Improvement Program

Recommendation: Adopt resolutions entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, ADOPTING THE FISCAL YEARS 2021-23 BUDGET AND WORK PLAN FOR FISCAL YEAR 2021-22 COMMENCING JULY 1, 2021 AND ENDING JUNE 30, 2022, AND FISCAL YEAR 2022-23 COMMENCING JULY 1, 2022 AND ENDING JUNE 30, 2023

AND

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, ADOPTING A NEW 11-YEAR CAPITAL IMPROVEMENT PROGRAM FOR FISCAL YEARS 2021-22 THROUGH 2031-32, IN CONFORMANCE WITH MEASURE M2 (OC GO) REQUIREMENTS AND APPLICABLE CITY POLICIES AND DISCRETION

AND

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, ADOPTING THE ANNUAL APPROPRIATIONS LIMIT (GANN LIMIT) FOR FISCAL YEAR 2021-22 COMMENCING JULY 1, 2021 AND ENDING JUNE 30, 2022, IN ACCORDANCE WITH ARTICLE XIII B OF THE CALIFORNIA STATE CONSTITUTION

8.2 City Council Meeting Schedule

Recommendation: Schedule an adjourned regular City Council meeting to occur prior to July 21, 2021 at Laguna Woods City Hall, 24264 El Toro Road, Laguna Woods, CA 92637.

IX. CITY COUNCIL REPORTS AND COMMENTS

About City Council Comments and Reports: This is the time and place for members of the City Council to provide reports on meetings attended including, but not limited to, meetings of regional boards and entities to which they have been appointed to represent the City and meetings attended at the expense of the City pursuant to California Government Code Section 53232.3. Members of the City Council may also make other comments and announcements.

- 9.1 Coastal Greenbelt Authority
Councilmember Conners; Alternate: Councilmember Tao
- 9.2 Orange County Fire Authority
Councilmember Hatch
- 9.3 Orange County Library Advisory Board
Mayor Pro Tem Moore; Alternate: Councilmember Tao
- 9.4 Orange County Mosquito and Vector Control District
Mayor Horne
- 9.5 San Joaquin Hills Transportation Corridor Agency
Councilmember Conners; Alternate: Mayor Pro Tem Moore
- 9.6 South Orange County Watershed Management Area
Mayor Pro Tem Moore; Alternate: Councilmember Hatch
- 9.7 Other Comments and Reports

X. CLOSED SESSION

Prior to convening in closed session, the City Council will hear public comments on items appearing on the closed session agenda.

- 10.1 The City Council will meet in closed session under the authority of California Government Code Section 54957(b)(1) to consider the

following: Public Employee Performance Evaluation – City Manager.

- 10.2 The City Council will meet in closed session under the authority of California Government Code Section 54957.6 to conference with its designated representative (David B. Cosgrove, City Attorney) regarding the salary, salary schedule, and compensation paid in the form of fringe benefits of its City Manager.

XI. CLOSED SESSION REPORT

XII. CITY COUNCIL BUSINESS (CONTINUED)

12.1 Employee Compensation

Recommendation: Adopt a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING RESOLUTION NO. 21-19 TO MODIFY THE COMPENSATION SCHEDULE FOR THE CITY MANAGER

XIII. ADJOURNMENT

Next Regular Meeting: Wednesday, July 21, 2021 at 2 p.m.
Laguna Woods City Hall
24264 El Toro Road, Laguna Woods, California 92637

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4.1
ORANGE COUNTY MOSQUITO AND VECTOR
CONTROL DISTRICT PRESENTATION
(NO REPORT)

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6.0
CONSENT CALENDAR SUMMARY

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City of Laguna Woods

Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Christopher Macon, City Manager

FOR: June 23, 2021 Adjourned Regular Meeting

SUBJECT: Consent Calendar Summary

Recommendation

Approve all proposed actions on the June 23, 2021 Consent Calendar by single motion and City Council action.

Background

All items listed on the Consent Calendar are considered routine and will be enacted by one vote. There will be no separate discussion of these items unless a member of the City Council, staff, or the public requests that specific items be removed from the Consent Calendar for separate discussion and consideration of action.

Summary

The June 23, 2021 Consent Calendar contains the following items:

- 6.1 [1] Waiver of the provisions set forth in Laguna Woods Municipal Code Section 3.06.080(c) related to competitive bidding. The City's procurement regulations generally require competitive bidding when the estimated cost of services is \$25,000 or more over the term of the agreement, but allow for the waiver of those provisions at the discretion of the City Council.

AND

- [2] Approval of a legal representation letter extending and amending the

agreement with Rutan & Tucker, LLP for legal services as City Attorney and authorization for the Mayor to execute the legal representation letter. The proposed legal representation letter provides for continuity in City Attorney services through June 30, 2023, with David B. Cosgrove continuing to serve as City Attorney and Alisha Patterson continuing to serve as Assistant City Attorney. Rates would increase effective July 1, 2021 and be subject to review on or before May 31, 2022 for the period between July 1, 2022 and June 30, 2023. Rutan & Tucker, LLP has provided legal services as City Attorney to the City since April 1, 2011.

- 6.2 Approval of an agreement with WM Curbside, LLC for hazardous waste handling services and authorization for the Mayor to execute the agreement, subject to approval as to form by the City Attorney. The Request for Proposals (“RFP”) for hazardous waste handling services was released on April 1, 2021 with proposals due by April 23, 2021. Only one proposal was received (WM Curbside). After reviewing the proposal, staff recommends that the City Council award the agreement to WM Curbside. WM Curbside has provided hazardous waste handling services to the City since November 21, 2001 (as Curbside, Inc. prior to assignment of the agreement to WM Curbside). WM Curbside provides or has provided similar services for the cities of Arcadia, Calabasas, Laguna Beach, and Manhattan Beach, as well as EDCO (serving the cities of La Mirada and La Palma).

6.1
CITY ATTORNEY SERVICES

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June 15, 2021

Honorable Mayor
and Members of the City Council
City of Laguna Woods
24264 El Toro Road
Laguna Woods, CA 92637

Re: Legal Representation Letter

Honorable Mayor and City Council:

The existing term of Rutan and Tucker, LLP's ("we," "us," or "our" below) agreement for providing legal services to the City of Laguna Woods expires on June 30, 2021. This letter sets forth the agreement regarding basic terms to extend the engagement, and the arrangement for fees and costs that will apply to the engagement.

1. *Client; Scope of Representation.* The client in this matter is the City of Laguna Woods (sometimes collectively referred to as "you" below). We will be engaged to provide general City Attorney legal services and advice through June 30, 2023. We propose to continue the existing staffing of David B. Cosgrove as City Attorney, and Alisha Patterson as Assistant City Attorney. You may limit or expand the scope of our representation from time to time, provided that we must agree to any substantial expansion or limitation of the representation. The firm will perform these services, will take reasonable steps to keep you informed of progress, respond to your inquiries, and will consult with you as necessary.

2. *Duties of Client.* You agree to timely provide us such information, assistance and cooperation as is necessary for us to effectively perform our services and to timely pay our bills for fees, costs and expenses as further described herein.

3. *General Terms; Fees and Expenses.* To assist you in understanding our billing practices and other general terms, we enclose a copy of our current Policy on Professional Fees and General Terms of Engagement (the "General Terms"). The General Terms are incorporated in this letter. The General Terms describe the ranges of hourly rates for our attorneys and paraprofessionals and our policies regarding reimbursement of costs and expenses. Please specifically note that the hourly rate for all of the services we will be providing beginning July 1, 2021, and continuing through June 30, 2022, shall be Three Hundred Dollars \$300.00 per hour, for all hours up to twenty (20) in a single month, and Three Hundred Twenty-Five Dollars (\$325.00) for all hours above twenty (20) in a single month. Litigation and special projects are Three Hundred Twenty-Five Dollars (\$325.00) per hour, and third party reimbursable matters are

Honorable Mayor
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Four Hundred Twenty-Five Dollars (\$425.00) per hour. Bond financing will be based upon an hourly rate, as may be negotiated. You understand and acknowledge these are negotiated rates, and are not set by law. On or before May 31, 2022, you and Rutan & Tucker will meet and confer regarding potential adjustment to billable hour rates to be in effect from July 1, 2022, until the end of the term of this agreement. In the absence of agreement regarding an adjustment, the rates specified herein shall continue in effect.

4. *No Guarantees.* We agree to use our best efforts in representing you, but cannot make representations or guarantees as to the ultimate outcome of any matter, the efficacy of any experts or consultants that may be retained in any matter you refer to us, or as to the ultimate expenses that you may incur. All our statements on such matters are statements of opinion only based upon the information known at the time. We do maintain errors and omissions insurance coverage applicable to the services to be rendered.

5. *Term of Engagement.* In accordance with the General Terms, either of us may terminate the engagement at any time for any reason by written notice, subject on our part to applicable Rules of Professional Conduct.

6. *Binding Arbitration.* We appreciate the opportunity to serve as your attorneys and anticipate a continued productive, harmonious relationship. If you become dissatisfied for any reason with the services we have performed, the fees charged, or any other aspect of the attorney-client relationship, we encourage you to bring that to our attention immediately. Similarly, if we perceive a problem with the representation, we will discuss it with you. Most such problems can be rectified by communication and discussion. Although in our experience disputes of any type are rare, a dispute conceivably could arise between us which cannot be resolved by discussion or negotiation. We believe such attorney-client disputes are most satisfactorily resolved through binding arbitration rather than by litigation in court.

Arbitration is, as you know, a process by which both parties to a dispute agree to submit the matter to a retired judge or other arbitrator who has expertise in the area and to abide by the arbitrator's decision, instead of litigating in court. In arbitration, there is no right to a trial by jury and the arbitrator's legal and factual determinations are generally not subject to appellate review. Arbitration rules of evidence and procedure are often less formal and rigid than in a court trial. Arbitration often results in a decision much more quickly than proceedings in court, and the attorneys' fees and other costs incurred by both sides are often substantially less.

Honorable Mayor
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Both the United States and California Supreme Courts have endorsed arbitration as an accepted and favored method of resolving disputes, because it is economical and expeditious. Arbitration is also less acrimonious and more confidential than traditional litigation and is, therefore, particularly suited to resolution of disputes between attorneys and their clients.

Your agreement to arbitrate disputes is not a condition of our agreeing to represent you, and if you do not wish to agree to arbitrate, then you should advise me before signing the copy of this letter, so we can delete this section of the agreement. You are encouraged to discuss the advisability of arbitration with independent counsel.

By signing this agreement, you agree that if any dispute arises out of or relating to this agreement, our relationship, or the services performed by us (including but not limited to any disputes regarding our fees and expenses and any failure by you to pay such fees and expenses in accordance with this agreement, claims of professional negligence, breach of contract or fiduciary duty, fraud or any claim based upon a statute), such dispute shall be resolved by submission to final and binding arbitration in Orange County, California, before a retired judge or justice of the California Superior Court or a higher court. Please be advised that by agreeing to binding arbitration, you are waiving any right to a jury trial on any such dispute. If you and we are unable to agree on a retired judge or justice, each party will name one retired judge or justice and the two named persons will select a neutral judge or justice who will act as the sole arbitrator. Should you elect to have any fee dispute arbitrated pursuant to non-binding arbitration under statutory or case law, (including your rights to request mandatory fee arbitration under the rules of the Orange County Bar Association) then such non-binding arbitration shall determine only the issue of the amount of fees properly chargeable to you. Any other claims or disputes between us, including claims for professional negligence, shall remain subject to binding arbitration pursuant to this agreement. In the event of such an arbitration, the parties shall be entitled to take discovery in accordance with the provisions of the California Code of Civil Procedure, but either party may request that the arbitrator limit the amount or scope of such discovery, and in determining whether to do so, the arbitrator shall balance the need for the discovery against the parties' mutual desire to resolve disputes expeditiously and inexpensively.

7. *Conflicts in this Matter.* We cannot, without appropriate consents, represent any party if there is a conflict of interest with any of our other clients. In order to avoid conflicts of interest among our clients, we maintain an index of relevant names. We have not discovered any conflict which requires further action before extending our existing arrangement for the provision of City Attorney services. Please inform us at once if you learn in the future of persons or entities who may be involved in actions adverse to the City so we can make a conflict of interest search with respect to them.

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8. *Conflicts Waiver.* In undertaking this representation, our objective is to represent you to the best of our ability without forfeiting the continuing representation of our other clients. Rutan & Tucker LLP is a large law firm which has represented, and continues to represent, many different corporate and individual clients with various interests in numerous industries. It is possible that, during the time we are representing your interests in this matter, you may become involved in transactions and/or disputes in which your interests are adverse to those of one of the firm's present or future clients. Therefore, as a specific condition to our undertaking your representation, you understand and agree that this firm may continue to represent or may undertake in the future to represent existing or new clients in any matter that is not substantially related to our work for you even if the interests of such clients in those other matters are directly adverse to your interests. We agree, however, that your prospective consent to conflicting representation contained in the preceding sentence shall not apply in any instance where, as a result of our representation of you, we have obtained proprietary or other confidential information of a nonpublic nature, that, if known to such other client, could be used in any such other matter by such client to your material disadvantage.

Please be aware that you have the right to obtain the advice of independent counsel regarding the terms of this agreement, and you are encouraged to do so.

This letter and the attached General Terms constitute the entire agreement between you and Rutan & Tucker, LLP with respect to our engagement. No prior oral or written understanding shall be of any force or effect with respect to these matters. This agreement may not be modified, except by a document in writing executed by both parties. A waiver of any party of any breach of any of the conditions, terms or time requirements under this letter shall not be construed as a waiver of any succeeding breach. This letter may be executed in multiple counterparts, each of which shall be deemed an original. By executing below, you represent to us that the person whose signature appears on your behalf

Please review this letter and the General Terms attached hereto carefully. If the terms and conditions of our representation and the billing arrangements under this agreement meet with your approval, please sign the enclosed copy of this letter and return it to me. Please call the undersigned if you have any questions.

Honorable Mayor
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Once again, thank you for the opportunity to continue to work with the City of Laguna Woods.

Very truly yours,

RUTAN & TUCKER, LLP



David B. Cosgrove

DBC:mrs

**ACCEPTED AND AGREED:
CITY OF LAGUNA WOODS**

Shari L. Horne, Mayor
City of Laguna Woods

POLICY ON PROFESSIONAL FEES
AND
GENERAL TERMS OF ENGAGEMENT

Professional Fees and Billing Procedures.

Experience has shown that the attorney-client relationship works best when there is a mutual understanding about fees and payment terms. The following is intended to explain briefly our present billing policies and procedures. These policies and procedures are subject to change. We encourage you to discuss with us at any time any questions you might have concerning these policies and procedures.

Unless otherwise agreed in writing by you and us, our professional fees will be based on the hourly rates of the attorneys and paraprofessionals working on your matter(s). Our hourly rates for attorneys and paraprofessionals are adjusted from time to time and generally as of January 1st of each year. Adjustments in billing rates will be reflected in the invoice for legal services which constitutes our written notice to you. The current hourly billing rates for attorneys and paraprofessionals at the firm for 2021 are as follows: (i) partners range from \$390.00 to \$1,050.00 per hour, (ii) associates range from \$290.00 to \$515.00 per hour and (iii) paralegals, law clerks, legal interns, legal assistants, document clerks and other paraprofessionals range from \$75.00 to \$330.00.

Rutan & Tucker, LLP bills its clients for costs advanced on a client's behalf, such as filing fees, transcript and deposition fees, reasonable travel expenses, and expert witness fees. The firm also charges for certain costs and expenses incurred on behalf of clients such as long-distance telephone calls, facsimile and telecopier transmissions, copying, scanning, printing, postage, mileage, messengers, and computerized research. Notwithstanding the foregoing, we may forward to you large disbursement invoices for your direct payment to the supplier.

We make every effort to include disbursements in the statement for the month in which the disbursements are incurred. Some disbursements, however, may not be available to us until the following months, in which case a subsequent statement may be rendered to you for these additional charges, or an estimated amount may be included in the initial billing and an adjustment made when the actual disbursement information is available.

In the absence of other arrangements, our billing statements ordinarily will be rendered to you on a monthly basis.

Our billing statements are due and payable upon receipt. We ask and expect payment of our statements on a current basis, as delayed payment adds to our overall costs of providing services. Unless you notify us of any objection to any such billing statement (specifically describing the basis for such objection), within thirty (30) days after the date we send the billing statement to you, we will presume that you have no objection to the amounts set forth in the billing statement. If any statement remains unpaid for more than thirty (30) days after the date the

statement is sent by this firm, interest may be added at the rate of 10% per annum on the unpaid balance.

Unless specifically agreed in writing, we cannot make any guarantee as to the amount which you will incur for attorneys' fees and costs in any matter, as those figures will wholly depend on the time and effort required to be devoted to such matter. Any estimates of anticipated fees and costs, whether for budgeting purposes or otherwise, are, due to the uncertainties involved, necessarily only an approximation of potential fees and costs. Unless specifically agreed in writing, such estimates are not a maximum or minimum quotation and are not binding. The actual fees and costs will be determined in accordance with the policies described above.

General Terms.

We have been engaged to represent the person(s), company(ies) or organization(s) agreed to in writing by this firm. Unless agreed to in writing, we are not representing any of their respective members, shareholders, affiliates, subsidiaries, parent companies, joint ventures, officers, directors, partners, principals, investors, or employees. Accordingly, we can take on matters that may be adverse to these related parties or their legal interests, unless precluded by reason of the Rules of Professional Conduct.

Either of us may terminate the engagement at any time for any reason by written notice, subject on our part to applicable Rules of Professional Conduct. If we terminate the engagement, we will take such steps as are reasonably practicable to protect your interests in the matter(s) for which we have been engaged. If you so request, we will use reasonable efforts to suggest to you possible successor counsel and provide it with whatever documents you have provided to us, but will retain materials that we have generated, as noted below.

Unless previously terminated, our representation of you in any matter will terminate upon our sending to you our final invoice for services rendered for such matter. Upon the termination of such representation, our own lawyer work product documents, notes and files (the "Work Product Files") pertaining to your matter will be retained by the firm. Your documents, property and files that are not Work Product Files (the "Client Files") will be, at your request, returned to you upon the termination of such representation. Both the Client Files (unless otherwise returned to you at your request) and the Work Product Files will be transferred to the person responsible for administering our records retention program. For various reasons, including the minimization of unnecessary storage expenses, we reserve the right to destroy or otherwise dispose of any such documents, property, files or other materials retained by us within a reasonable time after the termination of the engagement. Specifically, it is our current policy to store your Client Files for a period of five (5) years and at the conclusion of such five (5) year period we will make an attempt to contact you as to the disposition of your Client Files, but if we are unable to locate you, we reserve the right to destroy such Client Files.

In the performance of our services, you may disclose personal information about individuals to us, including personal information we collect on your behalf. In doing so, you acknowledge that such disclosure is pursuant to a business purpose and not for commercial purposes. In performing our services, we shall not: (a) sell personal information; (b) retain, use or disclose the personal information for any purpose other than for the performance of its services;

(c) retain, use, or disclose personal information for commercial purposes; or (d) retain, use, or disclose personal information outside of our direct business relationship. We certify that we understand these restrictions and will comply with them. Notwithstanding the foregoing, we may have legal and/or ethical obligations which may mandate the processing (including the collection, use, disclosure, deletion, or retention) of personal information disclosed to us by you. Rutan & Tucker, LLP shall not be liable for the processing of personal information that is, or is reasonably believed to be, necessary for: (v) compliance with a federal, state, or local law; (w) compliance with a civil, criminal, or regulatory inquiry, investigation, subpoena, or summons by federal, state, or local authority; (x) cooperation with law enforcement agencies concerning conduct or activity that it believes may violate a federal, state, or local law; (y) the exercising or defending of legal claims; (z) compliance with our ethical duties. Moreover, the processing restrictions placed upon us in this paragraph shall not apply where compliance with such restriction(s) would violate an evidentiary privilege under California (or other states') law, and shall not prevent us from providing personal information of an individual to a person covered by an evidentiary privilege under California (or other states') law as part of a privileged communication. For purposes of this section, "personal information" means information that identified, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular individual or household. Personal information does not include publicly available information, de-identified information, or aggregate consumer information.

You are engaging the firm to provide legal services in connection with specific matter(s). After completion, changes may occur in the applicable laws or regulations that could have an impact upon your future rights and liabilities. Unless you actually engage us after these matters have been completed to provide additional advice on issues arising from these matters, this firm has no continuing obligation to advise you with respect to future legal developments. In particular, please be advised that this firm does not undertake to perform further actions on your behalf in connection with renewal of perfection of liens, filing of UCC continuation statements, and the like in connection with any loan related matter. Further, we do not offer the service of annuity/maintenance fee payments with respect to patent prosecution.

We have made no representations, promises or guarantees to you regarding the outcome of your matter. Any comments about the outcome of your matter at any time during the performance of services do not constitute promises, guarantees, or assurances, as to the outcome of your matter.

Unless otherwise agreed in a signed writing, the firm shall have no responsibility to investigate or evaluate whether insurance is available for any matter covered by this engagement or to tender any matter covered by this engagement to any insurance carrier.

If we are required to respond to a subpoena of our records relating to services we have performed for you, or testify by deposition or otherwise concerning such services, then we will take reasonable steps to consult with you as to whether you wish to supply the information demanded or assert objections to the extent you may properly do so. You agree to pay us for our time and costs incurred in responding to any such demand, in accordance with the provisions of this letter, including, but not limited to, time and expense incurred in search and photocopying costs, reviewing documents, appearing at depositions or hearings, and otherwise litigating issues raised by the request.

In order to maximize efficiency, please be advised that attorneys and paraprofessionals at this firm routinely use the following communications methods to the fullest extent possible: e mail, document transfer by computer, mobile telephones, and facsimile transfers.

Although not required in California, some states require that a law firm disclose the existence of errors and omissions insurance coverage applicable to the services to be rendered. Rutan & Tucker, LLP hereby confirms the existence of such insurance coverage for the purposes of complying with such a requirement.

Duty to Preserve Relevant Evidence in the Event of Litigation or Disputes.

If you are currently involved in a dispute which has resulted or is likely to result in litigation, or if you become involved in such a dispute at a later date, please be aware that you have a legal obligation to preserve “documents and data” potentially relevant to any such dispute. In addition to the obvious fact that we may need the evidence to help prove or defend your case, the primary reason we need to tell you about this obligation is because, if you do not take such steps, you could suffer severe sanctions in any litigation (or arbitration) that might arise. Those sanctions could include, among others, direct and substantial monetary sanctions, “issue sanctions”, resulting in a directed finding against you on certain issues in the case, or even possibly a directed judgment against you, resulting in loss of the entire case.

Compliance with the obligation to preserve all potentially relevant evidence may not be as easy as it sounds. Preservation obligations include, for example, the obligation to suspend normal document destruction routines and otherwise protect against inadvertent deletion of evidence, especially electronic evidence. You need to notify and work with all of your employees and managerial personnel who might possess any such evidence, and consider all of the places where such evidence might be located, such as, e.g., home computers, laptop computers, cell phones, backup devices, and a wide range of other electronic devices and physical locations outside your normal offices and outside your network. You also need to evaluate the extent to which any of your agents, outside professionals, or consultants may have evidence which should be preserved. Furthermore, all of this needs to be documented.

We ask that you coordinate with our professional staff to ensure that proper steps have been taken to preserve all potentially relevant evidence, including electronic evidence whenever litigation, or a dispute which may lead to litigation, arises. To the extent that you have qualified and sophisticated in-house personnel experienced with document preservation activities, such coordination may simply consist of providing us with the documentation reflecting the steps taken and review of that documentation and the processes reflected. To the extent you do not have such in-house capabilities, our staff can help lead you through the process. In either event, it is very important for us to confirm the steps that have been taken so that we can later both establish your compliance with the obligation to preserve potentially relevant evidence and also utilize the documentation to coordinate the efficient identification, retrieval, and production of evidence for the presentation of your case.

Please let me know if you have any questions and, in any event, please let me know who within your organization would be best to coordinate these efforts so that I can put them in touch with our staff.

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6.2 HAZARDOUS WASTE HANDLING SERVICES

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**AGREEMENT FOR CONSULTANT SERVICES
BETWEEN THE
CITY OF LAGUNA WOODS
AND
WM CURBSIDE, LLC
FOR HAZARDOUS WASTE HANDLING SERVICES**

This Agreement (“Agreement”) is entered into to be effective as of the 1st day of July 2021 (“Effective Date”), by and between the City of Laguna Woods (“City”) and WM Curbside, LLC, a Delaware limited liability company (“Contractor”) (collectively, the “Parties”) to provide: (1) Household Hazardous Waste Door-to-Door Collection services to individuals residing in City Limits on an on-call basis, (2) Medication Waste Drop Box Collection services at City Premises on a regularly scheduled basis, (3) Sharps Waste Drop Box Collection services at City Premises on a regularly scheduled basis, and (4) Non-Vehicle Battery Waste Drop Box Collection services at City Premises on a regularly scheduled basis.

**SECTION 1
DEFINITIONS**

Whenever any term used in this Agreement has been defined by the California Public Resources Code, the definition of such term set forth therein shall apply unless the term is otherwise defined in this Agreement.

1.1 Affiliate

“Affiliate” means a business in which Contractor owns a direct or indirect ownership interest, a business (including corporations, limited and general partnerships and sole proprietorships) which has a direct or indirect ownership interest in Contractor and/or a business which is also owned, controlled or managed by any business or individual which has a direct or indirect ownership interest in Contractor. For purposes of determining whether an indirect ownership interest exists, the constructive ownership provisions of Section 318(a) of the Internal Revenue Code of 1986, as in effect on the date of this Agreement, shall apply; provided, however, that (i) “ten percent (10%)” shall be substituted for “fifty percent (50%)” in Section 318(a)(2)(C) and in Section 318(a)(3)(C) thereof; and (ii) Section 318(a)(5)(C) shall be disregarded. For purposes of determining ownership under this paragraph and constructive or indirect ownership under Section 318(a), ownership interest of less than ten percent (10%) shall be disregarded and percentage interests shall be determined on the basis of the percentage of voting interest or value which the ownership interest represents, whichever is greater.

1.2 Annual Recovered Organic Waste Product Procurement Target

“Annual Recovered Organic Waste Product Procurement Target” means the amount of Organic Waste in the form of a Recovered Organic Waste Product that the City is required to procure annually under 14 CCR Section 18993.1.

1.3 Applicable Laws

“Applicable Laws” shall mean all federal, state, county, and local laws, regulations, rules,

orders, judgments, decrees, permits, approvals, or other requirements of any governmental agency having jurisdiction over an aspect of this Agreement that are in force on the Effective Date, and as may be enacted, issued or amended thereafter.

1.4 City

“City” shall mean the City of Laguna Woods, a municipal corporation, located in Orange County, California.

1.5 City Council

“City Council” shall mean the City Council of City.

1.6 City Limits

“City Limits” shall mean the territorial boundaries of the City together with all amendments and changes thereto, which boundaries are depicted on maps, incorporated herein by reference, that are kept on file in the office of the City Clerk of the City of Laguna Woods, and which are from time to time amended to reflect changes.

1.7 City Manager

“City Manager” shall mean the City Manager of the City of Laguna Woods or his/her/their designee.

1.8 City Premises

“City Premises” shall mean any Premises owned or operated by the City, including without limitation, City Hall.

1.9 Collect/Collection/Collecting

“Collect,” “Collection,” or “Collecting” shall mean to take physical possession of, transport, and remove Waste from a Premises.

1.10 Collection Vehicles

“Collection Vehicles” shall have the meaning ascribed in Section 7.1 of this Agreement.

1.11 Contractor

“Contractor” shall mean WM Curbside, LLC or any party permitted pursuant to the terms hereof permitted to become the successor or assignee thereof.

1.12 Customer

“Customer” or “Customers” shall mean any Person receiving Waste Handling Services from Contractor within City Limits.

1.13 Dwelling Unit

“Dwelling Unit” shall mean one or more rooms designed for occupancy by one family for living and sleeping purposes and containing kitchen facilities or an area designed for the preparation of food for use solely by one family.

1.14 Effective Date

“Effective Date” shall mean the 1st day of July 2021.

1.15 Environmental Laws

“Environmental Laws” means all federal and state statutes, county, local and City ordinances concerning public health, safety and the environment including, by way of example and not limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 USC § 9601 et seq.; the Resource Conservation and Recovery Act, 42 USC § 6901 et seq.; the Federal Clean Water Act, 33 USC § 1251 et seq.; the Federal Clean Air Act, 42 USC § 7401 et seq.; the Toxic Substances Control Act, 15 USC § 2601 et seq.; the Occupational Safety and Health Act, 29 USC § 651 et seq.; the California Hazardous Waste Control Act, California Health and Safety Code § 25100 et seq.; the Carpenter-Presley-Tanner Hazardous Substance Account Act, California Health and Safety Code § 25300 et seq.; the Porter-Cologne Water Quality Control Act, California Water Code § 13000 et seq.; the Safe Drinking Water and Toxic Enforcement Act, California Health and Safety Code § 25249.5 et seq.; as currently in force or as hereafter amended, and all rules and regulations promulgated thereunder, and the Municipal Code, as may be amended from time to time.

1.16 Force Majeure

“Force Majeure” shall mean any of the following: riots, wars, sabotage, civil disturbances, insurrections, pandemics, epidemics, the threat of pandemic or epidemic, strikes or other labor disturbances lasting five (5) days or less, explosion, natural disasters such as floods, earthquakes, landslides, and fires, emergencies declared at a federal, state or local level, or “other catastrophic events” which are beyond the reasonable control of Contractor. The term “other catastrophic events” does not include: (i) the financial inability of Contractor to perform; (ii) failure of Contractor to obtain any necessary permits or licenses from other governmental agencies; (iii) the failure to obtain the right, or the loss of the right, to use the facilities of any public utility where such failure is due in substantial part to the acts or omissions of Contractor; or, (iv) strikes or other labor disturbances lasting longer than five (5) days.

1.17 Hazardous Contaminant

“Hazardous Contaminant” shall have the meaning ascribed in Section 17.2(D) of this Agreement.

1.18 Household Hazardous Waste

“Household Hazardous Waste” shall have the meaning set forth in California Health and Safety Code § 25218.1(e), as amended from time to time or replaced by a successor statute, and,

at a minimum, include the materials specified in Exhibit B.

1.19 Household Hazardous Waste Door-to-Door Collection

“Household Hazardous Waste Door-to-Door Collection” shall have the meaning ascribed in Section 2.1 of this Agreement and shall also include the meaning set forth in California Health and Safety Code § 25218.1(c), as amended from time to time or replaced by a successor statute.

1.20 Medication Waste

“Medication Waste” shall have the meaning set forth in California Health and Safety Code § 117690(b)(3), as amended from time to time or replaced by a successor statute, but the term “Medical Waste” shall not include “trace chemotherapy waste” (as that term is defined in California Health and Safety Code § 117690(b)(5)) or any substance that is illegal under State or Federal law, including without limitation, medical marijuana.

1.21 Medication Waste Drop Box Collection

“Medication Waste Drop Box Collection” shall have the meaning ascribed in Section 2.3 of this Agreement.

1.22 Multi-Family Dwelling

“Multi-Family Dwelling” means any building or lot containing more than one Dwelling Unit. Unless otherwise determined as set forth above, any Premises upon which four (4) or more Dwelling Units exists shall be deemed to be a Multi-Family Dwelling. Any ambiguity as to whether a Customer’s Premises qualifies for purposes of this Agreement as a Single Family Dwelling or Multi-Family Dwelling shall be resolved by the City Manager whose decision shall be final.

1.23 Municipal Code

“Municipal Code” shall mean City’s Municipal Code (“Laguna Woods Municipal Code”).

1.24 Non-Vehicle Battery Waste

“Non-Vehicle Battery Waste” shall mean household batteries (*e.g.*, A, AA, AAA, and so on), but shall not include vehicle batteries.

1.25 Non-Vehicle Battery Waste Drop Box Collection

“Non-Vehicle Battery Waste Drop Box Collection” shall have the meaning ascribed in Section 2.4 of this Agreement.

1.26 Organic Waste

“Organic Waste” shall mean solid wastes containing material originated from living organisms and their metabolic waste products including, but not limited to, food, yard trimmings, organic textiles and carpets, lumber, wood, paper products, printing and writing paper, manure,

biosolids, digestate, and sludges, or as otherwise defined in 14 CCR Section 18982(a)(46). Biosolids and digestate are as defined in 14 CCR Section 18982(a)(4) and 14 CCR Section 18982(a)(16.5), respectively.

1.27 Person

“Person” shall mean any individual, firm, association, organization, partnership, corporation, business trust, joint venture, the United States, the State of California, the County of Orange, towns, cities, and special purpose districts.

1.28 Premises

“Premises” shall mean any land, building, and/or structure within the City Limits where Waste is generated or accumulated.

1.29 Recovered Organic Waste Product

“Recovered Organic Waste Product” means products made from California, landfill-diverted recovered organic waste processed at a permitted or otherwise authorized operation or facility.

1.30 Renewable Gas

“Renewable Gas” shall mean gas derived from Organic Waste that has been diverted from a landfill and processed at an in-vessel digestion facility that is permitted or otherwise authorized by 14 CCR to recover Organic Waste, or as otherwise defined in 14 CCR Section 18982(a)(62).

1.31 Residential Premises

“Residential Premises” shall mean all Premises upon which Dwelling Units exist and includes Multi-Family Dwellings. Notwithstanding any provision to the contrary herein, in the Municipal Code, or otherwise, for purposes of this Agreement and to the extent permitted by law, Premises upon which assisted living facilities, community care facilities (and other similar types of facilities), hotels, and motels are operated shall be not deemed to be Residential Premises.

1.32 Sharps Waste

“Sharps Waste” shall have the meaning set forth in California Health and Safety Code § 117690(b)(4), as amended from time to time or replaced by a successor statute.

1.33 Sharps Waste Drop Box Collection

“Sharps Waste Drop Box Collection” shall have the meaning ascribed in Section 2.4 of this Agreement.

1.34 Single Family Dwelling

“Single Family Dwelling” means a building or lot containing one Dwelling Unit, and for purposes of this Agreement includes buildings and lots with more than one Dwelling Unit where

such Dwelling Units are determined by the City to be reasonably able to receive individualized Solid Waste Collection service by the automated process utilizing Carts contemplated herein.

1.35 Term

“Term” shall have the meaning ascribed in Section 4 of this Agreement.

1.36 Waste

“Waste” shall mean Household Hazardous Waste, Sharps Waste, Medication Waste and Non-Vehicle Battery Waste.

1.37 Waste Handling Services

“Waste Handling Services” shall mean any and all services described in Section 2 of this Agreement.

SECTION 2 SCOPE OF SERVICES

2.1 Household Hazardous Waste Door-to-Door Collection

(A) Contractor shall provide Household Hazardous Waste Door-to-Door Collection services to individuals residing in City Limits on an on-call basis. Household Hazardous Waste Door-to-Door Collection services shall include Contractor collecting the requested Household Hazardous Waste from outside of a Customer’s Dwelling Unit. In order to receive such service, Customers shall provide Contractor with notice by telephone of the number and type of Household Hazardous Waste to be collected. Contractor shall respond to Customer’s call for service within a reasonable time not to exceed one (1) business day thereafter and provide Customer with the service date and instructions for preparing Household Hazardous Waste for Collection. Within two (2) business days from the date of Customer’s call for service, Contractor shall mail all materials and containers necessary for the Household Hazardous Waste to be collected to the Customer. Customer shall assemble and package Household Hazardous Waste as instructed by Contractor. On the service date provided to Customer during Customer’s call for service, Contractor shall collect the packaged Household Hazardous Waste from outside of Customer’s Dwelling Unit.

(B) Contractor shall collect all Household Hazardous Waste on two regularly scheduled days per month, with up to 15 individual collections per day, and on additional dates, as necessary, subject to authorization of the additional dates from the City Manager.

(C) Contractor shall not knowingly collect Household Hazardous Waste that consists solely of Sharps Waste. Contractor shall refer Customers expressing an interest in such collection to the City’s Sharps Waste Drop Box Collection services, if offered, or sharps waste collection centers. Contractor shall maintain information on such services in a form and manner that is readily accessible to its Customer service personnel.

(D) Contractor shall not knowingly collect Medication Waste with Household Hazardous Waste. Contractor shall refer Customers expressing an interest in such collection to

City's Medication Waste Drop Box Collection services, if offered, or medication waste collection centers. Contractor shall maintain information on such service in a form and manner that is readily accessible to its Customer service personnel.

(E) Contractor shall produce, keep current, and provide public information specifically outlining its Household Hazardous Waste Door-to-Door Collection service, which shall include, but not be limited to, a program overview flyer approved by the City Manager.

(F) Contractor may limit the number and/or volume of Waste eligible for Collection at any single time, subject to authorization from the City Manager.

(G) Contractor shall provide a self-addressed postcard approved by City, with postage pre-paid, to all individuals utilizing Household Hazardous Waste Door-to-Door Collection services for the primary purpose of inviting comments on the quality of Contractor's services. Postcards shall be self-addressed with City's mailing address.

2.2 Medication Waste Drop Box Collection

Contractor shall provide Medication Waste Drop Box Collection services at City Premises on an ongoing basis. Medication Waste Drop Box Collection services shall include Contractor placing a sturdy, durable, secure, and locking drop box for the collection of Medication Waste in locations requested by City and removing and collecting Medication Waste from the same on a schedule to be determined by City, and as requested by City for additional service. Contractor shall respond to City's call for additional service within a reasonable time not to exceed one (1) business day thereafter. Contractor's collection shall occur within three (3) business days from the date of City's call for additional service. City and Contractor will agree to a regular collection schedule for the following calendar year, provided in writing by Contractor to City, at least thirty (30) days prior to the start of the new calendar year.

2.3 Sharps Waste Drop Box Collection

Contractor shall provide Sharps Waste Drop Box Collection services at City Premises on an ongoing basis. Sharps Waste Drop Box Collection services shall include Contractor placing a sturdy, durable, secure, and locking drop box for the collection of Sharps Waste in locations requested by City and removing and collecting Sharps Waste from the same on a schedule to be determined by City, and as requested by City for additional service. For purposes of this service only, Sharps Waste may be placed in the drop box in any rigid and needle puncture-resistant container (*e.g.*, laundry detergent bottles, soda bottles, and medical sharps containers). Contractor shall respond to City's call for additional service within a reasonable time not to exceed one (1) business day thereafter. Contractor's collection shall occur within three (3) business days from the date of City's call for additional service. City and Contractor will agree to a regular collection schedule for the following calendar year, provided in writing by Contractor to City, at least thirty (30) days prior to the start of the new calendar year.

2.4 Non-Vehicle Battery Waste Drop Box Collection

Contractor shall provide Non-Vehicle Battery Waste Drop Box Collection services at City Premises on an ongoing basis. Non-Vehicle Battery Waste Drop Box Collection services shall

include Contractor placing a sturdy and durable drop box for the collection of Non-Vehicle Battery Waste in locations requested by City and removing and collecting Non-Vehicle Battery Waste from the same on a schedule to be determined by City, and as requested by City for additional service. Contractor shall respond to City's call for additional service within a reasonable time not to exceed one (1) business day thereafter. Contractor's collection shall occur within three (3) business days from the date of City's call for additional service. City and Contractor will agree to a regular collection schedule for the following calendar year, provided in writing by Contractor to City, at least thirty (30) days prior to the start of the new calendar year.

2.5 RESERVED

SECTION 3 ACCEPTANCE; WAIVER

Contractor agrees to be bound by and comply with all the requirements of this Agreement. Contractor waives any right Contractor may waive under Applicable Laws regarding Contractor's right to challenge the terms of this Agreement under federal, state, or local law, or administrative regulation.

SECTION 4 TERM

Subject to the provisions of Section 12.1 ("Termination") of this Agreement, the Term of this Agreement is effective for a period beginning on July 1, 2021 and ending at 11:59 p.m. on June 30, 2024. Such term may be extended upon written agreement of both Parties to this Agreement through a maximum of 11:59 p.m. on June 30, 2026.

SECTION 5 CONDITIONS TO EFFECTIVENESS OF AGREEMENT

The satisfaction of each and all of the conditions set out below, each of which may be waived in whole or in part by City in writing, is a condition precedent to the effectiveness of this Agreement, and a condition of Contractor's continued right to the benefits conveyed herein:

5.1 Accuracy of Representation

All representations and warranties made by Contractor and set forth in this Agreement shall be accurate, true, and correct on and as of the Effective Date of this Agreement.

5.2 Absence of Litigation

There shall be no litigation pending in any court challenging the award of this Agreement to Contractor or the execution of this Agreement or seeking to restrain or enjoin its performance.

5.3 Effectiveness of City Council Action

The City Council's action approving this Agreement shall have become effective pursuant to California law.

SECTION 6
WASTE HANDLING SERVICES PROVIDED BY CONTRACTOR

6.1 Equipment

Contractor shall furnish all labor, supervision, materials, supplies, and equipment necessary to provide for all services required by the terms of this Agreement.

6.2 Performance Standards

Contractor shall perform Waste Handling Services as required hereunder in a workmanlike manner consistent with good housekeeping standards and all relevant provisions of Applicable Laws.

6.3 Noise and Disruption

Contractor shall perform Waste Handling Services as required hereunder in such a manner as to minimize noise and other disruptive impacts including, without limitation, those upon traffic.

6.4 Collection Times

Contractor shall not commence Waste Handling Services for any Residential Customer until 8:00 a.m., nor shall such activities occur after 5:00 p.m. No Waste Handling Services shall occur on Sundays at Residential Premises, or on Saturdays or Sundays at City Premises, except in exceptional circumstances for which specific approval is given by the City Manager. Waste Handling Services shall not occur on any Premises on the following holidays: New Year's Day, Memorial Day, the Fourth of July, Labor Day, Thanksgiving Day, and Christmas Day, except in exceptional circumstances for which specific approval is given by the City Manager.

6.5 Drop Box Waste Handling Services

For the drop box Waste Handling Services provided pursuant to Sections 2.2 (Medication Waste), 2.3 (Sharps Waste) and 2.4 (Non-Vehicle Battery Waste) of this Agreement, Contractor shall comply with each of the following requirements.

(A) Contractor shall, upon City's request, repair or replace as necessary all drop boxes for City as requested by City. Drop box repair (which includes, but is not limited to, the replacement of drop box keys) shall be provided within seventy-two (72) hours of notification by City at a charge specified in Exhibit A. Drop box replacement shall be provided within fourteen (14) business days of notification by City at a charge specified in Exhibit A. Contractor shall immediately provide City notification of any delays resulting in drop box replacement past the 14-business day period. Notwithstanding the foregoing, Contractor shall not be required to replace any drop box if the drop box is damaged beyond ordinary wear and tear.

(B) Contractor shall clearly label all drop boxes in letters not less than three inches high on its exterior with the type of waste being collected (e.g., "Medication Waste," "Sharps Waste" or "Non-Vehicle Batteries"). Medication and Sharps Waste Drop Box shall be labeled in accordance with (g)(1)(A)2 of California Code of Regulations, Title 8, Section 5193. All drop

boxes shall be further identified with Contractor's name and phone number on its exterior so as to be visible and legible when the drop box is placed for use.

(C) All drop boxes for Medication Waste and Sharps Waste shall have locking lids.

(D) City shall have the right to independently purchase containers other than those provided by Contractor pursuant to Section 2.4 of this Agreement for use as Non-Vehicle Battery Waste Drop Boxes, subject to Contractor's consent to service such Drop Boxes, which consent shall not be unreasonably withheld. In such instances, the provisions of this Section 6.5 shall not apply.

SECTION 7 MINIMUM STANDARDS FOR CONTRACTOR'S WASTE HANDLING SERVICE COLLECTION VEHICLES

7.1 General

Contractor shall provide vehicles for the Waste Handling Services ("Collection Vehicles") that are sufficient in number and capacity to efficiently perform the work required by this Agreement in strict accordance with its terms.

7.2 Air Quality/Fuel Requirements

(A) Contractor's Collection Vehicles shall comply with all rules and regulations of the South Coast Air Quality Management District, the Air Resource Board, and any other regulatory body that may be in effect during the Term of this Agreement, as well as other federal, state and local laws and regulations that may be enacted during the Term of this Agreement. Contractor's Collection Vehicles shall meet or exceed such air quality standards as may be adopted by the forgoing regulatory bodies during the Term of this Agreement. Contractor's Collection Vehicles shall comply with the requirements in the South Coast Air Quality Management District's Rule 1193.

(B) This subsection (B) is applicable not applicable.

Contractor's Collection Vehicles shall be fueled with Renewable Gas derived from Organic Waste that has been diverted from a landfill and processed at an in-vessel digestion facility that is permitted or authorized by 14 CCR to recover Organic Waste, to the degree that such Renewable Gas is available. Contractor shall maintain records pertaining to the Renewable Gas procured and used for Collection Vehicles under this Agreement and submit such records to City on a schedule to be determined by City. Records submitted to City shall include, but not be limited to, the following: (1) description of the Collection Vehicles using Renewable Gas; (2) description of when and where the Renewable Gas was used; (3) quantity of Renewable Gas solely used for Collection Vehicles for each month of the term of this Agreement; (4) type and source of the Renewable Gas, including the name, physical location, and contact information for each entity, operation, or facility from which the Renewable Gas was procured; and, (4) invoices or other records demonstrating procurement of the Renewable Gas.

(C) This subsection (C) is applicable not applicable.

Contractor's Collection Vehicles shall be fueled with alternative fuels, meaning that engine(s) shall use compressed or liquefied natural gas, liquefied petroleum gas (propane), methanol, electricity, or fuel cells. For the purpose of this section, hybrid-electric and dual-fuel technologies that use diesel fuel are not considered to be alternative fuels.

(D) This subsection (D) is applicable not applicable.

Contractor's Collection Vehicles shall be fueled with low-sulfur diesel, meaning diesel fuel that has a maximum sulfur content of 15 parts per million.

7.3 Specific Requirements

Each Collection Vehicle utilized by Contractor in the performance of this Agreement shall meet the following minimum standards:

(A) Each Collection Vehicle shall be registered with the California Department of Motor Vehicles.

(B) Contractor's name, local or toll free telephone number, and a vehicle number shall be visibly printed or painted in letters not less than five (5) inches in height so as to be legible on both sides of each Collection Vehicle. Any other information or signage printed, painted, or displayed on Contractor's Collection Vehicles, when such Vehicles are providing Collection services within City Limits, shall be subject to approval by City.

(C) Each Collection Vehicle shall be maintained in a clean and sanitary condition both inside and out.

(D) Each Collection Vehicle shall be equipped with appropriate safety equipment, including any new safety related technologies that become standard in the waste industry. Each Collection Vehicle shall carry an operable fire extinguisher and shall be equipped with a communication device sufficient to allow the driver to communicate directly with Contractor's dispatcher and/or main office.

(E) Each Collection Vehicle shall be kept in good repair and working order and shall be inspected regularly by Contractor to ensure it meets the requirements of the California Vehicle Code and the California Highway Patrol. Contractor shall inspect each Collection Vehicle prior to using it for Waste Handling Services to ensure that all equipment is operating properly. Collection Vehicles which are not operating properly shall be removed from service until repaired and operating properly. Contractor shall perform all scheduled maintenance functions upon Collection Vehicles in accordance with the manufacturer's specifications and schedule. Contractor shall repair, or arrange for the repair of, all of its Collection Vehicles and equipment for which repairs are needed because of accident, breakdown or any other cause so as to maintain all equipment in a safe and operable condition. Contractor shall keep accurate records of all Collection Vehicle maintenance and repair, recorded according to date and mileage, including signed verifications that repairs and maintenance has been properly performed, and shall make such records available to City upon request.

(F) Contractor shall utilize Collection Vehicles of a size, weight, nature, and type so as

to not be unreasonably intrusive on the community with respect to noise, emissions, maneuverability, safety, and other factors and to avoid or minimize pavement damage and wear and tear of the street or adjacent properties, as approved by the City Manager.

(G) Contractor shall not load Collection Vehicles in excess of the manufacturer's recommendations or limitations imposed by state or local laws or regulations.

(H) Noise levels of equipment used for Collection shall not exceed 75db (seventy-five decibels) when measured at a distance of twenty-five (25) feet from the vehicle, five (5) feet from the ground; provided, however, in the event there is any conflict with this section and the noises levels permitted under the City's Municipal Code, as such may be amended from time to time, the provisions in the City's Municipal Code shall apply. Contractor shall submit to City, upon City's request, a certificate of Collection Vehicle noise level testing, by an independent testing entity, for any Collection Vehicle. Nothing in this Agreement shall be construed as granting Contractor any rights or waivers to violate any Applicable Laws.

7.4 Costs of Operation and Damages

Contractor shall be responsible for any costs incurred in connection with ensuring all Collection Vehicles comply with all Applicable Laws, including without limitation any such laws and regulations that may now exist or hereinafter be adopted relating to noise, fuels, emission standards, or weight limits.

7.5 City Inspection

City may cause or require any Collection Vehicle used in performance of this Agreement to be inspected and tested at any time and in such manner as may be appropriate to determine that the vehicle is being maintained in compliance with the provisions of this Agreement.

7.6 Correction of Defects and Removal of Vehicles from Use within City

Contractor agrees to immediately remove from service, and replace or repair, to the City's satisfaction, any Collection Vehicle which City determines to be of unsightly appearance, unsafe, unsanitary, leaking, out of compliance with any law or regulation or this Agreement, or otherwise in an unsatisfactory operating condition; and any such vehicle shall not be returned to service until the City Manager gives his written consent for its return.

SECTION 8 CONTRACTOR'S WASTE HANDLING SERVICE PERSONNEL

8.1 Uniforms

Each of Contractor's Collection employees shall wear a clean uniform bearing Contractor's name. Uniforms must be well maintained and in good condition.

