

CITY OF LOS ALAMITOS

3191 Katella Avenue
Los Alamitos, CA 90720

AGENDA CITY COUNCIL REGULAR MEETING MONDAY, MARCH 21, 2011 – 7:00 p.m.

NOTICE TO THE PUBLIC

This Agenda contains a brief general description of each item to be considered. Except as provided by law, action or discussion shall not be taken on any item not appearing on the agenda. Supporting documents, including staff reports, are available for review at City Hall in the City Clerk's Office or on the City's website at www.ci.los-alamitos.ca.us once the agenda has been publicly posted.

Any written materials relating to an item on this agenda submitted to the City Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office, 3191 Katella Ave., Los Alamitos CA 90720, during normal business hours. In addition, such writings or documents will be made available for public review at the respective public meeting.

It is the intention of the City of Los Alamitos to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee, or a participant at this meeting, you will need special assistance beyond what is normally provided, please contact the City Clerk's Office at (562) 431-3538, extension 220, 48 hours prior to the meeting so that reasonable arrangements may be made. Assisted listening devices may be obtained from the City Clerk at the meeting for individuals with hearing impairments.

1. CALL TO ORDER

2. ROLL CALL

Council Member Graham-Mejia
Council Member Kusumoto
Council Member Poe
Mayor Pro Tem Edgar
Mayor Stephens

3. PLEDGE OF ALLEGIANCE

Mayor Pro Tem Edgar

4. INVOCATION

Mayor Stephens

5. PRESENTATION

Introduction of New Employee – Adam Rodgers, Police Officer

6. ORAL COMMUNICATIONS

At this time, any individual in the audience may come forward to speak on any item within the subject matter jurisdiction of the City Council. Please state if you wish to speak on an item on the Agenda. Remarks are to be limited to not more than five minutes.

7. REGISTER OF MAJOR EXPENDITURES

March 21, 2011.

Roll Call Vote

Council Member Graham-Mejia

Council Member Kusumoto

Council Member Poe

Mayor Pro Tem Edgar

Mayor Stephens

8. CONSENT CALENDAR

All Consent Calendar items may be acted upon by one motion unless a Council Member requests separate action on a specific item.

*****CONSENT CALENDAR*****

A. Approval of Minutes (City Clerk)

1. Approve Minutes of the Regular Meeting – February 22, 2011.
2. Approve Minutes of the Special Meeting – March 7, 2011.

B. Warrants (Finance)

March 21, 2010.

C. Award of Contract for Alley Rehabilitation Project between Green Avenue and Howard Avenue, from Reagan Street to Maple Street (CIP No. 10/11-13), CDBG Project No. KC 10937 (Public Works)

This report recommends that City Council award a construction contract to United Paving for the rehabilitation of the alley between Green Avenue and Howard Avenue, from Reagan Street to Maple Street on the basis of the lowest qualified bid.

Recommendations:

1. Award the contract for the Alley Rehabilitation Project between Green Avenue and Howard Avenue, from Reagan Street to Maple Street (CIP No. 10/11-13) for the lowest responsible bid, to United Paving in the amount of \$120,689.75, reject all other bids; and,
2. Authorize the Mayor to execute the contract for the project; and,
3. Authorize staff to execute change orders, if necessary, in an amount not to exceed the contingency reserve of \$12,068.98, which is 10% of the original contract amount.

D. Authorization to Purchase Parking Lot Surveillance Equipment (Police)

This report seeks City Council authorization for the expenditure of \$13,940 from the City of Los Alamitos Fiscal Year 2010-11 budget for the purchase of the equipment, installation, and configuration of the parking lot surveillance system.

Recommendation: Authorize the expenditure of \$13,940 from the Asset Forfeiture Fund, 27.570.5503.1114, for the purchase and installation of equipment from Scientia for the parking lot surveillance and camera upgrade project.

E. Second Reading for Ordinance No. 11-04 - ZOA 10-02(Window Signs) (Comm. Dev.)

This is the second reading of Ordinance 11-04 to alter Window Sign regulations. During the first reading, Council agreed to retain the City's existing regulations while adding a definition of "windows".

Recommendation:

1. Waive reading in full and authorize reading by title only of Ordinance No. 11-04; and,
2. Mayor Stephens read title of Ordinance No. 11-04, entitled, "AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS, AMENDING THE LOS ALAMITOS MUNICIPAL CODE SECTION 17.28.030."
3. Adopt Ordinance No. 11-04 by roll call vote.

*****END OF CONSENT CALENDAR*****

9. ORDINANCES

A. Introduce and Waive Further Reading of Ordinance No. 11-05, "Amending Portions of Chapter 2.04.170(a), "Addressing the council," of the Los Alamitos Municipal Code (City Clerk)

During the regular City Council Meeting of March 7, 2011, the City Council approved changing the City's current policy on public comment. The Council's decision was to change the public comment time during Oral Communications from five minutes to three minutes and allow the public to comment for three minutes at the time an item is being discussed by the City Council.

Recommendation: Introduce and waive further reading of Ordinance 11-05, "Amending Portions of Chapter 2.04.170(a), "Addressing the council," of the Los Alamitos Municipal Code.

10. DISCUSSION ITEMS

A. Discussion of Potential Application for Latent Powers by the Rossmoor Community Services District (Admin.)

During the regular City Council meeting of March 7, 2011, Council Member Graham-Mejia requested staff to agendize a discussion item related to the potential application for "latent powers" by the Rossmoor Community Services District

Recommendation: 1) Should the City Council choose to take a position on this issue, it is recommended that staff be authorized to draft correspondence stating the City's position and forward the letter to the 2nd District County Supervisor's Office and the Rossmoor Community Services District; 2) Alternatively, discuss and take other action related to this item.

B. Consideration of Fiscal Years 2010-11 Investment Policy (Admin.)

This report seeks City Council consideration for the adoption of the Investment Policy for Fiscal Years 2010-11

Recommendation: Adopt the Investment Policy for Fiscal Year 2010-11 as recommended in "Attachment A".

11. MAYOR AND COUNCIL INITIATED BUSINESS

Council Announcements

At this time, Council Members may also report on items not specifically described on the Agenda that are of interest to the community, provided no action or discussion is taken except to provide staff direction to report back or to place the item on a future Agenda.

Council Member Graham-Mejia
Council Member Kusumoto
Council Member Poe
Mayor Pro Tem Edgar
Mayor Stephens

12. ITEMS FROM THE CITY MANAGER

13. CLOSED SESSION

Conference with Labor Negotiator

Agency Negotiators: Jeffrey L. Stewart, City Manager
Employee Organization: Los Alamitos City Employee Association
Authority: Government Code Section 54957.6

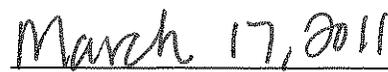
14. ADJOURNMENT

The next meeting of the City Council is scheduled for Monday, April 4, 2011, in the City Council Chambers.

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Agenda was posted at the following locations: Los Alamitos City Hall, 3191 Katella Ave.; Los Alamitos Community Center, 10911 Oak Street; and, Los Alamitos Museum, 11062 Los Alamitos Blvd.; not less than 72 hours prior to the meeting.



Adria M. Jimenez, CMC
City Clerk



Date

City of Los Alamitos

Agenda Report Presentations

March 21, 2011
Item No: 5

To: Mayor Kenneth Stephens & Members of the City Council
Via: Jeffrey L. Stewart, City Manager
From: Janice E. Shore, Executive Assistant
Subject: Introduction of New Employees

Summary: The City has established a policy of introducing all new full time employees to the City Council. This gives the Council an opportunity to meet new staff members, while also providing the employee with the opportunity to meet their City Council.

Recommendation: Welcome Adam Rodgers and present him with a small memento from the City.

Background

The City has established a policy of introducing all new full time employees to the City Council.

Discussion

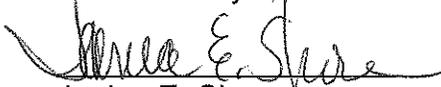
This evening we would like to introduce our newest full time employee.

Adam Rodgers is a recent graduate of the Golden West College Criminal Justice Training Center's 140th academy class. He is a Southern California native who lives in the Long Beach Area. Prior to being hired as a Police Officer, Adam worked in the private sector at the Port of Los Angeles and the City of Santa Fe Springs in their Recreation Department. Currently assigned to patrol for field training, Adam desires to complete his formal education by pursuing a Bachelor of Arts degree in Criminal Justice. He enjoys outdoor activities and is looking forward to serving the community of Los Alamitos for many years to come.

The City welcomes Adam Rodgers to the City of Los Alamitos. The Mayor and City Council have a small memento from the City to present.

Fiscal Impact: None

Submitted By:


Janice E. Shore
Executive Assistant

Approved By:


Jeffrey L. Stewart
City Manager

CITY OF LOS ALAMITOS
Register of Major Expenditures
March 21, 2011

Pages:

01	\$ 75,284.34	Major Warrants	03/21/2011
	\$ 140,484.52	Payroll	03/04/2011
	\$ 139,574.64	Payroll Benefits	03/04/2011

Total **\$ 355,343.50**

Statement:

I hereby certify that the claims or demands covered by the foregoing listed warrants have been audited as to accuracy and availability of funds for payment thereof. Certified by Anita Agramonte, Finance Manager.



 this 16th day of March, 2011

VENDOR SORT KEY	DESCRIPTION	FUND	DEPARTMENT	AMOUNT
COLANTUONO & LEVIN, PC	LOS AL MED CENTER 01/11	GENERAL FUND	NON-DEPARTMENTAL	2,434.00
	TRASH LITIGATION 01/11	GENERAL FUND	NON-DEPARTMENTAL	12,251.50
	GENERAL COUNSEL 01/11	GENERAL FUND	CITY ATTORNEY	4,552.05
	GENERAL COUNSEL 01/11	GENERAL FUND	CITY ATTORNEY	2,412.00
	GENERAL COUNSEL 01/11	GENERAL FUND	CITY ATTORNEY	108.00
	GENERAL COUNSEL 01/11	GENERAL FUND	CITY ATTORNEY	271.00
	GENERAL COUNSEL 01/11	GENERAL FUND	CITY ATTORNEY	46.00
			TOTAL:	22,074.55
PACIFICA RACEWEAR	RACE SHIRTS	GENERAL FUND	SPECIAL CLASSES	10,181.72
			TOTAL:	10,181.72
RBF CONSULTING	MED CTR SPEC PLAN/EIR 1/11	GENERAL FUND	NON-DEPARTMENTAL	11,090.57
			TOTAL:	11,090.57
REDFLEX TRAFFIC SYSTEMS, INC.	FEB 11 PHOTO ENFORCEMENT	GENERAL FUND	TRAFFIC	13,500.00
	FEB 11 AT&T INTERSECT COMM	GENERAL FUND	TRAFFIC	65.00
			TOTAL:	13,565.00
RENEGADE RACING	MGMT FEES/RACE ON BASE	GENERAL FUND	SPECIAL CLASSES	17,500.00
	MGMT FEES/RACE ON BASE	GENERAL FUND	SPECIAL CLASSES	872.50
			TOTAL:	18,372.50

```

===== FUND TOTALS =====
10  GENERAL FUND                75,284.34
-----
      GRAND TOTAL:              75,284.34
-----
    
```