8.2 Identification of Employees

Contractor shall provide identification badges, cards or similar devices, for all of its

employees, and all authorized subcontractors, who may make personal contact with residents of the City. City may require Contractor to notify City yearly, or more frequently if determined necessary by City, of the form of said identification.

8.3 Employee List

Contractor shall provide a list of current employees and authorized subcontractors to City upon request.

8.4 Driver's License

Each employee operating a vehicle as part of his or her duties shall, at all times, carry a valid operator's license for the type of vehicle he/she/they are operating.

8.5 Screening of Field Employees

Contractor shall make reasonable efforts to determine if its employees working in the field (i.e., drivers of Collection Vehicles, and employees otherwise involved in Waste Handling Services) have been convicted of a felony, and shall identify any such employees known to it to City. City shall have the ability to require that any employee so identified by Contractor not work in the field within City.

8.6 Discontinued Use of Unsatisfactory Employees

No employee shall continue to have any involvement whatsoever with regard to any work in anyway relating to or arising from this Agreement if City gives notice to Contractor that such employee is determined by City to be discourteous, disorderly, inefficient, unable to communicate effectively with Customers, or otherwise objectionable (provided the term "otherwise objectionable" shall not permit City to "ban" an employee for reasons that violate public policy; and, further, City shall give a reason for requesting the "ban" of any employee from engaging in work related to this Agreement).

8.7 Training and Legal Compliance

Contractor shall provide operating and safety training that meets minimum OSHA standards for all personnel, and shall comply with all laws and regulations applicable to its employees and personnel. Contractor shall periodically train employees on all the specific requirements of this Agreement applicable to the employee's effective performance of his or her duties.

8.8 Customer Service

8.8.1 Office Hours

Contractor shall maintain an office for communication with the public that at a minimum will be open from 8:00 a.m. to 5:00 p.m. Monday through Friday, holidays excepted ("Office Hours"). At least one responsible and qualified representative of Contractor, capable of communicating in English and Spanish, shall be present and available by telephone during Office

Hours, for personal communication with the public and City personnel regarding calls for Waste Handling Services, complaints, Customer service inquiries, etc. and a similarly qualified person shall be available for communication with the public by phone during any other times when Waste Handling Services are occurring.

8.8.2 Telephone Customer Service Requirements

8.8.2.1 Toll Free Number

Contractor shall maintain a toll free telephone number that rings at an office at all times during Office Hours. Both English and Spanish speaking personnel shall be available during Office Hours to assist Customers and City personnel with telephonic inquiries. Contractor shall have the ability (through the use of outside resources or otherwise) to communicate with Customers who only speak Spanish, Korean, Mandarin Chinese, or Tagalog to ensure their inquiries, questions, complaints and other matters are dealt with in a reasonably timely fashion. All such personnel shall be polite and responsive, and shall be sufficiently knowledgeable, and have the authority to respond and/or advise Customers seeking assistance. Contractor's telephone system shall be adequate to handle the volume of calls typically experienced on the busiest days. Contractor shall provide City with a twenty-four (24)-hour emergency telephone number to a live person, not voice-mail.

8.8.2.2 Call Responsiveness

Contractor shall make reasonable attempts to answer all phone calls within five (5) rings. If a call has been placed on hold for three (3) minutes, the caller will either be switched to a message center which shall be responsible to obtain the caller's address and phone number, or a Customer service representative will obtain the Customer's address and a number at which the call can be returned. Contractor shall make at least three attempts within the next twenty-four (24) hour period to return the call, with the first such attempt not more than one (1) hour after the caller leaves the message. If Contractor is unsuccessful in contacting the Customer after following this procedure, it shall send a letter to the caller indicating its efforts.

8.8.3 Complaint Documentation

All service complaints shall be directed to Contractor. Contractor shall log all complaints received and said log shall include the date and time the complaint was received, the name, address and telephone number of the complaining party, a description of the complaint, the name of the employee recording the complaint and the action taken by Contractor to respond to and remedy the complaint. All written Customer complaints and inquiries shall be date-stamped when received. All complaints shall be initially responded to within one (1) business day (Monday through Friday) of receipt. Contractor shall log action taken to respond to and remedy the complaint. Daily logs of complaints shall be retained for a minimum of twenty-four (24) months. All Customer service records and logs kept by Contractor shall be available to City upon request. City shall, at any time during regular Office Hours, have access to Contractor's Customer service department for purposes that may include monitoring the quality of Customer service or researching Customer complaints. Contractor shall provide to City on a monthly basis, a complaint log, in a form satisfactory to the City, that includes all of the complaints logged pursuant to this

Section 8.8.3, the complainant and the resolution.

SECTION 9 CONTRACTOR'S COMPENSATION AND METHOD OF PAYMENT

9.1 Compensation

Contractor shall provide services pursuant to this Agreement at rates it sets, charges to, and collects from City; provided, however, Contractor's rates shall not exceed those set forth in the attached Exhibit A, which sets out the maximum rates that may be charged by Contractor for the various different service options that may occur hereunder, as such maximum rates may be adjusted from time to time pursuant to the terms hereof. Contractor shall provide City with itemized bills, detailing charges for all services, as well as the period of service to which the bill applies.

Contractor shall perform work only as requested by City. This Agreement does not state, convey, imply or infer a specific, minimum or expected amount of work or compensation for as needed services or reimbursables. Compensation for services shall not exceed the rates or amounts specified in Exhibit A.

9.2 Billing Practices

No later than the 15th of each month Contractor shall furnish to City an original invoice for all work performed and expenses incurred during the preceding month for collection in Residential Premises. Invoices shall be prepared and provided in a manner that adequately presents the services rendered in an easy to understand and verifiable format. The format of Contractor's bills must be approved by City prior to the commencement of Waste Handling Services under this Agreement. City reserves the right to require changes to the invoice format during the Term of this Agreement.

9.3 Non-Waiver

Payment to Contractor for work performed pursuant to this Agreement shall not be deemed to waive any defects in work performed by Contractor, nor to constitute any waiver of any type of relief or remedy, legal or equitable, arising out of any breach or nonperformance of any aspect of the Agreement by Contractor.

SECTION 10 INSURANCE COVERAGE

Contractor shall procure and maintain during the entire Term of this Agreement the following types of insurance, and shall maintain the following minimum levels of coverage, which shall apply to any claims which may arise from or in connection with Contractor's performance hereunder or the actions or inactions of any of Contractor's officers, agents, representatives, employees, or subcontractors in connection with Contractor's performance. The insurance requirements hereunder in no way limit Contractor's various defense and indemnification obligations, or any other obligations as set forth herein.

10.1 Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. The most recent editions of Insurance Services Office Commercial General Liability coverage (“occurrence” form CG 00 01).
2. The most recent editions of Insurance Services Office form number CA 00 01 1001 covering Automobile Liability, code 1 “any auto”.
3. Workers’ Compensation insurance as required by the Labor Code of the State of California and Employers Liability insurance.

10.2 Minimum Limits of Insurance

Contractor shall maintain in force for the Term of this Agreement limits no less than:

10.2.1 Commercial General Liability

Two Million Dollars (\$2,000,000.00) limit per occurrence for bodily injury, personal injury and property damage and Four Million Dollars (\$4,000,000.00) limit aggregate. Such limits can be achieved through a combination of primary and excess liability policies.

10.2.2 Automobile Liability

For any owned, non-owned or hired vehicle used in connection with the performance of this Agreement with a combined single limit of Two Million Dollars (\$2,000,000.00) combined limit per accident for bodily injury and property damage. Such limits can be achieved through a combination of primary and excess liability policies.

10.2.3 Workers’ Compensation and Employers Liability

Workers’ compensation statutory limits as required by the Labor Code of the State of California and Employers Liability limits of One Million Dollars (\$1,000,000.00) per accident.

10.2.4 RESERVED

10.2.5 Pollution and Environmental Liability

Covering the contractor’s operations to include onsite and offsite coverage for bodily injury (including death and mental anguish), property damage, defense costs and cleanup costs with minimum limits of Two Million Dollars (\$2,000,000) per loss and Five Million Dollars (\$5,000,000) total all losses. The policy shall contain no endorsements or provisions limiting contractual liability or coverage for cross liability of claims or suits by one insured against another. If coverage is written on a claims-made basis, the retroactive date shall precede the effective date of the initial Agreement and continuous coverage will be maintained or an extended reporting period will be exercised for a period of at least three (3) years from termination or expiration of this Agreement. Contractor shall maintain either an endorsement to its general liability policy, or

a separate policy of insurance covering environmental pollution and contamination.

10.3 Deductibles and Self-Insured Retentions

All deductibles or self-insured retentions (i) shall be for the account of Contractor and paid entirely by Contractor without contribution from City, and (ii) shall be declared to City. If, in the reasonable opinion of the City, Contractor does not have sufficient financial resources to protect the City from exposure with respect to any deductibles or self-insured retentions Contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

10.4 Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

10.4.1 General Liability, Auto Liability, and Pollution and Environmental Liability

City and its elected and appointed officials, officers, employees, agents and volunteers shall be named as additional insureds in connection with liability arising out of activities performed by or on behalf of Contractor; Premises owned, leased or used by Contractor. The coverage shall contain no special limitations on the scope of protection afforded to City or its elected and appointed officials, officers, employees, agents and volunteers. As respects the liabilities assumed by Contractor under this Agreement, Contractor's insurance coverage shall be the primary insurance for the City and its elected and appointed officials, officers, employees, agents and volunteers in connection with the above enumerated categories. Any insurance or self-insurance maintained by City or its elected and appointed officials, officers, employees, agents and volunteers shall be in excess of Contractor's insurance and shall not contribute with it. Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to City or its elected and appointed officials, officers, employees, agents and volunteers. Coverage shall state that Contractor's insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.

10.4.2 General Liability, Auto Liability, Pollution and Environmental Liability, and Workers' Compensation and Employers Liability Coverage

The insurer shall agree to waive all rights of subrogation against City and its elected and appointed officials, officers, employees, agents and volunteers for losses arising from work performed by Contractor for City. A Waiver of Subrogation Endorsement must be issued to City by the insurer.

10.4.3 All Coverages

Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days' prior written notice has been given to City. Additionally, Contractor agrees that it will not suspend, void or reduce in coverage or limits of each insurance policy required by this clause without notice to the City.

Contractor shall provide written notice to City within ten (10) business days if: (1) any of

the required insurance policies are terminated; or (2) the deductible or self-insured retention are increased. In the event any of said policies of insurance are cancelled, Contractor shall, prior to the cancellation date, submit new evidence of insurance in conformance with this Section 10 to the City Manager.

10.5 Acceptability of Insurers

The insurance policies required by this Section shall be issued by an insurance company or companies authorized to do business in the State of California and with a rating in the most recent edition of Best's Insurance Reports of size category VII or larger and a rating classification of A or better, unless otherwise approved by the City Manager.

10.6 Verification of Coverage

Contractor shall furnish City with certificates of insurance and with original endorsements affecting coverage required by this Article. The certificates and endorsements for each insurance policy are to be signed by a Person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be on forms provided by or acceptable to City and are to be received and approved by City before work commences.

10.7 Loss or Reduction in Insurance

In the event that Contractor fails to retain or maintain insurance with the scope and amounts of coverage required hereunder, City shall have the right, but not the obligation to terminate this Agreement.

SECTION 11 ASSIGNMENT, SUBLETTING, AND TRANSFER; REQUIREMENTS AND LIMITATIONS

11.1 General

Contractor shall not assign any portion of or all of its rights, nor delegate, subcontract or otherwise transfer any portion of or all of its obligations under this Agreement (collectively referred to as an "Assignment") to any other Person without the prior approval by the City Council. The City Council has unfettered discretion to approve or deny such an Assignment. The City Council's exercise of its unfettered discretion may include City Council review and approval of any Assignment terms, including, but not limited to, insurance obligations, indemnification language, bonding requirements, and any and all other terms the City Council may in its unfettered discretion require. Any such Assignment made without the approval by the City Council shall be void and the attempted Assignment shall constitute a material breach of this Agreement.

11.2 Assignment to be Broadly Interpreted

For purposes of this Section, the term "Assignment" shall be given the broadest possible interpretation, and shall include, but not be limited to: (i) a sale, exchange or other transfer of substantially all of Contractor's assets dedicated to service under this Agreement to a third party; (ii) a sale, exchange or other transfer of any membership interest of Contractor to a third party;

(iii) any dissolution, reorganization, consolidation, merger, re-capitalization, stock issuance or re-issuance, voting trust, pooling agreement, escrow arrangement, liquidation or other transaction which results in a change of ownership or control of Contractor; (iv) any assignment by operation of law, including those resulting from mergers or acquisitions by or of Contractor or any of its Affiliates, insolvency or bankruptcy, making assignment for the benefit of creditors, writ of attachment for an execution being levied against this Agreement, appointment of a receiver taking possession of Contractor's property, or transfer occurring in the event of a probate proceeding; (v) any combination of the foregoing (whether or not in related or contemporaneous transactions) which has the effect of any such transfer or change of ownership, or change of control of Contractor; and (vi) Contractor's subcontracting of only a portion of its rights and obligations under this Agreement (*e.g.*, the Household Hazardous Waste Door-to-Door Collection service).

11.3 Nature of Agreement – Personal to Contractor

Contractor acknowledges that this Agreement involves rendering a vital service to City's residents, and that City has selected Contractor to perform the services specified herein based on (1) Contractor's experience, skill and reputation for conducting its Solid Waste Handling Services in a safe, effective and responsible fashion, at all times in keeping with applicable Environmental Laws, regulations and best Solid Waste management practices, and (2) Contractor's financial resources to maintain the required equipment and to support its indemnity obligations to City under this Agreement. City has relied on each of these factors, among others, in choosing Contractor to perform the services to be rendered by Contractor under this Agreement.

11.4 Procedure for Consideration of Assignment

If Contractor requests City's consideration of and consent to an Assignment, the City Council may deny, approve or conditionally approve such request in its sole and absolute discretion. Under no circumstances shall City be obliged to consider any proposed Assignment if Contractor is in default at any time during the period of consideration. Should the City consent to any Assignment request, such Assignment shall not take effect until all conditions relating to the City's approval have been met.

SECTION 12

CITY'S REMEDIES; DEFAULT, TERMINATION AND LIQUIDATED DAMAGES

12.1 Termination

(A) City may terminate this Agreement, with or without cause, at any time by giving thirty (30) days written notice of termination to Contractor. In the event such notice is given, City may require Contractor to cease immediately all work in progress.

(B) Contractor may terminate this Agreement at any time upon sixty (60) days written notice of termination to City. In the event such notice is given, City may require Contractor to cease immediately all work in progress.

(C) If Contractor fails to perform any material obligation under this Agreement, then, in addition to any other remedies, City may terminate this Agreement immediately upon written notice.

(D) Upon termination of this Agreement by either Contractor or City, all property belonging exclusively to City which is in Contractor's possession shall be returned to City immediately upon demand by City, notwithstanding any billing disputes that may then exist under this Agreement. Contractor shall furnish to City a final invoice for work performed and expenses incurred by Contractor, prepared as set forth in Section 9 of this Agreement. This final invoice shall be reviewed and paid in the same manner as set forth in Section 9 of this Agreement.

12.2 Liquidated Damages

12.2.1 General

The City finds, and Contractor agrees, that as of the time of the execution of this Agreement, it is impractical, if not impossible, to reasonably ascertain the extent of damages which shall be incurred by City as a result of a breach by Contractor of certain specific obligations under this Agreement. The factors relating to the impracticability of ascertaining damages include, but are not limited to, the fact that: (i) substantial damage results to members of the public who are denied services or denied quality or reliable service; (ii) such breaches cause inconvenience, anxiety, frustration, and deprivation of the benefits of the Agreement to individual members of the general public for whose benefit this Agreement exists, in subjective ways and in varying degrees of intensity which are incapable of measurement in precise monetary terms; (iii) that the services that are the subject of this Agreement might be available at substantially lower costs than alternative services and the monetary loss resulting from denial of services or denial of quality or reliable services is impossible to calculate in precise monetary terms; and (iv) the termination of this Agreement for such specific breaches, and other remedies are, at best, a means of future correction and not remedies which make the public whole for past breaches.

12.2.2 Service Performance Standards; Liquidated Damages for Failure to Meet Standards

The parties further acknowledge that consistent, reliable Waste Handling Service is of utmost importance to City and that City has considered and relied on Contractor's representations as to its quality of service commitment in entering this Agreement with it. The parties further recognize that some quantified standards of performance are necessary and appropriate to ensure consistent and reliable service and performance. The parties further recognize that if Contractor fails to achieve the performance standards, or fails to submit required documents in a timely manner, City and its residents will suffer damages and that it is and will be impractical and extremely difficult to ascertain and determine the exact amount of damages which City will suffer. Therefore, without prejudice to City's right to treat such breaches as an event of default, the parties agree that the following liquidated damage amounts represent a reasonable estimate of the amount of such damages for such specific breaches, considering all of the circumstances existing on the date of this Agreement, including the relationship of the sums to the range of harm to City that reasonably could be anticipated and the anticipation that proof of actual damages would be costly or impractical. In placing their initials at the places provided, each party specifically confirms the accuracy of the statements made above and the fact that each party has had ample opportunity to consult with legal counsel and obtain an explanation of the liquidated damage provisions at the time that the Agreement was made.

Contractor
Initial Here _____

City
Initial Here _____

12.2.3 Calculations for Liquidated Damages

Contractor agrees to pay (as liquidated damages and not as a penalty) the amounts set forth below for each type of action warranting such damages:

(A) For each failure to process Customer complaints to City as required herein, which exceeds five (5) such occurrences annually: \$100.00.

12.2.4 Process for Assessment of Liquidated Damages

(A) City may determine the occurrence of events giving rise to liquidated damages through the observation of its own employees or representative or through an investigation of Customer complaints. It is the desire of the parties to work together to avoid the imposition of liquidated damages and accordingly City will endeavor to timely communicate to Contractor any information that it receives which might give rise the imposition of liquidated damages in order to facilitate Contractor's ability to correct any deficiency, or prevent the recurrence of any conduct for which liquidated damages might eventually be imposed.

(B) Prior to assessing liquidated damages, City shall give Contractor notice of its intention to do so. The notice will include a brief description of the incident(s)/non-performance. Contractor may review (and make copies at its own expense) all information in the possession of City relating to incident(s)/non-performance. Contractor may, within ten (10) days after receiving the notice, request a meeting with the City Manager. Contractor may present evidence in writing and through testimony of its employees and others relevant to the incident(s)/non-performance. The City Manager will provide Contractor with a written explanation of his or her determination on each incident(s)/non-performance prior to authorizing the assessment of liquidated damages. The decision of City Manager shall be final.

(C) City may assess liquidated damages for each calendar day or event, as appropriate, that Contractor is determined to be liable in accordance with this Agreement.

12.2.5 Timing of Payment

Contractor shall pay any liquidated damages assessed by City within ten (10) days after they are assessed. If they are not paid within the ten (10) day period, City may find Contractor in default and exercise its right to immediately terminate this Agreement as set forth herein.

SECTION 13 CITY'S ADDITIONAL REMEDIES

In addition to any other remedies set forth herein, City shall be entitled to any or all of the following rights and remedies in the event of a breach of this Agreement by Contractor:

(A) The right to license others to perform the services otherwise to be performed by Contractor hereunder, or to perform such services itself; and

(B) The right to obtain damages and/or injunctive relief. Both parties recognize and agree that in the event of a breach of this Agreement by Contractor, City will suffer irreparable injury

and incalculable damages sufficient to support injunctive relief, to specifically enforce the provisions of this Agreement, and to enjoin the breach hereof.

SECTION 14 PRIVACY

(A) All information gained or work product produced by Contractor in performance of this Agreement shall be considered confidential, unless such information is in the public domain or already known to Contractor. Contractor shall not release or disclose any such information or work product to persons or entities other than City without prior written authorization from the City Manager, except as may be required by law.

(B) Contractor, its officers, employees, agents or subcontractors, shall not, without prior written authorization from the City Manager or unless requested by the City Attorney of City, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement. Response to a subpoena or court order shall not be considered "voluntary" provided Contractor gives City notice of such court order or subpoena.

(C) If Contractor, or any officer, employee, agent or subcontractor of Contractor, provides any information or work product in violation of this Agreement, then City shall have the right to reimbursement and indemnity from Contractor for any damages, costs and fees, including attorneys' fees, caused by or incurred as a result of Contractor's conduct.

(D) Contractor shall promptly notify City should Contractor, its officers, officials, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement or the work performed thereunder. City retains the right, but has no obligation, to be present at any deposition, hearing or similar proceeding. Contractor agrees to cooperate fully with City and to provide City with the opportunity to review any response to discovery requests provided by Contractor. However, this right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

SECTION 15 REPORTS

The parties acknowledge that City may require reporting at various intervals by which information important to City can be compiled and analyzed. Throughout the Term of this Agreement the parties agree to work together to address City's needs with respect to the format of and information to be contained in reports prepared by Contractor.

At a minimum, Contractor shall report the following to City on a monthly basis, within thirty (30) days of the end of each month: Waste collected by Contractor, sorted by type of Waste in measurements broken down at a level acceptable to City, as well as by Customer and collection address; and, the facilities where all Waste collected was processed or disposed.

Contractor shall submit Form 303 Household Hazardous Waste Collection Information

(Form 303), on behalf of the City, to CalRecycle for Fiscal Year 2021-22 and for each preceding fiscal year throughout the Term of the Agreement. Contractor shall provide City with a copy of the annual Form 303 submitted to CalRecycle and proof of submission within thirty (30) days of submittal to CalRecycle. Should Contractor no longer be able to submit Form 303 to CalRecycle on behalf of the City, Contractor shall notify the City at least thirty (30) days prior to the end of the current fiscal year.

SECTION 16 IDENTIFICATION OF CONTRACTOR

Contractor has agreed to use the name WM Curbside, LLC or Waste Management to identify itself to the public as the specific organization that shall provide all services under this Agreement. Unless otherwise approved in writing by City, this name shall be used for all correspondence, Billing statements, directory listings, references, signs, Collection Vehicles, and drop boxes.

SECTION 17 INDEMNIFICATION

17.1 General

(A) Contractor hereby agrees to and shall indemnify and hold harmless City, its elected and appointed officials, officers, employees, agents, and volunteers (collectively the “Indemnities”) from and against any and all loss, liability, penalty, forfeiture, claim, demand, action, proceeding or suit in law or equity of any and every kind and description (including, but not limited to, injury to and death of any Person and damage to property, or for contribution or indemnity claimed by third parties) arising out of, resulting from, and/or in any way connected with Contractor’s performance of this Agreement including: (1) the negligence or willful misconduct of Contractor, its officers, employees, agents, and/or subcontractors in performing services under this Agreement; (2) the failure of Contractor, its officers, employees, agents, and/or subcontractors to comply in all respects with the provisions of this Agreement, all Applicable Laws (including, without limitation, the Environmental Laws), ordinances and regulations, and/or applicable permits and licenses; (3) the acts of Contractor, its officers, employees, agents, and/or subcontractors in performing services under this Agreement for which strict liability is imposed by law (including, without limitation, the Environmental Laws); and (4) any challenge to the award of, or any provisions of this Agreement (including any claim that the application of any provision hereof violates any provision of the California Constitution). The foregoing indemnity and hold harmless provisions shall apply regardless of whether such loss, liability, penalty, forfeiture, claim, demand, action, proceeding, suit, injury, death or damage is also caused in part by any of Indemnities’ negligence, but shall not extend to matters resulting from Indemnities’ sole negligence, or willful misconduct. Contractor further agrees to and shall, upon demand of City, at Contractor’s sole cost and expense, defend (with attorneys acceptable to City) Indemnities against any claims, actions, suits in law or equity or other proceedings, whether judicial, quasi-judicial or administrative in nature, arising or resulting from any of the aforementioned events, and to reimburse City for any and all reasonable costs and expenses City incurs in providing any such defense, either before, during or after the time Contractor elects to provide such defense, including any and all costs incurred in overseeing any defense to be provided herein by Contractor.

(B) Contractor, upon demand of City, made by and through the City Attorney, shall protect City and appear in and defend Indemnities, in any claims or actions by third parties, whether judicial, administrative or otherwise, including, but not limited to disputes and litigation over the scope of the rights granted herein, conflicts between the rights granted herein and rights asserted by other Persons, or the limits of City's authority with respect to the grant of licenses, or agreements, exclusive or otherwise, asserting rights under the Dormant Commerce Clause or any other federal or state laws to provide Collection services in the City.

(C) The provisions of this Section shall not terminate or expire, shall be given the broadest possible interpretation, and shall survive the expiration or earlier termination of this Agreement.

17.2 Hazardous Substances Indemnification

(A) Without regard to any insurance coverage or requirements, and without limiting the above general indemnification obligation in any way, Contractor specifically agrees to and shall, to the maximum extent permitted by law, defend (with counsel acceptable to City) reimburse, indemnify, and hold City, its elected and appointed officials, officers, employees, agents, and volunteers (hereinafter "Indemnified Parties") harmless from and against any and all claims, actions, liabilities, damages, demands, judgments, losses, costs, liens, expenses, suits, actions, attorneys' fees, consultant fees, penalties and any and all other losses, damages, fees and expenses of whatever kind or nature ("Claims") (including but not limited to response costs, investigative costs, assessment costs, monitoring costs, treatment costs, cleanup costs, removal costs, remediation costs, and similar costs, damages and expenses) that arise out of or are alleged to arise out of or in any way relate to any action, inaction or omission of Contractor that:

(1) results in any demand, claim, notice, order, or lawsuit, asserting that any Indemnified Party is liable, responsible or in any way obligated to investigate, assess, monitor, study, test, treat, remove, remediate, or otherwise cleanup, any Hazardous Contaminant (as defined herein); or

(2) relates to material collected, transported, recycled, processed, treated or disposed of by Contractor.

(B) Contractor's obligations pursuant to this Section shall apply, without limitation, to:

(1) any Claims brought pursuant to or based on the provisions of the Environmental Laws, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. § 9601 et seq., the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. § 6901 et seq., the Carpenter-Presley-Tanner Hazardous Substances Account Act (California Health & Safety Code Sections 25300 et seq.), the California Hazardous Waste Control Laws (California Health and Safety Code Sections 25100 et seq.), the California Porter-Cologne Act (California Water Code Section 13000 et seq.), and any and all amendments and regulations thereto, and any other federal, state, regional or local environmental statutory or regulatory provision;

(2) any Claims based on or arising out of or alleged to be arising out of the ownership, use, lease, sale, design, construction, maintenance or operation by Contractor of any facility;

(3) any Claims based on or arising out of or alleged to be arising out of the marketing, sale, distribution, storage, transportation, disposal, processing or use of any materials recovered by Contractor; and

(4) any Claims based on or arising out of or alleged to be arising out of any breach of any express or implied warranty, representation or covenant arising out of or in connection with this Agreement.

(C) The foregoing indemnity and defense obligations shall apply irrespective of the negligence or willful misconduct of Contractor or any Affiliate of Contractor.

(D) For purposes of this Agreement, the term “Hazardous Contaminant” shall mean any “hazardous material,” as that term is defined under California Health & Safety Code Section 25501(n); any “hazardous substance,” as that term is defined herein or under California Health & Safety Code Sections 25281(h), 25501(n), 25501.1 and under Title 42, Section 9601(14) of the United States Code; any “hazardous waste,” as that term is defined herein and under Title 42, Section 6903(5) of the United States Code and under California Health & Safety Code Section 25501(n); any chemical which the Governor has identified as a chemical known to the State to cause cancer or reproductive toxicity pursuant to California Health & Safety Code Section 25249.8; any crude oil or refined or unrefined petroleum product or any fraction or derivative thereof; and any asbestos or asbestos-containing material. The term “Hazardous Contaminant” shall also include any and all amendments to the above-referenced statutory and regulatory provisions made before or after the date of execution of this Agreement.

(E) The provisions of this Section shall not terminate or expire, shall be given the broadest possible interpretation, and shall survive the expiration or earlier termination of this Agreement.

(F) With regard to any claim covered by this provision arising from the delivery of Waste to the Orange County landfill system pursuant to the terms of the County Agreement, the indemnity provisions hereof are intended to be supplemental to any indemnification obligations owed to the City by the County of Orange pursuant to the County Agreement.

SECTION 18 CONTRACTOR'S BOOKS AND RECORDS; AUDITS

18.1 Maintenance and Inspection of Records

(A) Contractor shall maintain any and all documents and records demonstrating or relating to Contractor's and any of Contractor's subcontractors' performance of services pursuant to this Agreement. Contractor shall maintain any and all drafts of studies or planning documents, correspondence, notices, ledgers, books of account, invoices, vouchers, canceled checks, or other documents or records evidencing or relating to work, services, expenditures and disbursements charged to City pursuant to this Agreement. Any and all such documents or records shall be maintained in accordance with generally accepted accounting principles and shall be sufficiently complete and detailed so as to permit an accurate evaluation of the services provided by Contractor pursuant to this Agreement. Any and all such documents or records shall be maintained for five (5) years from the end of the term of this Agreement and to the extent required by laws relating to audits of public agencies and their expenditures.

(B) Any and all records or documents required to be maintained pursuant to this section shall be made available for inspection, audit and copying, at any time during regular business hours, upon written request by City, Federal government, State of California, or their designated representatives. Copies of such documents or records shall be provided directly to the requesting party for inspection, audit and copying when it is practical to do so; otherwise, unless an alternative is mutually agreed upon, such documents and records shall be made available at Contractor's address indicated for receipt of notices in this Agreement.

(C) Where City has reason to believe that any of the documents or records required to be maintained pursuant to this section may be lost or discarded due to dissolution or termination of Contractor's business, City may, by written request, require that custody of such documents or records be given to the requesting party and that such documents and records be maintained by the requesting party. Access to such documents and records shall be granted to City, as well as to its successors in interest and authorized representatives.

(D) Contractor shall prepare and submit to City reports concerning the performance of the work in this Agreement as City shall require.

SECTION 19 TRANSITION OBLIGATIONS

At the end of the Term of this Agreement, or in the event this Agreement is terminated for cause prior to the end of the Term, Contractor shall cooperate fully with City and any subsequent waste handling enterprise it designates to assure a smooth transition of any or all Waste Handling Services. Contractor's cooperation shall include, but not be limited to, providing operating and billing records needed to service all premises covered by this Agreement. The failure to cooperate with City following termination shall be conclusively presumed to be grounds for specific performance of this covenant and/or other equitable relief necessary to enforce this covenant.

Contractor shall provide any new waste handling enterprise with all keys, security codes and remote controls used to access locations where drop boxes are located. Contractor shall be responsible for coordinating transfer immediately after its final collection activities, so as to not disrupt services, including coordinating with the new waste handling enterprise on the removal of Contractor's drop boxes and the delivery of the new waste handling enterprise's drop boxes. Contractor shall provide means of access to the new waste handling enterprise at least one (1) full business day prior to its first day of collection, and within sufficient time so as to not impede in any way the new waste handling enterprise from easily servicing all Containers.

SECTION 20 GENERAL PROVISIONS

20.1 Not An Exclusive Franchise Agreement/Not An Exclusive Contract

This Agreement is not an exclusive franchise agreement. Contractor understands and acknowledges that this Agreement does not confer any exclusive franchise, contract, right, or privilege to collect, transport, and dispose of Waste generated or accumulated within City Limits.

20.2 Force Majeure

City may, in its discretion, terminate this Agreement in the event it determines it is reasonable or necessary to do so due to the occurrence of a Force Majeure event as defined herein. Likewise, Contractor shall not be in default under this Agreement in the event that its ability to provide Waste Handling Services, in compliance with its obligation to do so hereunder, is interrupted because of such an event.

20.3 Independent Contractor

Contractor is an independent contractor and not an officer, agent, servant, or employee of City. Contractor is solely responsible for the acts and omissions of its officers, agents, employees, and subcontractors, if any. Nothing in this Agreement shall be construed as creating a partnership or joint venture between City and Contractor. Neither Contractor nor its officers, employees, agents, or subcontractors shall obtain any rights to retirement or other benefits which accrue to City employees.

20.4 Pavement Damage

Contractor shall be responsible for the cost of repair of any extraordinary damage to the public streets and streets, whether or not paved, located within the City resulting from providing the services required hereunder.

20.5 Property Damage

Any physical damage caused by the negligent or willful acts or omissions of employees, agents, or subcontractors of Contractor to private or public property shall be promptly repaired or replaced at Contractor's expense.

20.6 Right of Entry

Contractor shall not have the right, until Contractor receives permission from the property owner, to enter or drive on any private street, court, place, easement, or other private property for the purpose of providing Solid Waste Handling Services pursuant to this Agreement.

20.7 Law to Govern; Venue

The laws of the State of California shall govern this Agreement. In the event of litigation between the parties, venue in state trial courts shall lie exclusively in the County of Orange and venue in federal trial courts shall lie exclusively in the District of California in which City is located.

20.8 Amendment

No amendment to or modification of this Agreement shall be valid unless made in writing and approved by the Contractor and by the City Council or City Manager. The parties agree that this requirement for written modifications cannot be waived and that any attempted waiver shall be void.

20.9 Notices

All notices required or permitted to be given under this Agreement shall be in writing and shall be personally delivered or sent by United States certified mail, postage prepaid, return receipt requested, and addressed as follows:

To City: City of Laguna Woods
Attn: City Manager
24264 El Toro Road
Laguna Woods, CA 92637

To Contractor: WM Curbside, LLC
ATTN: Reggie Pestano
10633 Ruchti Road
South Gate, CA 90280

With a courtesy
copy to: USA Waste of California, Inc.
ATTN: Senior Legal Counsel
9081 Tujunga Avenue
Sun Valley, CA 91352

or to such other address as either party may from time to time designate by notice to the other given in accordance with this Section. Notice shall be deemed given on the date served if served personally between the hours of 8:00 a.m. to 5:00 p.m. on any regular business day for City's business offices. If mailed, notice shall be deemed given three (3) business days from the date such notice is deposited in the United States mail in the manner proscribed above.

20.10 Savings Clause

If any non-material provision of this Agreement is for any reason held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect the validity and enforceability of any of the remaining provisions of this Agreement.

20.11 Exhibits Incorporated

Exhibit A is attached to and incorporated in this Agreement by reference.

Exhibit B is attached to and incorporated in this Agreement by reference.

20.12 Joint Drafting

This Agreement shall be interpreted as if it were drafted jointly by the parties to the Agreement.

20.13 Attorneys' Fees and Litigation Costs

In the event either party brings any action or proceeding to enforce or interpret the terms or provisions of this Agreement, the prevailing party in any such action or proceeding shall be entitled to recover its reasonable attorneys' fees and other litigation costs and expenses, including without limitation expert witness fees, consultant fees and costs. Without limiting its scope in any

way, this provision is expressly intended to, and shall, apply to fees and costs incurred in any appeal.

20.14 City's Authorized Agent

Notwithstanding anything contained herein to the contrary, and excepting amendments hereto and such actions set forth herein specifically calling for City Council action or approval, the City Manager is designated as the City's authorized agent to take any action with regard to any matter, or enforce any right, set forth herein requiring action by the City.

20.15 Integrated Agreement

This Agreement contains the entire integrated agreement and understanding concerning the subject matter herein and supersedes and replaces any prior negotiations, promises, proposals, and agreements between the Parties, whether written or oral. The Parties acknowledges this document has been executed with the consent and upon the advice of counsel. Each of the Parties acknowledges that no party or agent or attorney of any other party has made any promise, representation, or warranty, express or implied, not contained in this Agreement, to induce the other party to execute this instrument.

20.16 Section Headings

The section headings in this Agreement are for convenience of reference only and are not intended to be used in the construction of this Agreement nor to alter or affect any of its provisions.

20.17 Compliance with Law

(A) In providing the services required under this Agreement, Contractor shall at all times, at its sole cost, comply with all Applicable Laws, including the laws and regulations of the United States, the State of California, the provisions of the Municipal Code, and any federal, state, regional or local administrative and regulatory agencies, now in force and as they may be enacted, issued or amended.

(B) Contractor shall keep itself informed of and comply with all applicable federal, state and local laws, statutes, codes, ordinances, regulations and rules in effect during the Term of this Agreement, including but not limited to regulations and rules pertaining to any grant awards or third-party funding with which this Agreement is funded in whole or in part. Contractor shall obtain any and all licenses, permits and authorizations necessary to perform the services set forth in this Agreement. Neither City, its elected and appointed officials, officers, employees, agents, or volunteers, shall be liable, at law or in equity, as a result of any failure of Contractor to comply with this Section.

(C) Contractor shall not be debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs, or from receiving Federal contracts, subcontracts, or financial or nonfinancial assistance or benefits, under Executive Order 12549, "Debarment and Suspension" (24 CFR 85.35) or other Federal laws, statutes, codes, ordinances, regulations or rules, at any time during the Term of this Agreement.

20.18 Nondiscrimination

Contractor shall not discriminate, in any way, against any person on the basis of race, religion, creed, color, national origin, ancestry, physical or mental disability, medical condition, pregnancy, childbirth or related medical conditions, veteran status, sexual orientation, gender identity or expression, genetic information, marital status, military or veteran status, sex, age over 40 years, or any other basis protected by applicable federal, state, or local law, including association with individuals with one or more of these protected characteristics or perception that an individual has one or more of these protected characteristics in connection with or related to the performance of this Agreement.

20.19 Unauthorized Aliens

Contractor shall comply with all of the provisions of the Federal Immigration and Nationality Act, 8 U.S.C.A. §§ 1101, et seq., as amended from time to time or replaced by a successor statute, and in connection therewith, shall not employ unauthorized aliens as defined therein. The term "unauthorized aliens" means and includes "undocumented foreign nationals" as defined in the proposed Federal Correcting Hurtful and Alienating Names in Government Expression (CHANGE) Act (H.R. 3785, introduced October 21, 2015). Should Contractor so employ such unauthorized aliens for the performance of work and/or services covered by this Agreement, and should the any liability or sanctions be imposed against City for such use of unauthorized aliens, Contractor shall reimburse City for the cost of all such liabilities or sanctions imposed, together with any and all costs, including attorneys' fees, incurred by City.

20.20 No Third-Party Beneficiaries

Except as otherwise provided for in this Agreement, nothing in this Agreement, whether expressed or implied, is intended to confer any rights on any persons other than the parties to the Agreement and their representatives, successors, and permitted assigns.

[SIGNATURES ON NEXT PAGE]

“City”

CITY OF LAGUNA WOODS

Dated: _____

By: _____

Shari L. Horne, Mayor

ATTEST:

By: _____

Yolie Trippy, CMC, City Clerk

APPROVED AS TO FORM:

By: _____

David B. Cosgrove, City Attorney

“Contractor”

WM CURBSIDE, LLC

Dated: _____

By: _____

Doug Corcoran, Vice President

EXHIBIT A
**MAXIMUM RATE SCHEDULE FOR HOUSEHOLD HAZARDOUS WASTE
HANDLING SERVICES**

Rates during the Term of this Agreement shall be:

SERVICE	RATE	MINIMUM CHARGE
Household Hazardous Waste Door-to-Door Collection	\$170 per collection	\$1,020 per collection day (equivalent of six collections)
No Household Hazardous Waste collected (waste was not out and ready for collection) for each scheduled Household Hazardous Waste Door-to-Door Collection	\$40 per stop for routes with more than six stops	N/A
Medication Waste Drop Box Collection	\$150 per collection and \$4.75 per pound of Medication Waste collected	N/A
Sharps Waste Drop Box Collection	\$200 for the first drop box per collection and \$140 for each additional drop box per collection (the Sharps Waste collected from each drop box shall weigh a maximum of 50 pounds)	N/A
Non-Vehicle Battery Waste Drop Box Collection	\$2 per pound of Non-Vehicle Battery collected	\$100 per collection
Provision of Drop Boxes to City	No Charge	N/A
Compressed Gas Cylinders	\$50 per 1-liter propane cylinder collected after the first 80 collected each fiscal year \$50 per fire extinguisher collected after the first 50 collected each fiscal year \$1250 per 5-gallon/BBQ propane cylinder collected after the first 30 collected each fiscal year	N/A

Contractor's rates contained in the table above shall increase on July 1 of each calendar year (beginning on July 1, 2022) in the amount of any increase in the Bureau of Labor Statistics' Los Angeles-Long Beach-Anaheim Consumer Price Index for All Urban Consumers (CPI-U), between May of the then-current and previous years.

EXHIBIT B
HOUSEHOLD HAZARDOUS WASTE ACCEPTABLE MATERIALS

“Household Hazardous Waste” shall have the meaning set forth in California Health and Safety Code § 25218.1(e), as amended from time to time or replaced by a successor statute, and, at a minimum, include the following materials:

Automotive Products: Antifreeze, brake fluid, cleaner, motor oil, oil filter, polish, wax, hydraulic fluid, transmission fluid, gasoline, diesel fuel, oily rags – *excludes tires*

Flammable and Combustible Materials: Kerosene, solvent, certain cleaners – *excludes ammunition, explosives, and roadside flares*

Fluorescent Tubes and Compact Fluorescent Lamps (CFLs)

Garden Chemicals: Insect spray, weed killer, herbicide, fertilizer, insecticides, pesticides

Household Cleaners: Ammonia, cleaning compounds, floor stripper, drain cleaner, tile/shower cleaner, rust remover, carpet/upholstery cleaner

Mercury Containing Items: Thermostat, thermometer, switches – *excludes liquid mercury*

Miscellaneous Household Materials: Batteries, hobby glue, smoke detectors, fire extinguishers, pressurized cylinders (five gallons or less) – *excludes asbestos*

Paint Products: Latex paint, oil-based paint, thinner, artist’s paint, stripper, spray paint, wood preservative, stain, caulk, sealer

Sharps Waste as defined in this Agreement

Swimming Pool Chemicals: Pool acid, stabilizer, chlorine: tablets or liquid

Golf Cart, Golf Car, and Vehicle Batteries

City reserves the right to remove or exclude – either temporarily or otherwise – any material from the definition of “Household Hazardous Waste” set forth in this Exhibit B with at least 30 calendar days’ written notice to Contractor.

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8.1

**FISCAL YEARS 2021-23 BUDGET AND WORK
PLAN & FISCAL YEARS 2021-32 CAPITAL
IMPROVEMENT PROGRAM**

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City of Laguna Woods

Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Christopher Macon, City Manager

FOR: June 23, 2021 Adjourned Regular Meeting

SUBJECT: Fiscal Years 2021-23 Budget and Work Plan & Fiscal Years 2021-32 Capital Improvement Program

Recommendation

Adopt resolutions entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, ADOPTING THE FISCAL YEARS 2021-23 BUDGET AND WORK PLAN FOR FISCAL YEAR 2021-22 COMMENCING JULY 1, 2021 AND ENDING JUNE 30, 2022, AND FISCAL YEAR 2022-23 COMMENCING JULY 1, 2022 AND ENDING JUNE 30, 2023

AND

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, ADOPTING A NEW 11-YEAR CAPITAL IMPROVEMENT PROGRAM FOR FISCAL YEARS 2021-22 THROUGH 2031-32, IN CONFORMANCE WITH MEASURE M2 (OC GO) REQUIREMENTS AND APPLICABLE CITY POLICIES AND DISCRETION

AND

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, ADOPTING THE ANNUAL

APPROPRIATIONS LIMIT (GANN LIMIT) FOR FISCAL YEAR 2021-22
COMMENCING JULY 1, 2021 AND ENDING JUNE 30, 2022, IN
ACCORDANCE WITH ARTICLE XIIIB OF THE CALIFORNIA STATE
CONSTITUTION

Background

The proposed Fiscal Years 2021-23 Budget & Work Plan (Attachment A) outlines a scope of work and financial plan for the City to undertake during the fiscal years spanning the period of July 1, 2021 through June 30, 2023. The Fiscal Years 2021-32 Capital Improvement Program is incorporated therein.

City Council meetings were held on April 7, May 19, June 2, and June 16, 2021 to discuss and provide direction to staff on the development of the Fiscal Years 2021-23 Budget and Work Plan & Fiscal Years 2021-32 Capital Improvement Program. Each meeting included an opportunity for public input.

Discussion

Today's meeting is an opportunity for City Council action, as well as public input, on the proposed Fiscal Years 2021-23 Budget & Work Plan (Attachment A) and implementing resolutions (attachments B, C, and D).

The proposed budget and work plan adoption resolution (Attachment B) includes the establishment of three assigned reserves. The annual target for the Paid Leave Contingency Reserve is calculated based on 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. Once fiscal-year-end calculations are available to finalize such calculations, the City Council will be asked to adjust the annual targets for assigned reserves, accordingly.

Attachments: A – Proposed Fiscal Years 2021-23 Budget & Work Plan
B – Proposed Budget and Work Plan Adoption Resolution
C – Proposed Capital Improvement Program Adoption Resolution
Exhibit A – Fiscal Years 2021-32 Capital Improvement Program
D – Proposed Annual Appropriations Limit Adoption Resolution
Exhibit A – Annual Appropriations Limit Fiscal Year 2021-22 Calculation

City of Laguna Woods **Fiscal Years 2021-23 Budget & Work Plan**



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

June 23, 2021

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DRAFT

City of Laguna Woods
Fiscal Years 2021-23 Budget & Work Plan

June 23, 2021



Shari L. Horne
Mayor

Carol Moore
Mayor Pro Tem

Cynthia Conners
Councilmember

Noel Hatch
Councilmember

Ed H. Tao
Councilmember

Christopher Macon
City Manager

Liz Torres
Administrative Services Director/City Treasurer

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- A – Administrative Policy 2.9 (Budgeting, Reserves, and Reporting)
- B – Resolution No. 21-XX (Budget and Work Plan Adoption)
 (WILL BE INCLUDED IN THE ADOPTED BUDGET & WORK PLAN)
- C – Resolution No. 21-XX (Capital Improvement Program Adoption)
 (WILL BE INCLUDED IN THE ADOPTED BUDGET & WORK PLAN)
- D – Resolution No. 21-XX (Annual Appropriations Limit Adoption)
 (WILL BE INCLUDED IN THE ADOPTED BUDGET & WORK PLAN)
- E – Glossary of Terms and Acronyms

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TRANSMITTAL LETTER

June 23, 2021

Honorable Mayor and City Councilmembers:

It is my privilege to present the City of Laguna Woods' Fiscal Years 2021-23 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, 2021 through June 30, 2023.

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 associated with 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 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 2021-23 Budget & Work Plan is the City's third consecutive two-year budget and work plan. The preceding two-year budgets and work plans successfully provided longer-term financial forecasts, greater certainty regarding the sustainability of the City's operations, and heightened strategic vision. Like the development processes for the preceding two-year budgets and work plans, the most recent process included numerous opportunities for public input, which are summarized in Chapter 3.0 (City Budget Practices).

Prior Year Reflections

As this budget and work plan is adopted, the world continues to grapple with COVID-19. The City operated under a proclaimed state of local emergency from March 19, 2020 through April 7, 2021. Since the onset of COVID-19, the City has been actively engaged with the County of Orange, other cities, and local parties, and taken actions including the following:

- Kept City Hall and its building permitting operations open and available with only one day closed after Governor Newsom's initial Stay-at-Home Order and three days closed as a precaution due to COVID-19 exposure
- Hosted a COVID-19 testing kiosk at City Hall
- Provided \$219,092.75 in financial support to residents and businesses
 - Business Closure Assistance Program -- \$96,000.00
 - Home Electric Utility Subsidy Program -- \$12,962.07
 - Face Coverings Reimbursement Program -- \$86,302.52
 - Facility Disinfection Reimbursement Program -- \$9,039.16
 - Foundation of Laguna Woods Village -- \$14,789.00
- Performed multiple rounds of one-on-one outreach to ensure businesses were aware of COVID-19-related financial assistance programs
- Waived special event permit, temporary shade structure (commercial) building permit, and temporary sign permit fees
- Established a no-cost permitting process to allow restaurants, hair salons, barbershops, and personal care businesses to operate outdoors
- Launched online customer self-service opportunities, including building permit application initiation, building inspection scheduling, and notary and foreign pension acknowledgement appointment scheduling
- Provided traffic control on Moulton Parkway in support of the Laguna Woods Village Vaccination Project

[Service Level Indicators – 2019 and 2020]

	2019	2020*
<i>Building Permitting</i>		
Building Permits Issued	4,390	1,588
Building Inspections Conducted	4,200+	3,238
<i>Capital Improvements & Maintenance</i>		
Curb Ramps Reconstructed**	7	7
Pavement Rehabilitated (square feet)**	42,032	62,756
Sidewalks Reconstructed (square feet)**	-	4,391.5
<i>Public Safety Calls for Service</i>		
Animal Services	397	533
Fire/Emergency Medical Services	5,208	5,906
Law Enforcement Services	3,562	3,795
<i>Senior Mobility Program</i>		
Trips (All Destinations)	5,640	1,827
Non-Emergency Medical	2,988	1,034
Trip Miles (All Destinations)	46,637	15,630
<i>Waste & Recycling</i>		
Household Hazardous Waste Collected Door-to-Door (pounds)	7,396	4,556
Waste Collected through City Hall Drop-off Program (pounds)	4,267	3,060
Batteries (pounds)	2,875	2,149
Medicine (pounds)	786	442
Sharps (pounds)	606	469
Waste Diverted from Landfills (tons)***	22,419	22,254
Waste Diverted (%)***	71%	74%
<i>Other Figures</i>		
Foreign Pensions Acknowledged	117	58
Signatures Notarized	1,338	682
Library Materials Checked Out	18,345	13,896

* Service level indicators for 2020 were impacted by COVID-19.

** Data is reported in the calendar year projects were accepted as complete.

*** Data is reported by fiscal year in the year ended (e.g., Fiscal Year 2018-19 is reported in 2019).

Status of Employee Pension and Benefit Liabilities

For the past four years, the City has taken actions to fully fund its California Public Employees' Retirement System ("CalPERS") pension plans according to

then-current actuarial projections. In addition to reducing actual liabilities, those actions have lowered annual costs and bolstered the City's ability to weather future CalPERS rate changes. For additional information on the City's management of employee pension liabilities, please refer to the CalPERS discussion beginning on page 5.0-19.