**MINUTES OF THE CITY COUNCIL
OF THE CITY OF LOS ALAMITOS**

THESE MINUTES ISSUED FOR
INFORMATION ONLY AND ARE
SUBJECT TO AMENDMENT AND
APPROVAL AT THE NEXT
MEETING

REGULAR MEETING – February 22, 2011

1. CALL TO ORDER

The City Council met in Regular Session at 7:12 p.m., Tuesday, February 22, 2011 in the Council Chambers, 3191 Katella Avenue, Mayor Stephens presiding.

2. ROLL CALL

Present: Council Members: Kusumoto, Poe
Mayor Pro Tem Edgar, Mayor Stephens

Absent: Council Members: Graham-Mejia (Excused)

Present: Staff: Jeffrey L. Stewart, City Manager
Holly Whatley, Acting City Attorney
Anita Agramonte, Finance Manager
Angie Avery, Community Services Director
Dave Hunt, City Engineer
Adria M. Jimenez, City Clerk
Todd Mattern, Police Chief
Steven Mendoza, Community Development Dir.

3. PLEDGE OF ALLEGIANCE

Council Member Poe led the Pledge of Allegiance.

4. INVOCATION

Mayor Stephens gave the Invocation.

5. ORAL COMMUNICATIONS

Mayor Stephens opened Oral Communications.

Peter Comiskey, MUZEO Foundation, provided information on the upcoming Green Impacts TrashARTISTS Challenge and encouraged local participation.

Richard Murphy, resident, congratulated the Council and staff on doing such a good job on the City's budget. Mr. Murphy commented on Item #7C, and the words, "to construct," in the franchise agreement. Mr. Murphy also commented on Item #7B, asking for a deadline for Tenet to construct Phases 1 and 2.

Dave Emerson, resident commented on the Los Alamitos Hospital Expansion, the Kaylor Street Vacation and asked the title issues be resolved prior to approving the expansion. Mr. Emerson commented on Tenet's timeline for the expansion, and asked why the Traffic Commission has not been involved in the process.

J.M. Ivler, resident, stated he is looking forward to the Race on the Base; asked the City Council to rename the conference room; asked the Planning Commission's recommendation on rezoning Katella be brought to the City Council; commented on Item #7B, stating he believes it has not been through the Planning Commission well; and, stated he appreciates the Council placing Item #9A on the Agenda. Mr. Ivler commented on the litigation for the trash contract.

Steffen Hammond, resident, stated he believes LATV is being badly managed and commented on the lack of weekly programming information. Mr. Hammond commented on the slurry seal paving in his neighborhood; and, inquired if the City is paying money to keep Liberty Theatre Productions running.

There being no one else wishing to speak, Mayor Stephens closed Oral Communications at 7:35 p.m.

6. REGISTER OF MAJOR EXPENDITURES
February 22, 2011.

Motion/Second: Poe/Edgar

Unanimously Carried (Graham-Mejia Excused): The City Council approved the Register of Major Expenditures for February 22, 2011, in the amount of \$367,793.25.

Roll Call Vote

Council Member Graham-Mejia	Excused
Council Member Kusumoto	Aye
Council Member Poe	Aye
Mayor Pro Tem Edgar	Aye
Mayor Stephens	Aye

7. CONSENT CALENDAR

All Consent Calendar items may be acted upon by one motion unless a Council Member requests separate action on a specific item.

Council Member Kusumoto pulled Consent Calendar Items #7A, #7B, and #7C.

*****CONSENT CALENDAR*****

All Consent Calendar Items were pulled for discussion.

*****END OF CONSENT CALENDAR*****

A. Warrants

February 22, 2011.

Council Member Kusumoto stated he pulled this item to abstain from voting because he is receiving a reimbursement for his travel to Sacramento.

Motion/Second: Stephens/Poe

Carried (Graham-Mejia Excused; Kusumoto Abstain)

Council Member Kusumoto stated he pulled Item #7B because he would like to ask the City Council to consider the Kaylor Street Vacation prior to this item. Council Member Kusumoto stated he does support the hospital expansion, but would like to make sure both parties are protected.

City Manager Stewart asked the City Council to consider Item #7C prior to discussing the remaining Consent Calendar Items.

C. Second Reading of Ordinance No. 11-03 - Pipeline Franchise

At its regular meeting of February 7, 2011, the City Council conducted a first reading of Ordinance No. 11-03, granting a 15 year franchise to Crimson California Pipeline L.P.

Council Member Kusumoto stated he pulled this item to address Mr. Murphy's concern of the words, "to construct," in the franchise agreement.

Ms. Whatley, Acting City Attorney, stated the franchise grants so much power and ability regarding the pipeline, and is defined well in the text of the ordinance, and believes it is not necessary to change the words, "to construct."

Motion/Second: Poe/Kusumoto
Unanimously Carried (Graham-Mejia Excused)

1. Waived reading in full and authorize reading by title only of Ordinance No. 11-03; and,
2. Mayor Stephens read the title of Ordinance No. 11-03, entitled, "AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF THE CITY OF LOS ALAMITOS GRANTING A FRANCHISE TO CONSTRUCT AND USE AN OIL PIPELINE TO CRIMSON CALIFORNIA PIPELINE, L.P."
3. Adopted Ordinance No. 11-03, by roll call vote.

Upon Council Member Kusumoto's request, the City Council agreed to take Agenda Item #8B – Public Hearing - Consideration of Kaylor Avenue Vacation, out of order.

8. PUBLIC HEARING

B. Consideration of Kaylor Avenue Vacation

At its regular meeting of February 7, 2011, the City Council adopted Resolution No. 2011-04 scheduling a public hearing to consider the vacation of Kaylor Ave. in conjunction with the adoption of the Los Alamitos Medical Center Specific Plan.

Steven Mendoza, Community Development Director, summarized the staff report and asked the City Engineer, Dave Hunt, to provide additional information on how the street was created and the title report.

Mr. Hunt introduced Mr. Dave Knell, Willdan Surveyor, who conducted the title research on Kaylor. Mr. Knell provided an analysis of his research on Kaylor ownership and recommended that in order to move forward the City write a condition of vacation, stating that a clear and perfected title has been proved and demonstrated beyond a shadow of a doubt before the City sign off on the vacation and accept that by resolution.

Jeffrey L. Stewart, City Manager, confirmed there are no liability issues for the City. Tonight's recommendation is the staff recommendation plus two conditions: 1) The hospital purchase title insurance; and, 2) Write the condition, that if the Council were to take action tonight, the hospital would have a clear and perfected title.

Mayor Stephens opened the Public Hearing at 7:46 p.m.

Richard Murphy, resident, expressed his disappointment in the City obtaining a preliminary title report and not a title report from a title company.

J.M. Ivler, resident, stated he thinks the City Council should withhold approving the LAMC Specific Plan until after clearing up the Kaylor issue.

Scott Rifkin, LAMC, advised the City Council is agreeable of what is proposed by the City for the title.

There being no one else wishing to speak, Mayor Stephens closed the Public Hearing at 7:49 p.m.

Council Member Kusumoto asked: staff to confirm the City owns no rights to the land; how an easement is different from a dedication; why the vacating of a dedication which is outlined in the City Code, is not referenced in the staff report; and, if this was posted prior to the Planning Commission considering this item in November. Mr. Kusumoto referenced page 2 of the staff report and requested an explanation for the eastern half and western half of Kaylor and the parcel that is adjacent to Kaylor (the driveway for Southern California Water) and whether or not they own that part of the parcel to the center line.

Holly Whatley, Acting City Attorney, stated that the City has the rights of the easement; the simple title to the underlying land does not rest with the City.

Mr. Mendoza explained the process for posting and advertising a public hearing and advised the notification process had been done properly, and the City has publicly posted. Mr. Mendoza stated the Planning Commission's role in the dedication of recommending that the City Council vacate the street is to make sure it had general plan consistency as required by the City Code. The Planning Commission made that finding after reviewing the draft EIR and adopted a resolution recommending the City Council vacate Kaylor.

Mr. Knell explained vacation laws in California and advised that when the map was recorded in 1964 all the lots were considered to be formed simultaneously upon recordation of the map; and, the street was formed at the same time. Mr. Knell explained "Vacation with Rights by Operation of Law."

Council Member Kusumoto reaffirmed Southern California Water Company, who has one parcel, will get that part to the center line of Kaylor, and asked if this complicates things for the use of Kaylor by the Medical Center.

Mr. Mendoza clarified that the frontage is dedicated only on Cherry Avenue. He further stated that he should have added information about the Water District's property and how the parcel that created it allowed it access only on Cherry. The legal description of the property on Kaylor shows that.

Council Member Kusumoto asked that when you bisect Kaylor, north/south, how does it end up on the adjoining lots, parcel to the west and the parcel to the east, from Catalina down to Katella.

Mr. Knell stated he reviewed the assessor's map with all the properties that are fronting on the section of Kaylor being proposed for vacation; all are hospital owned properties on both sides, no other entities.

Council Member Kusumoto questioned how the Water District property is affected as it borders the streets and how the determination is made. He asked if Southern California Water District is going to make the vacation difficult to fulfill if this is done improperly. He also asked what happens if the vesting on the title on Katella Industrial Development ends up being owned by the hospital.

Kimberly Horn, LAMC, advised she met with the Water District several times to discuss the vacation of Kaylor and the abandonment of the waterline in the street, and stated the Water District is in full support of the project and vacating the street.

Mr. Knell stated he believes the chain of title was never recorded. Cooperation from the hospital will be needed and hopefully they can locate some documents which show the title was pushed forward.

Council Member Kusumoto referenced City Code Section 17.40.030 – Application Filing. He asked is the City exposed if there is indeed a different owner that needs to sign the application.

Mr. Mendoza advised adding the extra condition of requiring a perfected title provides the City with protection.

Council Member Kusumoto referenced City Code 17.52.050(2)(b) and handed out copies to the City Council, noting any changes to the specific plan should be considered by the Planning Commission. He stated he believes some changes to the plan were made and that it should be referred back to the Planning Commission. He asked the City Attorney for an explanation of the Code section.

Holly Whatley, Acting City Attorney stated speaking procedurally if the Planning Commission makes certain recommendations/findings that go up to the Council it is exactly that. If the City Council makes substantive changes that are different than that, this Code Section provides a feedback to go back to the Planning Commission, if substantive changes were made. If the Council did what was consistent with the recommendations, it does not need to go back to the Planning Commission.