The City has been similarly prudent in prefunding its statutorily-required other post-employment benefits ("OPEB") liabilities. Since Fiscal Year 2015-16, the City has maintained an irrevocable trust fund to prefund OPEB liabilities. As of June 2020, the trust fund's prefunding level was equal to 80% of projected OPEB benefits. For additional information on the City's prefunding of OPEB liabilities, please refer to the OPEB discussion on page 5.0-21.

Financial Reporting and Annual Independent Audits

Fiscal Year 2019-20 was the sixth year for which an Annual Comprehensive Financial Report ("ACFR") was prepared with each of the sections prescribed by the Governmental Accounting Standards Board ("GASB"). Preparation of an ACFR includes a more detailed presentation of financial statements than is required by law and is optional, but encouraged, by GASB. The City has been awarded the Government Finance Officers Association's "Certificate of Achievement for Excellence in Financial Reporting" for each of its ACFRs with evaluation of the Fiscal Year 2019-20 ACFR pending.

The City's annual independent audits for both fiscal years 2018-19 and 2019-20 resulted in unmodified (clean) opinions that the financial statements were fairly presented in conformity with governmental accounting standards.

California State Auditor's Office Ranking

The California State Auditor's Office maintains an Interactive Dashboard for its High-Risk Local Government Agency Audit Program ("Dashboard"), which ranks cities annually based on detailed information about their fiscal health. The rankings are used by the California State Auditor's Office to determine whether a city is at risk of fiscal distress.

The most current Dashboard data applies to Fiscal Year 2018-19. The City ranks 11th lowest risk in California (of 453 cities assessed) with an overall score of 96.47 out of 100 points possible. The City also ranks lowest risk in the Los Angeles Region (of 128 cities assessed in Los Angeles, Orange, and Ventura counties) and lowest risk in Orange County (of 34 cities).

In developing the Dashboard, the California State Auditor's Office considers 10 financial indicators that are intended "to assess each city's ability to pay its bills in both the short and long term." Those indicators are general fund reserves, debt burden, liquidity, revenue trends, pension obligations, pension funding, pension costs, future pension costs, other post-employment benefits ("OPEB") obligations, and OPEB funding. For Fiscal Year 2018-19, analysis was also performed to evaluate financial risks associated with COVID-19.

For more information on the Dashboard, please visit the California State Auditor's website (www.auditor.ca.gov/local_high_risk/dashboard-csa).

Broader Economic Outlook

The City uses information from sources including the California Department of Finance ("DOF"), the California Legislative Analyst's Office ("LAO"), California State University, Fullerton, and Chapman University, to provide national, state, and regional economic context for budget and work plan development.

This budget takes effect as the impacts of COVID-19 appear to be lessening, but remain likely to be felt throughout fiscal years 2021-22 and 2022-23, if not longer (analysis is included in chapters 5.0 and 6.0). On May 12, 2021, the LAO published a report titled, "An Initial Look at Effects of the COVID-19 Pandemic on Local Government Fiscal Condition,"¹ that characterized the long-term consequences of COVID-19 as "yet to be known. For instance, if there are broad, long-standing changes to where people chose to live and work, the pandemic could, over time, change the key economic drivers of a community. As an example, some employers may continue to provide their employees additional flexibility to work remotely even after the COVID-19 emergency subsides. These changes could affect the value of commercial property and over time lead to deceleration in local government property tax revenue growth. These unknowns create an unprecedented degree of uncertainty about the economic outlook of local governments."

The DOF, as part of Governor Newsom's "May Revise" state budget proposal for Fiscal Year 2021-22, wrote that "just over a year after the unprecedented economic losses induced by the COVID-19 Pandemic in March and April 2020, the nation and California have both started on the path to recovery. However, there still is a long way to go to reach pre-pandemic levels." The DOF expects nonfarm employment to recover to a pre-COVID-19 level by

¹ State of California, Legislative Analyst's Office, *An Initial Look at Effects of the COVID-19 Pandemic on Local Government Fiscal Condition*. Sacramento, California. May 12, 2020.

mid-2023 with recovery of low-wage employment sectors "expected to lag as these sectors bore the brunt of the recession, accounting for nearly three out of four jobs lost in March and April 2020." Uncertainty surrounding "potentially worsening public health conditions due to COVID-19 variants and vaccine hesitancy and the possibility of a stock market correction" is cited as a continuing budgetary risk.

California State University, Fullerton's Woods Center for Economic Analysis and Forecasting's spring 2021 update to its *Economic Outlook and Forecasts*² anticipates that, within Orange County, "employment in many industries, especially in the leisure and hospitality sector, will achieve prepandemic levels towards the end of 2021 or early 2022, though most other sectors would fully recover only in mid- or late 2022." The Woods Center notes that "the overall outlook of Orange County business executives is very bullish and is buoyed by the increasing likelihood of the control of the virus, the re-opening of the economy and a record high stock market."

The Woods Center's *Economic Outlook and Forecasts* also addresses housing issues, noting that home prices in Orange County have increased by 11.2% in the past year with new housing permits up 20% over pre-COVID-19 levels. Looking to the future, the Woods Center contends that "the sizzling housing price increases are unsustainable and will moderate as mortgage rates rise. However, in the short run the housing supply will be slow to respond. Given Orange County's sky-rocketing increases during the last ten months, we expect the median price growth to moderate to an annual rate of between 5% and 7% during 2021 and 2022."

The *Chapman-CMC Orange County Consumer Sentiment Survey* for the first quarter of the 2021 calendar year³ identified a 42% increase in consumer sentiment with growth amongst groups of varying ages, genders, ethnicities, income levels, employment statuses, and political affiliations. Professor Marc Weidenmier of the Argyros School of Business and Economics at Chapman University commented that "It looks like we have turned the corner. It appears that the medical community and vaccinations are getting the upper hand on the coronavirus. The economy is opening up and people are going back

² Puri, Anil and Farka, Mira, California State University, Fullerton, Woods Center for Economic Analysis and Forecasting, *The Aftermath: Pandemic Blues and Economic Clues: A Post-Pandemic, Post-Election Economic and Real Estate Outlook*. Fullerton, California. April 21, 2021.

³ Chapman University, A. Gary Anderson Center for Economic Research and Claremont McKenna College, Lowe Institute of Political Economy. April 9, 2021. *OC Consumer Sentiment Surges More than 40%*. https://www.chapman.edu/research/institutes-and-centers/anderson-center/files/press-releases/oc_cu_claremont-mckenna_2021i.pdf

to work. The positive trend should continue for the foreseeable future unless we are hit by another wave of the virus.”

Significant Local Issues

With Orange County Sheriff's Department costs continuing to increase in a manner that threatens the City's long-term solvency, the City must continue to exercise fiscal discipline in order to ensure the delivery of all core municipal services and the fulfillment of all statutory responsibilities. The City must also continue to operate with a realistic understanding of the limits of its available resources and remain committed to enhancing the efficiency, effectiveness, and economy of its operations, as strategies for managing future costs.

The reality is that as long as decisionmakers apart from the City (namely, the Orange County Board of Supervisors, Orange County Sheriff's Department, and Orange County Employees Retirement System) drive the vast majority of the City's increasing cost of doing business, financial pressure will continue to grow. Even with excellent fiscal discipline, enhanced internal operations, and a relatively stable revenue base, rising Orange County Sheriff's Department costs are likely to cause the City to experience future imbalance with some manner of significant service level reduction and/or revenue enhancement required. It is a benefit of the City's long-term financial planning that such potential imbalance has been identified well in advance, thus providing opportunities for thoughtful and deliberate remedy.

The City's reliance on a small number of businesses for a substantial amount of its annual operating revenue is also of significant concern. That concern is compounded by the fact that rising Orange County Sheriff's Department costs are operating in nature, meaning that the receipt of adequate annual operating revenue is required to fund current obligations. Sales tax – which is the City's second largest source of operating revenue – remains vulnerable to sudden and significant loss with five businesses generating 64% of annual revenue. Transient occupancy tax – which yielded more than \$480,000 per year before COVID-19 – is near completely reliant on a single business.

Fiscal Years 2021-23 will see an estimated influx of \$3,791,657 in one-time revenue resultant of federal H.R. 1319 (“American Rescue Plan Act of 2021”). The City was notified of the estimated amount of its allocation just 16 days prior to the planned adoption of this budget and work plan. As a result, placeholders are included herein with the expectation that adjustments will likely be necessary once spending decisions are finalized.

Budget Snapshot

21-22

Inclusive of all funds, expenditures for Fiscal Year 2021-22 total \$9,882,894. The General Fund operating budget is balanced and accounts for the majority of net expenditures at \$6,081,297. At the end of the fiscal year, it is projected that the unassigned General Fund balance will be \$6,060,279, or 99.7% of the Fiscal Year 2021-22 operating budget. That unassigned balance would be in addition to reserves totaling \$3,143,743.

22-23

Inclusive of all funds, expenditures for Fiscal Year 2022-23 total \$10,201,995. The General Fund operating budget is balanced and accounts for the majority of net expenditures at \$6,368,090. At the end of the fiscal year, it is projected that the unassigned General Fund balance will be \$5,761,748, or 90.5%, of the Fiscal Year 2022-23 operating budget. That unassigned balance would be in addition to reserves totaling \$3,221,093.

Major Work and Initiatives

In addition to routine functions and “day-to-day” operations, this budget and work plan provides for an ambitious scope of work centered around the City’s six priority focus areas. Major work and initiatives include:

Significant Work Plan Items

- Personnel Policies and Workplace Safety Programs Update
- Document Retention Policy Update
- Requests for Proposals
- Senior Mobility Program 3.0
- Accessibility Improvement Reimbursement Program
- Golf Cart Path and Low-Speed Vehicle Crossing Zone Signage
- Maintenance Inspection and Repair Programs Update
- Pavement Management Plan Update for Fiscal Years 2022-23
- 2022 Triennial California Building Standards Code Adoption
- Building Permitting Records Digitization

- Building Permitting Software and Electronic Plan Review Enhancements
- Commercial Zoning Regulations
- County Easement and City Boundary Clarification
- Discretionary Zoning Permits and Procedures Regulations
- General Plan Update
- Housing Rezone Program
- Local California Environmental Quality Act Guidelines Update
- Outdoor Business Activities Regulations
- Water Conscious Development Regulations
- Construction and Demolition Materials Management Regulations
- Senate Bill 1383 Compliance
- State Trash Orders Compliance
- Animal Regulations
- Crime Prevention through Environmental Design Regulations
- Emergency Operations Plan Update
- Local Hazard Mitigation Plan Update
- Sidewalk Vending Regulations

For additional information, please refer to Chapter 7.0 (City Work Plan).

Capital Improvement Projects

- City Hall Refurbishment and Safety Project: Phase 3
- City Hall/Public Library Project
- Ridge Route Drive Landscape Project
- Pavement Management Plan Project (Southbound Moulton Parkway between Via Campo Verde and Calle Cortez)
- Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 5
- City-maintained Catch Basins Full Capture Systems Retrofit Project
- Pavement Management Plan Project (Southbound Moulton Parkway between Calle Cortez and South City Limit)
- City Hall Electric Vehicle Charging Infrastructure Project

- Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 6
- Woods End Wilderness Preserve Trail Drainage and Improvement Project

For additional information, please refer to Chapter 8.0 (City Capital Projects).

Conclusion

As in years past, this budget and work plan was developed with sincere regard 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 cause the City to remain financially viable and capable of delivering an array of municipal programs, projects, and services.

Respectfully submitted,

Christopher Macon
City Manager

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CHAPTER 1.0.
CITY BACKGROUND

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1.0. CITY BACKGROUND

This chapter provides a brief overview of the City of Laguna Woods in order to establish a setting and 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 placing 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.

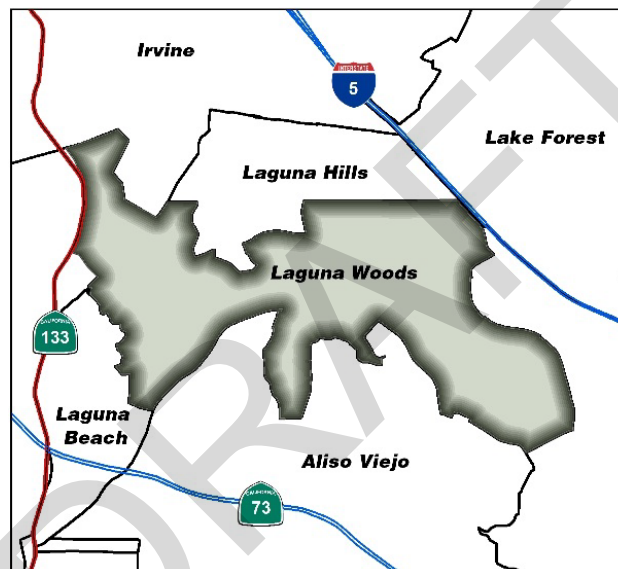
The City of Laguna Woods celebrated its 22nd anniversary in 2021.

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 government, meaning that it operates within the parameters of California municipal law with an elected City Council as its legislative body. The City Council appoints and supervises a City Manager who is responsible for the day-to-day administration of the City and implementation of the City Council's ordinances, regulations, and policy direction. 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 of Laguna Woods who are elected by registered voters to four-year terms. Elections occur "at-large"

(citywide) in even-numbered years with two and then three members of the City Council elected at subsequent elections. All five offices are nonpartisan.

The City Council appoints a Mayor and Mayor Pro Tem from amongst its membership to preside over City Council meetings, execute certain legal instruments and authorizations, and attend to various representative and ceremonial matters. The Mayor Pro Tem serves as the Mayor in their absence.

[Elected Officials (City Council)]

Cynthia Conners
Noel Hatch
Shari L. Horne
Carol Moore
Ed H. Tao

[Officials Appointed by the City Council]

City Manager..... Christopher Macon
City Attorney..... David B. Cosgrove
Assistant City Attorney..... Alisha Patterson

The City has nine full-time equivalent employees who are responsible for delivering a full range of municipal services. The City operates as a “contract city,” meaning that its small 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 increased cost 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 benefits liabilities.

[Key Operating Contract Service Providers]

Animal Control & Shelter Services..... City of Laguna Beach
Annual Audit Services.....
Brown Armstrong Accountancy Corporation
Building Services..... Willdan Engineering
Bureau Veritas North America

- Engineering Services..... CivilSource/NV5
- Hazardous Waste Handling Services..... WM Curbside
- Landscape Maintenance Services.....
BrightView Landscape Services
- Law Enforcement Services..... Orange County Sheriff's Department
- Legal Services (City Attorney)..... Rutan & Tucker, LLP
- Planning Services and Geographic Information System Services.....
Michael Baker International
- Senior Mobility Program Transportation Services.....
California Yellow Cab
- Street, Right-of-Way, and Infrastructure Maintenance Services.....
PV Maintenance
- Traffic Signal & Lighting Maintenance Services..... Siemens Mobility

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 included in this budget and work plan.

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

Solid waste handling services (including trash collection and recycling) are provided by Waste Management Collection and Recycling pursuant to a franchise agreement.

[Key Special Districts, Utility, and Other Service Providers]

- Electricity.....Southern California Edison
- Mosquito Abatement and Vector Control.....
Orange County Mosquito and Vector Control District
- 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
- Water & Sewer.....El Toro Water District

CITY PROPERTIES

Most of the land within Laguna Woods is privately owned, including all local streets with the exception of El Toro Road, Moulton Parkway, Ridge Route Drive, and Santa Maria Avenue. The City is responsible for operating and maintaining the portions of those four streets that are located within Laguna Woods, as well as three public parks ("A Place for Paws" Dog Park, City Centre Park, and Woods End Wilderness Preserve); a multi-modal trail network for pedestrians, golf carts, and bicyclists; and, medians, parkways, and other public rights-of-way. Laguna Woods City Hall is the only building that is owned, operated, and maintained by the City.

[Public Parks]

"A Place for Paws" Dog Park
23199 Ridge Route Drive, Laguna Woods, CA 92637

"A Place for Paws" Dog Park is a comfortable outdoor space for off-leash dog exercise and socialization. Park amenities include approximately 6,400 square feet of dog-friendly artificial turf, a dog water station, and seating.

City Centre Park

24121 Moulton Parkway, Laguna Woods, CA 92637

City Centre Park is located adjacent to the Ayres Hotel in Town Centre, just west of Moulton Parkway. Park amenities include a walking trail, picnic tables, and small gathering space.

Woods End Wilderness Preserve

24995 El Toro Road, Laguna Woods, CA 92637

Woods End Wilderness Preserve includes 10.6 acres of natural open space located near the intersection of El Toro Road and Aliso Creek Road. The park is operated as part of the Laguna Coast Wilderness Park with trails that provide access to Barbara's Lake and the James Dilley Preserve. Once planned for housing, the City was able to preserve this land as public open space.

LOCAL DEMOGRAPHICS

The California Department of Finance ("DOF") estimates that Laguna Woods' population was 16,036 as of January 1, 2021, a 1.1% decrease from the year prior¹. The DOF's estimates incorporate United States Census counts, the 2010 iteration 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 (Census 2000)	Population (Census 2010)
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%

¹ State of California, Department of Finance, *E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change — January 1, 2020 and 2021*. Sacramento, California, May 2021.

² U.S. Census Bureau, 2010 Census.

[Gender]

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

[Race and Ethnicity]

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

[Language Spoken at Home³]

Subject	Estimated Population	Speak English less than "very well"
Speak a language other than English	4,705 (±416)	16.6% (±2.2%)
Speak Spanish	709 (±170)	2.2% (±0.6%)
Speak other Indo-European languages	1,052 (±238)	3.3% (±1.2%)
Speak Asian and Pacific Islander languages	2,810 (±341)	10.7% (±1.9%)
Speak other languages	134 (±64)	0.4% (±0.4%)

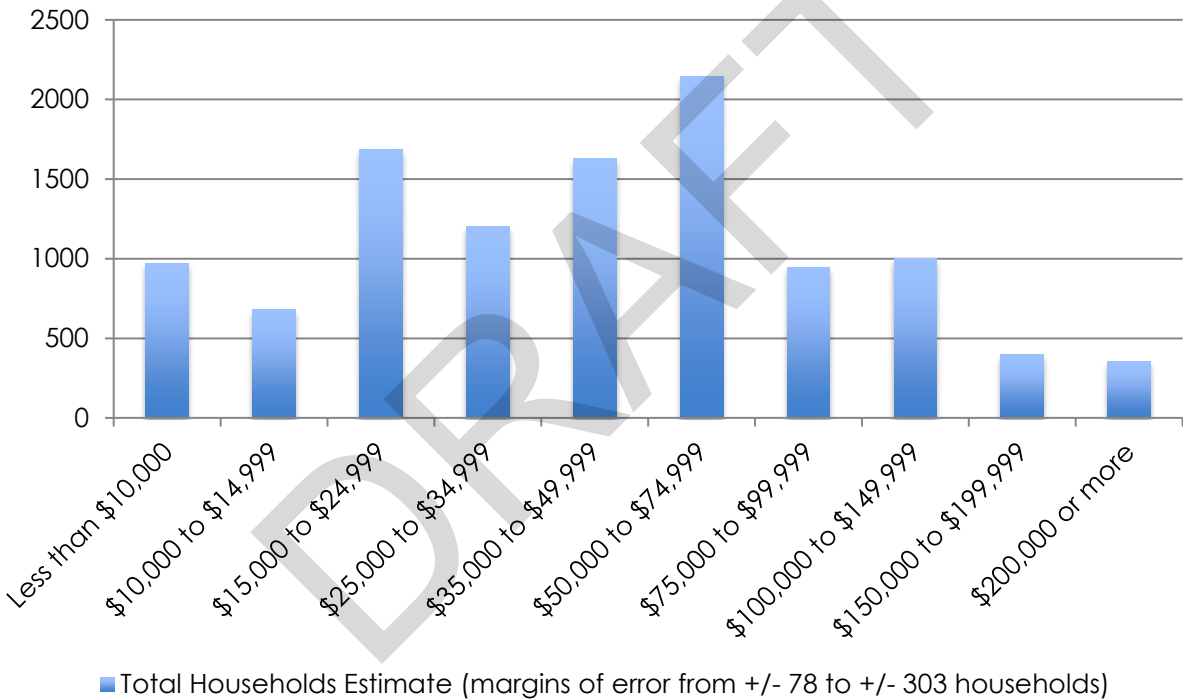
³ U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates (Table DP02). Note: The American Community Survey produces population, demographic, and housing unit estimates only. Estimates for the "Language Spoken at Home" data for Laguna Woods are based on a sample and are subject to sampling variability. The values reported are the 90 percent margins of error.

[Household Size]

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

[Household Income⁴]

Subject	Measure
Median household income	\$44,020 (±\$3,187)
Mean household income	\$61,849 (±\$4,825)



As a point of comparison, California’s median household income as reported in the 2015-2019 American Community Survey 5-Year Estimates (Table S1901) is \$75,235. Laguna Woods’ median household income is \$31,215 less per year (±\$232), or approximately 58.5% of California’s median household income (approximately 41.5% lower than the State’s median household income).

⁴ U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates (Table S1901). Note: The American Community Survey produces population, demographic, and housing unit estimates only. Estimates for the “Household Income” data for Laguna Woods are based on a sample and are subject to sampling variability. The values reported are the 90 percent margins of error.

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 apartment, assisted living, condominium, and cooperative housing.

[Residential Communities]

Residential Community	Housing Type	Dwelling Units
Laguna Woods Village	Condominium, Cooperative	12,736
Las Palmas	Assisted Living	184
The Regency	Assisted Living	192
San Sebastian	Apartment	134
Whispering Fountains	Apartment	140
TOTAL		13,386

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. Less than one-fifth of a square mile is zoned for commercial purposes.

Laguna Woods is served by the following five major shopping centers:

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

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

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CHAPTER 2.0.
CITY ORGANIZATION

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2.0. CITY ORGANIZATION

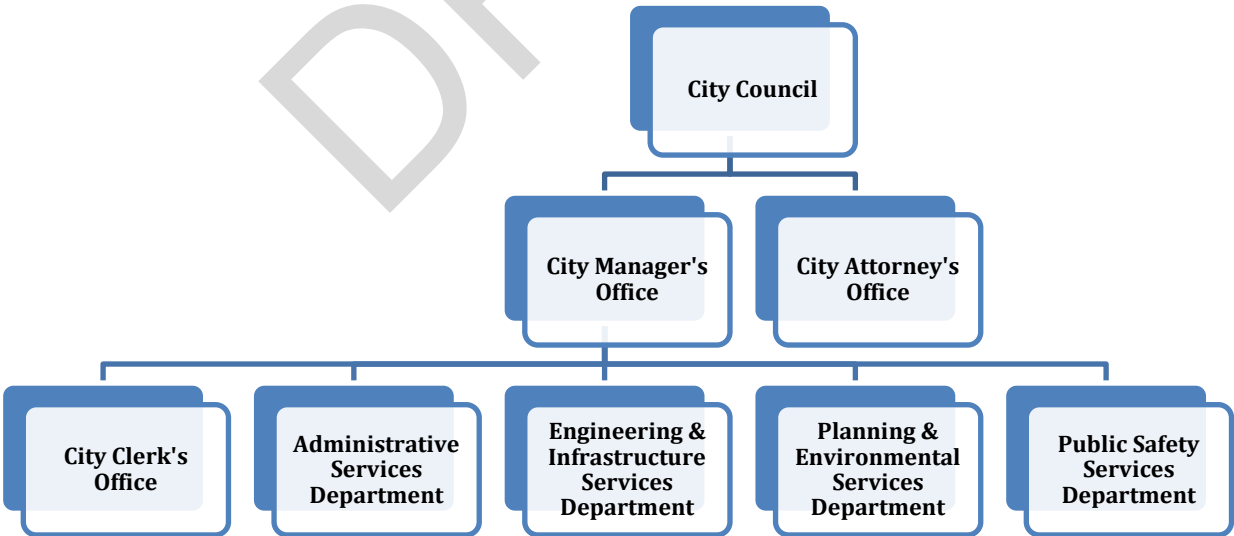
This chapter provides a brief overview of the City of Laguna Woods' internal structure in order to establish a context for understanding how this budget and work plan will be implemented.

DEPARTMENTAL STRUCTURE

The City is organized into the following eight departments:

- City Council
- City Manager's Office
- City Attorney's Office
- City Clerk'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

The City of Laguna Woods is a general law city with a Council-Manager form of government, meaning that it operates within the parameters of California municipal law with an elected City Council as its legislative body. The City Council appoints and supervises a City Manager who is responsible for the day-to-day administration of the City and implementation of the City Council's ordinances, regulations, and policy direction. 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 of Laguna Woods who are elected by registered voters to four-year terms. Elections occur "at-large" (citywide) in even-numbered years with two and then three members of the City Council elected at subsequent elections. All five offices are nonpartisan.

The City Council appoints a Mayor and Mayor Pro Tem from amongst its membership to preside over City Council meetings, execute certain legal instruments and authorizations, and attend to various representative and ceremonial matters. The Mayor Pro Tem serves as the Mayor in their absence.

CITY ATTORNEY'S OFFICE

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

The City Attorney is appointed by the City Council to serve as the City's primary legal counsel. The City Attorney takes direction from the City Council and works closely with the City Manager.

In addition to the City Attorney, the City Council also appoints an Assistant City Attorney to serve as the City Attorney's principal assistant.

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 instruments. The City Attorney's Office also handles civil litigation in which the City is involved.

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.

AUTHORIZED CITY EMPLOYEE POSITIONS

This budget and work plan includes an authorized personnel allocation of 9.00 full-time equivalent ("FTE") employee positions, which represents a reduction of 0.23 FTE (or, 2.49%) from the number of employee positions authorized in the immediately preceding fiscal year (Fiscal Year 2020-21), and 3.00 FTE (or, 25%) from the number of employee positions authorized in Fiscal Year 2013-14.

Over the 10 years spanning fiscal years 2013-14 through 2022-23, the average number of employee positions has been 9.45 FTE.

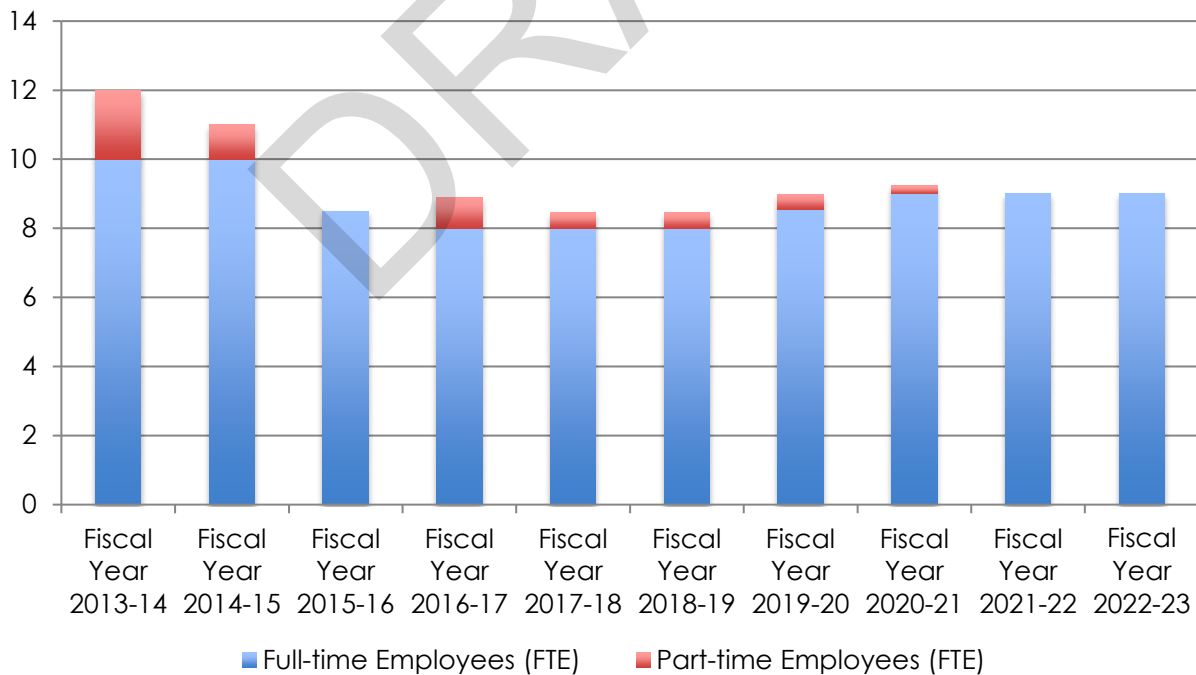
[Authorized City Employee Positions – Citywide (Table)]

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	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
<i>Full-time Employees [full-time equivalents (FTE)]</i>										
City Manager	1.00	1.00	1.00	1.00	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	1.00	1.00	1.00	1.00
Accounting Clerk	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Coordinator	1.00	1.00	1.00	1.00	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	-	-	-	-	-	-	-
City Clerk (A)/ Deputy City Clerk	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Finance Manager	1.00	-	-	-	-	-	-	-	-	-
Management Analyst/ Senior Management Analyst	-	-	1.00 (B)	2.00	2.00	2.00	3.00 (C)	3.00	3.00	3.00
Management Assistant	1.00	1.00	1.00 (B)	-	-	-	-	-	-	-
Planning Manager	1.00	1.00	-	-	-	-	-	-	-	-
Public Safety Director	1.00	-	-	-	-	-	-	-	-	-
Accountant (D)/ Senior Accountant	-	1.00	1.00	1.00	1.00	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	8.54	9.00	9.00	9.00
<i>Part-time Employees [full-time equivalents (FTE)]</i>										
Accountant	0.50	-	-	-	-	-	-	-	-	-
Administrative Assistant	1.50	1.00	-	-	-	-	-	-	-	-

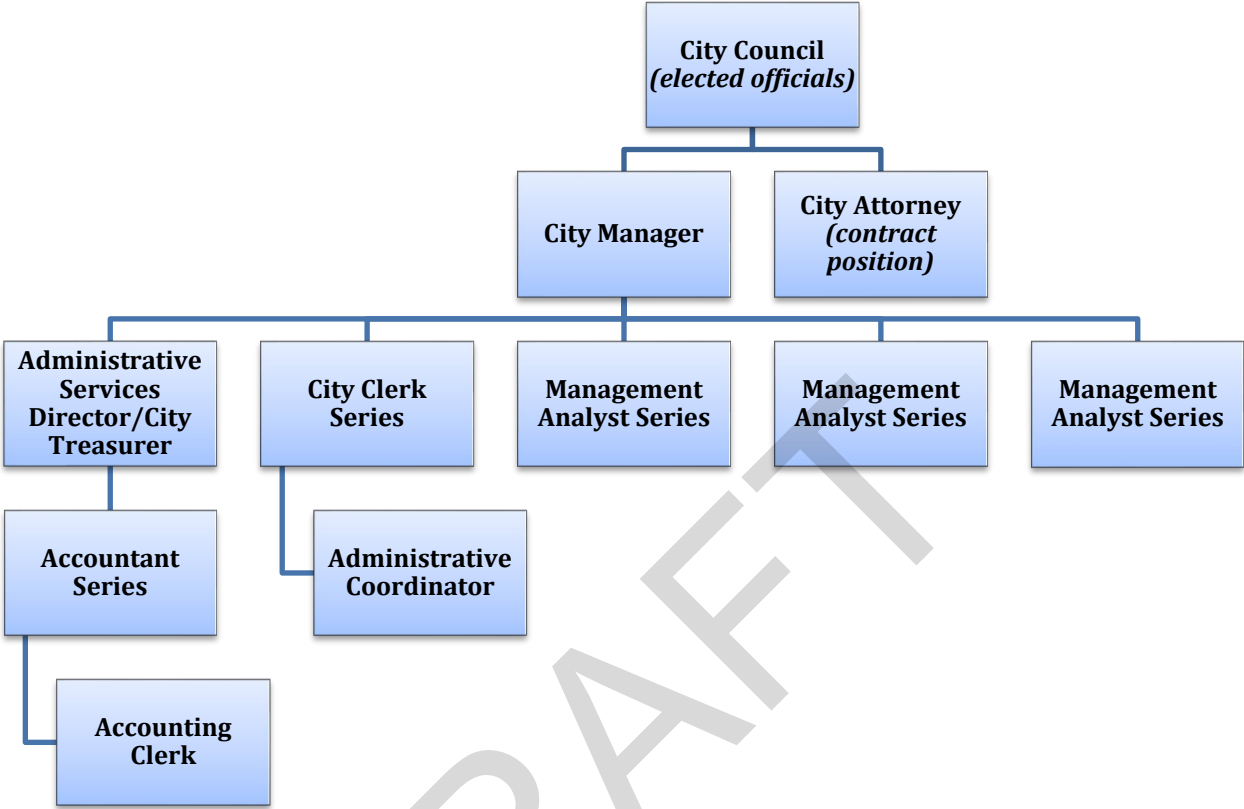
Position	Number Authorized									
	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
Customer Service Representative	-	-	-	0.45 (E)	-	-	-	-	-	-
Management Analyst/ Senior Management Analyst	-	-	-	0.45	0.45	0.45	0.45	0.23	-	-
Total FTE – part-time positions	2.00	1.00	-	0.90	0.45	0.45	0.45	0.23	-	-
Total FTE – all positions	12.00	11.00	8.50	8.90	8.45	8.45	9.99	9.23	9.00	9.00
Year-over-year change		(1.00)	(3.50)	0.40	(0.45)	-	1.54	(0.76)	(0.23)	-

- (A) The Deputy City Clerk position was transitioned to a dual-class position consisting of both Deputy City Clerk and City Clerk classes in Fiscal Year 2018-19.
- (B) These positions were authorized for only a portion of the fiscal year, resulting in a total net FTE of 1.00.
- (C) 2.00 Management Analyst/Senior Management Analyst positions were authorized from July 1, 2019 through December 17, 2019. Beginning on December 18, 2019, an additional 1.00 position was authorized, resulting in a total net FTE of 2.54.
- (D) The Senior Accountant position was transitioned to a dual-class position consisting of both Accountant and Senior Accountant classes in Fiscal Year 2018-19.
- (E) This position was authorized, but never filled.

[Authorized City Employee Positions – Citywide (Graph)]



REPORTING RELATIONSHIPS



CITY MANAGER’S OFFICE

Christopher Macon, City Manager

The City Manager is appointed by the City Council to oversee the City’s daily operations and implement the City Council’s direction and policy. The City Manager serves as both the chief executive officer for the City and the chief technical advisor for the City Council. All City employees are hired and work under the ultimate authority 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.

Due to the elimination of the full-time Assistant City Manager position in Fiscal Year 2016-17, the City Manager also provides director-level management for

the Engineering & Infrastructure Services Department, as well as the Planning & Environmental Services Department.

In the absence of separately appointed incumbents, the City Manager may also serve as City Clerk and City Treasurer. When serving as City Clerk, the City Manager provides director-level management of the City Clerk's Office.

[Authorized City Employee Positions – 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	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
<i>Full-time Employees [full-time equivalents (FTE)]</i>									
City Manager	1.00	1.00	1.00	1.00	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	1.00	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	0.45	0.45	-	-
Total FTE – part-time positions	-	-	0.45	0.45	0.45	0.45	0.45	-	-
Total FTE – all positions	3.00	2.50	1.45	1.45	1.45	1.45	1.45	1.00	1.00

Personnel allocated to the City Manager's Office are included in the General Government budget.

CITY CLERK'S OFFICE

Yolie Trippy, CMC, City Clerk

The City Clerk serves as the local elections official and is responsible for duties related to the implementation of state laws pertaining to the City's legislative and recordkeeping functions, including the California Political Reform Act, the California Public Records Act, and California's Ralph M. Brown Act.

The City Clerk's Office is also responsible for City Hall's front counter operations and public programming, as well as notary public and acknowledgement operations, participant-facing Senior Mobility Program operations, and local government television channel programming.

[Authorized City Employee Positions – City Clerk’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	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
<i>Full-time Employees [full-time equivalents (FTE)]</i>									
Administrative Coordinator	(A)	(A)	(A)	(A)	(A)	1.00	1.00	1.00	1.00
City Clerk (B)/ Deputy City Clerk	(A)	(A)	(A)	(A)	(A)	1.00	1.00	1.00	1.00
Total FTE – full-time positions	-	-	-	-	-	2.00	2.00	2.00	2.00
<i>Part-time Employees [full-time equivalents (FTE)]</i>									
-	-	(C)	-	-	-	-	-	-	-
Total FTE – part-time positions	-	-	-	-	-	-	-	-	-
Total FTE – all positions	-	-	-	-	-	2.00	2.0	2.00	2.00

- (A) Prior to Fiscal Year 2019-20, these positions were allocated to the Administrative Services Department.
- (B) The Deputy City Clerk position was transitioned to a dual-class position consisting of both Deputy City Clerk and City Clerk classes in Fiscal Year 2018-19.
- (C) A part-time Customer Service Representative position (0.45 FTE) was authorized, but never filled, in Fiscal Year 2016-17, when the City Clerk’s Office was allocated to the Administrative Services Department. The position was intended to support the functions of what is today the City’s Clerk Office.

[Organizational Chart – City Clerk’s Office]



Personnel allocated to the City Clerk’s Office are included in the General Government budget.

ADMINISTRATIVE SERVICES DEPARTMENT

Liz Torres, Administrative Services Director/City Treasurer

The Administrative Services Department is responsible for financial operations such as accounting, purchasing, and payroll. The City Treasurer's Office is part of the Administrative Services Department with investment-related duties set forth in state law, the Laguna Woods Municipal Code, and City policy.

In addition to financial operations, the Administrative Services Department is responsible for human resources and information technology functions, as well as the administration of insurance and workers' compensation programs.

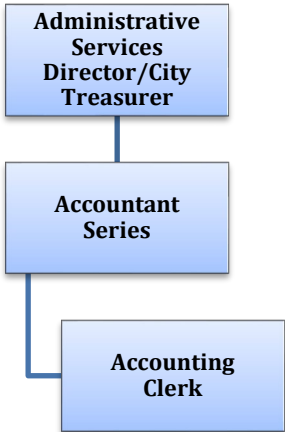
[Authorized City Employee Positions – Administrative Services Department]

Position	Number Authorized								
	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
<i>Full-time Employees [full-time equivalents (FTE)]</i>									
Administrative Services Director/City Treasurer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Accounting Clerk	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Coordinator	1.00	1.00	1.00	1.00	1.00	(A)	(A)	(A)	(A)
Deputy City Clerk	1.00	1.00	1.00	1.00	1.00	(A)	(A)	(A)	(A)
Accountant (B)/ Senior Accountant	1.00	1.00	1.00	1.00	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	3.00	3.00	3.00	3.00
<i>Part-time Employees [full-time equivalents (FTE)]</i>									
Administrative Assistant	1.00	-	-	-	-	-	-	-	-
Customer Service Representative	-	-	0.45 (C)	-	-	-	-	-	-
Total FTE – part-time positions	1.00	-	0.45	-	-	-	-	-	-
Total FTE – all positions	6.00	5.00	5.45	5.00	5.00	3.00	3.00	3.00	3.00

- (A) Beginning with Fiscal Year 2019-20, these positions were reallocated to the newly separated City Clerk's Office.
- (B) The Senior Accountant position was transitioned to a dual-class position consisting of both Accountant and Senior Accountant classes in Fiscal Year 2018-19.
- (C) This position was authorized, but never filled. The position was intended to support the functions of what is today the City Clerk's Office.

Personnel allocated to the Administrative Services Department are included in the Administrative Services Department budget.

[Organizational Chart – Administrative Services Department]



ENGINEERING & INFRASTRUCTURE SERVICES DEPARTMENT

The Engineering & Infrastructure Services Department is responsible for the operation, maintenance, and improvement of public property. In addition to Laguna Woods City Hall and the City's three public parks, the Engineering & Infrastructure Services Department's purview includes streets, rights-of-way, landscaping, bus shelters, storm drain systems, traffic signals, and streetlights.

The Engineering & Infrastructure Services Department is also responsible for the review, issuance, and enforcement of grading permits.

[Authorized City Employee Positions – 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	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
<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	1.00	1.00	1.00	1.00
Total FTE – full-time positions	0.50	1.25	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Personnel allocated to the Engineering & Infrastructure Services Department are included in the Engineering & Infrastructure Services Department budget.

PLANNING & ENVIRONMENTAL SERVICES DEPARTMENT

The Planning & Environmental Services Department is responsible for functions related to private construction and the built environment, including planning, building permitting, economic development, and code enforcement, as well as water quality (stormwater) and waste and recycling.

[Authorized City Employee Positions – 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	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
<i>Full-time Employees [full-time equivalents (FTE)]</i>									
Assistant City Manager	0.5	0.75	-	-	-	-	-	-	-
Management Analyst/ Senior Management Analyst	-	-	1.00	1.00	1.00	2.00 (A)	2.00	2.00	2.00
Planning Manager	1.00	-	-	-	-	-	-	-	-
Total FTE – full-time positions	1.50	0.75	1.00	1.00	1.00	1.54	2.00	2.00	2.00

(A) 1.00 Management Analyst/Senior Management Analyst position was authorized from July 1, 2019 through December 17, 2019. Beginning on December 18, 2019, an additional 1.00 position was authorized, resulting in a total net FTE of 1.54.

[Organizational Chart – Planning & Environmental Services Department]



Personnel allocated to the Planning & Environmental Services Department are included in the Planning & Environmental Services Department budget.

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., the 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.

Due to restructuring and an internal shift toward multidisciplinary involvement in public safety services, personnel allocated to other departments are responsible for coordinating with public safety service providers, 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.

[City Hall Volunteer Hours]

Calendar Year 2017	Calendar Year 2018
1,557.00 (0.75 full-time equivalent)	1,599.50 (0.77 full-time equivalent)
Calendar Year 2019	Calendar Year 2020
1,543.00 (0.74 full-time equivalent)	284.00 (A) (0.14 full-time equivalent)

(A) The City Hall Volunteer Program was temporarily suspended beginning on March 6, 2021 due to the COVID-19 public health emergency.

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CHAPTER 3.0.
CITY BUDGET PRACTICES

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3.0. CITY BUDGET PRACTICES

This chapter reviews financial and accounting practices used in the development of this budget and work plan.

INTRODUCTION

In addition to outlining a scope of work for the City to undertake during the fiscal years spanning July 1, 2021 through June 30, 2023, this budget and work plan serves as a financial plan for the City's operations. To that end, chapters 3.0, 4.0, 5.0, and 6.0 translate the scope of work that is described in chapters 7.0 and 8.0 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. That transition was undertaken with the goals of providing longer-term financial forecasts, greater certainty regarding the sustainability of the City's operations, and heightened strategic vision.

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 the 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 adopts a Gann Limit for the second

year of the same two-year budget and work plan, as well as updates of the budgetary reserve levels and 11-year capital improvement program. The City Council may also be asked to modify adopted budgets and work plans to reflect changes in the economy, priorities, and/or needs.

In the second year of each two-year budget and work plan, development is focused on updating revenue estimates and expenditure projections for that fiscal year, as well as preparing a draft budget and work plan for the next two-year budget and work plan cycle.

The Fiscal Years 2021-23 Budget & Work Plan development process included a total of five open and publicly noticed City Council meetings, each with an opportunity for public input. Most chapters of the draft budget and work plan were released for review and comment earlier than in previous fiscal years. The meetings and public releases occurred as follows:

Friday, April 2, 2021 – public release of draft budget and work plan chapters 1 (City Background), 2 (City Organization), and 3 (City Budget Practices)

- Wednesday, April 7, 2021 – kick-off, discussion and development

-
- Wednesday, May 19, 2021 – discussion and development

Friday, May 28, 2021 – public release of draft budget and work plan chapter 5 (City Budget Detail, General and Capital Funds)

- Wednesday, June 2, 2021 – discussion and development

Friday, June 11, 2021 – public release of draft budget and work plan chapters 6 (City Budget Detail, Special Revenue Funds), 7 (City Work Plan), and 8 (City Capital Projects)

- Wednesday, June 16, 2021 – discussion and development

Friday, June 18, 2021 – public release of final draft budget and work plan

- Wednesday, June 23, 2021 – discussion and 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 generally accepted best practices.

The Fiscal Year 2019-20 operating budget (the first year of the Fiscal Years 2019-21 Budget & Work Plan) was submitted to CSMFO for evaluation. Following two independent, third-party reviews, the City earned CSMFO's Operating Budget Meritorious Award. The Fiscal Year 2020-21 operating budget (the second year of the Fiscal Years 2019-21 Budget & Work Plan) was not submitted for separate evaluation due to its inclusion in a shared two-year budget and work plan with the Fiscal Year 2019-20 operating budget.

[CSMFO Operating Budget Meritorious Award for Fiscal Year 2019-20]



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 prudent and responsible standards related to budget development and implementation, 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 assigned reserves is 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 used to fund three assigned reserves:

- Paid Leave Contingency Reserve – The Paid Leave Contingency Reserve compensates for payments required to comply with the City's paid leave policies and obligations, when such amounts exceed adopted budgets.
- Self-Insurance Contingency Reserve – The Self-Insurance Contingency Reserve compensates for liability and workers' compensation claim settlements not covered by insurance policies.

- General Contingency Reserve – The General Contingency Reserve compensates for economic uncertainty, operating contingencies, and emergencies caused by calamitous events.

[Assigned Reserves Funding Levels – Fiscal Year 2021-22]

Fiscal Year 2021-22 General Fund Revenue Budget, less one-time and non-operating revenues	\$6,257,800
	x <u> .50</u>
Overall Target for Assigned Reserves	<u>\$3,128,900</u>
Paid Leave Contingency Reserve ¹	\$98,376
Self-Insurance Contingency Reserve	\$50,000
General Contingency Reserve	<u>\$2,980,524</u>
Total Assigned Reserves	<u>\$3,128,900</u>

[Assigned Reserves Funding Levels – Fiscal Year 2022-23]*

Fiscal Year 2022-23 General Fund Revenue Budget, less one-time and non-operating revenues	\$6,412,500
	x <u> .50</u>
Overall Target for Assigned Reserves	<u>\$3,206,250</u>
Paid Leave Contingency Reserve ¹	\$98,376
Self-Insurance Contingency Reserve	\$50,000
General Contingency Reserve	<u>\$3,057,874</u>
Total Assigned Reserves	<u>\$3,206,250</u>

* If the adopted General Fund revenue budget changes prior to the beginning of Fiscal Year 2022-23, the overall target and funding levels for assigned reserves will be modified in accordance with Administrative Policy 2.9.

In addition to assigned reserves, unassigned General Fund balance (General Fund monies that are spendable and not classified as restricted, committed, or assigned for specific purposes) is available for any governmental purpose and can be appropriated by the City Council at a public meeting. Use of

¹ The Paid Leave Contingency Reserve 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.

unassigned General Fund balance is generally limited to one-time projects, capital improvement projects, the payment of long-term liabilities for periods beyond the current fiscal year, and emergency expenditures.

BASIS OF BUDGETING AND ACCOUNTING

This budget and the underlying accounting are prepared in accordance with Generally Accepted Accounting Principles ("GAAP") on a "modified accrual" basis. The California Department of Finance's *Finance Glossary of Accounting and Budgeting Terms* (2017) defines "modified accrual" as:

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

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

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 or committed to expenditures for specified purposes.
- Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of revenue sources that are legally restricted or committed

to expenditures for specified purposes [e.g., allocations from statewide fuel taxes and Orange County's Measure M2 (OC Go), as well as grant awards from external sources and restricted donations]. The City also accounts for the Laguna Woods Civic Support Fund, a nonprofit public benefit corporation, as a Special Revenue Fund for financial reporting purposes, because it meets the criteria of a "component unit"² as that term is defined by the Governmental Accounting Standards Board.

- Capital Projects Fund – The Capital Projects Fund is used to account for transfers from the unassigned General Fund balance that are reserved for major capital improvement purposes. The Capital Projects Fund is a separate fund for budgetary purposes, but is combined with the General Fund for reporting in the Annual Comprehensive Financial Report.

The City has no proprietary or fiduciary funds, although the City does maintain two Internal Revenue Code Section 115 trust funds to prefund (1) employer contributions to California Public Employees' Retirement System ("CalPERS") pension plans and (2) other post-employment benefits liability incurred as a result of state-mandated retiree medical obligations. Both Internal Revenue Code Section 115 trust funds are administered by CalPERS.

ANNUAL APPROPRIATIONS LIMIT ("GANN LIMIT")

Proposition 4 ("Limitation of Government Appropriations"), commonly referred to as the "Gann Initiative," was approved by California 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 appropriate on an annual basis ("Gann Limit"). Gann Limits vary amongst agencies and are either based on the amount of tax revenue that was authorized to be spent in Fiscal Year 1978-79 or, in the case of the City of Laguna Woods and other local governments that incorporated after Fiscal Year 1978-79, on an amount established by voters. Gann Limits are modified, annually, according to a methodology established by Proposition 111 ("Traffic Congestion Relief and Spending Limitation Act Of 1990").

In the event that the City's receipt of tax proceeds exceeded a Gann Limit, Article XIII B of the California State Constitution would allow the City to "carry those excess funds into the subsequent year." At the conclusion of the

² Government Accounting Standards Board Statement No. 61 (November 2010), Paragraph 20, defines a "component unit" as a legally separate organization for which the City Council is financially accountable or other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading.

subsequent year, the City would be required to either return remaining excess funds to taxpayers or gain voter approval to “override” the Gann Limit.