Council Member Poe inquired as to what constitutes a "substantive change."

Mr. Stewart stated the City acted on the Planning Commission's recommendations of assuring safeguards and triggers for the implementation of this plan.

Mayor Pro Tem Edgar requested a point of order and confirmed the issue Council is currently discussing is the vacation of Kaylor and not the Specific Plan.

Motion/Second: Poe/Edgar

Approve staff's recommendations with the two additional conditions.

Acting City Attorney Whatley read the proposed language for the additional condition, "That Tenet Healthcare provide an insured final title report regarding ownership of the property underlining Kaylor Avenue to the satisfaction of the City Manager before the City Clerk may record the vacation regarding Kaylor Avenue."

Ms. Whatley elaborated her definition for Council of a substantive change.

Additional City Council discussion ensued.

Council Member Poe made a motion to amend her original motion to include the language for the additional condition.

Amended Motion: Poe/Edgar

Carried (Graham-Mejia Excused; Kusumoto Opposed)

Adopted Resolution No. 2011-06, entitled "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS TO VACATE ALL THAT CERTAIN PORTION OF THE PUBLIC RIGHT OF WAY KNOWN AS KAYLOR AVENUE BOUNDED ON THE NORTH BY THE SOUTHERLY LINE OF CATALINA STREET AND ON THE SOUTH BY THE NORTHERLY LINE OF KATELLA AVENUE, AS DELINEATED AND DEDICATED TO PUBLIC USE FOR STREET PURPOSES ON THE MAP OF TRACT NUMBER 5354, RECORDED IN BOOK 206, PAGES 48 THROUGH 50 OF MAPS, OFFICIAL RECORDS OF ORANGE COUNTY, STATE OF CALIFORNIA AND AS ACCEPTED BY THE CITY OF LOS ALAMITOS CITY COUNCIL ON SEPTEMBER 22, 1964, PURSUANT TO THE STREETS AND HIGHWAYS CODE SECTION 8300 ET SEQ."

RECESS/RECONVENE

At 8:15 p.m., Mayor Stephens recessed the City Council Meeting. At 8:27 p.m., the City Council Meeting was reconvened with all Council Members present.

7B. Second Reading of Ordinance No. 11-01 – ZOA 09-01

Second Reading of Ordinance No. 11-02 – LAMC SP (SP 09-01)

At its regular meeting of February 7, 2011, the City Council conducted a first reading of Ordinance No. 11-01, which approves Zoning Ordinance Amendment 09-01 for the property generally located at 3751 Katella Ave.; and Ordinance No. 11-02 which adopts the Los Alamitos Medical Center Specific Plan (SP 09-01).

Steven Mendoza, Community Development Director, summarized the staff report.

Ms. Whatley advised she contacted Sandra Levin, City Attorney, and confirmed there were no significant changes that would trigger this item going back to the Planning Commission. She further stated the Planning Commission asked the City Council to consider the timeline issues, and the City Council did so; the considerations are consistent with the recommendation from the Planning Commission. Ms. Whatley stated an example of a significant change is a re-do of CEQA.

Motion/Second: Poe/Edgar

Carried: (Graham-Mejia Excused; Kusumoto Abstain)

Recommendation:

1. Waived reading in full and authorized reading by title only of Ordinance No. 11-01 and Ordinance No. 11-02; and,
2. Mayor Stephens read the title of Ordinance No. 11-01, "AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS ADOPTING ZONING ORDINANCE AMENDMENT 09-01 TO CHANGE THE ZONING DESIGNATIONS OF CERTAIN PARCELS FROM COMMUNITY FACILITIES (C-F), COMMERCIAL OFFICE (C-O) AND PLANNED LIGHT INDUSTRIAL (PM) TO LOS ALAMITOS MEDICAL CENTER SPECIFIC PLAN FOR THE CONSTRUCTION OF A PROPOSED THREE-PHASE MASTER PLANNED EXPANSION FOR THE LOS ALAMITOS MEDICAL CENTER WHICH INCLUDES THE PROVISION OF AN ADDITIONAL 164 HOSPITAL BEDS, TWO NEW HOSPITAL BUILDINGS, ONE NEW MEDICAL OFFICE BUILDING TO BE USED FOR ADDITIONAL OUTPATIENT AND ASSOCIATED MEDICAL USES, AND AN ADDITIONAL 849 PARKING SPACES FOR A PROJECT GENERALLY LOCATED AT AND AROUND 3751 KATELLA AVENUE;" and,

3. Mayor Stephens read the title of Ordinance No. 11-02, "AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS ADOPTING THE LOS ALAMITOS MEDICAL CENTER SPECIFIC PLAN (SP 09-01) FOR THE CONSTRUCTION OF A PROPOSED THREE-PHASE MASTER PLANNED EXPANSION INCLUDING THE PROVISION OF AN ADDITIONAL 164 HOSPITAL BEDS, TWO NEW HOSPITAL BUILDINGS, ONE NEW MEDICAL OFFICE BUILDING TO BE USED FOR ADDITIONAL OUTPATIENT AND ASSOCIATED MEDICAL USES, AND AN ADDITIONAL 849 PARKING SPACES FOR A PROJECT GENERALLY LOCATED AT AND AROUND 3751 KATELLA AVENUE ADOPTING THE LOS ALAMITOS MEDICAL CENTER SPECIFIC PLAN (09-01);" and,
4. Adopted Ordinance No. 11-01 by roll call vote; and,
5. Adopted Ordinance No. 11-02 by roll call vote.