The City’s Gann Limit is adopted by the City Council by resolution each year (see Resolution No. 21-XX included with this budget as Appendix D). The Gann Limit for Fiscal Year 2021-22 is \$11,790,222 and was calculated as follows:

[Gann Limit Calculation – Fiscal Year 2021-22]

Fiscal Year 2020-21 Gann Limit	\$11,245,742
Population Change (County of Orange) ³	x 0.9916
Cost of Living Change (Per Capita Personal Income) ³	x 1.0573
Fiscal Year 2021-22 Gann Limit	\$11,790,222
Fiscal Year 2021-22 Appropriations Subject to the Gann Limit	<u>\$4,366,055</u>
Fiscal Year 2021-22 Gann Limit over Appropriations	<u>\$7,424,167</u>

The Gann Limit for Fiscal Year 2022-23 is expected to be adopted by the City Council in June 2022, once the necessary information on population and cost of living changes for Fiscal Year 2021-22 becomes available.

As in prior fiscal years, the City does not anticipate receiving or appropriating tax proceeds in excess of the Gann Limit during fiscal years 2021-22 or 2022-23. As such, the Gann Limit is not expected to impact the City’s operations.

DEBT SERVICE OBLIGATIONS

The California Department of Finance’s *Finance Glossary of Accounting and Budgeting Terms* (2017), defines “debt service” as:

“The amount of money required to pay interest on outstanding bonds and the principal of maturing bonds.”

The City has never issued bonds. Accordingly, this budget and work plan does not include any debt service obligations.

³ State of California, Department of Finance, *Price and Population Information*. May 2021. Factors are rounded to four decimal places for presentation purposes.

CHAPTER 4.0.
CITY BUDGET DETAIL,
ALL FUNDS SUMMARIES

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4.0. CITY BUDGET DETAIL, ALL FUNDS SUMMARIES

This chapter summarizes revenues and expenditures, including inter-fund transfers, for all funds included in this budget.

INTRODUCTION

This budget accounts for financial activity using the governmental funds listed below. Additional information on fund types and individual funds, including revenue and expenditure detail, is included in chapters 5.0 and 6.0.

[All Funds Fund Structure – Fiscal Years 2021-23]

General Fund

Special Revenue Funds

- Fuel Tax
- Road Maintenance & Rehabilitation Program
- Measure M2 (OC Go)
- Coastal Area Road Improvement & Traffic Signals (CARITS)
- Service Authority for Abandoned Vehicles
- Supplemental Law Enforcement Services
- Mobile Source Reduction
- PEG/Cable Television
- Senior Mobility
- Community Development Block Grant (CDBG)
- Federal Grants
- State of California Grants
- Laguna Woods Civic Support Fund

Capital Projects Fund

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CITY OF LAGUNA WOODS
Fiscal Years 2021-23 Budget & Work Plan
Summary by Fund, All Funds - Fiscal Year 2021-22

	7/1/2021 Estimated Opening Fund Balance	Budgeted Revenues	Budgeted Expenditures	Inter-Fund Transfers	Changes to Reserves	Net Change in Fund Balance	6/30/2022 Projected Ending Fund Balance
<u>GENERAL FUND GROUP</u>							
<u>General Fund</u>							
General Fund - Unassigned	6,381,252	6,257,800	6,131,297	(301,296)	(146,180)	(320,973)	6,060,279
Nonspendable:							
Prepays	12,412	-	-	-	-	-	12,412
Restricted for:							
Strong Motion Instrumentation Program (SMIP)	1,929	-	-	-	-	-	1,929
Senate Bill 1473 (2008)	502	-	-	-	-	-	502
Assigned for:							
Paid Leave Contingency Reserve	98,376	-	-	-	-	-	98,376
Self Insurance Contingency Reserve	50,000	-	-	-	-	-	50,000
General Fund Contingency Reserve	2,834,344	-	-	-	146,180	146,180	2,980,524
Total General Fund	9,378,815	6,257,800	6,131,297	(301,296)	-	(174,793)	9,204,022
<u>Capital Projects Fund</u>							
Capital Projects	744,432	-	301,296	301,296	-	-	744,432
Total Capital Projects Fund	744,432	-	301,296	301,296	-	-	744,432
TOTAL GENERAL FUND GROUP	10,123,247	6,257,800	6,432,593	-	-	(174,793)	9,948,454
<u>Special Revenue Funds</u>							
Fuel Tax	318,057	403,237	375,514	-	-	27,723	345,780
Road Maintenance & Rehabilitation Program	314,862	315,609	270,600	-	-	45,009	359,871
Measure M2 (OC Go)	84,281	243,941	240,850	-	-	3,091	87,372
Coastal Area Road Improvement and Traffic Signals (CARITS)	261,698	3,000	-	-	-	3,000	264,698
Service Authority for Abandoned Vehicles	37,794	-	-	-	-	-	37,794
Supplemental Law Enforcement Services	17,425	167,200	158,100	-	-	9,100	26,525
Mobile Source Reduction	219,704	22,000	-	-	-	22,000	241,704
PEG/Cable Television	25,230	14,500	-	-	-	14,500	39,730
Senior Mobility	187,659	170,000	119,000	-	-	51,000	238,659
Community Development Block Grant (CDBG)	-	350,000	350,000	-	-	-	-
Federal Grants	14,562	1,895,829	1,895,829	-	-	-	14,562
State of California Grants	(720,449)	741,000	16,000	-	-	725,000	4,551
Laguna Woods Civic Support Fund	4,439	20,015	24,408	-	-	(4,393)	46
Total Special Revenue Funds	765,262	4,346,331	3,450,301	-	-	896,030	1,661,292
CUMULATIVE TOTAL	\$ 10,888,509	\$ 10,604,131	\$ 9,882,894	\$ -	\$ -	\$ 721,237	\$ 11,609,746

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CITY OF LAGUNA WOODS
Fiscal Years 2021-23 Budget & Work Plan
Summary by Fund, All Funds - Fiscal Year 2022-23

	7/1/2022 Estimated Opening Fund Balance	Budgeted Revenues	Budgeted Expenditures	Inter-Fund Transfers	Changes to Reserves	Net Change in Fund Balance	6/30/2023 Projected Ending Fund Balance
<u>GENERAL FUND GROUP</u>							
<u>General Fund</u>							
General Fund - Unassigned	6,060,279	6,412,500	6,368,090	(265,591)	(77,350)	(298,531)	5,761,748
Nonspendable:							
Prepays	12,412	-	-	-	-	-	12,412
Restricted for:							
Strong Motion Instrumentation Program (SMIP)	1,929	-	-	-	-	-	1,929
Senate Bill 1473 (2008)	502	-	-	-	-	-	502
Assigned for:							
Paid Leave Contingency Reserve	98,376	-	-	-	-	-	98,376
Self Insurance Contingency Reserve	50,000	-	-	-	-	-	50,000
General Fund Contingency Reserve	2,980,524	-	-	-	77,350	77,350	3,057,874
Total General Fund	9,204,022	6,412,500	6,368,090	(265,591)	-	(221,181)	8,982,841
<u>Capital Projects Fund</u>							
Capital Projects	744,432	-	265,591	265,591	-	-	744,432
Total Capital Projects Fund	744,432	-	265,591	265,591	-	-	744,432
TOTAL GENERAL FUND GROUP	9,948,454	6,412,500	6,633,681	-	-	(221,181)	9,727,273
<u>Special Revenue Funds</u>							
Fuel Tax	345,780	407,319	361,360	-	-	45,959	391,739
Road Maintenance & Rehabilitation Program	359,871	322,469	309,800	-	-	12,669	372,540
Measure M2 (OC Go)	87,372	218,800	251,366	-	-	(32,566)	54,806
Coastal Area Road Improvement and Traffic Signals (CARITS)	264,698	3,000	-	-	-	3,000	267,698
Service Authority for Abandoned Vehicles	37,794	-	-	-	-	-	37,794
Supplemental Law Enforcement Services	26,525	171,000	158,100	-	-	12,900	39,425
Mobile Source Reduction	241,704	72,000	92,500	-	-	(20,500)	221,204
PEG/Cable Television	39,730	14,700	-	-	-	14,700	54,430
Senior Mobility	238,659	133,800	131,000	-	-	2,800	241,459
Community Development Block Grant (CDBG)	-	150,000	150,000	-	-	-	-
Federal Grants	14,562	1,895,828	1,895,828	-	-	-	14,562
State of California Grants	4,551	193,952	193,952	-	-	-	4,551
Laguna Woods Civic Support Fund	46	20,015	24,408	-	-	(4,393)	(4,347)
Total Special Revenue Funds	1,661,292	3,602,883	3,568,314	-	-	34,569	1,695,861
CUMULATIVE TOTAL	\$ 11,609,746	\$ 10,015,383	\$ 10,201,995	\$ -	\$ -	\$ (186,612)	\$ 11,423,134

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CITY OF LAGUNA WOODS
Fiscal Years 2021-23 Budget & Work Plan
Revenue Summary - All Funds

<u>GENERAL FUND GROUP</u>	2016-17	2017-18	2018-19	2019-20	2020-21		2021-22		2022-23	
	Actual Received	Actual Received	Actual Received	Actual Received	Amended Budget	Projection	Budget	% Change From 2020-21 Projection	Budget	% Change From 2021-22 Budget
<u>General Fund</u>										
Property Tax	2,311,196	2,459,239	2,625,423	2,767,653	2,826,400	3,042,921	3,115,500	2.4%	3,210,800	3.1%
Property Transfer Tax	179,988	114,180	89,740	85,478	74,000	88,000	89,300	1.5%	89,500	0.2%
Sales Tax	888,144	914,550	901,697	957,549	889,000	977,093	1,018,600	4.2%	1,058,400	3.9%
Franchise Fees	748,947	672,266	701,647	699,250	712,900	689,656	673,300	-2.4%	678,900	0.8%
Transient Occupancy Tax	487,391	484,470	483,729	349,660	225,000	234,300	336,000	43.4%	343,600	2.3%
Development Processing Fees	694,316	647,008	759,262	671,039	704,200	576,170	706,200	22.6%	713,300	1.0%
Interest	61,948	111,739	183,014	189,379	100,000	103,800	94,000	-9.4%	87,000	-7.4%
Miscellaneous										
Regular	186,300	251,416	170,023	254,585	195,300	222,753	224,900	1.0%	231,000	2.7%
One-Time Rule 20A Transfer	-	-	326,471	19,227	-	30,747	-	-100.0%	-	0.0%
TOTAL GENERAL FUND (ALL REVENUE)	5,558,230	5,654,868	6,241,006	5,993,820	5,726,800	5,965,440	6,257,800	4.9%	6,412,500	2.5%
Less: One-Time Rule 20A Transfer	-	-	(326,471)	(19,227)	-	(30,747)	-		-	
TOTAL GENERAL FUND (ONGOING REVENUE)	5,558,230	5,654,868	5,914,535	5,974,593	5,726,800	5,934,693	6,257,800	5.4%	6,412,500	2.5%
<u>Capital Projects Fund</u>										
Intergovernmental	-	56,143	32,361	7,993	-	-	-	100.0%	-	0.0%
Interest	617	133	10,943	8,046	-	7,270	-	0.0%	-	0.0%
TOTAL CAPITAL PROJECTS FUND	617	56,276	43,304	16,039	-	7,270	-	100.0%	-	0.0%
TOTAL GENERAL FUND GROUP (ALL REVENUE)	5,558,847	5,711,144	6,284,310	6,009,859	5,726,800	5,972,710	6,257,800	4.8%	6,412,500	2.5%

CITY OF LAGUNA WOODS
Fiscal Years 2021-23 Budget & Work Plan
Revenue Summary - All Funds

	2016-17	2017-18	2018-19	2019-20	2020-21		2021-22		2022-23	
	Actual Received	Actual Received	Actual Received	Actual Received	Amended Budget	Projection	Budget	% Change From 2020-21 Projection	Budget	% Change From 2021-22 Budget
SPECIAL REVENUE FUNDS										
Fuel Tax	324,388	361,613	360,886	395,192	397,457	361,683	403,237	11.5%	407,319	1.0%
Traffic Mitigation Fees	2,160	Fund Closed								
Road Maintenance & Rehabilitation Program	-	95,622	281,445	292,739	283,889	282,690	315,609	100.0%	322,469	2.2%
Measure M2 (OC Go)	205,920	863,653	384,458	232,616	220,158	282,657	243,941	-13.7%	218,800	-10.3%
Coastal Area Road Improvement and Traffic Signals (CARITS)	1,030	1,683	5,081	5,413	4,000	3,185	3,000	0.0%	3,000	0.0%
Service Authority for Abandoned Vehicles	241	434	751	782	-	460	-	0.0%	-	0.0%
Supplemental Law Enforcement Services	129,595	140,133	149,327	156,806	158,100	164,265	167,200	1.8%	171,000	2.3%
Mobile Source Reduction	21,528	22,524	24,977	19,632	73,000	23,675	22,000	-7.1%	72,000	227.3%
Mobile Source Reduction - Local Government Partnership	-	-	-	-	Fund Closed					
Beverage Container Recycling	5,164	7	-	Fund Closed						
Used Oil/Oil Payment Program	5,151	61	106	111	-	65	Fund Closed			
Energy Efficiency Conservation & CalRecycle Surplus	149	Fund Closed								
PEG/Cable Television	13,794	14,173	15,333	15,419	14,900	14,986	14,500	-3.2%	14,700	1.4%
Senior Mobility	245,462	242,031	211,592	167,420	175,049	144,480	170,000	17.7%	133,800	-21.3%
Community Development Block Grant (CDBG)	125,847	-	231,789	145,699	183,713	177,726	350,000	96.9%	150,000	0.0%
Proposition 68 (2018) Per Capita	-	-	-	-	Fund Closed					
Federal Grants	-	-	-	30,985	316,868	319,279	1,895,829	100.0%	1,895,828	0.0%
State of California Grants	-	-	-	1,453	675,000	3,098	741,000	100.0%	193,952	-73.8%
Laguna Woods Civic Support Fund	1	151	14,073	207	20,015	773	20,015	2489.3%	20,015	-100.0%
TOTAL SPECIAL REVENUE FUNDS	1,080,430	1,742,085	1,679,818	1,464,474	2,522,149	1,779,022	4,346,331	144.3%	3,602,883	-17.1%
TOTAL ALL FUNDS (ALL REVENUE)	6,639,277	7,453,229	7,964,128	7,474,333	8,248,949	7,751,732	10,604,131	36.8%	10,015,383	-5.6%

CITY OF LAGUNA WOODS
Fiscal Years 2021-23 Budget & Work Plan
Expenditures Summary - All Funds

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22		2022-23		
	Actual For Year	Actual For Year	Actual For Year	Actual For Year	Projection	Budget	% Change From 2020-21 Projection	Budget	% Change From 2021-22 Budget	
<u>GENERAL FUND GROUP</u>										
<u>General Fund</u>										
City Council	19,072	16,925	18,586	15,764	14,856	17,657	18.9%	19,594	11.0%	
General Government	1,161,317	583,059	770,352	912,885	771,742	837,229	8.5%	885,390	5.8%	
Administrative Services	680,220	634,055	673,797	405,810	420,023	455,555	8.5%	462,370	1.5%	
Community Services	3,426	794	-	-	-	-	-	-	-	
Engineering & Infrastructure Services	228,898	261,451	1,159,237	333,119	320,316	293,130	-8.5%	300,828	2.6%	
Planning & Environmental Services	942,424	961,253	1,082,897	992,748	1,219,146	1,357,027	11.3%	1,345,935	-0.8%	
Public Safety Services	2,567,582	2,496,393	2,718,495	2,754,601	2,861,962	3,145,699	9.9%	3,353,973	6.6%	
Information Technology & Cyber Security Account	-	-	-	130,000	45,000	25,000	-44.4%	-	0.0%	
TOTAL GENERAL FUND	5,602,939	4,953,930	6,423,364	5,544,927	5,653,045	6,131,297	8.5%	6,368,090	3.9%	
<u>Capital Projects Fund</u>										
Capital Projects	49,106	319,378	319,378	327,534	242,606	301,296	24.2%	265,591	-11.9%	
TOTAL CAPITAL PROJECTS FUND	49,106	319,378	319,378	327,534	242,606	301,296	24.2%	265,591	-11.9%	
TOTAL GENERAL FUND GROUP	5,652,045	5,273,308	6,742,742	5,872,461	5,895,651	6,432,593	9.1%	6,633,681	3.1%	
<u>SPECIAL REVENUE FUNDS</u>										
Fuel Tax	379,335	716,966	336,880	635,245	400,221	375,514	-6.2%	361,360	-3.8%	
Traffic Mitigation Fees	-	Fund Closed								
Road Maintenance & Rehabilitation Program	-	50,000	215,100	154,245	218,289	270,600	24.0%	309,800	14.5%	
Measure M2 (OC Go)	179,886	820,315	247,006	238,705	226,547	240,850	6.3%	251,366	4.4%	

CITY OF LAGUNA WOODS
Fiscal Years 2021-23 Budget & Work Plan
Expenditures Summary - All Funds

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22		2022-23	
	Actual For Year	Actual For Year	Actual For Year	Actual For Year	Projection	Budget	% Change From 2020-21 Projection	Budget	% Change From 2021-22 Budget
Coastal Area Road Improvement and Traffic Signals (CARITS)	-	53,021	-	-	-	-	0.0%	-	0.0%
Service Authority for Abandoned Vehicles	-	-	-	-	-	-	0.0%	-	0.0%
Supplemental Law Enforcement Services	100,000	171,707	153,500	154,100	158,100	158,100	0.0%	158,100	0.0%
Mobile Source Reduction	-	-	-	6,866	290	-	-100.0%	92,500	100.0%
Mobile Source Reduction - Local Government Partnership	-	-	-	-	Fund Closed				
Beverage Container Recycling	6,449	2,109	-	Fund Closed					
Used Oil/Oil Payment Program	-	-	-	-	5,326	Fund Closed			
Energy Efficiency Conservation & CalRecycle Surplus	-	Fund Closed							
PEG/Cable Television	293	-	313	-	104,668	-	-100.0%	-	0.0%
Senior Mobility	307,664	263,510	172,125	89,405	67,824	119,000	75.5%	131,000	10.1%
Community Development Block Grant (CDBG)	116,797	16,341	215,448	145,699	177,726	350,000	96.9%	150,000	-57.1%
Proposition 68 (2018) Per Capita	-	-	-	-	Fund Closed				
Federal Grants	-	-	-	30,985	304,717	1,895,829	522.2%	1,895,828	0.0%
State of California Grants	-	-	-	-	59,308	16,000	-73.0%	193,952	1112.2%
Laguna Woods Civic Support Fund	1,299	1,080	242	9,566	3,579	24,408	582.0%	24,408	0.0%
TOTAL SPECIAL REVENUE FUNDS	1,091,723	2,095,049	1,340,614	1,464,816	1,726,595	3,450,301	99.8%	3,568,314	3.4%
TOTAL ALL FUNDS	6,743,768	7,368,357	8,083,356	7,337,277	7,622,246	9,882,894	29.7%	10,201,995	3.2%

CITY OF LAGUNA WOODS
Fiscal Years 2021-23 Budget & Work Plan
Inter-Fund Transfers Summary - All Funds

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
	<u>Actual for Year</u>	<u>Actual for Year</u>	<u>Actual for Year</u>	<u>Actual for Year</u>	<u>Actual for Year</u>	<u>Actual for Year</u>	<u>Actual for Year</u>	<u>Actual for Year</u>	<u>Actual for Year</u>	<u>Projection</u>	<u>Budget</u>	<u>Budget</u>
<u>TRANSFERS OUT</u>												
General Fund	61,277	-	25,000	88,697	90,308	461,293	989,534	241,219	327,534	242,606	301,296	265,591
<i>Other Funds:</i>												
Capital Projects Fund	-	-	-	-	1,043,009	-	-	-	-	-	-	-
Traffic Mitigation Fees Fund	-	-	-	-	-	436,555	-	-	-	-	-	-
Beverage Container Recycling Fund	-	-	-	-	-	22,579	-	-	-	-	-	-
Used Oil/Oil Payment Program Fund	-	-	-	-	-	21,254	-	-	-	-	-	-
Energy Efficiency Conservation & CalRecycle Surplus	-	-	-	-	-	30,894	-	-	-	-	-	-
Senior Mobility Fund	10,461	-	-	-	-	-	-	-	-	-	-	-
Total Other Funds	10,461	-	-	-	1,043,009	511,282	-	-	-	-	-	-
TOTAL TRANSFERS OUT	71,738	-	25,000	88,697	1,133,317	972,575	989,534	241,219	327,534	242,606	301,296	265,591
<u>TRANSFERS IN</u>												
General Fund	10,461	-	-	-	1,043,009	511,282	-	-	-	-	-	-
<i>Other Funds:</i>												
Capital Projects Fund	-	-	-	88,697	62,780	90,300	984,534	226,304	327,534	242,606	301,296	265,591
Fuel Tax Fund	-	-	-	-	-	99,359	-	14,872	-	-	-	-
Measure M2 Fund	-	-	-	-	-	184,506	-	43	-	-	-	-
Proposition 84 Grant Fund	-	-	-	-	-	15,733	-	-	-	-	-	-
Park State Bonds	61,277	-	-	-	-	-	-	-	-	-	-	-
Senior Mobility Fund	-	-	25,000	-	27,528	62,202	5,000	-	-	-	-	-
Community Development Block Grant (CDBG) Fund	-	-	-	-	-	4,193	-	-	-	-	-	-
Laguna Woods Civic Support Fund	-	-	-	-	-	5,000	-	-	-	-	-	-
Total Other Funds	61,277	-	25,000	88,697	90,308	461,293	989,534	241,219	327,534	242,606	301,296	265,591
TOTAL TRANSFERS IN	71,738	-	25,000	88,697	1,133,317	972,575	989,534	241,219	327,534	242,606	301,296	265,591

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CHAPTER 5.0.
CITY BUDGET DETAIL,
GENERAL AND CAPITAL FUNDS

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5.0. CITY BUDGET DETAIL, GENERAL AND CAPITAL FUNDS

This chapter presents fund-level revenue and expenditure detail for the programs, projects, and services included in this budget.

“AT-A-GLANCE” GENERAL FUND SUMMARY

[General Fund Revenue over/(under) Operating Expenditures Estimate]

	Fiscal Year 2021-22	Fiscal Year 2022-23
Total General Fund Revenue Estimate	\$6,257,800	\$6,412,500
Non-Operating Revenue Estimate	\$0	\$0
Operating Expenditures	(\$6,081,297)	(\$6,368,090)
Total General Fund Operating Revenue over/(under) Operating Expenditures	\$176,503	\$44,410

[Total General Fund Non-Operating Expenditures and Transfers]

	Fiscal Year 2021-22	Fiscal Year 2022-23
Non-Operating Expenditures	\$50,000	\$0
Transfers to Capital Projects Fund	\$301,296	\$265,591
Total	\$351,296	\$265,591

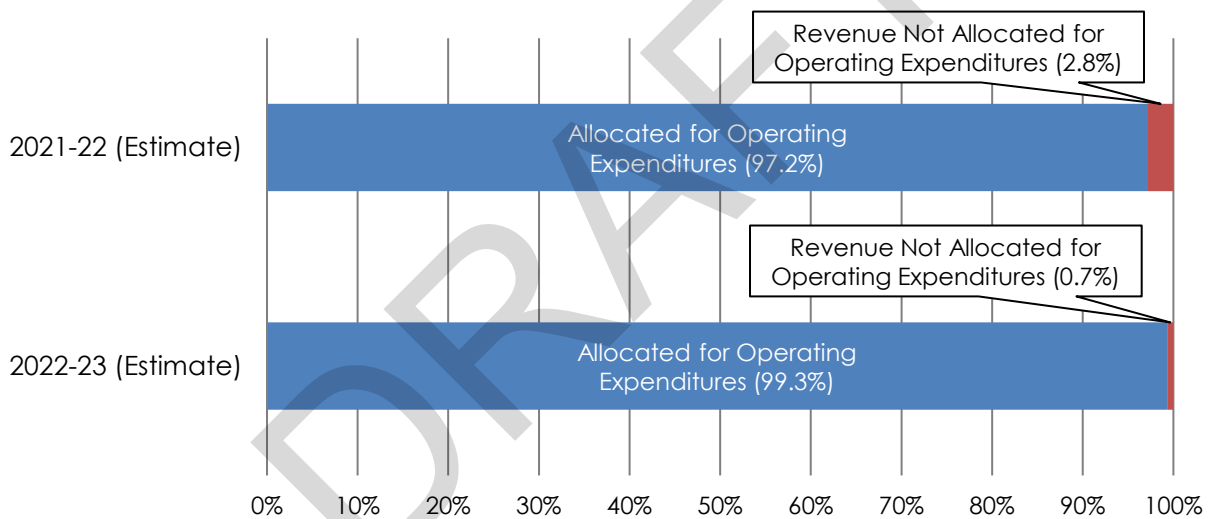
[Total General Fund Expenditures and Transfers]

	Fiscal Year 2021-22	Fiscal Year 2022-23
Total General Fund Operating Expenditures	\$6,081,297	\$6,368,090
Total General Fund Non-Operating Expenditures and Transfers	\$351,296	\$265,591
Total	\$6,432,593	\$6,633,681

The General Fund operating budget for Fiscal Year 2021-22 is balanced and totals \$6,081,297. At year-end, it is projected that the unassigned General Fund balance will total \$6,060,279, or 99.7% of the Fiscal Year 2021-22 operating budget. That unassigned fund balance would be in addition to assigned reserves totaling \$3,143,743. An additional \$351,296 is budgeted for non-operating expenditures and transfers to the Capital Projects Fund.

The General Fund operating budget for Fiscal Year 2022-23 is balanced and totals \$6,368,090. At year-end, it is projected that the unassigned General Fund balance will total \$5,761,748, or 90.5% of the Fiscal Year 2022-23 operating budget. That unassigned fund balance would be in addition to assigned reserves totaling \$3,221,093. An additional \$265,591 is budgeted for transfers to the Capital Projects Fund.

[Allocation of General Fund Operating Revenue – Fiscal Years 2021-23]



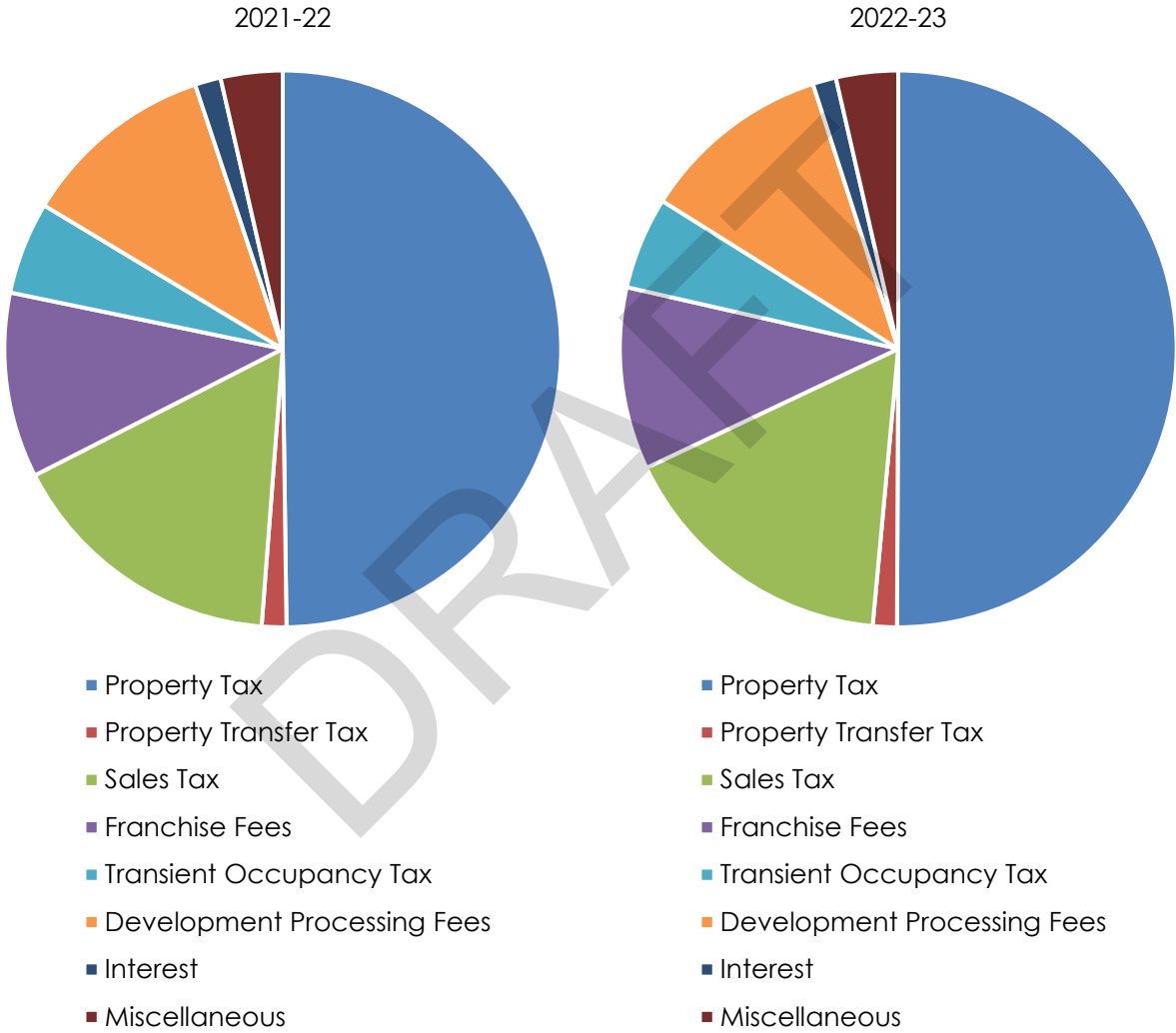
There are insufficient resources to add or expand ongoing programs, projects, or services, without a commensurate expenditure offset, as demonstrated in the Allocation of General Fund Operating Revenue chart.

GENERAL FUND SUMMARY – REVENUE

General Fund revenue for Fiscal Year 2021-22 is estimated to be \$6,257,800, or 4.9% more than year-end projections for Fiscal Year 2020-21 (excluding one-time revenues). In Fiscal Year 2022-23, General Fund revenue is estimated to be \$6,412,500, which reflects growth of \$154,700, or 2.5%, over the Fiscal Year 2021-22 estimate.

The differences in estimated revenue for both fiscal years are attributable to a factors including minimal to modest increases in the two largest sources of operating revenue – property tax and sales tax. As the local economy rebounds from the impacts of COVID-19, revenue from transient occupancy tax and development processing fees is expected to increase, but remain at or below pre-COVID-19 levels.

[General Fund Revenue Estimates by Source – Fiscal Years 2021-23]



General Fund Revenue Source	Percent of Adopted Budget Estimate (Fiscal Year 2021-22)	Percent of Adopted Budget Estimate (Fiscal Year 2022-23)
Property Tax	49.8%	50.1%
Property Transfer Tax	1.4%	1.4%

Sales Tax	16.3%	16.5%
Franchise Fees	10.8%	10.6%
Transient Occupancy Tax	5.3%	5.4%
Development Processing Fees	11.3%	11.1%
Interest	1.5%	1.3%
Miscellaneous	3.6%	3.6%

Note: This budget accounts for property tax in lieu of vehicle license fees as part of general property tax revenue and property transfer tax separately.

Historical Comparison

*[Historical General Fund Revenue by Source
– Fiscal Years 2014-15 through 2022-23]*

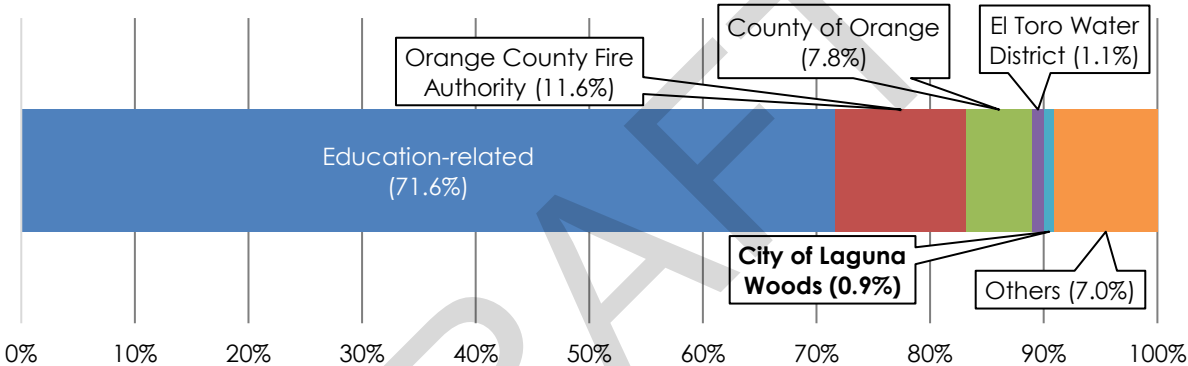


Property Tax Revenue

Property tax is a tax on certain types of real and personal property. Property tax rates are established by state law, including Proposition 13 (1978), which limits the maximum property tax rate to 1% of assessed value and the maximum annual increase to an inflationary index not to exceed 2%. The County of Orange is responsible for collecting property tax from property owners and distributing the proceeds to the various entities to whom taxes are owed.

For every dollar of property tax paid, the City receives an average of only \$0.0088. Over 70% of every property tax dollar funds education.

[Average Property Tax Allocation – Tax Rate Area 32010]



The Orange County Assessor's Local Assessment Roll of Values for Fiscal Year 2020-21 includes an inflationary index of 2.0%, equal to the Fiscal Year 2019-20 increase of 2.0%. The total value of Laguna Woods' local assessment roll increased by \$216,270,019, or 6.54%, to \$3,523,938,868 in Fiscal Year 2020-21, above the Fiscal Year 2019-20 increase of 5.27%.

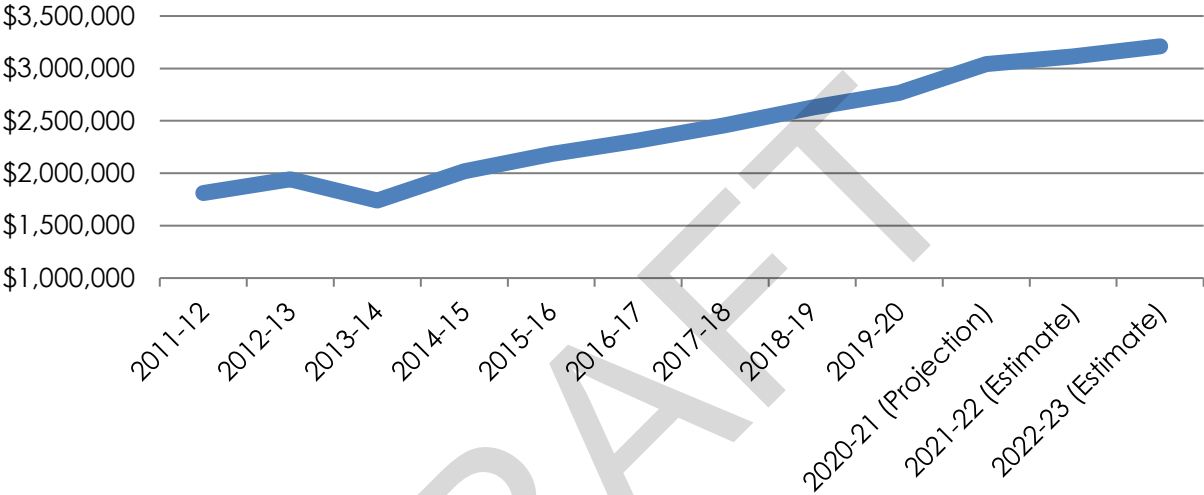
[Surrounding Cities Local Assessment Rolls – Fiscal Year 2020-21]

City	Total Local Assessment Roll Value	Percent Change of Local Assessment Roll Value from Fiscal Year 2019-20
Laguna Woods	\$3,523,938,868	6.54%
Aliso Viejo	\$11,068,183,829	3.41%
Irvine	\$89,979,276,432	5.91%
Laguna Beach	\$16,745,358,345	4.71%
Laguna Hills	\$7,653,117,322	3.99%

In Fiscal Year 2020-21, Laguna Woods had the fifth lowest local assessment roll value in Orange County, ranking above the cities of (from highest to lowest) Stanton, Los Alamitos, La Palma, and Villa Park.

In Fiscal Year 2020-21, Laguna Woods had the third highest percent change of local assessment roll value from Fiscal Year 2019-20 in Orange County, ranking below the cities of (from highest to lowest) Fullerton and Los Alamitos.

[Property Tax Revenue – Fiscal Years 2011-12 through 2022-23]



Budget Estimate (Fiscal Year 2021-22)	Percent Change from Projected Year-End Receipts (Fiscal Year 2020-21)	Budget Estimate (Fiscal Year 2022-23)	Percent Change from Projected Year-End Receipts (Fiscal Year 2021-22)
\$3,115,500	2.4%	\$3,210,800	3.1%

Summary of Significant Trends and Observations

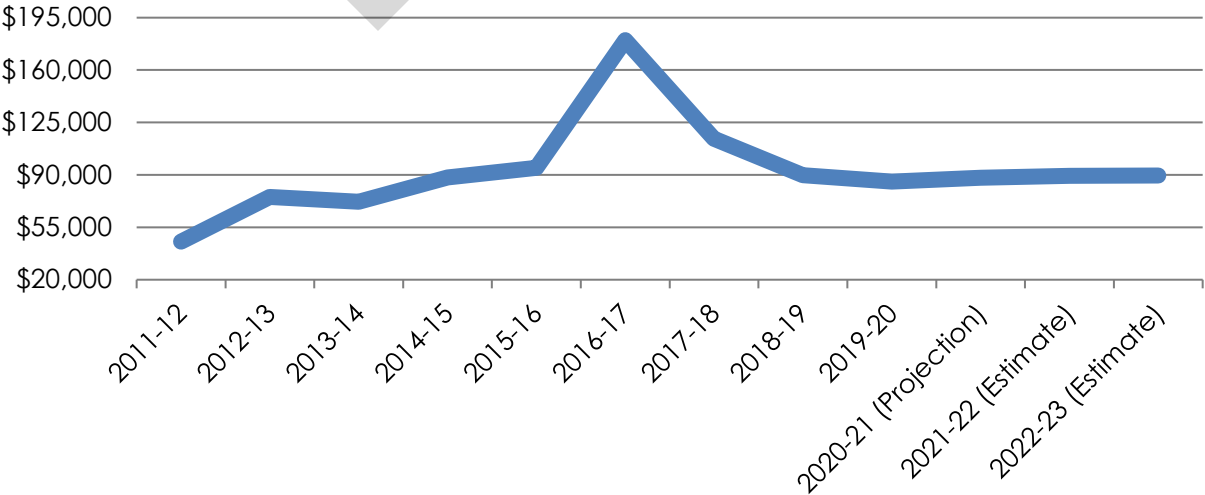
- Property tax revenue is the City’s largest single source of revenue and now accounts for approximately half of all General Fund revenue. It has experienced steady growth each year since Fiscal Year 2013-14. COVID-19 had no significant impact on property tax revenue.
- Increases in estimated property tax revenue are due, in part, to growth in home sale prices, continued recapture of assessed property valuations that had been temporarily reduced pursuant to Proposition 8’s (1978) tax relief program, and anticipated increases in the consumer price index used to calculate assessed property valuations.

- Actual and estimated changes in property ownership account for just over half of the overall increases in estimated property tax revenue for fiscal years 2021-22 and 2022-23. The actual increase due to this factor for Fiscal Year 2022-23 is 1.3%. The estimated increase for Fiscal Year 2022-23 is 1.6%, based on the historical average rate of property turnover and resulting property value increases.
- Just under half of the overall increases in estimated property tax revenue for fiscal years 2021-22 and 2022-23 are due to the actual and projected increases, respectively, in the consumer price index used to increase assessed property valuations. The maximum annual adjustment is 2.0% under California's Proposition 13 ("People's Initiative to Limit Property Taxation"), but the actual increase for Fiscal Year 2021-22 is 1.036% and the estimated increase for Fiscal Year 2022-23 is 1.5%.
- Were it to occur, the potential future housing construction envisioned by the State of California's Regional Housing Needs Assessment ("RHNA") process would result in an expanded property tax base and increased property tax revenue.

Property Transfer Tax Revenue

Property transfer tax is a tax on the recordation of documents transferring ownership of land or real property. Property transfer tax is established by cities and counties and is collected by the County of Orange at a rate of \$1.10 per \$1,000 of the assessed value of the real estate being transferred. The City and the County each receive 50% of the property transfer taxes collected.

[Property Transfer Tax Revenue – Fiscal Years 2011-12 through 2022-23]



Budget Estimate (Fiscal Year 2021-22)	Percent Change from Projected Year-End Receipts (Fiscal Year 2020-21)	Budget Estimate (Fiscal Year 2022-23)	Percent Change from Projected Year-End Receipts (Fiscal Year 2021-22)
\$89,300	1.5%	\$89,500	0.2%

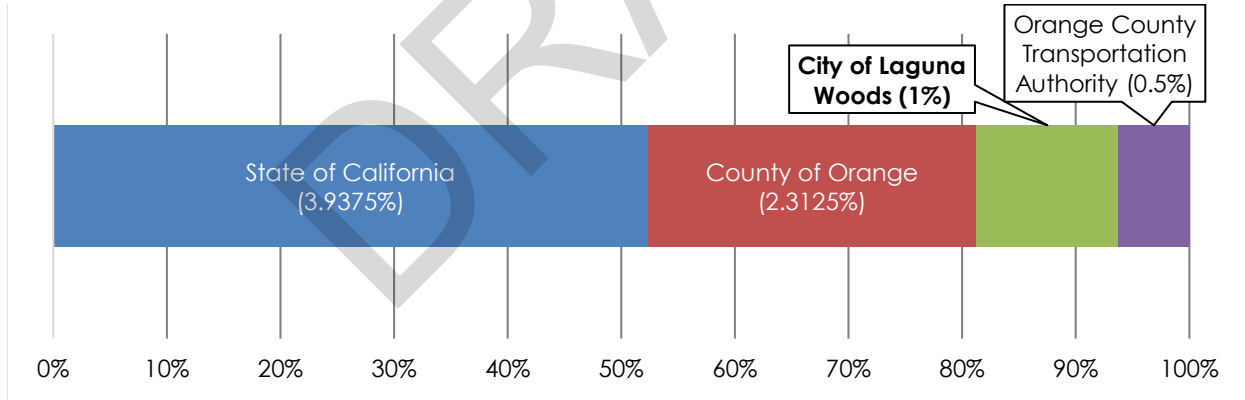
Summary of Significant Trends and Observations

- Property transfer tax revenue is projected to remain relatively consistent with prior years. Revenue in Fiscal Year 2016-17 was higher than typical as a result of ownership transfers of two assisted living facilities.

Sales Tax Revenue

Of the 7.75% local sales tax rate, the City receives only 1% of tax proceeds. The majority of sales tax revenue is paid to the State of California and the County of Orange. The City receives a portion of the half-cent sales tax collected by the Orange County Transportation Authority pursuant to Measure M2 (OC Go), which is accounted for in the Special Revenue Funds section of this budget.

[Sales Tax Allocation]



[Surrounding Cities Per Capita Sales Tax Revenue – Calendar Year 2020¹]

City	Per Capita Sales Tax Revenue for Calendar 2020
Laguna Woods	\$60
Aliso Viejo	\$56

¹ Sales Tax Per Capita, Calendar Year 2018, Hinderliter, de Llamas & Associates. Based on information from the California Department of Tax and Fee Administration.

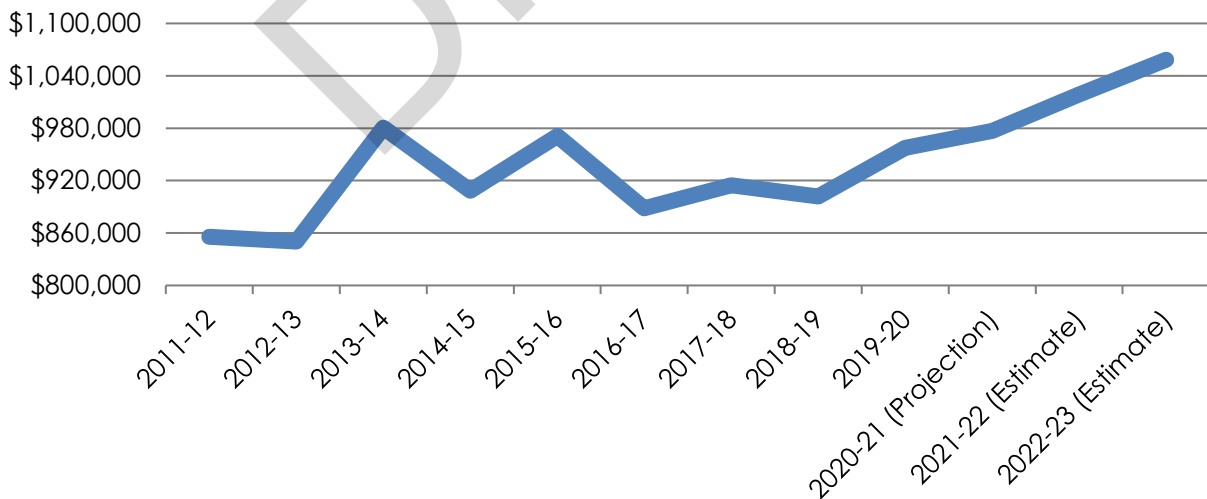
Irvine	\$225
Laguna Beach	\$191
Laguna Hills	\$168

On a per capita basis, sales tax revenue for Laguna Woods was the third lowest in Orange County in 2020, ranking above only (from highest to lowest) the City of Aliso Viejo, unincorporated Orange County, and the City of Villa Park.

[Top 25 Sales Tax Producers – Calendar Year 2020²]

Top 25 Sales Tax Producers for Calendar Year 2020		
19 Restaurant & Lounge	Mobil Station	Sabrosada
Adapt 2 It	Mother's Market	Saddleback Golf Cars
ALDI	Moulton Arco Station	Stage 21 Bikes
CVS Pharmacy	Moulton Arco Station AM/PM	Starbucks (two locations)
Dollar Tree	Okon Dental Lab	Stater Bros.
Firehouse Subs	Olive Garden	Tomo Sushi
Home Depot	Papa John's Pizza	Trident Society Orange County
Jack in the Box	PrestineHydro	
Lagune Café	Rite Aid	

[Sales Tax Revenue – Fiscal Years 2011-12 through 2021-23]



² Sales Tax Allocations Adjusted for Economic Data, January 2020 through December 2020, Hinderliter, de Llamas & Associates. Based on information from the California Department of Tax and Fee Administration. Sales tax producers are presented alphabetically in accordance with state law.

Budget Estimate (Fiscal Year 2021-22)	Percent Change from Projected Year-End Receipts (Fiscal Year 2020-21)	Budget Estimate (Fiscal Year 2022-23)	Percent Change from Projected Year-End Receipts (Fiscal Year 2021-22)
\$1,018,600	4.2%	\$1,058,400	3.9%

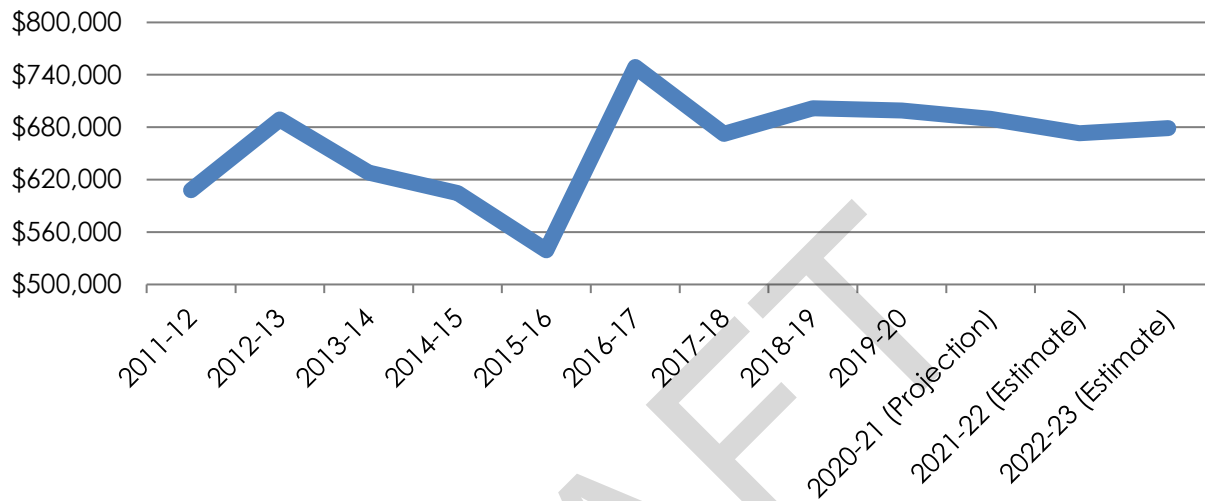
Summary of Significant Trends and Observations

- The City's sales tax base continues to be limited in size and lacking in diversity with the top 25 sales tax producing businesses accounting for approximately 97% of total sales tax revenue in the 2020 calendar year and the top five sales tax producing businesses accounting for 64% of total sales tax revenue. This over-reliance on a narrow subset of sales tax producers means that the City is particularly vulnerable to changes in local economic conditions.
- The City's sales tax base has been physically and monetarily reduced by the replacement of previously sales tax-generating uses with lesser or non-sales tax-generating uses ("goods-to-service conversion") (e.g., the replacement of a portion of the former Vons with Anytime Fitness and the replacement of the former Hometown Buffet with Goldfish Swim School). Continued "erosion" of revenue generating potential may result in significant revenue loss over both the near- and long-term.
- Overall sales tax revenue was not significantly affected by COVID-19. The performance of some sectors of the local economy declined while others remained strong or increased. The projected 4.2% growth in sales tax revenue for Fiscal Year 2021-22 is based, in large part, on a strong rebound in taxable sales activity for local restaurants and fuel/service stations as the impacts of COVID-19 ease. Growth in all sectors of the local economy – caveated by the aforementioned concerns regarding size and a lack of diversity – is forecast for Fiscal Year 2022-23.
- Sales tax fluctuates with changes in the economy, as well as consumer confidence. A "leveling off" or slowing of economic growth, could have a potentially significant, negative impact on future revenue.
- Were it to occur, the potential future housing construction envisioned by the State of California's Regional Housing Needs Assessment ("RHNA") process could result in a reduced sales tax base and decreased sales tax revenue. Such decrease would likely be at least partially offset by increased property tax revenue.