8. PUBLIC HEARINGS

A. Consideration of a Zoning Ordinance Amendment 10-02 to Amend the Municipal Code as it relates to Window Signs

This public hearing is to request consideration to amend the City's Zoning Regulations related to the amount of windows that can be covered by signage.

Jeffrey L. Stewart, City Manager, requested this item, including the public hearing, be continued to the Meeting of March 7, 2011.

At 8:36 p.m., Mayor Stephens opened the Public Hearing. With no one wishing to speak, Mayor Stephens closed the Public Hearing at 8:37 p.m.

Mayor Pro Tem Edgar asked City Staff to coordinate with the Chamber of Commerce, and provide an explanation of why this item took five times to go through the Planning Commission.

The City Council agreed to:

1. Continued the Public Hearing; and,
2. Waived reading in full and authorized reading by title only of Ordinance No. 11-04, and set for second reading; and,
3. Mayor Stephens read the title of Ordinance No. 11-04 entitled, "AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS, CALIFORNIA, APPROVING ZONING ORDINANCE AMENDMENT 10-02 BY AMENDING THE LOS ALAMITOS MUNICIPAL CODE SECTIONS 17.28.030, 17.28.050(C), 17.28.090(3)(A) AND (5)(A), AND 17.28.140, REGARDING WINDOW SIGN REGULATIONS CITYWIDE."

9. DISCUSSION ITEMS

A. Review of City Council Practices Regarding Oral Communications

During the regular City Council Meeting of February 7, 2011, Council Member Graham-Mejia requested that staff place an item on the City Council agenda regarding the City's current policy on public comment for non-public hearing agenda items. The current policy requires that persons who desire to comment on non-public hearing agenda items must provide those comments during the Oral Communications portion of the City Council agenda.

Motion/Second: Kusumoto/Poe

Unanimously Carried: Table this item to the Meeting of March 7, 2011.

B. Consideration of an Agreement with Community Schools Media Partnership (CSMP) for Administration of Los Alamitos Television (LATV), an Agreement with John Underwood Regarding Specific Duties Related to the Provision of Community Programming on LATV and Potential Reactivation of a Community Cable Commission

In November 2009, the City Council approved a service agreement with Community Schools Media Partnership (CSMP) for the administration of the LATV. Additionally, the City Council approved a separate agreement with Mr. John Underwood for services related to the refurbishment and construction of a cable television studio located at 10921 Oak Street. The dual effort was undertaken as a method of restarting LATV functions in the community. The work has been completed and LATV is offering a variety of programming. The City Council will consider items related to the continued administration of LATV and the provision of Community Programming on LATV.

Jeffrey L. Stewart, City Manager, summarized the staff report for the City Council.

Mayor Stephens invited Mr. Larry Strawther and Mr. John Underwood to the podium to discuss this item and answer questions from the City Council.

After further discussion, the City Council gave staff direction to schedule a workshop regarding LATV for Monday, March 21, 2011, at 5:00 p.m.

10. MAYOR AND COUNCIL INITIATED BUSINESS Council Announcements

Mayor Pro Tem Edgar reported on his attendance at the Orange County Sanitation District Meeting; provided an update on the RMC Executive Director Recruitment; stated he is working with a group of Los Alamitos High School students on their global warming project/initiative; and, stated he is excited about moving ahead with the hospital project and is looking forward to fiscally planning for next year.

Mayor Stephens reported on his attendance at an Eagle Scout Court of Honor ceremony; congratulated Brian Stephens, on his promotion as the new OCFA Assistant Chief of Support Services; and, reported on his informal meeting with Supervisor Moorlach, Seal Beach Mayor Levitt, and Jeff Rips of Rossmoor.

Council Member Kusumoto requested an update/report on the Los Alamitos Blvd. Downtown Revitalization Project.

Council Member Poe reported on her attendance at the Elected Officials Meeting and provided information on JFTB's construction plan; reminded residents about the upcoming Race on the Base; and, stated she is attending the Americana Awards honoring Alice Jempsa. Council Member Poe asked Angie Avery, Community Services Director, to provide Race on the Base information.

Angie Avery, Community Services Director, provided information on the event which included entrance to the event, parking, registration, and race information.

11. ITEMS FROM THE CITY MANAGER

Jeffrey L. Stewart, City Manager had nothing to report.

12. CLOSED SESSIONS

Mayor Stephens read the Closed Session Items and recessed the City Council Meeting at 10:25 p.m., to go into Closed Session.

A. Conference with Labor Negotiator

Agency Negotiators: Jeffrey L. Stewart, City Manager
Employee Organization: Los Alamitos City Employee Association
Authority: Government Code Section 54957.6

B. Conference with Legal Counsel – Existing Litigation

The City Council finds, based on advice from legal counsel, that discussion in open session will prejudice the position of the local agency in the litigation.

Name of Case: City of Los Alamitos vs. Citizens for a Fair Trash Contract
Case Number: Orange County Superior Court Case #00420414
Authority: Government Code Section 54956.9(a)

RECONVENE/ADJOURNMENT

Mayor Stephens reconvened the City Council Meeting at 11:31 p.m., and advised there is no reportable action. Mayor Stephens immediately adjourned the City Council Meeting.

Kenneth Stephens, Mayor

ATTEST:

Adria M. Jimenez, CMC
City Clerk

ITEM NO. 8A2

THESE MINUTES ISSUED FOR
INFORMATION ONLY AND ARE
SUBJECT TO AMENDMENT AND
APPROVAL AT THE NEXT
MEETING

MINUTES OF THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS

SPECIAL MEETING – March 7, 2011

1. CALL TO ORDER

The City Council met in Special Session at 5:38 p.m., Monday, March 7, 2011, in the Council Chambers, 3191 Katella Avenue, Mayor Stephens presiding.