Franchise Fees Revenue

Franchise fees are collected by the City in accordance with agreements with various advertising, cable television, solid waste, and utility providers.

[Franchise Fees Revenue – Fiscal Years 2011-12 through 2022-23]



Budget Estimate (Fiscal Year 2021-22)	Percent Change from Projected Year-End Receipts (Fiscal Year 2020-21)	Budget Estimate (Fiscal Year 2022-23)	Percent Change from Projected Year-End Receipts (Fiscal Year 2021-22)
\$673,300	(2.4%)	\$678,900	0.8%

Summary of Significant Trends and Observations

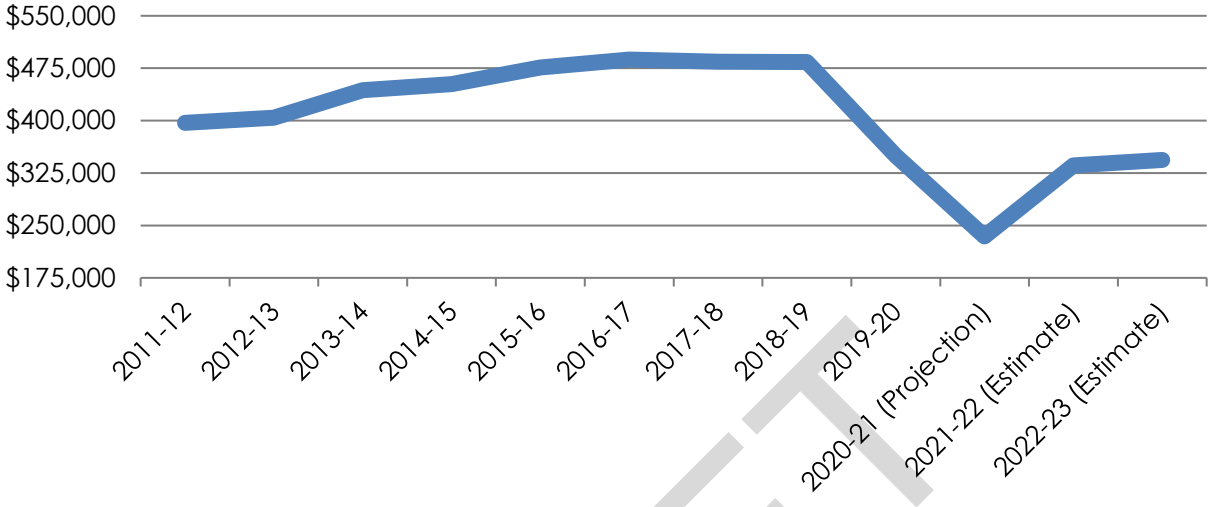
- Franchise fees revenue is projected to remain relatively consistent with Fiscal Year 2020-21.
- A new solid waste handling services franchise agreement is expected to be entered into in Fiscal Year 2021-22. As the timing and fiscal impact of that new franchise agreement are not yet known, this budget assumes continuation of the existing solid waste handling services agreement with Waste Management Collection & Recycling, Inc.

Transient Occupancy Tax Revenue

Transient occupancy tax is levied at a rate of 10% of the rent charged for most hotel stays and short-term rentals. Transient occupancy tax is collected by the

operators of hotels and short-term rentals, and then paid to the City.

[Transient Occupancy Tax Revenue – Fiscal Years 2011-12 through 2022-23]



Budget Estimate (Fiscal Year 2021-22)	Percent Change from Projected Year-End Receipts (Fiscal Year 2020-21)	Budget Estimate (Fiscal Year 2022-23)	Percent Change from Projected Year-End Receipts (Fiscal Year 2021-22)
\$336,000	43.4%	\$343,600	2.3%

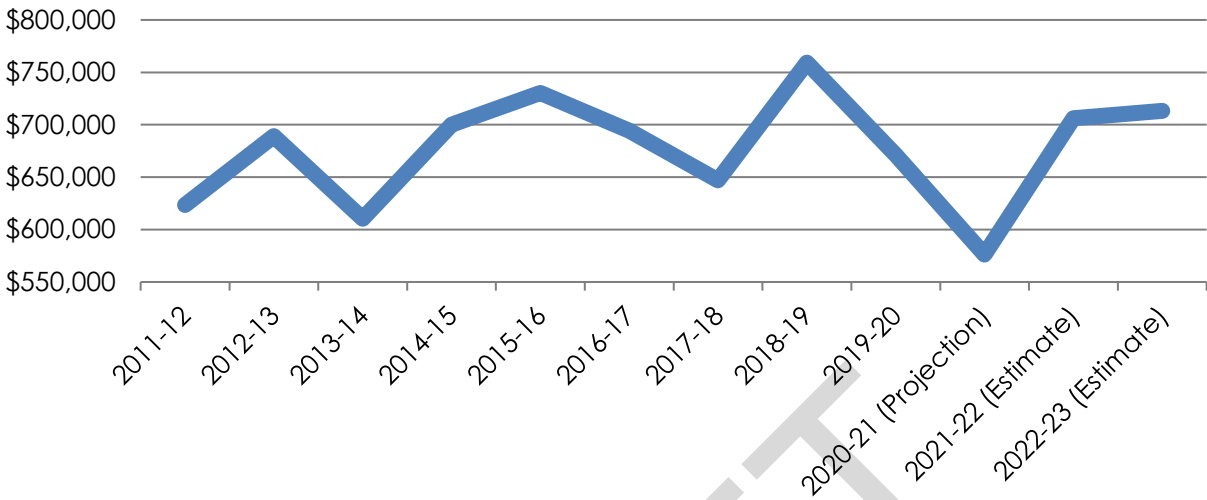
Summary of Significant Trends and Observations

- The significant decline in transient occupancy tax revenue in Fiscal Year 2019-20 and the continued decline projected for Fiscal Year 2020-21 are the result of COVID-19. Recovery to approximately two-thirds of the pre-COVID-19 level is projected for Fiscal Year 2021-22 with modest growth then forecast for Fiscal Year 2022-23.
- The City’s transient occupancy tax base continues to be limited in size and over-reliant on a single transient occupancy tax producer.

Development Processing Fees Revenue

Development processing fees are collected by the City in order to recover the City’s reasonable costs of providing building, planning, encroachment, and grading services.

[Development Processing Fees Revenue
– Fiscal Years 2011-12 through 2022-23]



Budget Estimate (Fiscal Year 2021-22)	Percent Change from Projected Year-End Receipts (Fiscal Year 2020-21)	Budget Estimate (Fiscal Year 2022-23)	Percent Change from Projected Year-End Receipts (Fiscal Year 2021-22)
\$706,200	22.6%	\$713,300	1.0%

Summary of Significant Trends and Observations

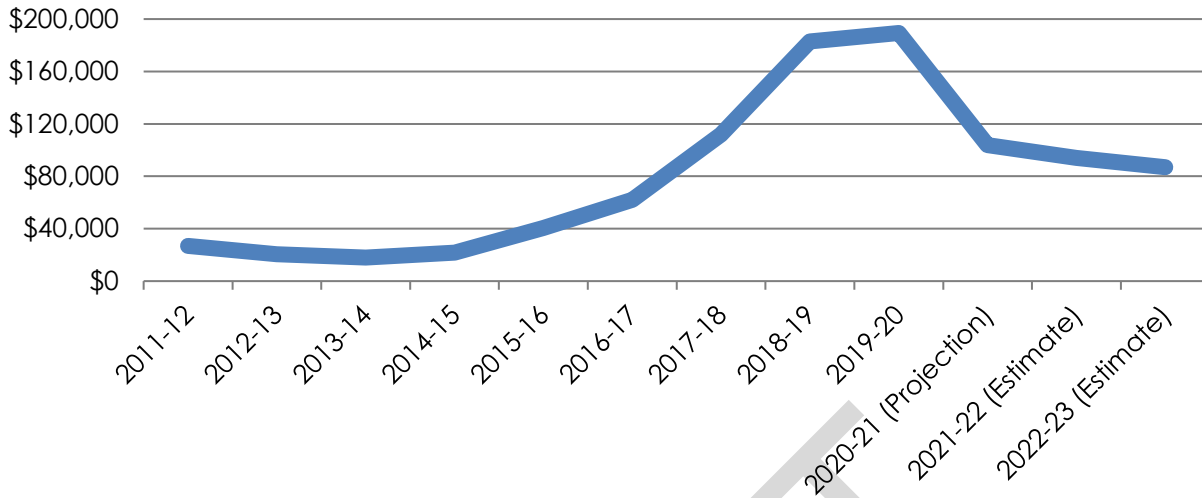
- Development processing fees revenue will continue to cover the City's reasonable costs of providing services. Since Fiscal Year 2014-15, the City has conducted an annual evaluation of the adequacy and rationality of its fees, including its reasonable costs of providing services.
- Development activity and related revenue is expected to return to pre-COVID-19 levels in fiscal years 2021-22 and 2022-23.

Interest Revenue

Interest revenue is comprised of earnings from financial investments made in accordance with the City's Investment of Financial Assets Policy.

The Investment of Financial Assets Policy is intended to assist the City with the investment of financial assets in a manner that ensures adequate safety and liquidity, while maximizing yield (return) and complying with the requirements of California Government Code sections 5921 and 53600 et seq.

[Interest Revenue – Fiscal Years 2011-12 through 2022-23]



Budget Estimate (Fiscal Year 2021-22)	Percent Change from Projected Year-End Receipts (Fiscal Year 2020-21)	Budget Estimate (Fiscal Year 2022-23)	Percent Change from Projected Year-End Receipts (Fiscal Year 2021-22)
\$94,000	(9.4%)	\$87,000	(7.4%)

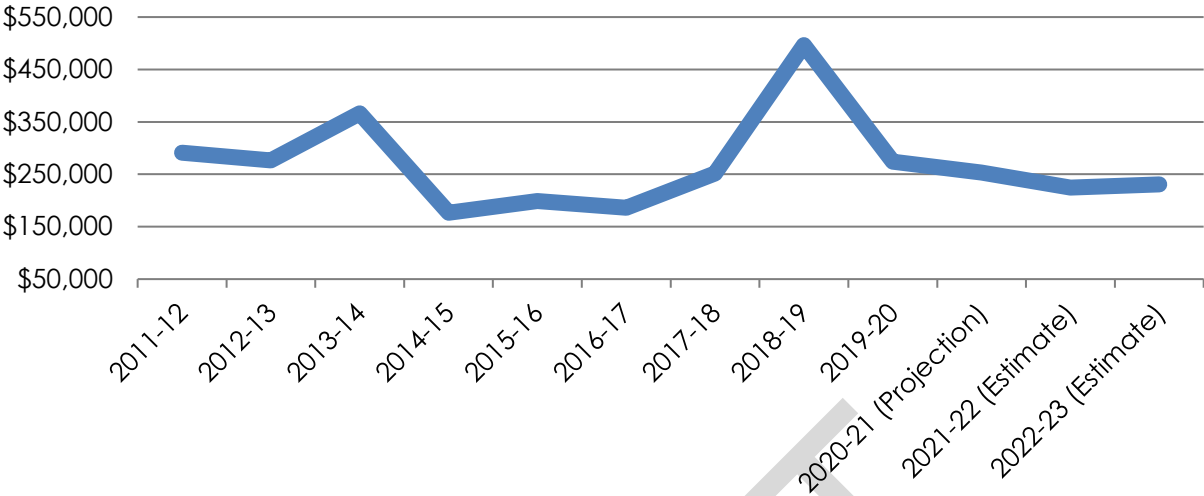
Summary of Significant Trends and Observations

- Interest revenue increased significantly from fiscal years 2014-15 through 2018-19, due to increases in short-term interest rates and diversification of the City's investments.
- Since 2019, short-term interest rates have declined dramatically and are again at Fiscal Year 2015-16 levels. The negative impact of declining interest rates on interest revenue has been somewhat mitigated due to investments in certificates of deposit with laddered maturities.
- Interest rates are expected to remain low through Fiscal Year 2022-23.
- The investable General Fund balance is expected to decrease in Fiscal Year 2021-22 due to construction of the City Hall/Public Library Project, which will have a negative impact on interest revenue.

Miscellaneous Revenue

Miscellaneous revenue is collected by the City as a result of agreements not accounted for in other revenue categories, reimbursements, and fines.

[Miscellaneous Revenue – Fiscal Years 2011-12 through 2022-23]



Budget Estimate (Fiscal Year 2021-22)	Percent Change from Projected Year-End Receipts (Fiscal Year 2020-21)	Budget Estimate (Fiscal Year 2022-23)	Percent Change from Projected Year-End Receipts (Fiscal Year 2021-22)
\$224,900	1.0%	\$231,000	2.7%

Summary of Significant Trends and Observations

- The majority of ongoing miscellaneous revenue comes from payment of the Waste & Recycling Reimbursement by the City's solid waste handling services provider and landfill-related revenue sharing from the County of Orange. Expected revenue growth in Fiscal Year 2022-23 is based on modest increases in both of the aforementioned revenue sources.
- A new solid waste handling services franchise agreement is expected to be entered into in Fiscal Year 2021-22. As the timing and fiscal impact of that new franchise agreement are not yet known, this budget assumes continuation of the existing terms and conditions governing payment of the Waste & Recycling Reimbursement.
- In Fiscal Year 2018-19, the City received a payment of \$326,471 from the City of Laguna Beach as part of a transfer of the City's California Public Utilities Commission Tariff Rule 20A allocation balance. That payment accounts for the significant increase in miscellaneous revenue in Fiscal Year 2018-19. Smaller payments related to other Rule 20A transfers were received from the City of Newport Beach in fiscal years 2019-20 and

2020-21. On June 3, 2021, the California Public Utilities Commission issued Decision 21-06-013 ("Phase 1 Decision Revising Electric Rule 20 and Enhancing Program Oversight") which, in part, banned most Rule 20A transfers. As a result, no additional Rule 20A revenue is anticipated.

GENERAL FUND SUMMARY – EXPENDITURES

General Fund operating expenditures for Fiscal Year 2021-22 are projected to be \$6,081,297, or 10.1% more than the projection for Fiscal Year 2020-21. In Fiscal Year 2022-23, General Fund operating expenditures are projected to increase to \$6,368,090, which reflects additional expenditures of \$286,793, or 4.7%, over the projection for Fiscal Year 2021-22.

The primary causes of General Fund operating expenditure increases for both fiscal years are modest, inflationary-type increases for most line items and more significant increases for law enforcement services.

An additional \$351,296 for Fiscal Year 2021-22 and \$265,591 for Fiscal Year 2022-23 is budgeted to support the following non-operating expenditures and transfers to the Capital Projects Fund:

Fiscal Year 2021-22

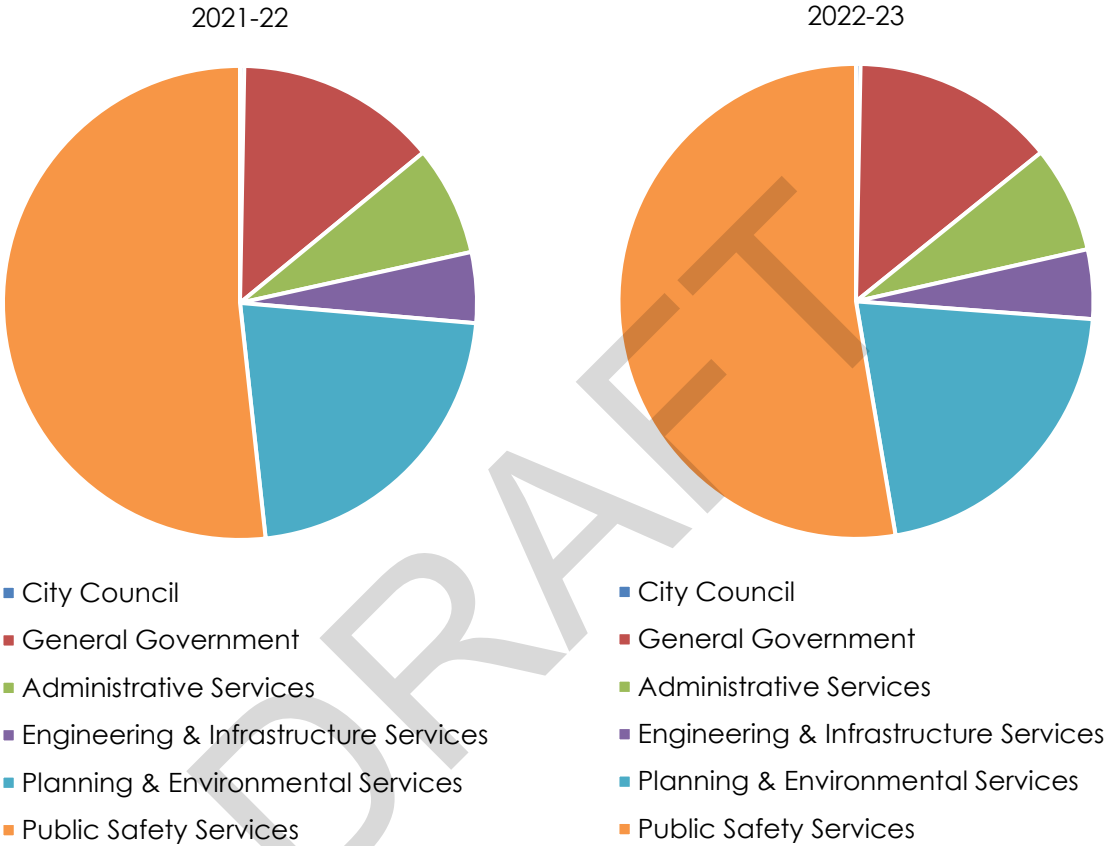
- *Non-Operating Expenditures*
 - Building Permitting Records Digitization (\$25,000)
 - Information Technology & Cyber Security Account (\$25,000)
 - TOTAL: \$50,000
- *Transfers to the Capital Projects Fund*
 - City Hall Refurbishment and Safety Project: Phase 3 (\$20,000)
 - City Hall/Public Library Project (\$250,000)
 - Ridge Route Drive Landscape Project (\$20,000)
 - City-maintained Catch Basins Full Capture Systems Retrofit Project (\$11,296)
 - TOTAL: \$301,296

Fiscal Year 2022-23

- *Transfers to the Capital Projects Fund*
 - City Hall Refurbishment and Safety Project: Phase 3 (\$230,000)

- Woods End Wilderness Preserve Trail Drainage and Improvement Project (\$35,591)
- TOTAL: \$265,591

[General Fund Operating Expenditure Projections by Department – Fiscal Years 2021-23]



General Fund Department	Percent of Adopted Budget Estimate (Fiscal Year 2021-22)	Percent of Adopted Budget Estimate (Fiscal Year 2022-23)
City Council	0.3%	0.3%
General Government	13.8%	13.9%
Administrative Services	7.5%	7.3%
Engineering & Infrastructure Services	4.8%	4.7%
Planning & Environmental Services	21.9%	21.1%
Public Safety Services	51.7%	52.7%

Employee Salaries, Benefits, and Taxes

While employee salaries, benefits, and taxes relate to multiple departments within the General Fund, discussion is consolidated in this section for ease of reference. Additional organizational information is included in Chapter 2.0.

Salaries and Benefits

Compensation schedules and benefits are approved by the City Council at duly noticed public meetings. In addition to base salaries, full-time employees generally receive a monthly benefit allowance (which, irrespective of the cost to employees, limits the City's contributions toward medical, dental, and vision coverage), paid time off, paid holidays, and retirement benefits.

During Fiscal Years 2019-21, employee benefits were modified as follows:

- For part-time employees (employees who regularly work between 20 and 39 hours per week), removed the paid Winter Holiday and added two floating holidays that can be taken between December 24 and 31.
- For part-time employees, added the ability to provide a monthly benefit allowance of up to \$800 per month.
- For part-time employees, modified paid time off provisions to match the existing accrual for full-time employees (160 hours per year), pro-rated based on the number of hours regularly worked, up to a maximum accrual of 300 hours.
- Modified the Internal Revenue Code Section 125 Flexible Benefits Plan to permit participating employees to carryover up to \$550 of unused amounts in their health flexible spending accounts to the immediately following plan year, with the carryover amount adjusted in future years, as indexed to applicable statutory limits. This action was made possible as a result of federal H.R. 748 ("Coronavirus Aid, Relief, and Economic Security Act") and did not increase the City's costs.
- Modified the Internal Revenue Code Section 125 Flexible Benefits Plan to allow for limited-time increased election flexibility and carryovers between plan years for health and dependent care flexible spending accounts, as well as increased maximum contributions to dependent care flexible spending accounts. These actions were made possible as a result of federal H.R. 133 ("Consolidated Appropriations Act, 2021") and H.R. 1319 ("American Rescue Plan Act of 2021"). These actions did not increase the City's costs.
- Excluded the following groups of employees from membership in the

California Public Employees' Retirement System ("CalPERS"): Student Intern, File Clerk, Receptionist, Cashier, Street Sweeping Operator, Waste Collection Worker, Crossing Guard, and Security Guard.

The most current employee compensation and benefits resolutions and the City Manager's employment agreement are available at City Hall and on the City's website (www.cityoflagunawoods.org > click on "Transparency & Public Records" > Click on "Employee Compensation and Benefits").

Except as noted, this budget does not envision changes to the compensation schedule or benefits for non-contract employees, nor to the terms of the City Manager's employment agreement. It does not include any new positions and allows for only minimal movement by employees within salary ranges.

California Public Employees' Retirement System

The City maintains defined benefit pension plans that are administered by CalPERS. The plans provide benefits to qualified employees based on their number of years of employment, age at retirement, and final compensation (average salary for a defined period of employment). Qualified employees hired prior to January 1, 2013, or otherwise eligible in accordance with the Public Employees' Pension Reform Act of 2013 ("PEPRA"), are considered "classic" members and are enrolled in a "2% at age 55" plan. Classic members contribute 7% of their annual covered salary. Qualified employees hired on or after January 1, 2013, and not considered "classic" members ("new/PEPRA members"), are enrolled in a "2% at age 62" plan and contribute a variable percentage of their annual covered salary, in accordance with PEPRA. The new/PEPRA employee contribution rate is 7.5% for Fiscal Year 2021-22 and may increase for Fiscal Year 2022-23.

CalPERS produces an annual valuation report for each city's pension plans based on information available as of June 30 of the preceding year. The City's expenditure appropriations for employer contributions to CalPERS are based on the information contained in the most current valuation reports. Current and prior valuation reports are available at City Hall and on CalPERS' website (www.calpers.ca.gov > search "Public Agency Actuarial Valuation Reports" > search "Laguna Woods City" in the "Name" field). A link to CalPERS's website is also provided on the City's website (www.cityoflagunawoods.org > click on "Government" > click on "Transparency & Public Records" > click on "CalPERS Pension Plans Actuarial Valuation Reports").

The City is required to make annual contributions to CalPERS that are based on a variety of assumptions including, but not limited to, rates of return on

pooled investments managed by CalPERS. The difference between the sum of the City's accumulated plan assets and the total projected cost of earned pension benefits is referred to as "unfunded accrued liability" ("UAL").

The City's most current valuation reports are based on information as of June 30, 2019. The City's total UAL was calculated at \$121,081. In October 2020, the City made lump sum payments to pay off the entirety of its then-calculated UAL (\$29,970). Those UAL payments followed earlier UAL payments in May 2017 (\$483,218), September 2018 (\$137,455), and October 2019 (\$101,092).

This budget and work plan does not include any additional UAL payments. CalPERS' next valuation reports will be released in August 2021, after which the City Council may consider making such payments.

In April 2021, the City Council approved the establishment of an irrevocable Pension Trust Fund to prefund required pension contributions. The City Council may consider making contributions to the Pension Trust Fund to increase interest earnings to offset future UAL payments.

Payroll Taxes – Employment Training Tax

The City is required to pay the State of California's Employment Training Tax, which provides funds to train employees in targeted industries to improve the competitiveness of California businesses. The City pays a rate established by the State, which for calendar year 2021 is 0.1% on the first \$7,000 of earnings.

Payroll Taxes – Social Security and Medicare

The City participates in Social Security and Medicare programs, which provide retirement and health benefits to qualified employees beginning as early as age 62. All employees (full-time, part-time, and limited part-time) pay the full employee contribution and the City pays an equivalent employer contribution, which for calendar year 2021 is 6.2% on the first \$142,800 of earnings for Social Security and 1.45% on all earnings for Medicare. Social Security and Medicare contributions account for approximately 98% of total payroll taxes paid by the City. Total costs for Social Security and Medicare are projected to be \$58,980 for Fiscal Year 2021-22 and \$59,848 for Fiscal Year 2022-23.

Payroll Taxes – State Unemployment Insurance

The City participates in the State of California's Unemployment Insurance program, which provides temporary financial assistance to qualified persons who have separated from employment. The City pays a rate established by the State, which for calendar year 2021 is 1.5% on the first \$7,000 of earnings.

Other-Post Employment Benefits (Retiree Medical)

As a member of the CalPERS health insurance program, the City is statutorily required to offset a portion of the cost of CalPERS health insurance premiums for qualified, retired employees ("other post-employment benefits" or "OPEB") at a minimum rate, adjusted annually. Rates are established by state law with the monthly cost for calendar year 2021 totaling \$143 per qualified, retired employee. Retired employees pay the remainder of their premium costs.

In Fiscal Year 2015-16, the City established an irrevocable OPEB Trust Fund to prefund OPEB liabilities. The OPEB Trust Fund was established with an initial prefunding level equal to 80% of the then-current unfunded liability (\$60,511). While many employers use a "pay-as-you-go" formula to minimally fund OPEB liabilities, the establishment of an interest-bearing OPEB trust fund allows the City to proactively manage future costs and reduce unfunded liabilities.

An actuarial valuation completed in May 2018 calculated the City's unfunded OPEB liability at \$46,631 as of June 30, 2017. In June 2018, the City made a supplemental contribution to the OPEB Trust Fund in the amount of \$23,812 to maintain a prefunding level equal to 80% of the projected benefits.

An actuarial valuation completed in June 2020 calculated the City's unfunded OPEB liability at \$51,013 as of June 30, 2019. In June 2020, the City made a supplemental contribution to the OPEB Trust Fund in the amount of \$19,529 to maintain a prefunding level equal to 80% of the projected benefits.

This budget and work plan does not include any additional contributions to the OPEB Trust Fund. The next actuarial study will be completed in Fiscal Year 2021-22, after which the City Council may consider making such contributions.

Law Enforcement Retirement and Other Post-Employment Benefits

Agreements for law enforcement services with the County of Orange include certain employee retirement and OPEB-related expenses. While the City is not responsible for the County of Orange's long-term retirement or OPEB liabilities, changes in the County of Orange's contribution rates and actuarial valuations for the Orange County Employees Retirement System ("OCERS") create a year-to-year budgetary risk exposure for the City. While retirement and OPEB-related expenses have a material and generally upward impact on the City's costs, the City does not have a vote in either the County of Orange's or OCERS' decision-making. The City's ability to project future law enforcement costs is further limited as the County of Orange does not provide long-term projections that separately identify pension costs with amortized unfunded liabilities.

GENERAL FUND EXPENDITURES BY DEPARTMENT

For additional information on the role, responsibilities, and staffing for each City department, please refer to Chapter 2.0.

City Council Department

Notes and Notable Changes from Prior Years

- Monthly compensation through the November 2022 General Municipal Election reflects current elections by Councilmembers. Compensation is fixed at \$300 per month, but may be waived at the discretion of each Councilmember.
- No budget is provided for City Council air travel.
- Funds for City-paid lodging for the California Joint Powers Insurance Authority's ("CJPIA") Annual Risk Management Educational Forum are only included for either the City Council's CJPIA director or alternate. As the Fiscal Year 2021-22 Risk Management Education Forum will be held virtually, funds for City-paid lodging are not included.

General Government Department

Notes and Notable Changes from Prior Years

- Insurance costs vary from year-to-year based on actuarial studies of the CJPIA's claims experience. Funding requirements are allocated to each member of the insurance pool using loss experience and payroll, relative to other members.
- Funds are included for the City's annual dues for the Southern California Association of Governments, Orange County Council of Governments, and Orange County Local Agency Formation Commission. No funds are included for the League of California Cities.
- Funds are included for various City staff memberships in professional organizations, including the Government Finance Officers Association, California Municipal Treasurers Association, City Clerks Association of California, National Notary Association, Orange County City Managers' Association, and American Planning Association. No funds are included for the International Institute of Municipal Clerks.
- No budget is provided for City staff air travel.
- No budget is provided for City staff lodging costs for the CJPIA's Annual Risk Management Educational Forum. City staff may participate if the

forum is held virtually or within driving distance of Laguna Woods.

- Funds are included for ContractSafe software, which replaces Laserfiche for agreement- and grant-related records management.
- Due to the impacts of COVID-19, and with the initial assistance of federal Coronavirus Aid, Relief, and Economic Security ("CARES") Act funding, software to facilitate online notary/foreign pension acknowledgement appointment scheduling was acquired in Fiscal Year 2020-21. Funds are included to provide for the continued use of such software.
- Funds are included for the General Municipal Election on November 8, 2022 (assumption is City Council election only; no local ballot measures).
- Following a recent Commission on State Mandates decision (Vote by Mail Ballots: Prepaid Postage, 19-TC-01) that found that the California Elections Code requirement to provide prepaid postage for vote-by-mail ballots does not impose a reimbursable state-mandated program within the meaning of Article XIII(B)(6) of the California Constitution, the Orange County Registrar of Voters has advised that General Municipal Election charges will continue to include such postage.
- Janitorial services costs have increased significantly as a result of COVID-19. While the level of service is expected to be reduced during Fiscal Year 2021-22 and into Fiscal Year 2022-23 as guidance from the Centers for Disease Control evolves, contract labor costs have also increased, resulting in net budget increases.
- Beginning in Fiscal Year 2021-22, the budget for City Hall's Internet costs is included in the General Government Department rather than the Administrative Services Department. Due to increased teleconferencing and telecommuting necessitated by COVID-19, Internet service was enhanced (with a commensurate increase in cost) in Fiscal Year 2020-21. Costs will increase further in Fiscal Year 2021-22 as Internet service transitions between vendors and service delivery technologies. Costs will decrease in Fiscal Year 2022-23 at the culmination of that transition.
- Funds are included to provide a monthly \$79.50 technology allowance to employees who use their personal cellular telephones, personal computers, and/or other personal technology to conduct City business (assumption is 1 position: City Clerk).

Administrative Services Department

Notes and Notable Changes from Prior Years

- Beginning in Fiscal Year 2021-22, the budget for City Hall's Internet costs

is included in the General Government Department rather than the Administrative Services Department.

- Due to the impacts of COVID-19, and with the initial assistance of federal CARES Act funding, new technologies to facilitate remote work and virtual meetings (e.g., video conferencing software, calling plans, and computer equipment) were acquired in Fiscal Year 2020-21. Upon the expiration of the CARES Act funding in January 2021, ongoing licensing and subscription costs for those technologies were accommodated in the Administrative Services Department's budget. Funds are included to provide for the continued use of such technologies, as necessary.
- In Fiscal Year 2020-21, the City began the process of transitioning existing on-premises financial management software to Software as a Service ("SaaS"). By transitioning to SaaS, the City expects to improve ease of maintenance, security, redundancy, and remote functionality. Funds are included for ongoing licensing costs.
- The City remains in the process of modernizing its information technology systems and enhancing its cyber security posture. Funds are included to support ongoing licensing and subscription costs associated with cloud-based software deployed organization-wide. Funds for limited-term and extraordinary information technology and cyber security needs are included in the Information Technology & Cyber Security Account.
- Funds are included to provide a monthly \$79.50 technology allowance to employees who use their personal cellular telephones, personal computers, and/or other personal technology to conduct City business (assumption is 1 position: Administrative Services Director/City Treasurer).

Engineering & Infrastructure Services Department

Notes and Notable Changes from Prior Years

- Funds are included to provide for as-needed engineering services that are not related to transportation infrastructure.
- The City is required to expend at least \$104,578 in Fiscal Year 2021-22 and \$104,578 in Fiscal Year 2022-23 from its General Fund for transportation-related purposes in order to be eligible to receive funds from Orange County's Measure M2 (OC Go) one-half cent transportation-related sales tax. The amount of that "maintenance of effort" requirement will increase on July 1, 2023 and every three years thereafter based upon the California Department of Transportation ("CalTrans") Construction Cost Index for the preceding three calendar years, provided that the Construction Cost Index-based increase cannot exceed the growth rate

in General Fund revenues during the update period.

- Maintenance costs for public parks continue to increase with most of the increase attributable to contract labor costs and utilities.
- Funds are included to provide a monthly \$79.50 technology allowance to employees who use their personal cellular telephones, personal computers, and/or other personal technology to conduct City business (assumption is 1 position: Management Analyst Series).

Planning & Environmental Services Department

Notes and Notable Changes from Prior Years

- Contract staffing for building permitting-related activities continues to be enhanced to meet demand. Information on contract staffing levels and costs is available in the *Building, Planning, Encroachment, and Grading Permit Fee Study*, which is prepared annually and available at City Hall and on the City's website (www.cityoflagunawoods.org > click on "Government" > click on "Transparency & Public Records" > click on "Fee Schedules and Studies").
- The City transitioned from a primarily paper-based to electronic building permitting system on November 18, 2019. The electronic system requires ongoing software and software implementation services that are funded in this budget. Those costs are also considered in the annual *Building, Planning, Encroachment, and Grading Permit Fee Study*.
- In Fiscal Year 2020-21, the City began the process of transitioning existing on-premises permitting software to Software as a Service ("SaaS"). By transitioning to SaaS, the City expects to improve ease of maintenance, security, redundancy, and remote functionality. Funds are included for ongoing licensing costs. Those costs are also considered in the annual *Building, Planning, Encroachment, and Grading Permit Fee Study*.
- Due to the impacts of COVID-19, and with the initial assistance of federal CARES Act funding, software to facilitate online building inspection scheduling was acquired in Fiscal Year 2020-21. Funds are included to provide for the continued use of such software.
- Funds are included to provide for as-needed planning services that are not related to reimbursable planning projects.
- Community waste events and collection costs are expected to increase following a recently completed competitive procurement process for hazardous waste handling services.
- Water quality (stormwater) costs continue to increase, with most of the

increase attributable to activities required to comply with orders related to the State Water Resources Control Board's Statewide Water Quality Control Plans for Trash.

- Funds are included to provide a monthly \$79.50 technology allowance to employees who use their personal cellular telephones, personal computers, and/or other personal technology to conduct City business (assumption is 2 positions: Management Analyst Series).

Public Safety Services Department

Notes and Notable Changes from Prior Years

- The existing agreement with the City of Laguna Beach for animal control and shelter services began on July 1, 2020 and runs through June 30, 2023. Under that agreement, costs will remain lower than the amount paid for the same services in Fiscal Year 2019-20 through Fiscal Year 2021-22, before returning to approximately the Fiscal Year 2019-20 amount in Fiscal Year 2022-23.
- Projections continue to show that law enforcement services costs are increasing at an unsustainable rate in excess of the City's General Fund operating revenue primarily due to labor agreements approved by the Orange County Board of Supervisors, operational decisions made by the Orange County Sheriff's Department, and unfunded pension liabilities associated with the Orange County Employees Retirement System.
- The City's agreement with the County of Orange for law enforcement services in Fiscal Year 2021-22 includes an annual cost of \$3,068,532 (an increase of \$167,602, or approximately 5.78%, from Fiscal Year 2020-21).
 - Due to the Orange County Board of Supervisors' past proclivity to approve costly labor agreements with minimal advance notice to contracting cities, the law enforcement services budget assumes increases of 4% in Fiscal Year 2021-22 and 4% in Fiscal Year 2022-23. In Fiscal Year 2022-23, an additional 3% increase is assumed (for a total increase of 7% over Fiscal Year 2021-22) in anticipation of the Orange County Sheriff's Department's deployment of body-worn cameras. With the exception of body-worn cameras, no new law enforcement services are assumed or anticipated.
 - The budget assumes a funding offset from the State of California's Supplemental Law Enforcement Services Account ("SLESA") of \$158,100 in Fiscal Year 2021-22 and \$158,100 in Fiscal Year 2022-23. SLESA funds are accounted for in the Special Revenue Funds section of the budget (please refer to Chapter 6.0).

- The budget assumes a cost savings of one-half of one percent of each fiscal year's base law enforcement services agreement cost, due to early payment discounts offered by the County of Orange.
- Funds continue to be included for the emotional and practical support services provided by Trauma Intervention Programs, Inc.

Information Technology & Cyber Security Account

Notes and Notable Changes from Prior Years

- The Information Technology & Cyber Security Account was added to the budget in Fiscal Year 2019-20. To date, \$175,000 has been expended to address limited-term and extraordinary information technology and cyber security needs. Information Technology & Cyber Security Account expenditures are considered to be non-operating and are projected to be \$25,000 for Fiscal Year 2021-22. No appropriation is included for Fiscal Year 2022-23. For additional information, please refer to the description provided on page 5.0-35.

CAPITAL PROJECTS FUND REVENUE

The Capital Projects Fund is used to account for resources that are reserved for either current- or future-year capital improvement purposes. All Capital Projects Fund resources come from transfers in from the unassigned General Fund balance.

Capital Projects Fund transfers in from the General Fund for Fiscal Year 2021-22 are estimated to be \$301,296, or 24.2% more than year-end projections for Fiscal Year 2020-21. In Fiscal Year 2022-23, Capital Projects Fund transfers in from the General Fund are estimated to be \$265,591, which reflects a decrease of \$35,705, or 11.9%, from the Fiscal Year 2021-22 estimate.

Additional funding for capital improvement purposes is budgeted in Special Revenue Funds and discussed separately in Chapter 6.0.

CAPITAL PROJECTS FUND EXPENDITURES

Capital Projects Fund expenditures are considered to be non-operating and projected to be \$301,296 for Fiscal Year 2021-22 and \$265,591 for Fiscal Year 2022-23. All expenditures relate to the Capital Improvement Program projects listed below. For additional information, please refer to Chapter 8.0.

Fiscal Year 2021-22

- City Hall Refurbishment and Safety Project: Phase 3 (\$20,000)
 - City Hall/Public Library Project (\$250,000)
 - Ridge Route Drive Landscape Project (\$20,000)
 - City-maintained Catch Basins Full Capture Systems Retrofit Project (\$11,296)
- TOTAL: \$301,296

Fiscal Year 2022-23

- City Hall Refurbishment and Safety Project: Phase 3 (\$230,000)
 - Woods End Wilderness Preserve Trail Drainage and Improvement Project (\$35,591)
- TOTAL: \$265,591

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CITY OF LAGUNA WOODS								
Fiscal Years 2021-23 Budget & Work Plan								
Revenue Summary - General Fund								
Line Item	Fiscal Year 2018-19 Actual	Fiscal Year 2019-20 Actual	Fiscal Year 2020-21 Amended Budget	Fiscal Year 2020-21 Projection	Fiscal Year 2021-22 Budget	Percent Change from Prior Year Projection	Fiscal Year 2022-23 Budget	Percent Change from Prior Year Budget
GENERAL FUND GROUP								
General Fund								
Property Tax	2,625,423	2,767,653	2,826,400	3,042,921	3,115,500	2.4%	3,210,800	3.1%
Property Transfer Tax	89,740	85,478	74,000	88,000	89,300	1.5%	89,500	0.2%
Sales Tax	901,697	957,549	889,000	977,093	1,018,600	4.2%	1,058,400	3.9%
Franchise Fees	701,647	699,250	712,900	689,656	673,300	-2.4%	678,900	0.8%
Transient Occupancy Tax	483,729	349,660	225,000	234,300	336,000	43.4%	343,600	2.3%
Development Processing Fees	759,262	671,039	704,200	576,170	706,200	22.6%	713,300	1.0%
Interest	183,014	189,379	100,000	103,800	94,000	-9.4%	87,000	-7.4%
Miscellaneous:								
Regular	170,023	254,585	195,300	222,753	224,900	1.0%	231,000	2.7%
One-Time Rule 20A Transfer	326,471	19,227	-	30,747	-	-100.0%	-	-
TOTAL GENERAL FUND (ALL REVENUE)	6,241,006	5,993,820	5,726,800	5,965,440	6,257,800	4.9%	6,412,500	2.5%
Less: One-Time Rule 20A Transfer	(326,471)	(19,227)	-	(30,747)	-	-100.0%	-	-
TOTAL GENERAL FUND (ONGOING REVENUE)	5,914,535	5,974,593	5,726,800	5,934,693	6,257,800	5.4%	6,412,500	2.5%
Capital Projects Fund								
Intergovernmental	32,361	7,993	-	-	-	0.0%	-	0.0%
Interest	10,943	8,046	-	7,270	-	-100.0%	-	-
TOTAL CAPITAL PROJECTS FUND	43,304	16,039	-	7,270	-	-100.0%	-	0.0%
TOTAL GENERAL FUND GROUP (ALL REVENUE)	6,284,310	6,009,859	5,726,800	5,972,710	6,257,800	4.8%	6,412,500	2.5%

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CITY OF LAGUNA WOODS				
Fiscal Years 2021-23 Budget & Work Plan				
Expenditures Detail - General Fund				
Line Item	Fiscal Year 2019-20 Actual	Fiscal Year 2020-21 Projection	Fiscal Year 2021-22 Budget	Fiscal Year 2022-23 Budget
<u>GENERAL FUND</u>				
City Council				
<u>General Expenses</u>				
Mileage and Parking	-	-	500	500
Travel, Conferences, and Meetings	262	-	1,655	1,655
<u>Compensation</u>				
Monthly Compensation	14,400	13,800	14,400	16,200
Payroll Taxes	1,102	1,056	1,102	1,239
Total City Council	15,764	14,856	17,657	19,594
General Government				
<u>General Expenses</u>				
Community Outreach	728	1,000	2,000	2,000
Insurance	66,305	68,182	49,171	56,113
Legal Services	141,311	79,637	151,800	151,800
Meeting Accessibility Services	2,800	3,200	5,650	5,650
Memberships and Dues	9,661	8,639	10,177	10,404
Mileage and Parking	963	975	500	500
Office Equipment & Maintenance	6,613	4,825	5,378	5,378
Office Supplies & Activities	7,822	8,300	10,000	10,000
Postage and Mailing	(42)	1,900	2,000	2,000
Printing	483	300	1,200	1,200
Public Notices	7,005	7,003	6,000	6,000
Records Management Services	3,552	5,487	10,207	10,207
Travel, Conferences, and Meetings	1,083	550	1,580	1,591
Other Projects and Services	22,379	3,080	17,350	17,350
<u>Election Expenses</u>				
City Council Election	-	25,443	-	25,000
<u>City Hall Expenses</u>				
Janitorial Services, City Hall	12,679	30,180	34,778	35,153
Maintenance, City Hall	52,067	50,290	37,004	38,960
Telephones, City Hall	24,420	27,685	29,965	34,286
Utilities, Electric, City Hall	20,130	22,195	22,620	25,335
Utilities, Gas, City Hall	436	725	612	796
Utilities, Internet, City Hall	-	-	11,130	9,480

CITY OF LAGUNA WOODS				
Fiscal Years 2021-23 Budget & Work Plan				
Expenditures Detail - General Fund				
Line Item	Fiscal Year 2019-20 Actual	Fiscal Year 2020-21 Projection	Fiscal Year 2021-22 Budget	Fiscal Year 2022-23 Budget
Utilities, Water, City Hall	1,953	1,970	1,980	2,010
<u>Compensation & Benefits</u>				
Salaries, Full-time	312,191	312,140	319,540	326,430
Salaries, Contra Acct.	(6,661)	(21,650)	-	-
Salaries, Part-time	9,288	192	-	-
Fringe Benefits	32,341	36,000	36,000	36,000
Supplemental Allowances	1,959	1,800	2,754	2,754
Payroll Taxes	21,736	21,177	24,761	25,086
Retirement (Employer Contribution)	30,989	33,360	35,011	35,589
Non-Operating - Lump Sum Payments (see detail below)	101,092	29,970	-	-
Benefit Administration	1,636	2,111	2,913	2,913
Retiree Medical (Employer Contribution)	6,437	5,076	5,148	5,405
Non-Operating - OPEB Trust Contribution (see detail below)	19,529	-	-	-
Total General Government	912,885	771,742	837,229	885,390
Administrative Services				
<u>General Expenses</u>				
Audit Services	22,200	22,800	26,500	26,500
Information Technology Services	46,390	66,865	67,128	68,700
Finance and Payroll Services	147,140	53,250	78,429	78,990
Card Processing Fees	604	6,375	6,000	6,000
Website Services	5,167	6,175	8,058	8,058
Other Projects & Services	5,357	-	2,500	2,500
<u>Compensation & Benefits</u>				
Salaries, Full-time	137,965	201,993	199,591	203,583
Salaries, Contra Acct.	(3,818)	(2,150)	-	-
Fringe Benefits	23,390	33,600	33,600	33,600
Supplemental Allowances	-	-	954	954
Payroll Taxes	10,841	15,400	18,000	18,353
Retirement (Employer Contribution)	10,574	15,715	14,795	15,132
Total Administrative Services	405,810	420,023	455,555	462,370
Engineering & Infrastructure Services				
<u>General Expenses</u>				
Engineering Services	56,066	27,635	14,460	14,460
Non-Operating (see detail below)	14,924	22,936	-	-

CITY OF LAGUNA WOODS				
Fiscal Years 2021-23 Budget & Work Plan				
Expenditures Detail - General Fund				
Line Item	Fiscal Year 2019-20 Actual	Fiscal Year 2020-21 Projection	Fiscal Year 2021-22 Budget	Fiscal Year 2022-23 Budget
Landscaping Services	66,759	65,575	68,523	71,245
M2 Maintenance of Effort	102,314	102,545	104,578	104,578
Maintenance, Catch Basins	-	2,050	-	-
<u>Utilities</u>				
Utilities, Street Lights, Residential	22,005	22,325	24,699	27,804
<u>Compensation & Benefits</u>				
Salaries, Full-time	78,163	77,865	79,893	81,491
Less: M2 Maintenance of Effort	(32,118)	(25,550)	(18,891)	(18,965)
Fringe Benefits	12,000	12,000	12,000	12,000
Less: M2 Maintenance of Effort	-	-	(2,809)	(2,765)
Supplemental Allowances	795	954	954	954
Less: M2 Maintenance of Effort	-	-	(223)	(220)
Payroll Taxes	6,398	6,143	7,183	7,324
Less: M2 Maintenance of Effort	-	-	(1,660)	(1,666)
Retirement (Employer Contribution)	5,813	5,838	5,839	5,972
Less: M2 Maintenance of Effort	-	-	(1,416)	(1,384)
Total Engineering & Infrastructure Services	333,119	320,316	293,130	300,828
Planning & Environmental Services				
<u>General Expenses</u>				
Building Services	586,339	716,055	779,680	779,680
Non-Operating (see detail below)	2,537	17,463	25,000	-
Building Services, Printing	585	1,828	2,000	2,000
Building Services, Publications	1,439	-	-	2,000
Building Services, Software	-	-	42,149	42,149
Building Services, State Fees	-	-	5,200	5,200
Code Enforcement Services	28,674	39,740	34,560	35,251
Community Waste Events and Collections	37,645	31,375	40,635	42,570
Planning Services	22,233	67,185	45,000	45,000
Non-Operating (see detail below)	34,290	15,710	-	-
Waste Management Services	21,883	23,225	29,746	29,746
Water Quality Services	123,365	105,475	130,470	135,855
<u>Compensation & Benefits</u>				
Salaries, Full-time	108,897	159,344	163,496	166,766
Salaries, Contra.	(9,505)	(13,509)	-	-
Fringe Benefits	13,937	24,000	24,000	24,000

CITY OF LAGUNA WOODS				
Fiscal Years 2021-23 Budget & Work Plan				
Expenditures Detail - General Fund				
Line Item	Fiscal Year 2019-20 Actual	Fiscal Year 2020-21 Projection	Fiscal Year 2021-22 Budget	Fiscal Year 2022-23 Budget
Supplemental Allowances	-	-	1,908	1,908
Payroll Taxes	9,021	12,875	14,693	14,983
Retirement (Employer Contribution)	11,408	18,380	18,490	18,827
Total Planning & Environmental Services	992,748	1,219,146	1,357,027	1,345,935
Public Safety Services				
<i>General Expenses</i>				
Animal Services	113,100	109,046	112,668	114,621
Law Enforcement Services	2,635,462	2,749,500	3,030,182	3,236,502
Other Public Safety Services	6,039	3,416	2,849	2,850
Total Public Safety Services	2,754,601	2,861,962	3,145,699	3,353,973
Information Technology & Cyber Security Account				
<i>General Expenses</i>				
Non-Operating (see detail below)	130,000	45,000	25,000	-
Total Information Technology & Cyber Security Account	130,000	45,000	25,000	-
Subtotal Operating Expenditures	5,242,555	5,521,966	6,081,297	6,368,090
Subtotal Non-Operating Expenditures	302,372	131,079	50,000	-
TOTAL GENERAL FUND (ALL EXPENDITURES)	5,544,927	5,653,045	6,131,297	6,368,090
CAPITAL PROJECTS FUND				
Capital Projects (see detail below)	327,534	242,606	301,296	265,591
TOTAL CAPITAL PROJECTS FUND	327,534	242,606	301,296	265,591
TOTAL ALL GENERAL FUND GROUP (ALL EXPENDITURES)	5,872,461	5,895,651	6,432,593	6,633,681

<i>Non-Operating Detail</i>	<i>Fiscal Year 2019-20</i>	<i>Fiscal Year 2020-21</i>	<i>Fiscal Year 2021-22</i>	<i>Fiscal Year 2022-23</i>
GENERAL GOVERNMENT				
CalPERS Other Post-Employment Benefits (OPEB) Trust Contribution	19,529	-	-	-
CalPERS Retirement Unfunded Accrued Liability Lump Sum Payments	101,092	29,970	-	-
ENGINEERING & INFRASTRUCTURE SERVICES				
El Toro Road Drainage/Localized Flooding Analysis	14,924	-	-	-

CITY OF LAGUNA WOODS				
Fiscal Years 2021-23 Budget & Work Plan				
Expenditures Detail - General Fund				
Line Item	Fiscal Year 2019-20 Actual	Fiscal Year 2020-21 Projection	Fiscal Year 2021-22 Budget	Fiscal Year 2022-23 Budget
Golf Cart Path/Low-Speed Vehicle Crossing Zone Signage	-	22,936	-	-
PLANNING & ENVIRONMENTAL SERVICES				
Building Permitting Records Digitization	2,537	17,463	25,000	-
General Plan Comprehensive Update	34,290	15,710	-	-
INFORMATION TECHNOLOGY & CYBER SECURITY ACCOUNT				
Expenditures are intended to address limited-term and extraordinary information technology and cyber security needs. Expenditures may include, but are not necessarily limited to, hardware, software, and equipment purchase and installation; network, data, and physical asset protection, redundancy, connectivity, and interoperability improvement; software optimization and workflow improvement; strategic planning; policy and procedure development; cyber security assessment; and, incident response and recovery. Expenditures for routine ("day-to-day") information technology consulting services, routine Internet and telecommunications services, and software license agreement and maintenance contract renewals beyond initial terms, are not permitted.				
	130,000	45,000	25,000	-
TOTAL	302,372	131,079	50,000	-
<u>Capital Projects Fund Detail for Capital Projects</u>	<u>Fiscal Year 2019-20</u>	<u>Fiscal Year 2020-21</u>	<u>Fiscal Year 2021-22</u>	<u>Fiscal Year 2022-23</u>
"A Place for Paws" Dog Park Relocation Project	83,898	-	-	-
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 3	7,925	-	-	-
City Hall/Public Library Project	147,882	68,710	250,000	-
City Hall Refurbishment and Safety Project: Phase 1 (Construction)	59,593	-	-	-
City Hall Refurbishment and Safety Project: Phase 2 (Design and Construction)	20,243	173,896	-	-
City Hall Refurbishment and Safety Project: Phase 3	-	-	20,000	230,000
City-maintained Catch Basins Full Capture Systems Retrofit Project	-	-	11,296	-
El Toro Road Traffic Signal Synchronization Project	1,204	-	-	-
Moulton Parkway Traffic Signal Synchronization Project	6,789	-	-	-
Ridge Route Drive Landscape Project	-	-	20,000	-
Woods End Wilderness Preserve Trail Drainage and Improvement Project	-	-	-	35,591
TOTAL	327,534	242,606	301,296	265,591

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CHAPTER 6.0.
CITY BUDGET DETAIL,
SPECIAL REVENUE FUNDS

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6.0. CITY BUDGET DETAIL, SPECIAL REVENUE FUNDS

This chapter presents fund-level revenue and expenditure detail for the programs, projects, and services included in this budget.