2. ROLL CALL

Present: Council Members: Graham-Mejia, Kusumoto, Poe
Mayor Pro Tem Edgar, Mayor Stephens

Absent: Council Members: None

Present: Staff: Sandra Levin, City Attorney
Adria M. Jimenez, City Clerk

3. ORAL COMMUNICATIONS

At this time, any individual in the audience may come forward to speak on any item within the subject matter jurisdiction of the City Council.

At 5:39 p.m., Mayor Stephens opened Oral Communications. There being no one present wishing to speak, Mayor Stephens closed Oral Communications at 5:40 p.m.

4. SPECIAL ORDERS OF THE DAY

A. Interview Applicants for the Parks, Recreation & Cultural Arts, Personnel Appeals and Traffic Commissions

Several openings have occurred on three of the City's Commissions: five on the Parks, Recreation, and Cultural Arts Commission; two on the Personnel Appeals Commission; and, three on the Traffic Commission. Availability Notices were posted at City Facilities and copies were provided to the press inviting residents to apply for these positions.

Recommendation: The City Council: 1) Conduct applicant interviews for the Parks, Recreation, and Cultural Arts, Personnel Appeals, and Traffic Commissions and make the necessary appointments, removals, and changes in composition of the Commissions as desired; and, 2) Direct the City Clerk to re-open the recruitment period for an additional 30 days for the Parks, Recreation, & Cultural Arts, Personnel Appeals, and Traffic Commissions to fill the vacancies as needed.

City Clerk Jimenez summarized the staff report and explained how the interview process would work. Each Council Member will ask one of five questions which were provided to each applicant. The applicant will respond to the questions and either at the end or the beginning of the interview, the applicant will be able to provide additional comments or ask questions of the City Council.

City Clerk Jimenez advised Mr. Brad Taylor confirmed he will be attending his interview this evening and asked he be added to the interview list.

The City Council interviewed Robert Lee for the Personnel Appeals Commission.

City Clerk Jimenez announced the number of indications of support for each of the Personnel Appeals Commission applicants: 5-Lee; 4-Schmicker-Black.

Motion/Second: Poe/Edgar

Unanimously Carried: The City Council appointed Robert Lee, and Betty Schmicker-Black to the Personnel Appeals Commission.

City Clerk Jimenez advised Mr. Tommy Ferro pulled his applications from the Traffic and Parks, Recreation, and Cultural Arts Commissions due to health reasons.

The City Council interviewed the following applicants

Traffic Commission

Johanna Schleuter
Richard Vardeman
Brad Taylor

Parks, Recreation & Cultural Arts Commission

Pete Carvajal
Elizabeth (Beth) Piburn

City Clerk Jimenez announced the number of indications of support for each of the Traffic Commission applicants: 5-Schleuter; 5-Vardeman; 2-Taylor.

Council Member Graham-Mejia stated there are three openings on the Traffic Commission and three applicants, the City Council should fill all the vacant seats on the Traffic Commission. She asked why the City Council is wasting the City's time and staff's time and believed not reappointing Mr. Taylor is political retaliation.

Motion/Second: Graham-Mejia/Kusumoto

Failed: (Poe, Edgar, Stephens "No") Retake the vote for Traffic Commission applicants.

Motion/Second: Poe/Stephens

Carried: (Graham-Mejia/Kusumoto "No") Appoint Johanna Schleuter and Richard Vardeman to the Traffic Commission.

Council Member Graham-Mejia requested her statement be placed in the minutes, "And just a note for the community, if you've opposed these three sitting in the middle don't even bother trying to volunteer your time because you will absolutely not be given a fair deal."

City Clerk Jimenez announced the number of indications of support for each of the Parks, Recreation, and Cultural Arts Commission applicants: 5-Carvajal; 5-Piburn.

Motion/Second: Poe/Edgar

Unanimously Carried: The City Council appointed Pete Carvajal, and Elizabeth (Beth) Piburn to the Parks, Recreation and Cultural Arts Commission; and, directed the City Clerk to re-open the recruitment period for an additional 30-days.

5. ADJOURNMENT

The meeting was adjourned at 6:35 p.m.

Kenneth Stephens, Mayor

ATTEST:

Adria M. Jimenez, CMC
City Clerk

CITY OF LOS ALAMITOS
A/P Warrants
March 21, 2011

Pages:

01-09	\$ 96,181.44	A/P Warrants	03/21/2011
-------	--------------	--------------	------------

Total **\$ 96,181.44**

Statement:

I hereby certify that the claims or demands covered by the foregoing listed warrants have been audited as to accuracy and availability of funds for payment thereof. Certified by Anita Agramonte, Finance Manager.