SPECIAL REVENUE FUNDS SUMMARY

The City uses Special Revenue Funds to account for the proceeds of revenue sources that are legally restricted or committed to expenditures for specified purposes. The City also accounts for the Laguna Woods Civic Support Fund, a nonprofit public benefit corporation, as a Special Revenue Fund for financial reporting purposes, because it meets the criteria of a “component unit”¹ as that term is defined by the Governmental Accounting Standards Board.

The City currently maintains 13 individual Special Revenue Funds.

[Special Revenue Funds Structure – Fiscal Years 2021-23]

Fund Title
Fuel Tax
Road Maintenance & Rehabilitation Program
Measure M2 (OC Go)
Coastal Area Road Improvement & Traffic Signals (CARITS)
Service Authority for Abandoned Vehicles
Supplemental Law Enforcement Services
Mobile Source Reduction
PEG/Cable Television
Senior Mobility
Community Development Block Grant (CDBG)
Federal Grants
State of California Grants
Laguna Woods Civic Support Fund

¹ Government Accounting Standards Board Statement No. 61 (November 2010), Paragraph 20, defines a “component unit” as a legally separate organization for which the City Council is financially accountable or other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City’s financial statements to be misleading.

SPECIAL REVENUE FUNDS SUMMARY – REVENUE

Special Revenue Funds revenue for Fiscal Year 2021-22 is estimated to be \$4,346,331, or 144.3% more than year-end projections for Fiscal Year 2020-21. In Fiscal Year 2022-23, Special Revenue Funds revenue is estimated to be \$3,602,883, which reflects a reduction of \$743,448, or 17.1%, from the Fiscal Year 2021-22 estimate.

The estimated increase in revenue from Fiscal Year 2020-21 to Fiscal Year 2021-22 is primarily attributable to the receipt of Coronavirus Local Fiscal Recovery Funds from the federal American Rescue Plan Act, a one-time increase in Community Development Block Grant (CDBG) Fund revenue, growth in Fuel Tax Fund revenue, and the receipt of earned revenue for several State of California grants. Senior Mobility Fund revenue is also expected to begin to return to a pre-COVID-19 level.

The estimated decrease in revenue from Fiscal Year 2021-22 to Fiscal Year 2022-23 is primarily attributable to the completion of a capital improvement project funded with Measure M2 (OC Go) Fund revenue, the end of the Transportation Development Act revenue that previously supported a portion of the Senior Mobility Program, and the completion of several State of California grants.

SPECIAL REVENUE FUNDS SUMMARY – EXPENDITURES

Special Revenue Funds expenditures for Fiscal Year 2021-22 are projected to be \$3,450,301, or 99.8% more than the projection for Fiscal Year 2020-21. In Fiscal Year 2022-23, Special Revenue Funds expenditures are projected to increase to \$3,568,314, which reflects additional expenditures of \$118,013, or 3.4%, over the projection for Fiscal Year 2021-22.

The estimated increase in expenditures from Fiscal Year 2020-21 to Fiscal Year 2021-22 is primarily attributable to the expenditure of Coronavirus Local Fiscal Recovery Funds from the federal American Rescue Plan Act, an increase in Road Maintenance & Rehabilitation Program Fund expenditures to support the annual pavement management plan project, growth in Senior Mobility Program Fund expenditures as ridership begins to return to a pre-COVID-19 level, and an increase in Community Development Block Grant (CDBG) Fund expenditures commensurate with a one-time increase in revenue.

The estimated increase in expenditures from Fiscal Year 2021-22 to Fiscal Year 2022-23 is primarily attributable to an increase in Road Maintenance &

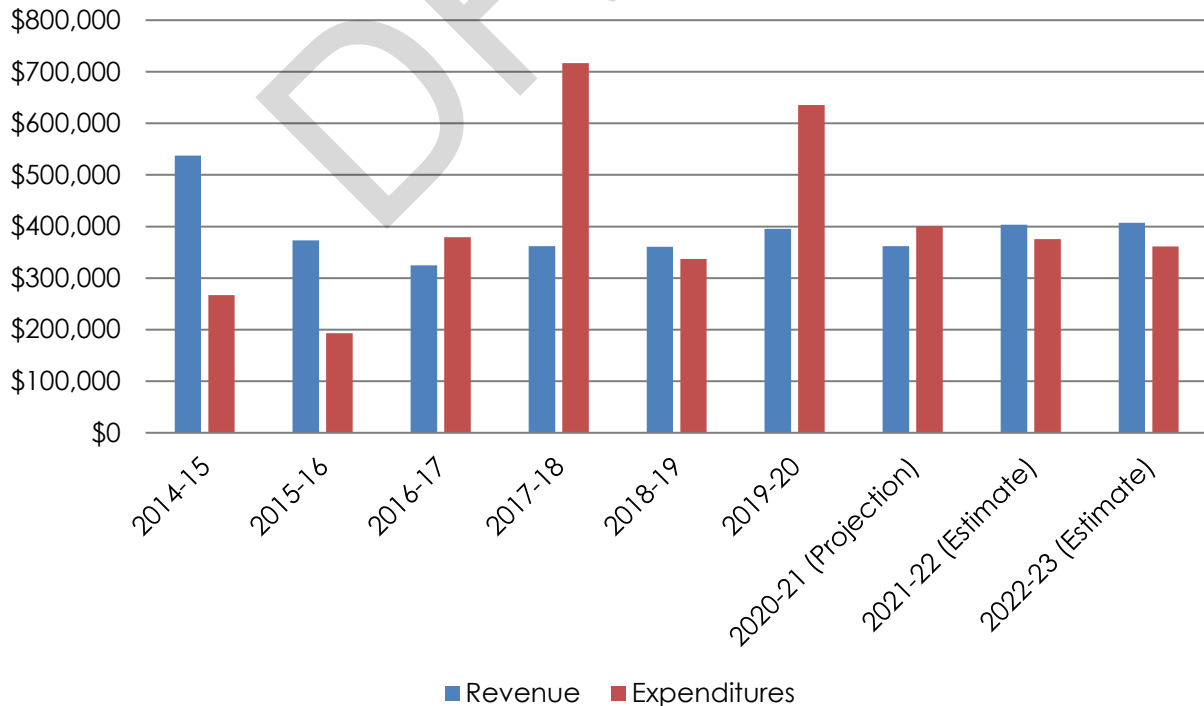
Rehabilitation Program Fund expenditures to support the annual pavement management plan project, an increase in Mobile Source Reduction Fund expenditures related to the City Hall Electric Vehicle Charging Infrastructure Project, growth in Senior Mobility Program Fund expenditures as ridership continues to return to a pre-COVID-19 level, and an increase in State of California Grants Fund expenditures related to the Woods End Wilderness Preserve Trail Drainage and Improvement Project.

Special Revenue Funds are self-balancing. In the following charts and tables, expenditures may exceed revenue as a result of limited-term non-operating and capital improvement project expenditures, as well as expenditures for projects funded with revenues received in prior fiscal years.

Fuel Tax Fund

Fuel Tax is generated by a per gallon excise tax on fuel used to propel motor vehicles or aircraft pursuant to California Constitution Article XIX Section 1; Revenue and Tax Code sections 7301 – 8404 and 8601 – 9355; and, Streets and Highways Code sections 2100 et seq. The City uses Fuel Tax revenue to support the maintenance, operation, and construction of roads and right-of-way.

*[Fuel Tax Fund Revenue and Expenditures Comparison
– Fiscal Years 2014-15 through 2022-23]*



Fiscal Year	Revenue	Expenditures
2020-21 (Projection)	\$361,683	\$400,221
2021-22 (Estimate)	\$403,237	-
2021-22 (Budget)	-	\$375,514
2022-23 (Estimate)	\$407,319	-
2022-23 (Budget)	-	\$361,360

Summary of Significant Trends and Observations

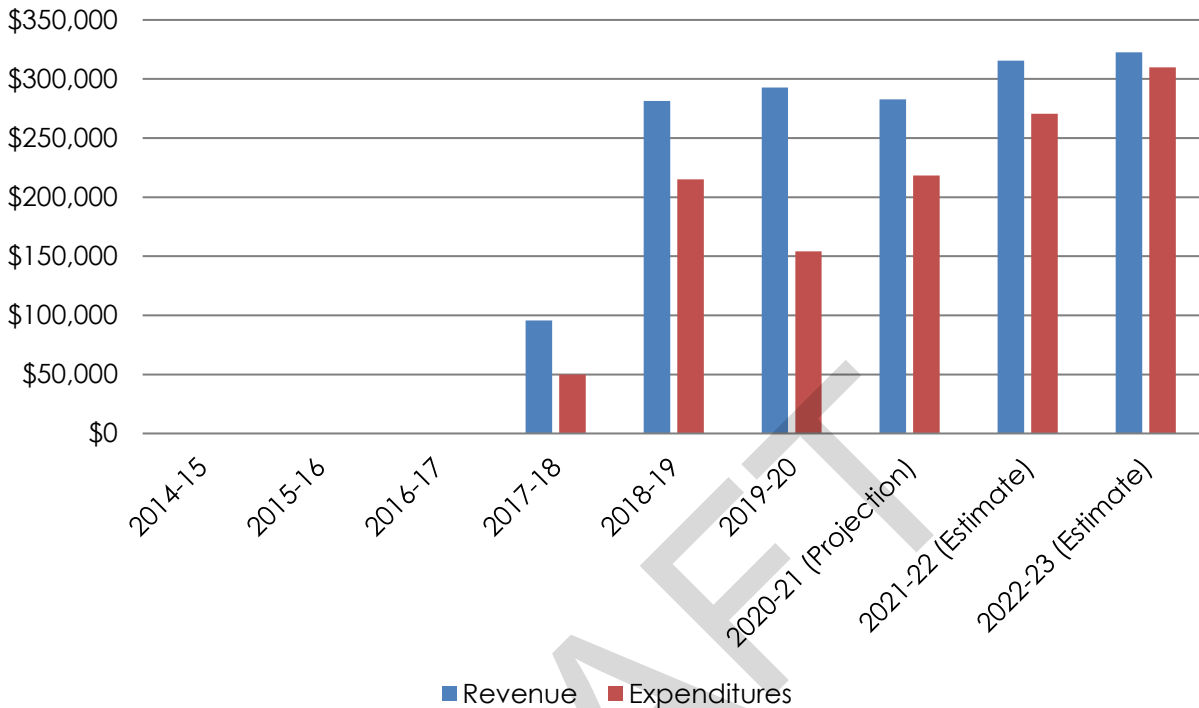
- The State of California's repayment of previous loans of transportation revenue ("TCRF Loan Repayment") as required by the Road Repair and Accountability Act of 2017 ("Senate Bill 1") ended in Fiscal Year 2020-21, which contributed to the slight reduction of Fuel Tax revenue projected for Fiscal Year 2020-21. TCRF Loan Repayment revenue is accounted for in the Fuel Tax Fund due to the repayment period's relation to previous loans of Fuel Tax revenue and commonality in expenditure guidelines.
- The slight reduction of revenue projected for Fiscal Year 2020-21 is partly a result of the impacts of COVID-19 on fuel consumption.
- Revenue growth in fiscal years 2021-22 and 2022-23 is forecast based on scheduled statewide tax rate increases and anticipated increases in fuel consumption as the impacts of COVID-19 ease.
- Expenditures in fiscal years 2017-18 and 2019-20 were higher than typical due to capital improvement project expenditures and, in the case of Fiscal Year 2019-20, limited-term street maintenance expenditures (e.g., extensive street restriping work).

Road Maintenance & Rehabilitation Program Fund

In April 2017, Governor Brown signed the Road Repair and Accountability Act of 2017 ("Senate Bill 1") into law, which increased the funds available to cities for public road maintenance and rehabilitation. The City accounts for Senate Bill 1 revenue in the Road Maintenance & Rehabilitation Program Fund, which is used to support the maintenance and operation of roads and right-of-way.

Proposition 69 ("Transportation Taxes and Fees Lockbox and Appropriations Limit Exemption Amendment") is a ballot measure that California voters approved in 2018 to restrict the California State Legislature's ability to spend Senate Bill 1 revenue for purposes other than originally intended. With limited exceptions, Senate Bill 1 revenue must be used for transportation purposes, as defined by California Revenue and Taxation Code Section 11050, as that section read upon enactment of Senate Bill 1.

[Road Maintenance & Rehabilitation Fund Revenue and Expenditures Comparison – Fiscal Years 2014-15 through 2022-23]



Fiscal Year	Revenue	Expenditures
2020-21 (Projection)	\$282,690	\$218,289
2021-22 (Estimate)	\$315,609	-
2021-22 (Budget)	-	\$270,600
2022-23 (Estimate)	\$322,469	-
2022-23 (Budget)	-	\$309,800

Summary of Significant Trends and Observations

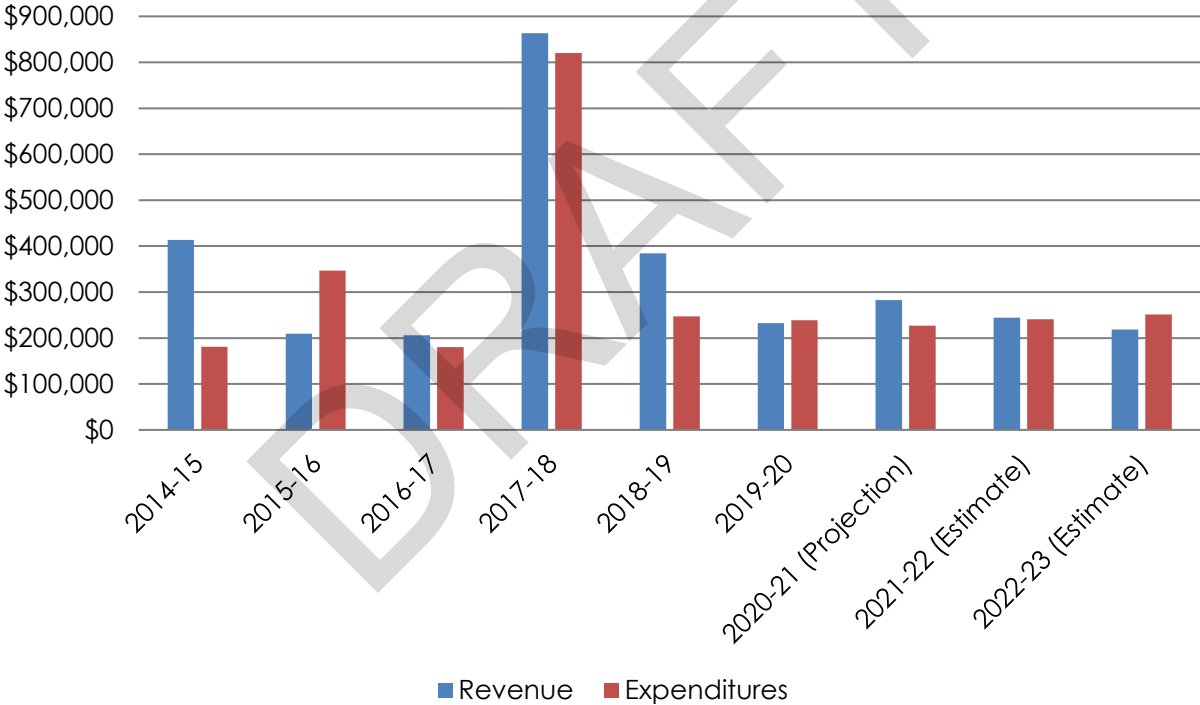
- The first Senate Bill 1 revenue measures took effect on November 1, 2017, resulting in the receipt of partial year revenue in Fiscal Year 2017-18.
- Revenue growth in fiscal years 2021-22 and 2022-23 is forecast based on scheduled statewide tax rate increases and anticipated increases in fuel consumption as the impacts of COVID-19 ease.
- The City’s Senate Bill 1 expenditures are focused on annual pavement management plan-related capital improvement projects.
- For additional information on how the City is using Senate Bill 1 funds to improve local roads, please visit the State of California’s Rebuilding CA website (<http://rebuildingca.ca.gov>).

Measure M2 (OC Go) Fund

Measure M2 is a ballot measure that Orange County voters approved in 2006 to increase the countywide sales tax rate through 2041 by one-half cent for the purpose of funding transportation projects and activities. It was preceded by Measure M, a ballot measure that Orange County voters approved for similar purposes in 1990. The City uses Measure M2 revenue to support the maintenance, operation, and construction of roads and right-of-way.

In 2017, the Orange County Transportation Authority rebranded Measure M2 as “OC Go.” The City now uses the term “Measure M2 (OC Go).”

[Measure M2 (OC Go) Fund Historical Revenue and Expenditures Comparison – Fiscal Years 2014-15 through 2022-23]



Fiscal Year	Revenue	Expenditures
2020-21 (Projection)	\$282,657	\$226,547
2021-22 (Estimate)	\$243,941	-
2021-22 (Budget)	-	\$240,850
2022-23 (Estimate)	\$218,800	-
2022-23 (Budget)	-	\$251,366

Summary of Significant Trends and Observations

- Measure M2 (OC Go) “Fair Share” revenue is tied to countywide sales tax receipts and typically comprises the largest portion of Measure M2 (OC Go) Fund revenues. Fair Share revenue is expected to decline by 8.6% in Fiscal Year 2020-21 due primarily to the impacts of COVID-19, and then increase by 3% each year for the next two fiscal years.
- Measure M2 (OC Go) grant revenue was received in fiscal years 2017-18, 2018-19, and 2020-21 to support two traffic signal synchronization projects which are now complete. Expenditures in those fiscal years were higher than typical as a result. Additional grant revenue is expected to be received in Fiscal Year 2021-22 to support the City-maintained Catch Basins Full Capture Systems Retrofit Project. Expenditures in Fiscal Year 2021-22 are expected to be higher than typical as a result.
- Unspent appropriations approved prior to July 1, 2021 are expected to be carried over to Fiscal Year 2021-22 for the following project, pursuant to Section 2.9.04(10) of Administrative Policy 2.9: City-maintained Catch Basins Full Capture Systems Retrofit Project.

Coastal Area Road Improvement & Traffic Signals (CARITS) Fund

In addition to the active funds discussed in this section, the City also maintains a balance in its Coastal Area Road Improvement & Traffic Signals (CARITS) Fund to support eligible transportation-related capital improvement projects. No Coastal Area Road Improvement & Traffic Signals (CARITS) Fund activity is expected for fiscal years 2021-22 or 2022-23, beyond interest earnings on the accumulated fund balance.

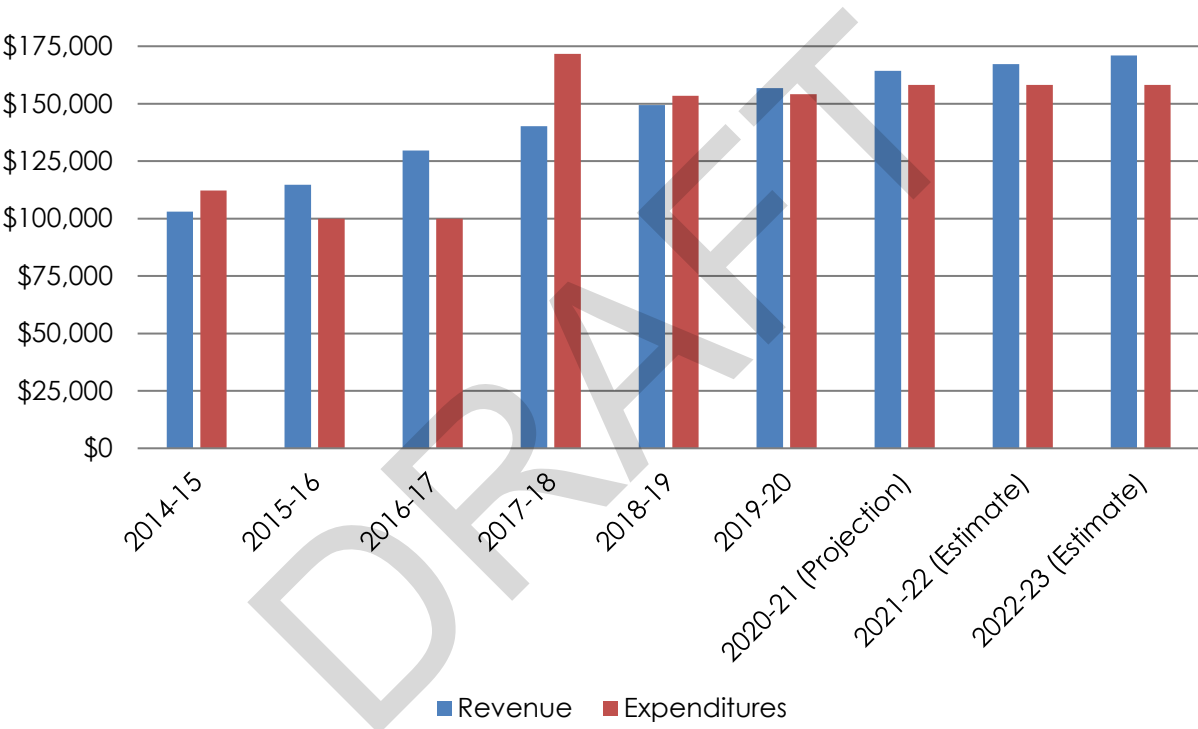
Service Authority for Abandoned Vehicles Fund

In addition to the active funds discussed in this section, the City also maintains a balance in its Service Authority for Abandoned Vehicles Fund to assist with the abatement of abandoned vehicles. Service Authority for Abandoned Vehicles revenue was generated as a result of the City's former membership in the now defunct Orange County Service Authority for Abandoned Vehicles, which operated between 1991 and 2012, pursuant to California Vehicle Code Section 22710(a). During its operation, the Orange County Service Authority for Abandoned Vehicles imposed and collected a \$1 per vehicle registration fee (\$2 for commercial vehicles) for use in offsetting member agencies' costs of abating abandoned vehicles. No Service Authority for Abandoned Vehicles Fund activity is expected for fiscal years 2021-22 or 2022-23, beyond interest earnings on the accumulated fund balance.

Supplemental Law Enforcement Services Fund

The Supplemental Law Enforcement Services Fund was included in the State of California’s Local Law Enforcement Services Act of 2011, which realigned a variety of formerly state law enforcement programs by shifting responsibilities to local authorities. The City receives a minimum of \$100,000 in Supplemental Law Enforcement Services revenue each year, which it uses to offset a portion of qualifying law enforcement costs.

[Supplemental Law Enforcement Services Fund Revenue and Expenditures Comparison – Fiscal Years 2014-15 through 2022-23]



Fiscal Year	Revenue	Expenditures
2020-21 (Projection)	\$164,265	\$158,100
2021-22 (Estimate)	\$167,200	-
2021-22 (Budget)	-	\$158,100
2022-23 (Estimate)	\$171,000	-
2022-23 (Budget)	-	\$158,100

Summary of Significant Trends and Observations

- Supplemental Law Enforcement Services Fund revenue continues to increase, although still at a rate less than increases in law enforcement

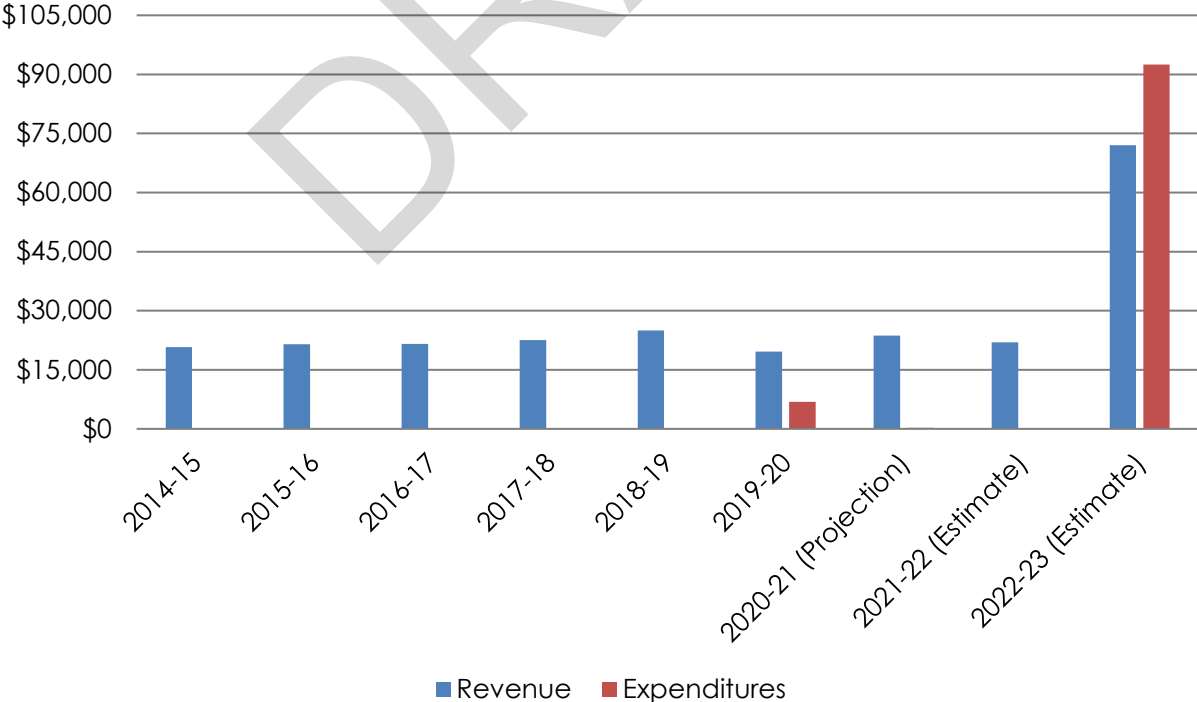
costs. The rate of growth has slowed over time and is currently estimated at only the rate of inflation for fiscal years 2021-22 and 2022-23.

Mobile Source Reduction Fund

The City receives funding from the State of California’s Assembly Bill 2766 (1991) Subvention Program, which remits a portion of a motor vehicle registration fee surcharge to counties and cities to support efforts to meet requirements of federal and state clean air acts, and for the implementation of motor vehicle emission reduction measures in the South Coast Air Quality Management District’s Air Quality Management Plan. The City accounts for Assembly Bill 2766 (1991) Subvention Program revenue in the Mobile Source Reduction Fund.

Revenue from the Mobile Source Air Pollution Reduction Review Committee’s Clean Transportation Funding™ 2017 Local Government Partnership Program (“2017 MSRC Program”) is accounted for in the Mobile Source Reduction Fund. 2017 MSRC Program funds are intended to support projects that “jumpstart” implementation of the South Coast Air Quality Management District’s 2016 Air Quality Management Plan. The City’s one-time allocation is \$50,000.

[Mobile Source Reduction Fund Revenue and Expenditures Comparison – Fiscal Years 2014-15 through 2022-23]



Fiscal Year	Revenue	Expenditures
2020-21 (Projection)	\$23,675	\$290
2021-22 (Estimate)	\$22,000	-
2021-22 (Budget)	-	\$0
2022-23 (Estimate)	\$72,000	-
2022-23 (Budget)	-	\$92,500

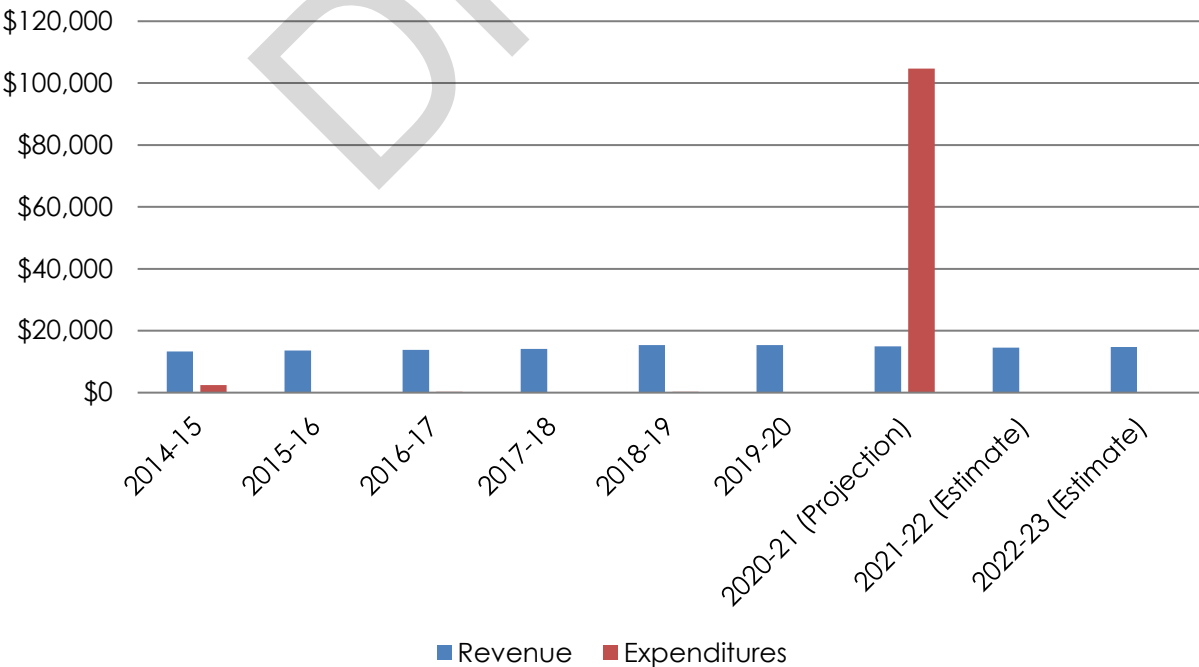
Summary of Significant Trends and Observations

- Regular Mobile Source Reduction revenue is expected to remain fairly constant over the coming fiscal years without any significant variation.
- The City expects to receive and expend its allocation of 2017 MSRC Program funding in Fiscal Year 2022-23 on the City Hall Electric Vehicle Charging Infrastructure Project. Regular Mobile Source Reduction revenue will also be used to support the project.

PEG/Cable Television Fund

The City collects a Public, Educational, and Governmental ("PEG") fee from franchised video service providers operating within the City. The City uses PEG fee revenue to support PEG-related purposes consistent with applicable law.

[PEG/Cable Television Fund Revenue and Expenditures Comparison – Fiscal Years 2014-15 through 2022-23]



Fiscal Year	Revenue	Expenditures
2020-21 (Projection)	\$14,986	\$104,668
2021-22 (Estimate)	\$14,500	-
2021-22 (Budget)	-	\$0
2022-23 (Estimate)	\$14,700	-
2022-23 (Budget)	-	\$0

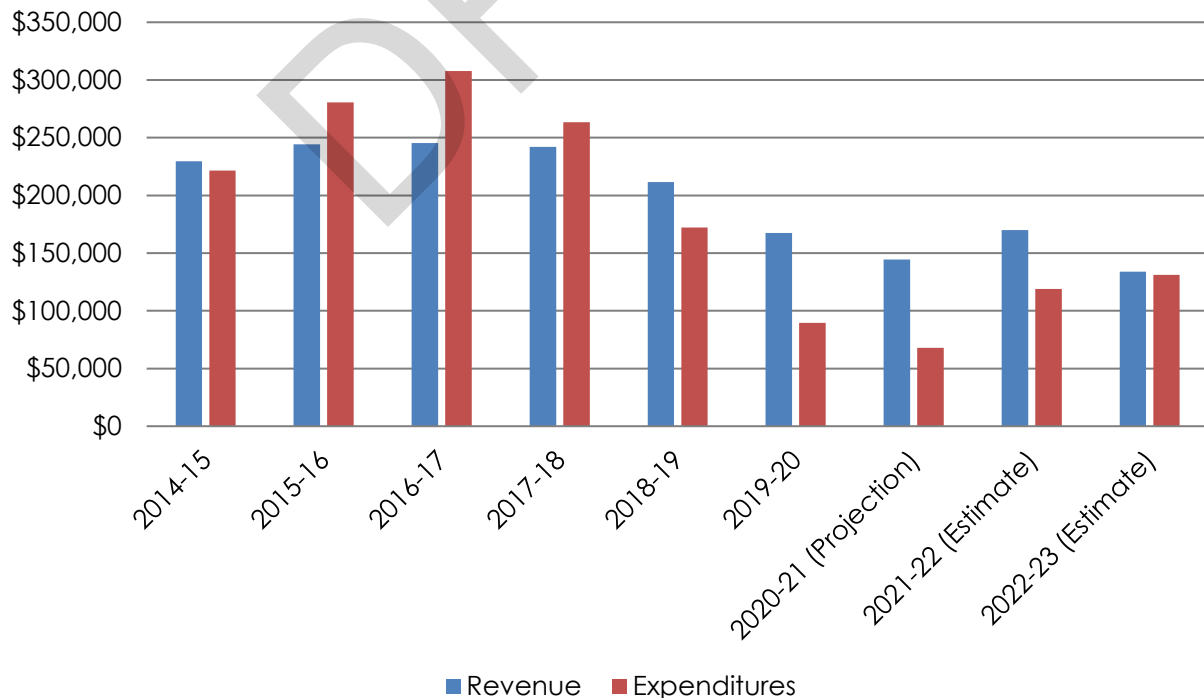
Summary of Significant Trends and Observations

- PEG fee revenue is expected to remain fairly constant over the coming fiscal years without any significant variation.
- Expenditures in Fiscal Year 2020-21 were higher than typical due to capital improvement project expenditures.

Senior Mobility Fund

The City uses the Senior Mobility Fund to account for revenues that are used to support the Senior Mobility Program, including Measure M2 (OC Go) Senior Mobility funds, Transportation Development Act funds, participants fees, and transfers from the General Fund.

*[Senior Mobility Fund Revenue and Expenditures Comparison
– Fiscal Years 2014-15 through 2022-23]*



Fiscal Year	Revenue	Expenditures
2020-21 (Projection)	\$144,480	\$67,824
2021-22 (Estimate)	\$170,000	-
2021-22 (Budget)	-	\$119,000
2022-23 (Estimate)	\$133,800	-
2022-23 (Budget)	-	\$131,000

Summary of Significant Trends and Observations

- Fiscal Year 2021-22 is the final year in which Transportation Development Act revenue will be received to augment Measure M2 (OC Go) Senior Mobility funds, resulting in lower revenue in Fiscal Year 2022-23.
- In June 2021, the City Council approved an agreement with the Orange County Transportation Authority that provides for the continued receipt of Measure M2 (OC Go) Senior Mobility funds between July 1, 2021 and June 30, 2026, with the potential for extensions through June 30, 2031.
- Senior Mobility Program ridership and related revenue is expected to return to pre-COVID-19 levels in fiscal years 2021-22 and 2022-23.
- Senior Mobility Program ridership has been steadily declining since Fiscal Year 2016-17. A significant work plan item is included in this budget and work plan to develop a plan for modernizing the Senior Mobility Program in order to better meet local needs.

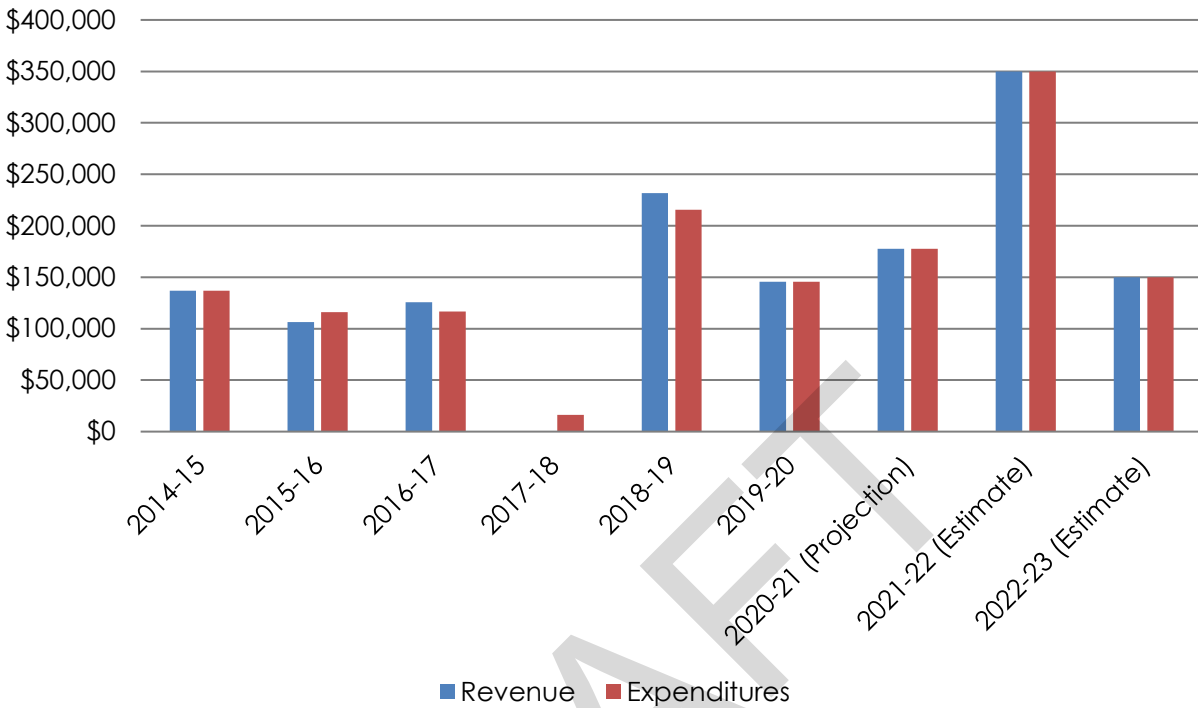
Community Development Block Grant (CDBG) Fund

Community Development Block Grant ("CDBG") funding is authorized under Title 1 of the federal Housing and Community Development Act of 1974, as amended, and is subject to federal appropriation. CDBG funding is intended to assist with local community development needs.

Units of local government are classified as either "entitlement areas" or "non-entitlement areas" for the purpose of receiving CDBG funding. The City is a non-entitlement area, meaning that it must compete for CDBG funds and does not receive CDBG funds directly from the federal Department of Housing and Urban Development. Non-entitlement areas generally include counties and cities with populations of less than 200,000 and 50,000, respectively.

The City competes for CDBG funds through the Urban County CDBG Program administered by the County of Orange. The cities of Brea, Cypress, Dana Point, Laguna Beach, Laguna Hills, La Palma, Los Alamitos, Seal Beach, Stanton, and Villa Park are also part of the Urban County CDBG Program.

[Community Development Block Grant (CDBG) Fund Revenue and Expenditures Comparison – Fiscal Years 2014-15 through 2022-23]



Fiscal Year	Revenue	Expenditures
2020-21 (Projection)	\$177,726	\$177,726
2021-22 (Estimate)	\$350,000	-
2021-22 (Budget)	-	\$350,000
2022-23 (Estimate)	\$150,000	-
2022-23 (Budget)	-	\$150,000

Summary of Significant Trends and Observations

- Prior to Fiscal Year 2017-18, CDBG funds were primarily used to offer the Residential Energy Efficiency Improvement Program, which installed replacement windows, doors, and other energy efficient improvements in the homes of lower income, senior households, at no charge. The program was suspended in 2017 due to uncertainty surrounding the future availability of CDBG funds, as well as the impacts of increasing compliance requirements and law enforcement costs on City resources. The City’s costs to administer the program had exceeded 35% of the costs of the improvements that were made.
- In Fiscal Year 2017-18, the City began its Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project with annual phases

contingent on the receipt of CDBG funds. The City has now completed four phases of the project and anticipates receiving an enhanced level of funding in Fiscal Year 2021-22 followed by a more typical level of funding in Fiscal Year 2022-23.

- Revenue and expenditures in Fiscal Year 2018-19 were higher than typical due to a timing issue related to the completion of a capital improvement project and the receipt of reimbursing revenue.
- In Fiscal Year 2020-21, the City received a one-time allocation of \$33,713 in CDBG Coronavirus Aid, Relief, and Economic Security Act ("COVID-19 CDBG-CV") funding, which was used to provide financial assistance to local businesses and nonprofit organizations through the COVID-19 Face Coverings Reimbursement Program. Revenue and expenditures in Fiscal Year 2020-21 were higher than typical as a result.

Federal Grants Fund

The City uses the Federal Grants Fund to account for revenues from grants and other awards and allocations from the United States government that are not otherwise accounted for in a separate fund.

FUNDING SOURCES ACTIVE IN FISCAL YEARS 2021-23

American Rescue Plan Act (Coronavirus Local Fiscal Recovery Funds)

H.R. 1319 ("American Rescue Plan Act of 2021") was signed by President Biden on March 11, 2021. H.R. 1319 includes \$350 billion in emergency funding for state, local, territorial, and Tribal governments related to the COVID-19 public health emergency. The City's one-time allocation is \$3,791,657.

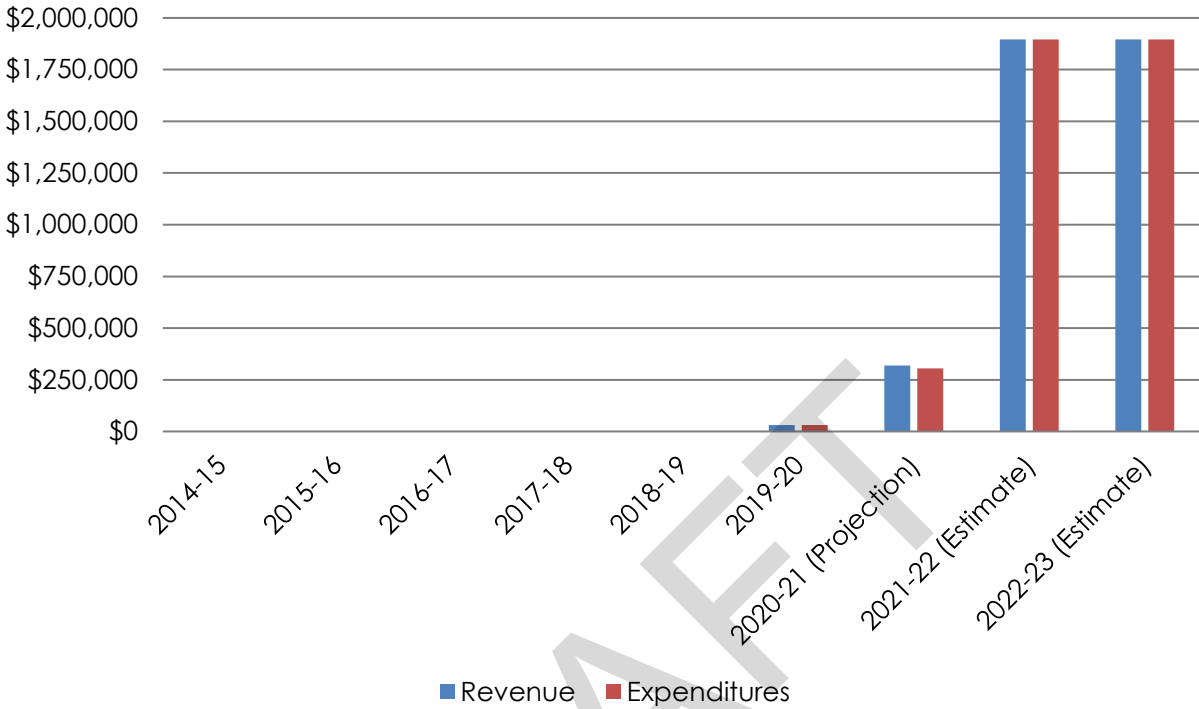
The City was notified of the estimated amount of its allocation on June 7, 2021, just 16 days prior to the planned adoption of the Fiscal Years 2021-23 Budget & Work Plan. As a result, placeholders are included herein with the expectation that adjustments will likely be necessary once spending decisions are finalized.

INACTIVE FUNDING SOURCES WITH ACTIVITY PRIOR TO FISCAL YEAR 2021-22

Coronavirus Aid, Relief, and Economic Security (CARES) Act

Activity in fiscal years 2019-20 and 2020-21 was related to the receipt and expenditure of COVID-19 emergency funding, made available as a result of H.R. 748 ("Coronavirus Aid, Relief and Economic Security Act of 2020").

[Federal Grants Fund Revenue and Expenditures Comparison
– Fiscal Years 2014-15 through 2022-23]



Fiscal Year	Revenue	Expenditures
2020-21 (Projection)	\$319,279	\$304,717
2021-22 (Estimate)	\$1,895,829	-
2021-22 (Budget)	-	\$1,895,829
2022-23 (Estimate)	\$1,895,828	-
2022-23 (Budget)	-	\$1,895,828

Note: The Federal Grants Fund was established in Fiscal Year 2019-20. Prior to Fiscal Year 2019-20, grants and other awards and allocations from the United States government were accounted for in other funds.

State of California Grants Fund

The City uses the State of California Grants Fund to account for revenues from grants and other awards and allocations from the State of California that are not otherwise accounted for in a separate fund.

FUNDING SOURCES ACTIVE
IN FISCAL YEARS 2021-23

Local Early Action Planning (LEAP) Grant

Local Early Action Planning (“LEAP”) Grant funds were made available as part of the California Local Government Planning Support Grants Program pursuant to California Health and Safety Code Chapter 3.1. LEAP Grant funds were awarded to support the preparation and adoption of planning documents, implementation of process improvements to accelerate housing production, and activities that facilitate implementation of the sixth cycle of the Regional Housing Needs Assessment (“RHNA”). The City’s one-time allocation is \$65,000.

- Unspent appropriations approved prior to July 1, 2021 are expected to be carried over to Fiscal Year 2021-22, pursuant to Section 2.9.04(10) of Administrative Policy 2.9.

Senate Bill 2 Planning Grant

Senate Bill 2 Planning Grant funds were made available as a result of the California Building Homes and Jobs Act (Senate Bill 2, 2017) with the goal of increasing the supply of affordable housing. Senate Bill 2 Planning Grant funds were awarded to support the preparation, adoption, and implementation of plans and process improvements that streamline housing approvals and accelerate housing production. The City’s one-time allocation is \$160,000.

- Unspent appropriations approved prior to July 1, 2021 are expected to be carried over to Fiscal Year 2021-22, pursuant to Section 2.9.04(10) of Administrative Policy 2.9.

Permanent Local Housing Allocation (PLHA)

Permanent Local Housing Allocation (“PLHA”) funds are made available as a result of the California Building Homes and Jobs Act (Senate Bill 2, 2017) with the goal of increasing the supply of affordable housing. PLHA funds are raised from the proceeds of a \$75 recording fee on certain real estate transactions (up to a maximum of \$225 per transaction) and can be used for purposes set forth in California Health and Safety Code Section 50470(b)(2)(D).

Beginning in Fiscal Year 2021-22, the City will receive an ongoing grant of PLHA funds based on the formula prescribed under federal law for the Community Development Block Grant (“CDBG”) Program. The City will use PLHA funds to offer a new Accessibility Improvement Reimbursement Program that provides financial assistance to lower income, senior households that make accessibility improvements inside their homes.

Proposition 68 (Per Capita Program)

Proposition 68 (“California Drought, Water, Parks, Climate, Coastal Protection,

and Outdoor Access For All Act of 2018") is a ballot measure that California voters approved in 2018 to authorize the issuance of bonds in the amount of \$4 billion to finance a drought, water, parks, climate, coastal protection, and outdoor access for all program. A portion of bond proceeds is available to cities for local park rehabilitation, creation, and improvement grants on a per capita basis. The City's one-time allocation is \$177,952.

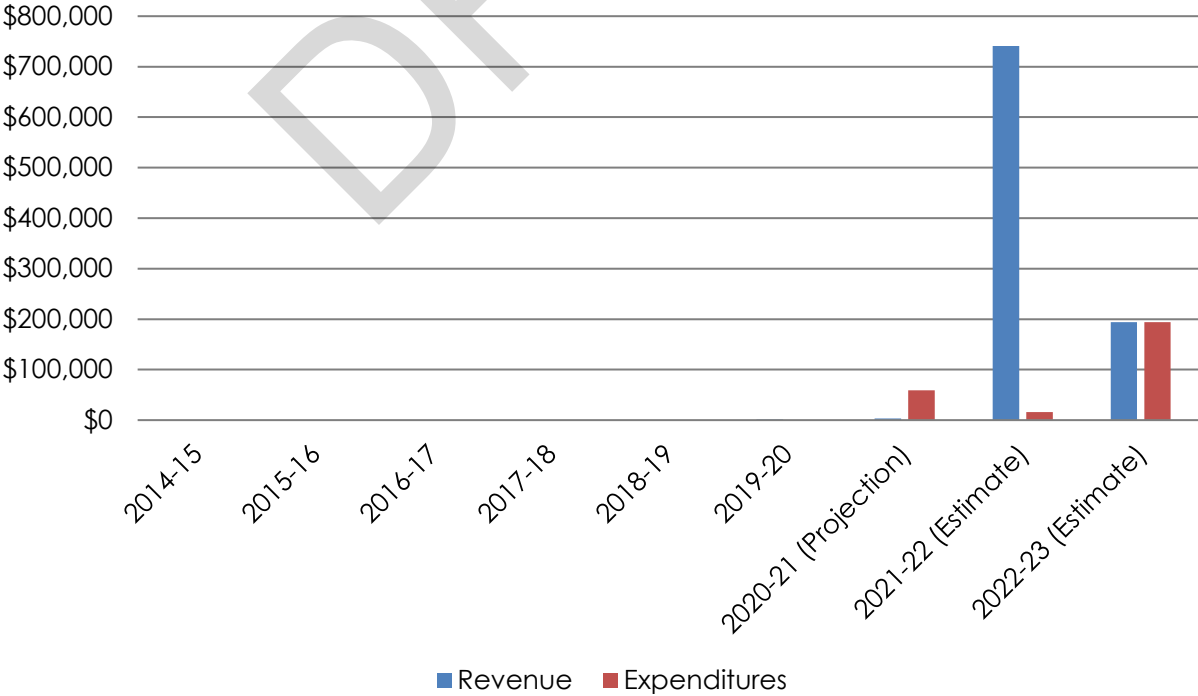
In Fiscal Year 2022-23, the City expects to receive and expend its Proposition 68 (Per Capita Program) allocation on the Woods End Wilderness Preserve Trail Drainage and Improvement Project.

State of California Budget Appropriation: City Hall/Public Library Project

With the assistance of Assemblywoman Cottie Petrie-Norris, the City was able to secure a \$500,000 State of California budget appropriation (Assembly Bill 74, 2019) to support the City Hall/Public Library Project. The City Hall/Public Library Project is underway with completion expected in Fiscal Year 2021-22.

- Unspent appropriations approved prior to July 1, 2021 are expected to be carried over to Fiscal Year 2021-22, pursuant to Section 2.9.04(10) of Administrative Policy 2.9.

[State of California Grants Fund Revenue and Expenditures Comparison – Fiscal Years 2014-15 through 2022-23]



Fiscal Year	Revenue	Expenditures
2020-21 (Projection)	\$3,098	\$59,308
2021-22 (Estimate)	\$741,000	-
2021-22 (Budget)	-	\$16,000
2022-23 (Estimate)	\$193,952	-
2022-23 (Budget)	-	\$193,952

Note: The State of California Grants Fund was established in Fiscal Year 2019-20. Prior to Fiscal Year 2019-20, grants and other awards and allocations from the State of California were accounted for in other funds.

Laguna Woods Civic Support Fund

The Laguna Woods Civic Support Fund is a separate nonprofit public benefit corporation that raises and distributes funds to support programs, projects, and services of the City, and functions as a “friends of the library” group in support of the Laguna Woods branch of OC Public Libraries.

A Board of Directors appointed by the City Council governs the Laguna Woods Civic Support Fund. Administrative support is provided by City personnel.

[Appointed Officials (Board of Directors)]

City Council Members

Carol Moore
Ed H. Tao

Resident Members

Ryna Rothberg
James Tung

Local Business Members

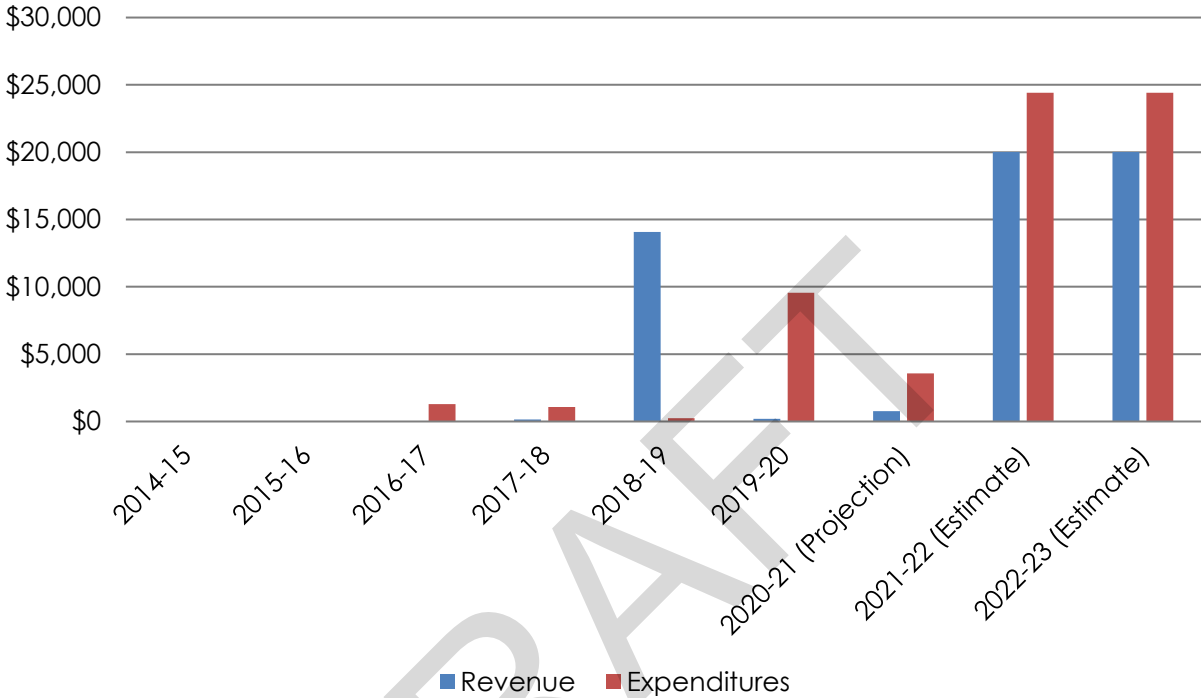
Steve Carpenter

The Laguna Woods Civic Support Fund is accounted for as a Special Revenue Fund for financial reporting purposes because it meets the criteria of a “component unit” as that term is defined by the Governmental Accounting Standards Board (refer to footnote 1 on page 6.0-1).

The Laguna Woods Civic Support Fund budget is adopted on an annual basis by the Board of Directors and, as a result, revenue and expenditures for Fiscal Year 2022-23 are placeholders that mirror the budget adopted for Fiscal Year

2021-22. Adjustments will likely be necessary after the Board of Directors adopts a budget for Fiscal Year 2022-23.

[Laguna Woods Civic Support Fund Revenue and Expenditures Comparison – Fiscal Years 2014-15 through 2022-23]



Fiscal Year	Revenue	Expenditures
2020-21 (Projection)	\$773	\$3,579
2021-22 (Estimate)	\$20,015	-
2021-22 (Budget)	-	\$24,408
2022-23 (Estimate)	\$20,015	-
2022-23 (Budget)	-	\$24,408

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CITY OF LAGUNA WOODS Fiscal Years 2021-23 Budget & Work Plan Revenue Summary - Special Revenue Funds								
Line Item	Fiscal Year 2018-19 Actual	Fiscal Year 2019-20 Actual	Fiscal Year 2020-21 Budget	Fiscal Year 2020-21 Projection	Fiscal Year 2021-22 Budget	Percent Change from Prior Year Projection	Fiscal Year 2022-23 Budget	Percent Change from Prior Year Budget
<u>SPECIAL REVENUE FUNDS</u>								
Fuel Tax	360,886	395,192	397,457	361,683	403,237	11.5%	407,319	1.0%
Road Maintenance & Rehabilitation Program	281,445	292,739	283,889	282,690	315,609	11.6%	322,469	2.2%
Measure M2 (OC Go)	384,458	232,616	220,158	282,657	243,941	-13.7%	218,800	-10.3%
Coastal Area Road Improvement & Traffic Signals (CARITS)	5,081	5,413	4,000	3,185	3,000	-5.8%	3,000	0.0%
Service Authority for Abandoned Vehicles	751	782	-	460	-	-100.0%	-	-
Supplemental Law Enforcement Services Act	149,327	156,806	158,100	164,265	167,200	1.8%	171,000	2.3%
Mobile Source Reduction	24,977	19,632	73,000	23,675	22,000	-7.1%	72,000	227.3%
Mobile Source Reduction - Local Government Partnership	-	-	Fund Closed					
Beverage Container Recycling	-	Fund Closed						
Used Oil/Oil Payment Program	106	111	-	65	Fund Closed			
PEG/Cable Television	15,333	15,419	14,900	14,986	14,500	-3.2%	14,700	1.4%
Senior Mobility	211,592	167,420	175,049	144,480	170,000	17.7%	133,800	-21.3%
Community Development Block Grant (CDBG)	231,789	145,699	183,713	177,726	350,000	96.9%	150,000	-57.1%
Proposition 68 (2018) Per Capita	-	-	Fund Closed					
Federal Grants	-	30,985	316,868	319,279	1,895,829	493.8%	1,895,828	0.0%
State of California Grants	-	1,453	675,000	3,098	741,000	23818.7%	193,952	-73.8%
Laguna Woods Civic Support Fund	14,073	207	20,015	773	20,015	2489.3%	20,015	0.0%
TOTAL SPECIAL REVENUE FUNDS (ALL REVENUE)	1,679,818	1,464,474	2,522,149	1,779,022	4,346,331	144.3%	3,602,883	-17.1%

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CITY OF LAGUNA WOODS				
Fiscal Years 2021-23 Budget & Work Plan				
Expenditures Detail - Special Revenue Funds				
Line Item	Fiscal Year 2019-20 Actual	Fiscal Year 2020-21 Projection	Fiscal Year 2021-22 Budget	Fiscal Year 2022-23 Budget
Fuel Tax				
Contract - Landscaping	197,848	222,604	228,274	234,120
Contract - Street Maintenance	128,464	110,754	127,240	127,240
Contract - Street Sweeping	-	-	-	-
Contract - Traffic Signal Maintenance	22,466	-	-	-
El Toro Water Efficient Median Improvement Project (Between Calle Sonora and Moulton Parkway, Moulton Parkway between South City Limit and Calle Aragon) (Design)	4,167	-	-	-
Pavement Management Plan Project (Eastbound El Toro Road between Avenida Sevilla and Church Intersection) and Various Median and Sidewalk Reconstruction	10,157	-	-	-
Water Efficient Median Improvement Project (El Toro Road between Calle Sonora and Moulton Parkway, Moulton Parkway between South City Limit and Calle Aragon, Santa Maria Avenue Shared Median) (Construction)	272,143	66,863	-	-
Ridge Route Drive Landscape Project	-	-	20,000	-
Total Fuel Tax	635,245	400,221	375,514	361,360
Road Maintenance & Rehabilitation Program				
Pavement Management Plan Project (Westbound El Toro Road between Avenida Sevilla and Willow Tree Center)	154,245	-	-	-
Pavement Management Plan Project (Eastbound El Toro Road between Church Intersection and Moulton Parkway, Westbound El Toro Road between Willow Tree Center and Moulton Parkway)	-	218,289	-	-
Pavement Management Plan Project (Southbound Moulton Parkway between Via Campo Verde and Calle Cortez)	-	-	270,600	-
Pavement Management Plan Project (Southbound Moulton Parkway between Calle Cortez and South City Limit)	-	-	-	309,800
Total Road Maintenance & Rehabilitation Program	154,245	218,289	270,600	309,800
Measure M2 (OC Go)				
Street Lighting - Public Right-of-Way	25,562	28,685	29,832	31,026
Contract - Traffic Engineering	119,540	150,060	161,040	167,482

CITY OF LAGUNA WOODS				
Fiscal Years 2021-23 Budget & Work Plan				
Expenditures Detail - Special Revenue Funds				
Line Item	Fiscal Year 2019-20 Actual	Fiscal Year 2020-21 Projection	Fiscal Year 2021-22 Budget	Fiscal Year 2022-23 Budget
Contract - Traffic Signal Maintenance	46,177	47,152	49,328	52,208
Allowable Overhead Costs	650	650	650	650
El Toro Road Traffic Signal Synchronization Project	11,699	-	-	-
Moulton Parkway Traffic Signal Synchronization Project	35,077	-	-	-
City-maintained Catch Basins Full Capture Systems Retrofit Project	-	-	-	-
Total Measure M2 (OC Go)	238,705	226,547	240,850	251,366
Coastal Area Road Improvement and Traffic Signals (CARITS)				
Program Activity	-	-	-	-
Total Coastal Area Road Improvement and Traffic Signals (CARITS)	-	-	-	-
Service Authority for Abandoned Vehicles				
Program Activity	-	-	-	-
Total Service Authority for Abandoned Vehicles	-	-	-	-
Supplemental Law Enforcement Services Act				
Law Enforcement Services	154,100	158,100	158,100	158,100
Total Supplemental Law Enforcement Services Act	154,100	158,100	158,100	158,100
Mobile Source Reduction				
Program Activity	1,581	-	-	-
City Hall Refurbishment and Safety Project: Phase 3 and Electric Vehicle Charging Infrastructure (Design)	5,285	290	-	-
City Hall Electric Vehicle Charging Infrastructure Project	-	-	-	92,500
Total Mobile Source Reduction	6,866	290	-	92,500
Used Oil/Oil Payment Program				
Grant Activities	-	5,326	Fund Closed	
Total Used Oil/Oil Payment Program	-	5,326		
PEG/Cable Television				
Equipment & Maintenance	-	3,000	-	-
City Hall Television Broadcast Improvement Project	-	101,668	-	-

CITY OF LAGUNA WOODS				
Fiscal Years 2021-23 Budget & Work Plan				
Expenditures Detail - Special Revenue Funds				
Line Item	Fiscal Year 2019-20 Actual	Fiscal Year 2020-21 Projection	Fiscal Year 2021-22 Budget	Fiscal Year 2022-23 Budget
Total PEG/Cable Television	-	104,668	-	-
Senior Mobility				
Salaries, Full-Time	2,954	21,250	23,000	23,500
Printing	3,775	3,884	4,000	4,000
Contract - Transportation	28,054	12,558	32,300	36,300
Contract - Taxi Voucher NEMT	54,622	30,132	59,700	67,200
Total Senior Mobility	89,405	67,824	119,000	131,000
Community Development Block Grant (CDBG)				
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 3	145,699	-	-	-
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 4	-	144,013	-	-
COVID-19 CDBG-CV	-	33,713	-	-
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 5	-	-	350,000	-
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 6	-	-	-	150,000
Total Community Development Block Grant (CDBG)	145,699	177,726	350,000	150,000
Federal Grants				
Coronavirus Aid, Relief, and Economic Security (CARES) Act - State	-	187,805	-	-
Coronavirus Aid, Relief, and Economic Security (CARES) Act - County	30,985	116,912	-	-
American Rescue Plan Act (Coronavirus Local Fiscal Recovery Funds)	-	-	1,895,829	1,895,828
Total Federal Grants	30,985	304,717	1,895,829	1,895,828
State of California Grants				
Local Early Action Planning (LEAP) Grant	-	8,589	-	-
Senate Bill 2 Planning Grant	-	50,719	-	-
Permanent Local Housing Allocation (PLHA)	-	-	16,000	16,000
Proposition 68 (Per Capita Program) - Woods End Wilderness Preserve Trail Drainage and Improvement Project	-	-	-	177,952

CITY OF LAGUNA WOODS Fiscal Years 2021-23 Budget & Work Plan Expenditures Detail - Special Revenue Funds				
Line Item	Fiscal Year 2019-20 Actual	Fiscal Year 2020-21 Projection	Fiscal Year 2021-22 Budget	Fiscal Year 2022-23 Budget
State Budget Appropriation - City Hall/Public Library Project	-	-	-	-
Total State of California Grants	-	59,308	16,000	193,952
Laguna Woods Civic Support Fund				
Nonprofit Activities	9,566	3,579	24,408	24,408
Total Laguna Woods Civic Support Fund	9,566	3,579	24,408	24,408
TOTAL SPECIAL REVENUE FUNDS (ALL EXPENDITURES)	1,464,816	1,726,595	3,450,301	3,568,314

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CHAPTER 7.0.
CITY WORK PLAN

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7.0. CITY WORK PLAN

This chapter describes 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

This budget and work plan generally includes the continuation of programs, projects, and services that were ongoing or underway as of the close of Fiscal Year 2020-21, including all core municipal functions such as:

Law Enforcement	Animal Control and Shelter	Development Permitting, Plan Review, Inspection, and Enforcement
City Hall Operations and Maintenance	Public Park Operations and Maintenance	Public Road and Right-of-Way Operations and Maintenance
Traffic Signal and Control Operations and Maintenance	Solid Waste Regulatory Compliance	Water Quality (Stormwater) Regulatory Compliance

Continuing services also include:

- The **Senior Mobility Program**, which subsidizes the cost of taxi travel for residents who are at least 60 years of age.
- The **Household Hazardous Waste Door-to-Door Collection Program**, which allows residents to safely and easily dispose of unwanted paint, aerosols, chemicals, light bulbs, motor oil, vehicle batteries, and other household hazardous waste, at no charge.
- The **City Hall Waste Drop-Off 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.

- **Twice Annual Goods Exchange/Drop-Off Events**, which allow residents to donate or safely and easily dispose of unwanted appliances, books, electronic waste, furniture, and other household items, at no charge.
- **National Prescription Drug Take Back Day Events**, which allow residents to safely and easily dispose of most unwanted, unused, and expired prescription medications, at no charge. These events are typically held twice annually with the Orange County Sheriff's Department.
- **Notary and foreign pension acknowledgement services**, most of which are provided to residents at no charge.
- **Other community functions**, which in recent fiscal years have included art, culture, health, public safety, transportation, and small business workshops, as well as pet vaccination clinics and legislative office hours for federal and state elected representatives.

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, law enforcement personnel will continue to work with private security and property management to maintain a high level of public safety.

ANIMAL CONTROL AND 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 following significant changes in service levels will be made beginning in Fiscal Year 2021-22:

- A new **document shredding service** will be offered as part of the City Hall Waste Drop-Off Program. Residents will be able to safely and easily dispose of sensitive documents (e.g., bank statements, tax returns, and

mortgage paperwork), at no charge. This year-round, appointment-based service will replace the periodic document shredding events that were held prior to the onset of COVID-19.

- A new **Accessibility Improvement Reimbursement Program** will provide financial assistance to lower income, senior households that make accessibility improvements (e.g., installation of grab bars, widening of doorways, and addition of ramps and electric wheelchair lifts) inside their homes. Reimbursements will be funded using State of California Permanent Local Housing Allocation (“PLHA”) monies.

Additional changes in service levels are described in the Significant Work Plan Items tables beginning on page 7.0-5, as well as in the City Capital Projects chapter beginning on page 8.0-1.

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 7.0-5.

The following information is included in the Significant Work Plan Items tables:

- ID – A numerical designation for reference purposes only
- Description – A brief summary of 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 significant work plan item, only the primary priority focus areas are shown in the table
- Lead Department – Designation of the City personnel who are primarily responsible for implementing the significant work plan item
- Scheduling Consideration – Notes regarding any timing requirements or other factors that affect when a significant work plan item must be undertaken or completed

The Significant Work Plan Items tables are presented alphabetically by lead department. Where the Planning & Environmental Services Department is the lead department, the Significant Work Plan Items tables are further presented alphabetically by primary service area – building, planning, waste, or water.

This work plan does not limit the City Manager's ability to undertake or cause to be undertaken such work as may be necessary or advantageous for the City, or as may change from time-to-time.







This work plan does not limit the City Manager's ability to schedule, manage, or assign work as may be necessary or advantageous for the City, or as may change from time-to-time.


The City Council retains the ability to modify this work plan at its discretion.


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


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[Significant Work Plan Items]



<p align="center">Priority Alignment Legend THE CITY OF LAGUNA WOODS SEEKS TO CREATE A CITY THAT IS...</p>					
 Healthy and safe	 High in quality of life	 Environmentally conscious	 Economically prosperous	 Fiscally responsible	 Professionally and efficiently served



ID	Description	Priority Alignment
1	<p>Personnel Policies and Workplace Safety Programs Update – Review and update the City's personnel policies and workplace safety programs in order to align the same with recommendations from the California Joint Powers Insurance Authority. This item will address matters related to both City employees and volunteers.</p>	
Lead Department:		Administrative Services
Scheduling Consideration:		-



ID	Description	Priority Alignment
2	<p>Document Retention Policy Update – Review and update the City's document retention policy in order to efficiently and effectively manage the maintenance, preservation, and disposal of City records in a manner that complies with applicable federal, state, and local laws, as well as contractual obligations.</p>	
Lead Department:		City Clerk's Office
Scheduling Consideration:		-


ID	Description	Priority Alignment
3	<p>Requests for Proposals – Conduct competitive processes to select contract providers for the following services:</p> <p><u>Fiscal Year 2021-22</u> (Existing agreements end on June 30, 2022 with no remaining extensions)</p> <ul style="list-style-type: none"> • Arborist and Tree Risk Assessment Services • City Engineering Services • Traffic Engineering Services • Tree Pruning and Removal Services <p><u>Fiscal Year 2022-23</u> (Existing agreements end on June 30, 2023 with no remaining extensions)</p> <ul style="list-style-type: none"> • Landscape Maintenance Services • Planning and Geographic Information System (GIS) Services • Traffic Signal, Street Light, and City Hall Lighting Maintenance Services • Tree Pruning and Removal Services 	
Lead Department:	City Manager's Office	
Scheduling Consideration:	See "Description" above	


ID	Description	Priority Alignment
4	<p>Senior Mobility Program 3.0 – Develop a plan for modernizing the City's subsidized transportation program in order to better meet local needs. This item will be undertaken in a manner that ensures continued compliance with the Orange County Transportation Authority's Senior Mobility Program guidelines.</p>	
Lead Department:	City Manager's Office	
Scheduling Consideration:	-	


ID	Description	Priority Alignment
5	Accessibility Improvement Reimbursement Program – Develop and launch a program to provide financial assistance to lower income, senior households that make accessibility improvements inside their homes. Reimbursements will be funded using State of California Permanent Local Housing Allocation (PLHA) monies.	 
Lead Department:		Engineering & Infrastructure Services
Scheduling Consideration:		-


ID	Description	Priority Alignment
6	Golf Cart Path and Low-Speed Vehicle Crossing Zone Signage – Review and update the City's golf cart path and low-speed vehicle crossing zone signs and markings in order to comply with the California Vehicle Code and support regulations set forth in the California Vehicle Code and Laguna Woods Municipal Code.	 
Lead Department:		Engineering & Infrastructure Services
Scheduling Consideration:		-


ID	Description	Priority Alignment
7	Maintenance Inspection and Repair Programs Update – Review and update the City's maintenance inspection and repair programs in order to align the same with recommendations from the California Joint Powers Insurance Authority. This item will address matters related to both City property and equipment.	 
Lead Department:		Engineering & Infrastructure Services
Scheduling Consideration:		-


ID	Description	Priority Alignment
8	Pavement Management Plan Update for Fiscal Years 2022-32 – 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 is also a biennial requirement for the receipt of Measure M2 (OC Go) funds.	
Lead Department:		Engineering & Infrastructure Services
Scheduling Consideration:		Adoption required no later than June 30, 2022


ID	Description	Priority Alignment
9	2022 Triennial California Building Standards Code Adoption – Adopt regulations implementing the 2022 Triennial California Building Standards Code, including any local building standards amendments that are reasonably necessary due to local climatic, geological, topographic, or environmental conditions.	
Lead Department:		Planning & Environmental Services (Building)
Scheduling Consideration:		2022 Code is effective January 1, 2023


ID	Description	Priority Alignment
10	Building Permitting Records Digitization – Convert paper records to digital files in order to enhance long-term preservation, improve ease of reference, and reduce physical storage needs. While the City's digitization goals extend to all departments, the current work effort is focused on building permitting records.	
Lead Department:		Planning & Environmental Services (Building)
Scheduling Consideration:		-


ID	Description	Priority Alignment
11	Building Permitting Software and Electronic Plan Review Enhancements – Enhance existing building permitting software in order to increase operational efficiencies, automate workflows, add new internal controls, offer expanded online customer self-service opportunities, and implement electronic plan review.	
Lead Department:		Planning & Environmental Services (Building)
Scheduling Consideration:		-


ID	Description	Priority Alignment
12	Commercial Zoning Regulations – Review and update the City’s commercial zoning regulations in order to better align zoning districts with local needs, permitted uses, and 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.	
Lead Department:		Planning & Environmental Services (Planning)
Scheduling Consideration:		-


ID	Description	Priority Alignment
13	County Easement and City Boundary Clarification – Review and correct property records for easements that were transferred from the County of Orange to the City upon incorporation. Adjust City boundaries to improve the provision of maintenance services. This item may also include the vacation or transfer of easements.	
Lead Department:		Planning & Environmental Services (Planning)
Scheduling Consideration:		-


ID	Description	Priority Alignment
14	Discretionary Zoning Permits and Procedures Regulations – Review and update the City’s discretionary zoning permits and procedures regulations in order to better align zoning activities with local needs, as well as to enhance the efficiency and effectiveness of the discretionary review and permitting process.	
Lead Department:		Planning & Environmental Services (Planning)
Scheduling Consideration:		-


ID	Description	Priority Alignment
15	General Plan Update – Review and update the City’s General Plan to establish a long-range vision for the future of Laguna Woods. The General Plan is required by state law and reflects the community’s intentions about land use and its relationship to conservation, housing, mobility, noise, open space, and safety.	
Lead Department:		Planning & Environmental Services (Planning)
Scheduling Consideration:		California Government Code Section 65302 et al.


ID	Description	Priority Alignment
16	Housing Rezone Program – Complete the rezoning necessary to accommodate the City’s 6 th Cycle Regional Housing Needs Assessment (“RHNA”) housing needs allocation. This item is required by state housing law and will be further described in the General Plan Housing Element update due no later than October 15, 2021.	
Lead Department:		Planning & Environmental Services (Planning)
Scheduling Consideration:		California Government Code Section 65583(c)(1)(A)


ID	Description	Priority Alignment
17	Local California Environmental Quality Act Guidelines Update – Review and update the City’s Local California Environmental Quality Act (“CEQA”) Guidelines in order to ensure compliance with state law, create new public education materials, and promote the efficient, effective, and economical conduct of City business.	
Lead Department:		Planning & Environmental Services (Planning)
Scheduling Consideration:		-



ID	Description	Priority Alignment
18	Outdoor Business Activities Regulations – Review and update the City’s business regulations in order to address the types of outdoor activities observed during the COVID-19 public health emergency. This item is consistent with the City’s goal of providing residents with access to high quality goods and services close to home.	
Lead Department:		Planning & Environmental Services (Planning)
Scheduling Consideration:		-



ID	Description	Priority Alignment
19	Water Conscious Development Regulations – Review and update the City’s development regulations in order to reduce potable water use. Regulations to be reviewed and potentially updated include, but are not limited to, tree maintenance and removal, water conservation, and water efficient landscapes.	
Lead Department:		Planning & Environmental Services (Planning)
Scheduling Consideration:		-




ID	Description	Priority Alignment
20	Construction and Demolition Materials Management Regulations – Review and update the City’s construction and demolition materials management regulations in order to enhance the efficiency and effectiveness of the permitting process for covered projects, as well as to ensure compliance with state law.	
Lead Department:		Planning & Environmental Services (Waste)
Scheduling Consideration:		-


ID	Description	Priority Alignment
21	Senate Bill 1383 Compliance – Take actions necessary to comply with Senate Bill 1383 (2016), including implementation of residential organic waste collection and recycling services, procurement of recycled organic material, establishment of an edible food recovery program, and adoption of an enforcement ordinance.	
Lead Department:		Planning & Environmental Services (Waste)
Scheduling Consideration:		California Senate Bill 1383 (2016)


ID	Description	Priority Alignment
22	State Trash Orders Compliance – Take actions necessary to comply with the State Water Resources Control Board’s Statewide Water Quality Control Plans for Trash, which generally require the installation, operation, and maintenance of full capture systems for all storm drains that capture stormwater runoff from priority land uses.	
Lead Department:		Planning & Environmental Services (Water)
Scheduling Consideration:		Regional Water Quality Control Board Orders

ID	Description	Priority Alignment
23	Animal Regulations – Review and update the City's animal regulations in order to strengthen enforcement related to nuisance, potentially dangerous, and vicious animals, as well as feeding of wildlife. Animal regulations will also be reviewed and updated as necessary to ensure efficiency and effectiveness.	 
Lead Department:		Public Safety Services
Scheduling Consideration:		-

ID	Description	Priority Alignment
24	Crime Prevention through Environmental Design Regulations – Adopt Crime Prevention through Environmental Design (“CPTED”) regulations related to the design and maintenance of the built environment (new development, redevelopment, and existing properties) in order to prevent criminal activity and enhance quality of life.	 
Lead Department:		Public Safety Services
Scheduling Consideration:		-

ID	Description	Priority Alignment
25	Emergency Operations Plan Update – Review and update the City's Emergency Operations Plan in order to enhance collaboration with public and private stakeholders, incorporate the City's Local Hazard Mitigation Plan, prepare for updates in the City's Climate Adaptation Plan, and reflect organizational changes.	  
Lead Department:		Public Safety Services
Scheduling Consideration:		-

ID	Description	Priority Alignment
26	<p>Local Hazard Mitigation Plan Update – Review and update the City's Local Hazard Mitigation Plan in order to further a long-term strategy to reduce disaster losses and prevent cycles of disaster damage, reconstruction, and repeated damage. This item is also a requirement for the receipt of certain federal disaster assistance funds.</p>	
Lead Department:		Public Safety Services
Scheduling Consideration:		-

ID	Description	Priority Alignment
27	<p>Sidewalk Vending Regulations – Due to changes in state law (Senate Bill 946, 2018), adopt sidewalk vending regulations in order to promote health, safety, and welfare, as well as for other purposes authorized by Senate Bill 946. The City is unable to regulate sidewalk vending except as authorized by Senate Bill 946.</p>	
Lead Department:		Public Safety Services
Scheduling Consideration:		-

CHAPTER 8.0.
CITY CAPITAL PROJECTS

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8.0. CITY CAPITAL PROJECTS

This chapter describes 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

The City Council adopts an 11-year Capital Improvement Program (“CIP”) on an annual basis in order to assist with the long-term development of funding for major capital improvement projects. The City is required to adopt an at least seven-year CIP in order to receive funding from Orange County’s Measure M2 (OC Go) 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, the City Council retains the ability to modify the CIP at its discretion and 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 California Public Contract Code Section 22002, 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 10-year Pavement Management Plan, work that is required to be included in the CIP for Measure M2 (OC Go) eligibility, and any other project so-designated by the City Council.

Major capital improvement projects are 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.

The term of this CIP is fiscal years 2021-22 through 2031-32.

CAPITAL PROJECTS APPROPRIATIONS SUMMARY – BUDGETED

The appropriations summarized below are included in the Fiscal Years 2021-23 Budget & Work Plan. For additional information on specific projects, please refer to the worksheets beginning on page 8.0-9.

Fiscal Year 2021-22

- *Capital Projects Fund*
 - City Hall Refurbishment and Safety Project: Phase 3 (\$20,000)
 - City Hall/Public Library Project (\$250,000)
 - Ridge Route Drive Landscape Project (\$20,000)
 - City-maintained Catch Basins Full Capture Systems Retrofit Project (\$11,296)

FUND TOTAL: \$301,296
- *Fuel Tax Fund*
 - Ridge Route Drive Landscape Project (\$20,000)

FUND TOTAL: \$20,000
- *Road Maintenance & Rehabilitation Program Fund*
 - Pavement Management Plan Project (Southbound Moulton Parkway between Via Campo Verde and Calle Cortez) (\$270,600)

FUND TOTAL: \$270,600
- *Community Development Block Grant (CDBG) Fund*
 - Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 5 (\$350,000)

FUND TOTAL: \$350,000

GRAND TOTAL – FISCAL YEAR 2021-22: \$941,896

Unspent appropriations approved prior to July 1, 2021 are expected to be carried over to Fiscal Year 2021-22 for the following projects, pursuant to Section 2.9.04(10) of Administrative Policy 2.9:

- *Capital Projects Fund*
 - City Hall/Public Library Project
- *Measure M2 (OC Go) Fund*

- City-maintained Catch Basins Full Capture Systems Retrofit Project
- *State of California Grants Fund*
 - City Hall/Public Library Project

Fiscal Year 2022-23

- *Capital Projects Fund*
 - City Hall Refurbishment and Safety Project: Phase 3 (\$230,000)
 - Woods End Wilderness Preserve Trail Drainage and Improvement Project (\$35,591)

FUND TOTAL: \$265,591
- *Road Maintenance & Rehabilitation Program Fund*
 - Pavement Management Plan Project (Southbound Moulton Parkway between Calle Cortez and South City Limit) (\$309,800)

FUND TOTAL: \$309,800
- *Mobile Source Reduction Fund*
 - City Hall Electric Vehicle Charging Infrastructure Project (\$92,500)

FUND TOTAL: \$92,500
- *Community Development Block Grant (CDBG) Fund*
 - Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 6 (\$150,000)

FUND TOTAL: \$150,000
- *State of California Grants Fund*
 - Woods End Wilderness Preserve Trail Drainage and Improvement Project (\$177,952)

FUND TOTAL: \$ 177,952

GRAND TOTAL – FISCAL YEAR 2022-23: \$995,843

Unspent appropriations approved prior to July 1, 2022 are expected to be carried over to Fiscal Year 2022-23 for projects that are not yet complete, pursuant to Section 2.9.04(10) of Administrative Policy 2.9.

CAPITAL PROJECTS APPROPRIATIONS SUMMARY – PLANNED

The appropriations summarized below are planned for inclusion in future

budgets and work plans. The City Council retains the ability to modify the CIP at its discretion and no funding commitment is created by planning for these projects. For additional information on specific projects, please refer to the worksheets beginning on page 8.0-23.

Fiscal Year 2023-24

- *Road Maintenance & Rehabilitation Program Fund*
 - Pavement Management Plan Project (Northbound Moulton Parkway between Calle Cortez and South City Limit) (\$309,800)

FUND TOTAL: \$309,800
 - *Community Development Block Grant (CDBG) Fund*
 - Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 7 (\$150,000)

FUND TOTAL: \$150,000
- GRAND TOTAL – FISCAL YEAR 2023-24: \$459,800

Fiscal Year 2024-25

- *Road Maintenance & Rehabilitation Program Fund*
 - Pavement Management Plan Project (Northbound Moulton Parkway between Calle Cortez and Via Campo Verde) (\$270,600)

FUND TOTAL: \$270,600
 - *Community Development Block Grant (CDBG) Fund*
 - Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 8 (\$150,000)

FUND TOTAL: \$150,000
- GRAND TOTAL – FISCAL YEAR 2024-25: \$420,600

Fiscal Year 2025-26

- *Road Maintenance & Rehabilitation Program Fund*
 - Pavement Management Plan Project (Westbound El Toro Road between Calle Corta and West City Limit) (\$244,200)

FUND TOTAL: \$244,200
- *Community Development Block Grant (CDBG) Fund*

- Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 9 (\$150,000)

FUND TOTAL: \$150,000

GRAND TOTAL – FISCAL YEAR 2025-26: \$394,200

Fiscal Year 2026-27

- *Road Maintenance & Rehabilitation Program Fund*
 - Pavement Management Plan Project (Eastbound El Toro Road between West City Limit and Calle Corta) (\$253,100)

FUND TOTAL: \$253,100

- *Community Development Block Grant (CDBG) Fund*
 - Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 10 (\$150,000)

FUND TOTAL: \$150,000

GRAND TOTAL – FISCAL YEAR 2026-27: \$403,100

Fiscal Year 2027-28

- *Road Maintenance & Rehabilitation Program Fund*
 - Pavement Management Plan Project (Westbound El Toro Road between Moulton Parkway and Calle Sonora) (\$240,900)

FUND TOTAL: \$240,900

- *Community Development Block Grant (CDBG) Fund*
 - Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 11 (\$150,000)

FUND TOTAL: \$150,000

GRAND TOTAL – FISCAL YEAR 2027-28: \$390,900

Fiscal Year 2028-29

- *Road Maintenance & Rehabilitation Program Fund*
 - Pavement Management Plan Project (Westbound El Toro Road between Calle Sonora and Canyon Wren) (\$238,200)

FUND TOTAL: \$238,200

- *Community Development Block Grant (CDBG) Fund*

- Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 12 (\$150,000)

FUND TOTAL: \$150,000

GRAND TOTAL – FISCAL YEAR 2028-29: \$388,200

Fiscal Year 2029-30

- *Road Maintenance & Rehabilitation Program Fund*
 - Pavement Management Plan Project (Westbound El Toro Road between Canyon Wren and Tanager) (\$320,800)

FUND TOTAL: \$320,800

- *Community Development Block Grant (CDBG) Fund*
 - Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 13 (\$150,000)

FUND TOTAL: \$150,000

GRAND TOTAL – FISCAL YEAR 2029-30: \$470,800

Fiscal Year 2030-31

- *Road Maintenance & Rehabilitation Program Fund*
 - Pavement Management Plan Project (Placeholder for project per forthcoming Fiscal Years 2022-32 Pavement Management Plan)

FUND TOTAL: \$TBD

- *Community Development Block Grant (CDBG) Fund*
 - Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 14 (\$150,000)

FUND TOTAL: \$150,000

GRAND TOTAL – FISCAL YEAR 2030-31: \$TBD

Fiscal Year 2031-32

- *Road Maintenance & Rehabilitation Program Fund*
 - Pavement Management Plan Project (Placeholder for project per forthcoming Fiscal Years 2022-32 Pavement Management Plan)

FUND TOTAL: \$TBD

- *Community Development Block Grant (CDBG) Fund*

- Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 15 (\$150,000)

FUND TOTAL: \$150,000

GRAND TOTAL – FISCAL YEAR 2031-32: \$TBD

FUTURE OUTLOOK FOR CAPITAL IMPROVEMENT PROJECTS

The City's 10-year Pavement Management Plan will undergo its next biennial update in Fiscal Year 2021-22 for a term spanning fiscal years 2022-23 through 2031-32. As a result of that update, it is anticipated that additional pavement management plan projects will be identified for inclusion in this CIP. Project placeholders are included for fiscal years 2030-31 and 2031-32.

In fiscal years 2021-22 and 2022-23, the City expects to receive \$3,791,657 in Coronavirus Local Fiscal Recovery Funds as a result of the federal American Rescue Plan Act. To the extent that the City Council elects to use a portion of that funding for capital improvement projects, this CIP will require revision.

In Fiscal Year 2021-22, the City plans to refine its strategy for complying with the State Water Resources Control Board's Statewide Water Quality Control Plans for Trash. As a result of that refinement, it is anticipated that additional projects will be identified for inclusion in this CIP.

The following projects are presently unfunded and unscheduled, but may be undertaken in the event that funding becomes available:

- El Toro Road Localized Flooding Relief Project
- City Hall Refurbishment and Safety Project: Phase 4
- City Hall Emergency Backup Generator Project
- City Centre Park Lighting Improvement Project
- Water Efficient Median Improvement Project (Santa Maria Avenue between Via Vista and Moulton Parkway)

For additional information on presently unfunded and unscheduled projects, please refer to the worksheets beginning on page 8.0-23.

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**CAPITAL IMPROVEMENT PROGRAM
PROJECT WORKSHEETS**

FISCAL YEAR 2021-22

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CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title:

City Hall Refurbishment and Safety Project: Phase 3

Funding Status: Partially Funded (2021-22); Funded (2022-23)

Priority

Alignment:



Healthy and safe

Project Description

This project involves refurbishments and safety improvements at City Hall. The scope of work is expected to include improvements from the following list:

- Modernization of the elevator and related control systems
- Replacement of exterior doors/windows and balcony railing
- Improvement of heating, ventilation, and air conditioning systems
- Creation of an employee break room/lactation room that meets the requirements of California Labor Code Section 1031
- Installation of a high-capacity records storage system
- Remodeling of the first-floor lobby, counter, and office areas
- Deferred maintenance (e.g., paint and signage/façade repair)
- Other work related to accessibility, functionality, and security

Work not included in Phase 3 will be considered for future phases.

Purpose

This project is intended to address maintenance needs and ensure that City Hall remains accessible, functional, safe, and secure. The work will safeguard and enhance the City’s only public building and seat of government.

Cost

The one-time cost of designing and constructing this project is estimated at \$250,000 (as of May 2021; subject to the completion of design documents, construction drawings, and competitive bidding).

Funding

Unassigned General Fund balance will be used to fund this project.

- Fiscal Year 2021-22: Capital Projects Fund (\$20,000)
- Fiscal Year 2022-23: Capital Projects Fund (\$230,000)

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title:

City Hall/Public Library Project

Funding Status: Funded (2022-23)

Priority

Alignment:



High in quality of life

Project Description

This project involves (1) the addition of a dedicated space for the Laguna Woods branch of OC Public Libraries, (2) expansion of the existing patio area to serve both City Hall and the public library, and (3) related site, landscape, signage, and parking lot improvements.

Purpose

This project is intended to provide continued local access to a public library in a new location with improved facilities and amenities. The project will also address maintenance needs and enhance City Hall's functionality.

Cost

The one-time cost of designing and constructing this project is estimated at \$1,170,280 (as of May 2021; subject to the completion of design documents, construction drawings, and competitive bidding).

Funding

\$670,280 in unassigned General Fund balance and \$500,000 in State of California Budget Appropriation monies will be used to fund this project.

- Fiscal Year 2019-20: Capital Projects Fund (\$400,000)
- Fiscal Year 2020-21: Capital Projects Fund (\$20,280)
- Fiscal Year 2020-21: State of California Grants Fund (\$500,000)
- Fiscal Year 2021-22: Capital Projects Fund (\$250,000)

Construction must be complete no later than June 30, 2022, in order to use the State of California Budget Appropriation monies.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title:

Ridge Route Drive Landscape Project

Funding Status: Partially Funded (2021-22)

Priority Alignment:



High in quality of life

Project Description

This project involves the removal of the fencing, artificial turf, and remaining fixtures from the former dog park site on Ridge Route Drive, and installation of parkway landscaping in its place.

Purpose

This project is intended to convert the former dog park site on Ridge Route Drive to a landscaped parkway. The site was a parkway prior to the opening of the dog park in 2001. The dog park was relocated to a new site on Ridge Route Drive beginning on July 27, 2019.

Cost

The one-time cost of designing this project is estimated at \$40,000 (as of May 2021). The one-time cost of constructing this project is not yet known, but will be calculated following the completion of design documents.

Funding

\$20,000 in unassigned General Fund balance and \$20,000 in Fuel Tax Fund monies will be used to fund the design of this project.

- Fiscal Year 2021-22: Capital Projects Fund (\$20,000)
- Fiscal Year 2021-22: Fuel Tax Fund (\$20,000)

Funding to construct this project has not yet been identified.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title:

Pavement Management Plan Project (Southbound Moulton Parkway between Via Campo Verde and Calle Cortez)

Funding Status: Funded (2021-22)

Priority

Alignment:



Healthy and safe



High in quality of life

Estimated Useful Life: 15 years

Project Description

This project involves the rehabilitation of deteriorated pavement along the specified street section(s), including asphalt concrete pavement cold milling and repaving. The work may also include reconstruction of curbs, adjustment of utility access holes and water valves to grade, re-establishment of survey monuments, and replacement of painted striping and pavement markings.

Purpose

This project is part of the City's 10-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 February 2020, the specified street section had a PCI of 80.

Cost

The one-time cost of designing and constructing this project is estimated at \$270,600 (as of June 2020; subject to the completion of design documents, construction drawings, and competitive bidding).

Funding

Road Maintenance & Rehabilitation Program Fund monies will be used to fund this project (\$270,600).

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title:

Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 5

Funding Status: Contingent on the receipt of external funding (2021-22)

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; reconstruction of driveway crossings; and/or, replacement of detectable warnings. The work may also include modification of right-of-way 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 federal Americans with Disabilities Act of 1990, Architectural Barriers Act of 1968, and Rehabilitation Act of 1973.

Cost

The one-time cost of designing and constructing this project is estimated at \$350,000 (as of May 2021; subject to the completion of design documents, construction drawings, and competitive bidding).

Funding

The City anticipates using Community Development Block Grant ("CDBG") monies to fund this project (\$350,000).

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title:

City-maintained Catch Basins Full Capture Systems Retrofit Project

Funding Status: Partially Funded (2020-21); Funded (2021-22)

Priority

Alignment:



Healthy and safe



Environmentally conscious

Project Description

This project involves the removal of 38 existing catch basin filter inserts and the installation of 40 full capture systems in City-maintained catch basins.

Purpose

This project is a part of the City's strategy for complying with orders related to the State Water Resources Control Board's Statewide Water Quality Control Plans for Trash. The "state trash orders" are intended to address the adverse impacts of trash on beneficial uses of surface waters in California.

Cost

The one-time cost of designing and constructing this project is estimated at \$42,937 (as of July 2020; subject to the completion of design documents, construction drawings, and competitive bidding).

Funding

\$11,296 in unassigned General Fund balance and \$31,641 in Measure M2 (OC Go) Environmental Cleanup, Tier 1 Grant Program monies will be used to fund this project.

- Fiscal Year 2020-21: Measure M2 (OC Go) Fund (\$31,641)
- Fiscal Year 2021-22: Capital Projects Fund (\$11,296) – *satisfies the 20% match required by the Measure M2 (OC Go) Environmental Cleanup, Tier 1 Grant Program*

**CAPITAL IMPROVEMENT PROGRAM
PROJECT WORKSHEETS**

FISCAL YEAR 2022-23

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CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title:

Pavement Management Plan Project (Southbound Moulton Parkway between Calle Cortez and South City Limit)

Funding Status: Funded (2022-23)

Priority

Alignment:



Healthy and safe



High in quality of life

Estimated Useful Life: 15 years

Project Description

This project involves the rehabilitation of deteriorated pavement along the specified street section(s), including asphalt concrete pavement cold milling and repaving. The work may also include reconstruction of curbs, adjustment of utility access holes and water valves to grade, re-establishment of survey monuments, and replacement of painted striping and pavement markings.

Purpose

This project is part of the City's 10-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 February 2020, the specified street sections had a blended PCI of 79.3.

Cost

The one-time cost of designing and constructing this project is estimated at \$309,800 (as of June 2020; subject to the completion of design documents, construction drawings, and competitive bidding).

Funding

Road Maintenance & Rehabilitation Program Fund monies will be used to fund this project (\$309,800).

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title:

City Hall Electric Vehicle Charging Infrastructure Project

Funding Status: Funded (2022-23)

Priority

Alignment:



Healthy and safe



Environmentally conscious

Project Description

This project involves the purchase and/or installation of electric vehicle charging infrastructure at a publicly accessible location at or in the vicinity of City Hall, generally consisting of two charging stations.

Purpose

This project is intended to support the expanded use of alternatively fueled vehicles in and around Laguna Woods.

Cost

The one-time cost of designing and constructing this project is estimated at \$92,500 (as of October 2019; subject to the completion of design documents, construction drawings, and competitive bidding).

Funding

\$42,500 in regular Mobile Source Reduction Fund monies and \$50,000 in Clean Transportation Funding™ 2017 Local Government Partnership Program monies will be used to fund this project. Both revenue sources are accounted for in the Mobile Source Reduction Fund.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title:

Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 6

Funding Status: Contingent on the receipt of external funding (2022-23)

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; reconstruction of driveway crossings; and/or, replacement of detectable warnings. The work may also include modification of right-of-way 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 federal Americans with Disabilities Act of 1990, Architectural Barriers Act of 1968, and Rehabilitation Act of 1973.

Cost

The one-time cost of designing and constructing this project is estimated at \$150,000 (as of May 2021; subject to the completion of design documents, construction drawings, and competitive bidding).

Funding

The City anticipates using Community Development Block Grant ("CDBG") monies to fund this project (\$150,000).

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title:

Woods End Wilderness Preserve Trail Drainage and Improvement Project

Funding Status: Funded (2022-23)

Priority

Alignment:



Healthy and safe



High in quality of life

Project Description

This project involves the construction and refurbishment of drainage and entry facilities at Woods End Wilderness Preserve, as well as work related to accessibility, safety, and security.

Purpose

This project is intended to improve drainage and prevent stormwater runoff from the Woods End Wilderness Preserve trail (fire road). It will also enhance the safety, visibility, and condition of City-maintained park areas.

Cost

The one-time cost of constructing this project is estimated at \$213,543 (as of June 2021; subject to the completion of design documents, construction drawings, and competitive bidding).

Funding

\$35,591 in unassigned General Fund balance and \$177,952 in Proposition 68 (Per Capita Program) monies will be used to fund this project.

- Fiscal Year 2022-23: Capital Projects Fund (\$35,591) – *satisfies the 20% match required by the Proposition 68 (Per Capita Program)*
- Fiscal Year 2022-23: State of California Grants Fund (\$177,952)

**CAPITAL IMPROVEMENT PROGRAM
PROJECT WORKSHEETS
FUTURE FISCAL YEARS**

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CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title: **Pavement Management Plan Project – Additional Phases**

Funding Status: Unfunded

Projected Funding Plan: See Table Below

Project Description

This project involves the rehabilitation of deteriorated pavement along the specified street section(s), including asphalt concrete pavement cold milling and repaving. The work may also include reconstruction of curbs, adjustment of utility access holes and water valves to grade, re-establishment of survey monuments, and replacement of painted striping and pavement markings.

Purpose

This project is part of the City's 10-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.

Cost & Funding

Over the course of fiscal years 2023-24 through 2031-32, the one-time cost of constructing these projects is estimated to be at least \$1,877,600 (as of June 2020; subject to the completion of design documents, construction drawings, and competitive bidding, as well as the identification of projects for fiscal years 2030-31 and 2031-32). The City anticipates that Road Maintenance & Rehabilitation Program Fund monies will be used to fund these projects.

Street Section(s)	Blended PCI as of February 2020	Anticipated Fiscal Year	Total
Northbound Moulton Parkway between Calle Cortez and South City Limit	77.3	2023-24	\$309,800
Northbound Moulton Parkway between Calle Cortez and Via Campo Verde	66	2024-25	\$270,600
Westbound El Toro Road between Calle Corta and West City Limit	78	2025-26	\$244,200
Eastbound El Toro Road between West City Limit and Calle Corta	88	2026-27	\$253,100

Westbound El Toro Road between Moulton Parkway and Calle Sonora	75.5	2027-28	\$240,900
Westbound El Toro Road between Calle Sonora and Canyon Wren	77	2028-29	\$238,200
Westbound El Toro Road between Canyon Wren and Tanager	76	2029-30	\$320,800
To be determined following adoption of the Fiscal Years 2022-32 Pavement Management Plan in FY 2021-22	TBD	2030-31	TBD
To be determined following adoption of the Fiscal Years 2022-32 Pavement Management Plan in FY 2021-22	TBD	2031-32	TBD
Total			\$1,877,600

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CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title: **Americans with Disabilities Act (ADA) Pedestrian
Accessibility Improvement Project – Additional Phases**

Funding Status: Unfunded

Projected Funding Plan: See Table Below

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; reconstruction of driveway crossings; and/or, replacement of detectable warnings. The work may also include modification of right-of-way 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 federal Americans with Disabilities Act of 1990, Architectural Barriers Act of 1968, and Rehabilitation Act of 1973.

Cost & Funding

Over the course of fiscal years 2023-24 through 2031-32, the one-time cost of designing and constructing these projects is estimated at \$1,350,000 (as of March 2019; subject to the completion of design documents, construction drawings, and competitive bidding). These projects are contingent on the receipt of external funding. The City anticipates applying for Community Development Block Grant ("CDBG") funding.

Phase	Anticipated Fiscal Year	Total
7	2023-24	\$150,000
8	2024-25	\$150,000
9	2025-26	\$150,000
10	2026-27	\$150,000
11	2027-28	\$150,000
12	2028-29	\$150,000
13	2029-30	\$150,000
14	2030-31	\$150,000
15	2031-32	\$150,000
Total		\$1,350,000

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title: **El Toro Road Localized Flooding Relief Project**

Funding Status: Unfunded

Projected Funding Plan: Unscheduled

Project Description

This project involves replacing and upsizing the existing storm drain and catch basins on eastbound El Toro Road between the St. Nicholas Church/Lutheran Church of the Cross intersection and the Valencia Center.

Purpose

This project is based on the findings of a technical study that was undertaken in 2019 to analyze recurring instances of localized flooding on eastbound El Toro Road between the St. Nicholas Church/Lutheran Church of the Cross intersection and the Valencia Center. The improvements are intended to mitigate localized flooding resultant of a 10-year storm event.

Cost & Funding

The one-time cost of designing and constructing this project is estimated at between \$605,000 and \$1,003,000 (as of November 2019; subject to the completion of design documents, construction drawings, and competitive bidding). Funding has not yet been identified; however, the City will continue to seek grant opportunities.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title: **City Hall Refurbishment and Safety Project: Phase 4**

Funding Status: Unfunded

Projected Funding Plan: Unscheduled

Project Description

This project involves refurbishments and safety improvements at City Hall. The scope of work is expected to include improvements from the following list:

- Modernization of the elevator and related control systems
- Replacement of exterior doors/windows and balcony railing
- Improvement of heating, ventilation, and air conditioning systems
- Creation of an employee break room/lactation room that meets the requirements of California Labor Code Section 1031
- Installation of a high-capacity records storage system
- Remodeling of the first-floor lobby, counter, and office areas
- Deferred maintenance (e.g., paint and signage/façade repair)
- Other work related to accessibility, functionality, and security

Work not included in Phase 4 may be considered for future phases.

Purpose

This project is intended to address maintenance needs and ensure that City Hall remains accessible, functional, safe, and secure. The work will safeguard and enhance the City's only public building and seat of government.

Cost & Funding

The cost of designing and constructing this project is not yet known. Needs will be re-assessed, and the improvements list updated, following completion of Phase 3 and the City Hall/Public Library Project. The City anticipates that unassigned General Fund balance will be used to fund this project.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

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

Funding Status: Unfunded

Projected Funding Plan: Unscheduled

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 included in the initial design for City Centre Park; however, only conduit to allow for future lighting was installed during construction.

Cost & Funding

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 bidding). Funding has not yet been identified; however, the City will continue to seek grant opportunities.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title: **City Hall Emergency Backup Generator Project**

Funding Status: Unfunded

Projected Funding Plan: Unscheduled

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 at least 24 hours of continuous use.

Purpose

This project is intended to ensure that City Hall remains accessible, functional, safe, and secure, particularly during power outages and Public Safety Power Shutdown (PSPS) events. The work will safeguard and enhance the City's only public building and seat of government.

Cost & Funding

The one-time cost of designing and constructing this project is estimated at \$280,000 (as of May 2021; subject to the completion of design documents, construction drawings, and competitive bidding). Funding has not yet been identified; however, the City will continue to seek grant opportunities.

CAPITAL IMPROVEMENT PROGRAM PROJECT WORKSHEET

Project Title: **Water Efficient Median Improvement Project (Santa Maria Avenue between Via Vista and Moulton Parkway)**

Funding Status: Unfunded

Projected Funding Plan: Unscheduled

Project Description

This project involves retrofitting three medians on Santa Maria Avenue with drought-tolerant landscaping and water efficient irrigation systems. Irrigated area in the medians will be limited to 25% of the pervious surface area. All existing turf grass and overhead spray irrigation will be eliminated.

Purpose

This project is intended to enhance streetscape aesthetics, reduce irrigation-related water consumption, and enable the future use of recycled water for irrigation. The use of recycled water would help to conserve potable water, thereby reducing demand for imported water.

Cost & Funding

The one-time cost of designing and constructing this project is estimated at \$250,000 (as of March 2019; subject to the completion of design documents, construction drawings, and competitive bidding). The City anticipates that Fuel Tax Fund monies will be used to fund this project.

CITY OF LAGUNA WOODS Fiscal Years 2021-32 Capital Improvement Program Funding Plan				
Project Title	Estimated Project Cost	Fiscal Year	Projected Funding	Funding Source
FUNDED AND PARTIALLY FUNDED PROJECTS				
City Hall Refurbishment and Safety Project: Phase 3	250,000	2021-22	20,000	Capital Projects Fund
			230,000	Capital Projects Fund
		2022-23	250,000	
City Hall/Public Library Project	1,170,280	2019-20	400,000	Capital Projects Fund
		2020-21	20,280	Capital Projects Fund
		2020-21	500,000	State of California Grants Fund
		2021-22	250,000	Capital Projects Fund
			1,170,280	
Ridge Route Drive Landscape Project <i>(Partially funded only; construction costs will be calculated following the completion of design documents)</i>	40,000	2021-22	20,000	Capital Projects Fund
		2021-22	20,000	Fuel Tax Fund
			40,000	
Pavement Management Plan Project (Southbound Moulton Parkway between Via Campo Verde and Calle Cortez)	270,600	2021-22	270,600	Road Maintenance & Rehabilitation Program Fund
			270,600	
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 5	350,000	2021-22	350,000	Community Development Block Grant (CDBG) Fund
			350,000	
City-maintained Catch Basins Full Capture Systems Retrofit Project	42,937	2020-21	31,641	Measure M2 (OC Go) Fund
		2021-22	11,296	Capital Projects Fund
			42,937	
Pavement Management Plan Project (Southbound Moulton Parkway between Calle Cortez and South City Limit)	309,800	2022-23	309,800	Road Maintenance & Rehabilitation Program Fund
			309,800	
City Hall Electric Vehicle Charging Infrastructure Project	92,500	2022-23	92,500	Mobile Source Reduction Fund
			92,500	
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 6	150,000	2022-23	150,000	Community Development Block Grant (CDBG) Fund
			150,000	
Woods End Wilderness Preserve Trail Drainage and Improvement Project	213,543	2022-23	35,591	Capital Projects Fund
		2022-23	177,952	State of California Grants Fund
			213,543	
PLANNED PROJECTS				
Pavement Management Plan Project (Northbound Moulton Parkway between Calle Cortez and South City Limit)	309,800	2023-24	309,800	Road Maintenance & Rehabilitation Program Fund
			309,800	
Pavement Management Plan Project (Northbound Moulton Parkway between Calle Cortez and Via Campo Verde)	270,600	2024-25	270,600	Road Maintenance & Rehabilitation Program Fund
			270,600	
Pavement Management Plan Project (Westbound El Toro Road between Calle Cortez and West City Limit)	244,200	2025-26	244,200	Road Maintenance & Rehabilitation Program Fund
			244,200	
Pavement Management Plan Project (Eastbound El Toro Road between West City Limit and Calle Cortez)	253,100	2026-27	253,100	Road Maintenance & Rehabilitation Program Fund
			253,100	
Pavement Management Plan Project (Westbound El Toro Road between Moulton Parkway and Calle Sonora)	240,900	2027-28	240,900	Road Maintenance & Rehabilitation Program Fund
			240,900	
Pavement Management Plan Project (Westbound El Toro Road between Calle Sonora and Canyon Wren)	238,200	2028-29	238,200	Road Maintenance & Rehabilitation Program Fund
			238,200	
Pavement Management Plan Project (Westbound El Toro Road between Canyon Wren and Tanager)	320,800	2029-30	320,800	Road Maintenance & Rehabilitation Program Fund
			320,800	
Pavement Management Plan Project (Placeholder for project per forthcoming Fiscal Years 2022-23 Pavement Management Plan)	TBD	2030-31	TBD	Road Maintenance & Rehabilitation Program Fund
			TBD	
Pavement Management Plan Project (Placeholder for project per forthcoming Fiscal Years 2022-23 Pavement Management Plan)	TBD	2031-32	TBD	Road Maintenance & Rehabilitation Program Fund
			TBD	
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 7	150,000	2023-24	150,000	Community Development Block Grant (CDBG) Fund
			150,000	
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 8	150,000	2024-25	150,000	Community Development Block Grant (CDBG) Fund
			150,000	
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 9	150,000	2025-26	150,000	Community Development Block Grant (CDBG) Fund
			150,000	
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 10	150,000	2026-27	150,000	Community Development Block Grant (CDBG) Fund
			150,000	

CITY OF LAGUNA WOODS Fiscal Years 2021-32 Capital Improvement Program Funding Plan				
Project Title	Estimated Project Cost	Fiscal Year	Projected Funding	Funding Source
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 11	150,000	2027-28	150,000 150,000	Community Development Block Grant (CDBG) Fund
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 12	150,000	2028-29	150,000 150,000	Community Development Block Grant (CDBG) Fund
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 13	150,000	2029-30	150,000 150,000	Community Development Block Grant (CDBG) Fund
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 14	150,000	2030-31	150,000 150,000	Community Development Block Grant (CDBG) Fund
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 15	150,000	2031-32	150,000 150,000	Community Development Block Grant (CDBG) Fund
UNFUNDED PROJECTS				
El Toro Road Localized Flooding Relief Project	605,000 - 1,003,000	Unscheduled	605,000 - 1,003,000	Not Yet Identified
City Hall Refurbishment and Safety Project: Phase 4	Not Yet Known	Unscheduled	Not Yet Known	Not Yet Identified
City Centre Park Lighting Improvement Project	115,000	Unscheduled	115,000	Not Yet Identified
City Hall Emergency Backup Generator Project	280,000	Unscheduled	280,000	Not Yet Identified
Water Efficient Median Improvement Project (Santa Maria Avenue between Via Visa and Moulton Parkway)	250,000	Unscheduled	250,000	Fuel Tax Fund
TRANSPORTATION-RELATED OPERATIONS & MAINTENANCE				
The following information is included at the direction of the Orange County Transportation Authority. Operations and maintenance expenses are not capital improvement projects.				
	<u>Fiscal Year 2021-22</u>	<u>Fiscal Year 2022-23</u>	<u>Fiscal Year 2023-24</u>	
	<u>Budget</u>	<u>Budget</u>	<u>Estimate</u>	
Measure M2 (OC Go) Fair Share Expenditures				
Street Lighting - Public Right of Way	29,832	31,026	31,957	
Contract - Traffic Engineering	161,040	167,482	172,506	
Contract - Traffic Signal Maintenance	49,328	52,208	53,774	
Allowable Overhead Costs	650	650	750	
	<u>240,850</u>	<u>251,366</u>	<u>258,987</u>	
	<u>Fiscal Year 2024-25</u>	<u>Fiscal Year 2025-26</u>	<u>Fiscal Year 2026-27</u>	
	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	
Measure M2 (OC Go) Fair Share Expenditures				
Street Lighting - Public Right of Way	32,915	33,903	34,920	
Contract - Traffic Engineering	177,682	183,012	188,502	
Contract - Traffic Signal Maintenance	55,387	57,049	58,761	
Allowable Overhead Costs	750	750	750	
	<u>266,735</u>	<u>274,714</u>	<u>282,933</u>	
	<u>Fiscal Year 2027-28</u>			
	<u>Estimate</u>			
Measure M2 (OC Go) Fair Share Expenditures				
Street Lighting - Public Right of Way	35,968			
Contract - Traffic Engineering	194,158			
Contract - Traffic Signal Maintenance	60,523			
Allowable Overhead Costs	750			
	<u>291,399</u>			

APPENDIX A

Administrative Policy 2.9 (Budgeting, Reserves, and Reporting)

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**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, as well as related financial reporting.

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 odd-numbered year.

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 odd-numbered year. Such adoption shall occur at a public meeting duly noticed pursuant to all applicable provisions of California Government Code (Ralph M. Brown Act). Members of the public shall have an opportunity to comment on the proposed budget prior to adoption.

2.9.04. Budget Standards.

1. The budget and the underlying accounting shall be prepared in accordance with applicable 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 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, an 11-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 (OC Go) 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 California Public Contracts Code Section 22002, 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 10-year Pavement Management Plan, work that is required to be included in the CIP for Measure M2 (OC Go) eligibility, and any other project so-designated by the City Council.

9. While the first two years of the 11-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, carryovers of budget appropriations between fiscal years require approval of the City Council. All carryovers of budget appropriations between fiscal years shall be finalized and all necessary accounting entries made within 60 days of the submission of each Annual Comprehensive Financial Report to 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: *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.

The City shall evaluate the adequacy of the overall target for committed and assigned reserves and individual targets by reserve category contained in this Administrative Policy at least as frequently as each biennial budget development process. In doing so, the City shall consider current and future risk and funding obligations that may

impact reserve levels, as well as best practices established by the Government Finance Officers Association and other authoritative entities.

The time and method for replenishment of reserves shall be defined following use thereof, based on the category of reserve, reason required, amount used, and other relevant factors. The City shall strive to replenish reserve balances within 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 at least 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 Reserve

The City shall maintain a Paid Leave Contingency Reserve 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 Reserve in amounts necessary to comply with the City's paid leave policies and obligations (e.g., the payment of accrued paid leave upon an employee's separation from the City). The Administrative Services Director/City Treasurer shall notify the City Council of all expenditures made from the Paid Leave Contingency Reserve as a part of the quarterly budget reporting described in Section 2.9.09.

Self-Insurance Contingency Reserve

The City shall maintain a Self-Insurance Contingency Reserve 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 Reserve of up to \$50,000 per individual claim settlement. The Administrative Services Director/City Treasurer shall notify the City Council of all expenditures made from the Self-Insurance Contingency Reserve as a part of the quarterly budget reporting described in Section 2.9.09. Expenditures from the Self-Insurance Contingency Reserve in excess of \$50,000 per individual claim settlement require approval of the City Council.

General Contingency Reserve

The City shall maintain a General Contingency Reserve 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 Contingency Reserve 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 maintain an irrevocable Internal Revenue Code Section 115 trust fund to prefund employer contributions to California Public Employees' Retirement System (CalPERS) pension plans.

The City shall consider making lump sum payments to reduce unfunded accrued liability for CalPERS pension plans at least as frequently as each biennial budget development process. The City shall strive to maintain an at least 80% funded level for all CalPERS pension plans.

2.9.08. Other Post-Employment Benefits Trust Fund.

The City shall maintain an irrevocable Internal Revenue Code Section 115 trust fund to prefund other post-employment benefit (OPEB) liability incurred as a result of state-mandated retiree medical obligations. The City shall strive to maintain an at least 80% prefunding level calculated at least as frequently as CalPERS requires employers to prepare actuarial valuations of OPEB liability for participation in the California Employers' Retiree Benefit Trust Fund. 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 Administrative Services Director/City Treasurer shall prepare and submit an Annual Comprehensive Financial Report (ACFR) with each of the sections prescribed by GASB, including an independent audit performed by a qualified firm, to the City Council within eight months of the end of each fiscal year. The City shall strive for submission of the ACFR to the City Council within six months of the end of each fiscal year and an unqualified audit opinion.
2. The Administrative Services Director/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; information regarding any change in revenue projections or anticipated expenditures that is likely to impact the ability to carry out budgeted activities; and, notification of all expenditures made from the Paid Leave Contingency Fund and Self-Insurance Contingency Fund during the subject quarter.
3. The Administrative Services Director/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 Administrative Services Director/City Treasurer shall advise the City Council of any contradictions of federal or state law for consideration during each biennial budget development process.

City Council Adoption: June 2, 2021

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APPENDIX B

Resolution No. 21-XX (Budget and Work Plan Adoption)

(WILL BE INCLUDED IN THE ADOPTED BUDGET & WORK PLAN)

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APPENDIX C

Resolution No. 21-XX (Capital Improvement Program Adoption)

(WILL BE INCLUDED IN THE ADOPTED BUDGET & WORK PLAN)

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APPENDIX D

Resolution No. 21-XX (Annual Appropriations Limit Adoption)

(WILL BE INCLUDED IN THE ADOPTED BUDGET & WORK PLAN)

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APPENDIX E

Glossary of Terms and Acronyms

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APPENDIX E

Appendix E defines terms and acronyms used in this budget and work plan. Individuals with questions regarding these or other terms or acronyms are encouraged to contact the City's Administrative Services Department.

GLOSSARY OF TERMS AND ACRONYMS

AMERICANS WITH DISABILITIES ACT (ADA): The Americans with Disabilities Act is a federal law that prohibits discrimination and ensures equal opportunity for individuals with disabilities in employment, government services, public accommodations, commercial facilities, and transportation.

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR): A set of annual financial statements comprising the financial report of a state, municipal, or other governmental entity that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board. The Annual Comprehensive Financial Report includes introductory, financial, and statistical information about the governmental entity.

APPROPRIATION: A legal authorization granted by the City Council to make expenditures or incur obligations for specified purposes.

ASSESSED VALUATION: The monetary value assigned to personal property by the Orange County Assessor's Office for use in levying property taxes.

BEVERAGE CONTAINER RECYCLING PROGRAM: A grant program administered by the State of California to promote beverage container recycling, pursuant to the Beverage Container Recycling and Litter Reduction Act of 1987.

BUDGET: A financial plan that identifies revenues; specific types and levels of services to be provided; and, associated expenditures.

CAPITAL IMPROVEMENT PROGRAM (CIP): A planning tool to assist the City with the long-term development of funding for major capital improvement projects on public property. The Capital Improvement Program is adopted for a seven-year period in accordance with Measure M2 (OC Go) requirements.

CAPITAL PROJECTS FUND: A fund used to account for transfers from the General Fund that are reserved for capital improvement purposes. The Capital Projects Fund is combined with the General Fund for the purpose of reporting in the Annual Comprehensive Financial Report.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG): A grant program that is subject to federal appropriation and intended to assist counties and cities with local community development needs.

COMPONENT UNIT: Government Accounting Standards Board Statement No. 61 (November 2010), Paragraph 20, defines a "component unit" as a legally separate organization for which the City Council is financially accountable or other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading.

DEPARTMENT: An organizational unit of the City that has direct management responsibility for a group of related programs and services.

EXPENDITURE: A decrease in net financial resources representing the actual payment for goods and services or the accrual thereof.

FEES: Charges levied by the City for providing programs or services.

FISCAL YEAR (FY): The annual period designated by the City for the beginning and ending of financial transactions. The City's fiscal year begins on July 1 of each year and ends on June 30 of each subsequent year.

FUEL TAX: A tax generated by a per gallon excise tax on fuel used to propel motor vehicles or aircraft pursuant to California Constitution Article XIX Section 1; Revenue and Tax Code sections 7301-8404 and 8601-9355; and, Streets and Highways Code sections 2100 et seq. The City uses Fuel Tax revenue to support the maintenance, operation, and construction of roads and right-of-way.

FULL-TIME EQUIVALENTS (FTE): The amount of time for which a position has been budgeted, stated in terms of the fraction of time that a regular, full-time employee normally works in a year. For example, a full-time employee (1 FTE) normally works 2,080 hours in a year, while a 0.45 FTE employee normally works 936 hours in a year (2,080 hours x 0.45 = 936).

FUND: A self-balancing set of accounts to record revenues and expenditures associated with a specific purpose or funding source.

FUND BALANCE: The difference between assets and liabilities for a particular fund. Fund balance represents the amount available for future expenditures.

GENERAL FUND: The City's primary operating fund. The General Fund is used to account for the proceeds of specific revenue sources that are not legally restricted to expenditures for specified purposes.

GENERAL PLAN: A comprehensive, long-term planning document that the City is required to develop and maintain for the physical development of land within its boundaries and any relational land outside of its boundaries. The City's current General Plan is available at www.cityoflagunawoods.org.

GRANT: Contributions, gifts of cash, or other assets from a government entity or other organization to be expended for a specific purpose.

INFRASTRUCTURE: The underlying physical foundation or basic framework of the City, including buildings, parks, roadways, parkways, medians, sidewalks, traffic signals, and other related facilities and fixtures.

INTER-FUND TRANSFERS: The flow of assets from one fund to another without an equivalent flow of assets in return or a requirement for repayment. Inter-fund transfers are often used to finance capital projects or support the operations of special funds.

LAGUNA WOODS CIVIC SUPPORT FUND: A nonprofit public benefit corporation established by the City with a specific and primary purpose of raising and distributing funds to support programs, projects, and services of the City, as well as functioning as a "friends of the library" group in support of the Laguna Woods branch of the County of Orange's public library system.

MEASURE M2 (OC Go): A ballot measure that Orange County voters approved in 2006 to increase the countywide sales tax rate through 2041 by one-half cent for the purpose of funding transportation projects and activities. It was preceded by Measure M, a ballot measure that Orange County voters approved for similar purposes in 1990, and is now referred to as "OC Go."

MOBILE SOURCE REDUCTION: Funding generated by the State of California's Assembly Bill 2766 Subvention Program to support measures and projects that reduce mobile vehicle emissions.

MODIFIED ACCRUAL BASIS: The basis of accounting in which revenues are recognized if the underlying transaction has occurred as of the last day of the

fiscal year and the amount is measurable and available to finance expenditures of the current period (i.e., the actual collection will occur either during the current period, or after the end of the current period, to be used to pay current year-end liabilities). Expenditures are recognized when the obligations are created, except for amounts payable from future fiscal year appropriations. [State of California, Department of Finance, *Finance Glossary of Accounting and Budgeting Terms* (2017)]

OPERATING BUDGET: A budget established for the “day-to-day” delivery of City programs and services. The Operating Budget is exclusive of limited-term expenditures, including capital improvement projects.

PRIORITY FOCUS AREAS: Priorities established by the City Council to articulate the goals and intended outcomes of the City’s budget and work plan. The Priority Focus Areas for Fiscal Years 2021-23 are: *A City that is... healthy and safe, high in quality of life, environmentally conscious, economically prosperous, fiscally responsible, and professionally and efficiently served.*

PROPERTY TAX: An ad valorem tax imposed on personal property, pursuant to California Constitution Article XIII and XIII A; Revenue and Tax Code sections 95 and 97. Property tax is collected by the County of Orange and distributed to the City throughout the fiscal year.

PROPERTY TAX IN LIEU OF VEHICLE LICENSE FEES (VLF): Revenues resultant of a tax swap approved by the California State Legislature in 2004 that eliminated State General Fund payments to cities as compensation for revenue lost from vehicle license fee rate cuts and added property tax transfers in lieu.

PROPERTY TRANSFER TAX: A tax on the recordation of documents transferring ownership of land or real property. Property transfer tax is established by cities and counties and is collected by the County of Orange at a rate of \$1.10 per \$1,000 of the assessed value of the real estate being transferred. The City and the County each receive 50% of the property transfer taxes collected.

PUBLIC, EDUCATIONAL, AND GOVERNMENTAL (PEG) FEES: Fees collected by the City from franchised video service providers operating within the City to support PEG-related purposes consistent with state and federal law.

RESERVE: A separate account maintained to proactively set aside money for unforeseen and/or unusual expenditures.

REVENUE: Income received by the City.

ROAD MAINTENANCE & REHABILITATION PROGRAM: In April 2017, Governor Brown signed the Road Repair and Accountability Act of 2017 (Senate Bill 1) into law, which increased the funds available to cities for public road maintenance and rehabilitation. The City accounts for Senate Bill 1 revenue in the Road Maintenance & Rehabilitation Program Fund.

SALES TAX: A tax imposed on the total retail price of any tangible personal property and the use or storage of such property when sales tax is not paid pursuant to California Constitution Article XIII sections 25.5(a)(2) and 29; Revenue and Tax Code sections 7200 et seq. The City currently receives 1% of the 7.75% sales tax charged within Laguna Woods. The City also receives a share of the 0.5% sales tax levied by Measure M2 (OC Go) throughout Orange County, which is reported as Measure M2 (OC Go) revenue in this budget and the City's annual financial statements.

SENIOR MOBILITY: The City's Senior Mobility Program subsidizes the cost of taxi travel for Laguna Woods residents who are at least 60 years of age. The City uses the Senior Mobility Fund to account for revenues that are used to support the Senior Mobility Program, including Measure M2 (OC Go) Senior Mobility funds, Transportation Development Act funds, fees paid by participants, and any transfers from the General Fund to offset unanticipated expenditures (e.g., costs associated with higher than projected demand).

SERVICE AUTHORITY FOR ABANDONED VEHICLES: Orange County's Service Authority for Abandoned Vehicles was formed in 1991 to assist with the abatement of abandoned vehicles. Fees were collected by the State of California from annual vehicle registrations and allocated to cities through local service authorities. The collection of fees ended in 2012.

SPECIAL REVENUE FUNDS: Funds used to account for the proceeds of revenue sources that are legally restricted to expenditures for specified purposes.

SUPPLEMENTAL LAW ENFORCEMENT SERVICES: A source of local revenue that was included in the State of California's Local Law Enforcement Services Act of 2011, which realigned a variety of formerly state law enforcement programs by shifting responsibilities to local authorities. The City receives a minimum of \$100,000 in Supplemental Law Enforcement Services revenue each year to offset a portion of qualifying law enforcement costs.

TRANSIENT OCCUPANCY TAX (TOT): A tax levied at a rate of 10% of the rent charged for most hotel stays and short-term rentals, pursuant to California Revenue and Tax Code sections 7280 and 7281. Transient occupancy tax is

collected by hotel and short-term rental operators, and then paid to the City.

USED OIL/OIL PAYMENT PROGRAM: A grant program administered by the State of California, as required by the California Public Resources Code, to promote used oil recycling.

YEAR-END: The end of the City's fiscal year (June 30).

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

RESOLUTION NO. 21-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, ADOPTING THE FISCAL YEARS 2021-23 BUDGET AND WORK PLAN FOR FISCAL YEAR 2021-22 COMMENCING JULY 1, 2021 AND ENDING JUNE 30, 2022, AND FISCAL YEAR 2022-23 COMMENCING JULY 1, 2022 AND ENDING JUNE 30, 2023

WHEREAS, publicly noticed City Council meetings were held on April 7, 2021, May 19, 2021, June 2, 2021, June 16, 2021, and June 23, 2021, to discuss and provide direction to staff on the development of the Fiscal Years 2021-23 Budget & Work Plan and allow opportunities for public input; and

WHEREAS, the City Manager presented the proposed Fiscal Years 2021-23 Budget & Work Plan to the City Council on June 23, 2021.

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

SECTION 1. The Fiscal Years 2021-23 Budget & Work Plan for the City is hereby adopted for the period of July 1, 2021 through June 30, 2023, as presented at the City Council meeting on June 23, 2021 and described herein.

SECTION 2. The budget appropriations authorized, on a fund level, are:

	<i>Fiscal Year 2021-22</i>	<i>Fiscal Year 2022-23</i>
General Fund	\$6,432,593 (includes transfers to Capital Projects Fund of \$301,296)	\$6,633,681 (includes transfers to Capital Projects Fund of \$265,591)
Capital Projects Fund	\$301,296	\$265,591
Fuel Tax	\$375,514	\$361,360
Road Maintenance & Rehabilitation Program	\$270,600	\$309,800
Measure M2 (OC Go)	\$240,850	\$251,366
Coastal Area Road Improvement and Traffic Signals (CARITS)	-	-
Service Authority for Abandoned Vehicles	-	-

Continued from page 1	<i>Fiscal Year 2021-22</i>	<i>Fiscal Year 2022-23</i>
Supplemental Law Enforcement Services	\$158,100	\$158,100
Mobile Source Reduction	-	\$92,500
PEG/Cable Television	-	-
Senior Mobility	\$119,000	\$131,000
Community Development Block Grant (CDBG)	\$350,000	\$150,000
Federal Grants	\$1,895,829	\$1,895,828
State of California Grants	\$16,000	\$193,952
Laguna Woods Civic Support Fund	\$24,408	\$24,408
TOTAL	\$9,882,894	\$10,201,995

SECTION 3. The General Fund assigned reserves authorized are:

	<i>Fiscal Year 2021-22</i>	<i>Fiscal Year 2022-23</i>
Paid Leave Contingency Reserve	\$98,376	\$98,376
Self-Insurance Contingency Reserve	\$50,000	\$50,000
General Fund Contingency Reserve	\$2,980,524	\$3,057,874
TOTAL	\$3,128,900	\$3,206,250

Assigned reserves shall be maintained, administered, and expended in accordance with Administrative Policy 2.9.

SECTION 4. The authorized City personnel positions for fiscal years 2021-22 and 2022-23 are:

Full-time

- (1) ACCOUNTANT or SENIOR ACCOUNTANT
- (1) ACCOUNTING CLERK
- (1) ADMINISTRATIVE COORDINATOR
- (1) ADMINISTRATIVE SERVICES DIRECTOR/CITY TREASURER
- (1) CITY MANAGER
- (1) DEPUTY CITY CLERK or CITY CLERK
- (3) MANAGEMENT ANALYST or SENIOR MANAGEMENT ANALYST
- TOTAL: 9 FULL-TIME EQUIVALENTS**

SECTION 5. From the effective date of said budget, the total amount as stated therein for the operating budget shall be, and is, appropriated subject to expenditure pursuant to all applicable ordinances of the City of Laguna Woods and statutes of the State of California. The operating budget may be reallocated by the City Manager providing there is no change in the total appropriations within any fund as authorized by the City Council.

SECTION 6. 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.

SECTION 7. The City Manager may decrease revenue estimates to reflect economic change during the fiscal year and may reduce expenditure appropriations as a method of fiscal control.

SECTION 8. At the close of Fiscal Year 2021-22, all appropriations shall lapse, except that unexpended appropriations shall be encumbered as necessary to underwrite the expense of outstanding purchase commitments. Unexpended appropriations for capital improvements projects and non-operating projects shall be automatically carried over to Fiscal Year 2022-23, unless the project is completed.

SECTION 9. At the close of Fiscal Year 2022-23, all appropriations shall lapse, except that unexpended appropriations shall be encumbered as necessary to underwrite the expense of outstanding purchase commitments. Unexpended appropriations for capital improvements projects and non-operating projects shall be automatically carried over to Fiscal Year 2023-24, unless the project is completed.

SECTION 10. The City Clerk shall certify to the passage of this resolution.

PASSED, APPROVED AND ADOPTED on this XX day of XX 2021.

SHARI L. HORNE, Mayor

ATTEST:

YOLIE TRIPPY, CMC, City Clerk

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

I, YOLIE TRIPPY, City Clerk of the City of Laguna Woods, do HEREBY CERTIFY that the foregoing **Resolution No. 21-XX** was duly adopted by the City Council of the City of Laguna Woods at an adjourned regular meeting thereof, held on the XX day of XX 2021, by the following vote:

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

YOLIE TRIPPY, CMC, City Clerk

RESOLUTION NO. 21-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, ADOPTING A NEW 11-YEAR CAPITAL IMPROVEMENT PROGRAM FOR FISCAL YEARS 2021-22 THROUGH 2031-32, IN CONFORMANCE WITH MEASURE M2 (OC GO) REQUIREMENTS AND APPLICABLE CITY POLICIES AND DISCRETION

WHEREAS, the City of Laguna Woods (“City”) seeks to maintain its eligibility to receive apportionments of Measure M2 (OC Go) sales tax revenues that can be used to fund transportation-related projects and programs; and

WHEREAS, a prerequisite of such eligibility is the City’s annual filing of a Measure M2 (OC Go) eligibility package for review and approval by the Orange County Transportation Authority; and

WHEREAS, a required component of the Measure M2 (OC Go) eligibility package is an adopted seven-year Capital Improvement Program that includes, at a minimum, all programs and projects which are needed to meet and maintain adopted levels of service and performance standards, in addition to all projects and programs proposed to receive Measure M2 (OC Go) funding; and

WHEREAS, the Capital Improvement Program, for the purpose of Measure M2 (OC Go) eligibility, is recognized as a program and project finance and planning tool to assist the City in the long-term development and funding of transportation-related programs and projects, and not a budget commitment beyond the fiscal year(s) for which budgets have been adopted by the City Council; and

WHEREAS, the City updates the Capital Improvement Program annually to include adjustments to funding and project schedules; and

WHEREAS, the City has identified the development and adoption of an 11-year Capital Improvement Program that includes both transportation and non-transportation-related programs and projects as a prudent action to assist with long-term financial planning; and

WHEREAS, the Fiscal Year 2021-22 expenditures identified in the Capital Improvement Program are consistent with the City’s adopted Fiscal Year 2021-22 Budget; and

WHEREAS, the Fiscal Year 2022-23 expenditures identified in the Capital Improvement Program are consistent with the City’s adopted Fiscal Year 2022-23 Budget.

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

SECTION 1. The City’s 11-Year Capital Improvement Program for Fiscal Years 2021-22 through 2031-32 is adopted in conformance with Measure M2 (OC Go) requirements and applicable City policies and discretion, as attached hereto as Exhibit A and incorporated herein by reference. Exhibit A replaces and supersedes all previous capital improvement programs adopted by the City Council for all or a portion of fiscal years 2021-22 through 2031-32.

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

PASSED, APPROVED AND ADOPTED on this XX day of XX 2021.

SHARI L. HORNE, Mayor

ATTEST:

YOLIE TRIPPY, CMC, City Clerk

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

I, YOLIE TRIPPY, City Clerk of the City of Laguna Woods, do HEREBY CERTIFY that the foregoing **Resolution No. 21-XX** was duly adopted by the City Council of the City of Laguna Woods at an adjourned regular meeting thereof, held on the XX day of XX 2021, by the following vote:

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

YOLIE TRIPPY, CMC, City Clerk

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ITEM 8.1 - Exhibit A to Attachment C

CITY OF LAGUNA WOODS Fiscal Years 2021-32 Capital Improvement Program Funding Plan				
Project Title	Estimated Project Cost	Fiscal Year	Projected Funding	Funding Source
FUNDED AND PARTIALLY FUNDED PROJECTS				
City Hall Refurbishment and Safety Project: Phase 3	250,000	2021-22	20,000	Capital Projects Fund
		2022-23	230,000	Capital Projects Fund
			250,000	
City Hall/Public Library Project	1,170,280	2019-20	400,000	Capital Projects Fund
		2020-21	20,280	Capital Projects Fund
		2020-21	500,000	State of California Grants Fund
		2021-22	250,000	Capital Projects Fund
			1,170,280	
Ridge Route Drive Landscape Project <i>(Partially funded only; construction costs will be calculated following the completion of design documents)</i>	40,000	2021-22	20,000	Capital Projects Fund
		2021-22	20,000	Fuel Tax Fund
			40,000	
Pavement Management Plan Project (Southbound Moulton Parkway between Via Campo Verde and Calle Cortez)	270,600	2021-22	270,600	Road Maintenance & Rehabilitation Program Fund
			270,600	
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 5	350,000	2021-22	350,000	Community Development Block Grant (CDBG) Fund
			350,000	
City-maintained Catch Basins Full Capture Systems Retrofit Project	42,937	2020-21	31,641	Measure M2 (OC Go) Fund
			11,296	Capital Projects Fund
		2021-22	42,937	
Pavement Management Plan Project (Southbound Moulton Parkway between Calle Cortez and South City Limit)	309,800	2022-23	309,800	Road Maintenance & Rehabilitation Program Fund
			309,800	
City Hall Electric Vehicle Charging Infrastructure Project	92,500	2022-23	92,500	Mobile Source Reduction Fund
			92,500	
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 6	150,000	2022-23	150,000	Community Development Block Grant (CDBG) Fund
			150,000	
Woods End Wilderness Preserve Trail Drainage and Improvement Project	213,543	2022-23	35,591	Capital Projects Fund
			177,952	State of California Grants Fund
		213,543		
PLANNED PROJECTS				
Pavement Management Plan Project (Northbound Moulton Parkway between Calle Cortez and South City Limit)	309,800	2023-24	309,800	Road Maintenance & Rehabilitation Program Fund
			309,800	
Pavement Management Plan Project (Northbound Moulton Parkway between Calle Cortez and Via Campo Verde)	270,600	2024-25	270,600	Road Maintenance & Rehabilitation Program Fund
			270,600	
Pavement Management Plan Project (Westbound El Toro Road between Calle Corta and West City Limit)	244,200	2025-26	244,200	Road Maintenance & Rehabilitation Program Fund
			244,200	
Pavement Management Plan Project (Eastbound El Toro Road between West City Limit and Calle Corta)	253,100	2026-27	253,100	Road Maintenance & Rehabilitation Program Fund
			253,100	
Pavement Management Plan Project (Westbound El Toro Road between Moulton Parkway and Calle Sonora)	240,900	2027-28	240,900	Road Maintenance & Rehabilitation Program Fund
			240,900	
Pavement Management Plan Project (Westbound El Toro Road between Calle Sonora and Canyon Wren)	238,200	2028-29	238,200	Road Maintenance & Rehabilitation Program Fund
			238,200	
Pavement Management Plan Project (Westbound El Toro Road between Canyon Wren and Tanager)	320,800	2029-30	320,800	Road Maintenance & Rehabilitation Program Fund
			320,800	
Pavement Management Plan Project (Placeholder for project per forthcoming Fiscal Years 2022-23 Pavement Management Plan)	TBD	2030-31	TBD	Road Maintenance & Rehabilitation Program Fund
			TBD	
Pavement Management Plan Project (Placeholder for project per forthcoming Fiscal Years 2022-23 Pavement Management Plan)	TBD	2031-32	TBD	Road Maintenance & Rehabilitation Program Fund
			TBD	
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 7	150,000	2023-24	150,000	Community Development Block Grant (CDBG) Fund
			150,000	
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 8	150,000	2024-25	150,000	Community Development Block Grant (CDBG) Fund
			150,000	

ITEM 8.1 - Exhibit A to Attachment C

CITY OF LAGUNA WOODS				
Fiscal Years 2021-32 Capital Improvement Program				
Funding Plan				
Project Title	Estimated Project Cost	Fiscal Year	Projected Funding	Funding Source
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 9	150,000	2025-26	150,000	Community Development Block Grant (CDBG) Fund
			150,000	
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 10	150,000	2026-27	150,000	Community Development Block Grant (CDBG) Fund
			150,000	
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 11	150,000	2027-28	150,000	Community Development Block Grant (CDBG) Fund
			150,000	
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 12	150,000	2028-29	150,000	Community Development Block Grant (CDBG) Fund
			150,000	
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 13	150,000	2029-30	150,000	Community Development Block Grant (CDBG) Fund
			150,000	
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 14	150,000	2030-31	150,000	Community Development Block Grant (CDBG) Fund
			150,000	
Americans with Disabilities Act (ADA) Pedestrian Accessibility Improvement Project: Phase 15	150,000	2031-32	150,000	Community Development Block Grant (CDBG) Fund
			150,000	
<u>UNFUNDED PROJECTS</u>				
El Toro Road Localized Flooding Relief Project	605,000 - 1,003,000	Unscheduled	605,000 - 1,003,000	Not Yet Identified
City Hall Refurbishment and Safety Project: Phase 4	Not Yet Known	Unscheduled	Not Yet Known	Not Yet Identified
City Centre Park Lighting Improvement Project	115,000	Unscheduled	115,000	Not Yet Identified
City Hall Emergency Backup Generator Project	280,000	Unscheduled	280,000	Not Yet Identified
Water Efficient Median Improvement Project (Santa Maria Avenue between Via Visa and Moulton Parkway)	250,000	Unscheduled	250,000	Fuel Tax Fund
<u>TRANSPORTATION-RELATED OPERATIONS & MAINTENANCE</u>				
<i>The following information is included at the direction of the Orange County Transportation Authority. Operations and maintenance expenses are not capital improvement projects.</i>				
	<i>Fiscal Year 2021-22</i>	<i>Fiscal Year 2022-23</i>	<i>Fiscal Year 2023-24</i>	
	<i>Budget</i>	<i>Budget</i>	<i>Estimate</i>	
Measure M2 (OC Go) Fair Share Expenditures				
Street Lighting - Public Right of Way	29,832	31,026	31,957	
Contract - Traffic Engineering	161,040	167,482	172,506	
Contract - Traffic Signal Maintenance	49,328	52,208	53,774	
Allowable Overhead Costs	650	650	750	
	<hr/>	<hr/>	<hr/>	
	240,850	251,366	258,987	
	<hr/>	<hr/>	<hr/>	
	<i>Fiscal Year 2024-25</i>	<i>Fiscal Year 2025-26</i>	<i>Fiscal Year 2026-27</i>	
	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	
Measure M2 (OC Go) Fair Share Expenditures				
Street Lighting - Public Right of Way	32,915	33,903	34,920	
Contract - Traffic Engineering	177,682	183,012	188,502	
Contract - Traffic Signal Maintenance	55,387	57,049	58,761	
Allowable Overhead Costs	750	750	750	
	<hr/>	<hr/>	<hr/>	
	266,735	274,714	282,933	
	<hr/>	<hr/>	<hr/>	
	<i>Fiscal Year 2027-28</i>			
	<i>Estimate</i>			
Measure M2 (OC Go) Fair Share Expenditures				
Street Lighting - Public Right of Way	35,968			
Contract - Traffic Engineering	194,158			
Contract - Traffic Signal Maintenance	60,523			
Allowable Overhead Costs	750			
	<hr/>			
	291,399			

RESOLUTION NO. 21-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, ADOPTING THE ANNUAL APPROPRIATIONS LIMIT (GANN LIMIT) FOR FISCAL YEAR 2021-22 COMMENCING JULY 1, 2021 AND ENDING JUNE 30, 2022, IN ACCORDANCE WITH ARTICLE XIII B OF THE CALIFORNIA STATE CONSTITUTION

WHEREAS, Article XIII B of the California State Constitution restricts the appropriations growth rate for cities and other local jurisdictions; and

WHEREAS, annual appropriations limits established pursuant to Article XIII B (sometimes referred to as “Gann Limits”) are required to be modified on an annual basis for changes in population and inflation according to calculation methods established by California’s Proposition 111 (1990); and

WHEREAS, in November 2002, Laguna Woods voters established a base annual appropriations limit for the City of \$4,165,544; and

WHEREAS, the City has complied with the provisions of Article XIII B in determining an appropriations limit for Fiscal Year 2021-22; and

WHEREAS, the City has complied with California Government Code Section 7910 by making documentation regarding its determination available for public review at least 15 days prior to adoption.

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

SECTION 1. That the adjustment factors for the annual appropriations limit for Fiscal Year 2021-22 calculation shall be the annual percentage change in Orange County population and the annual percentage change in California per capita personal income, with sources as identified on Exhibit A attached hereto and incorporated herein by reference.

SECTION 2. That the annual appropriations limit for Fiscal Year 2021-22 shall be \$11,790,222, as calculated in Exhibit A attached hereto and incorporated herein by reference.

SECTION 3. The City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED AND ADOPTED on this XX day of XX 2021.

SHARI L. HORNE, Mayor

ATTEST:

YOLIE TRIPPY, CMC, City Clerk

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

I, YOLIE TRIPPY, City Clerk of the City of Laguna Woods, do HEREBY CERTIFY that the foregoing **Resolution No. 20-XX** was duly adopted by the City Council of the City of Laguna Woods at an adjourned regular meeting thereof, held on the XX day of XX 2021, by the following vote:

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

YOLIE TRIPPY, CMC, City Clerk

**CITY OF LAGUNA WOODS
ANNUAL APPROPRIATIONS LIMIT
Fiscal Year 2021-22 Calculation**

Calculation of Appropriations Limit:

Appropriations Limit for Fiscal Year 2020-21	\$11,245,742
Adjustment Factors:	
Population Change (County of Orange)*	0.9916
Cost of Living (Per Capita Personal Income)*	<u>x 1.0573</u>
Appropriations Limit for Fiscal Year 2021-22	<u>\$11,790,222</u>
Appropriations Subject to Limitation for Fiscal Year 2021-22	\$4,366,055

* State of California, Department of Finance, *Price and Population Information*. May 2021.
Factors are rounded to four decimal places for presentation purposes.

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8.2
CITY COUNCIL MEETING SCHEDULE
(NO REPORT)

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12.1
EMPLOYEE COMPENSATION

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City of Laguna Woods Agenda Report

TO: Honorable Mayor and City Councilmembers
FROM: David B. Cosgrove, City Attorney
FOR: June 23, 2021 Adjourned Regular Meeting
SUBJECT: Employee Compensation

Recommendation

Adopt a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING RESOLUTION NO. 21-19 TO MODIFY THE COMPENSATION SCHEDULE FOR THE CITY MANAGER

Background

At the City Council's request, this matter was deferred from the meeting on June 16, 2021 to the meeting on June 23, 2021.

Discussion

Today's meeting is an opportunity for City Council action, as well as public input, on the following proposed modification of the compensation schedule for the City Manager (Attachment A) which, if adopted, would be effective July 1, 2021:

- Increase the City Manager's base salary from \$187,445.40 to \$192,525.94 (approximately 2.71%), in accordance with the Consumer Price Index (CPI)-based methodology set forth in the City Manager's employment agreement. Due to the impacts of COVID-19, the City Council previously accepted the City Manager's waiver of the CPI-based salary increase that would have

otherwise taken effect on July 1, 2020. As a result, the City Manager's base salary has remained unchanged since July 1, 2019.

Fiscal Impact

The proposed modification could be accommodated in the draft Fiscal Years 2021-23 General Fund operating budget (refer to Item 8.1 on today's agenda).

Attachment: A – Proposed Resolution

RESOLUTION NO. 21-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING RESOLUTION NO. 21-19 TO MODIFY THE COMPENSATION SCHEDULE FOR THE CITY MANAGER

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

SECTION 1. Effective July 1, 2021, Section 2 of Resolution No. 21-19 is hereby amended to modify the compensation schedule for the City Manager to read as follows:

Exempt Full-Time Employees (Annual Equivalent)

City Manager	\$192,525.94
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SECTION 2. The City Clerk shall certify to the passage of this resolution.

PASSED, APPROVED AND ADOPTED on this XX day of XX 2021.

SHARI L. HORNE, Mayor

ATTEST:

YOLIE TRIPPY, CMC, City Clerk

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

I, YOLIE TRIPPY, City Clerk of the City of Laguna Woods, do HEREBY CERTIFY that the foregoing **Resolution No. 21-XX** was duly adopted by the City Council of the City of Laguna Woods at an adjourned regular meeting thereof, held on the XX day of XX 2021, by the following vote:

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

YOLIE TRIPPY, CMC, City Clerk