this 16th day of March, 2011

ENDOR SORT KEY	DESCRIPTION	FUND	DEPARTMENT	AMOUNT
1-J&H BUSINESS EQUIPMENT	TYPEWRITER REPAIR	GENERAL FUND	CITY MANAGER	255.00
			TOTAL:	255.00
1.R. ZEFF'S	BACKFLOW VALVE TESTS	GENERAL FUND	PARK MAINTENANCE	1,388.56
			TOTAL:	1,388.56
1DVANTAGE INC.	PRINTING SERVICES	GENERAL FUND	RECREATION ADMINISTRAT	3,480.00
			TOTAL:	3,480.00
1LAMITOS AUTO PARTS	AIR FILTERS & COOLANT	GARAGE FUND	GARAGE	76.67
	MIRROR & GLUE	GARAGE FUND	GARAGE	2.88
	GREASE	GARAGE FUND	GARAGE	5.86
			TOTAL:	85.41
1LL AMERICAN OFFICIALS	SERVICES 1/11 TO 2/17	GENERAL FUND	SPECIAL CLASSES	200.00
			TOTAL:	200.00
1LL AMERICAN SIGN COMPANY	BANNERS	GENERAL FUND	SPECIAL CLASSES	534.64
			TOTAL:	534.64
1NIMAL PEST MANAGEMENT SERVICES	GOPHER CONTROL	GENERAL FUND	PARK MAINTENANCE	250.00
	GOPHER CONTROL	GENERAL FUND	PARK MAINTENANCE	80.00
			TOTAL:	330.00
1ARBOR NURSERY PLUS	TREES	GAS TAX	CAPITAL PROJECTS	95.48
			TOTAL:	95.48
1ART INNOVATORS	INSTRUCTOR - ART	GENERAL FUND	SPECIAL CLASSES	266.40
			TOTAL:	266.40
1HE ASLAN GROUP, INC.	CONSTRUCTION MANAGEMENT	GAS TAX	CAPITAL PROJECTS	571.00
			TOTAL:	571.00
1AT & T	BILL CYCLE 2/19-3/18	GENERAL FUND	COMMUNICATIONS TECHNOL	357.22
			TOTAL:	357.22
1AT & T MOBILITY	BILL CYCLE 1/24-2/23	GENERAL FUND	PATROL	391.67
	JFTB WIRELESS	JFTB POOL FUND	AQUATICS	36.60
			TOTAL:	428.27
1BARBARA BANNERMAN	INSTRUCTOR - YOGA	GENERAL FUND	SPECIAL CLASSES	701.35
	INSTRUCTOR - YOGA	GENERAL FUND	SPECIAL CLASSES	485.55
			TOTAL:	1,186.90
1PAUL BARBIERI	COMPUTER LOAN	GENERAL FUND	NON-DEPARTMENTAL	952.10
			TOTAL:	952.10
1BENESYST	FLEX ADMIN SERVICES 04/11	GENERAL FUND	ADMINISTRATIVE SERVICE	150.00
			TOTAL:	150.00
1ROY BOORMAN	INSTRUCTOR - PHOTOGRAPHY	GENERAL FUND	SPECIAL CLASSES	28.20
			TOTAL:	28.20
1BUSINESS PRODUCTS DISTRIBUTORS	OFFICE SUPPLIES	GENERAL FUND	PUBLIC WORKS ADMIN	220.48
	OFFICE SUPPLIES	GENERAL FUND	PUBLIC WORKS ADMIN	2.87
			TOTAL:	223.35

ENDOR SORT KEY	DESCRIPTION	FUND	DEPARTMENT	AMOUNT
L.A. WEB DESIGN, INC.	WEBSITE SERVICES	GENERAL FUND	RECREATION ADMINISTRAT	55.00
	WEBSITE SERVICES	LOS ALAMITOS TV	LOS ALAMITOS TV	239.40
			TOTAL:	294.40
CAL STATE GLASS & MIRROR	RESEAL WINDOWS	GENERAL FUND	BUILDING MAINTENANCE	280.55
	REPLACE WINDOWS	GENERAL FUND	BUILDING MAINTENANCE	601.18
			TOTAL:	881.73
CERTIFIED TRANSPORTATION SERVICES, INC	SHUTTLE SVC/RACE ON BASE	GENERAL FUND	SPECIAL CLASSES	408.75
			TOTAL:	408.75
CITY OF CYPRESS	MOBILE COMMAND POST	GENERAL FUND	EMERGENCY PREPAREDNESS	859.64
			TOTAL:	859.64
CITY OF SEAL BEACH	JANUARY BOOKINGS	GENERAL FUND	PATROL	340.00
			TOTAL:	340.00
COMPUTER SERVICE CO.	SIGNAL REPAIR	GENERAL FUND	STREET MAINTENANCE	1,240.00
			TOTAL:	1,240.00
COUNTY OF ORANGE TREASURER-TAX COLLECT	OCATS 02/11	GENERAL FUND	COMMUNICATIONS TECHNOL	305.00
			TOTAL:	305.00
DRAFCO, INC.	ASPHALT	GENERAL FUND	STREET MAINTENANCE	1,396.35
			TOTAL:	1,396.35
DELL MARKETING L.P.	OPTIPLEX 380 DESKTOP	TECHNOLOGY REPLACE	ADMINISTRATIVE SERVICE	9,124.93
			TOTAL:	9,124.93
DOG DEALERS, INC.	INSTRUCTOR - DOG OBEDIENCE	GENERAL FUND	SPECIAL CLASSES	51.80
			TOTAL:	51.80
DOOLEY ENTERPRISES, INC.	AMMUNITION	GENERAL FUND	PATROL	401.29
			TOTAL:	401.29
ECS IMAGING, INC.	SOFTWARE RENEWAL	GENERAL FUND	CITY MANAGER	2,600.00
			TOTAL:	2,600.00
FAIRA ESPOSITO	INSTRUCTOR - EXERCISE	GENERAL FUND	SPECIAL CLASSES	97.50
			TOTAL:	97.50
FWLES MATERIALS	DUMP CONCRETE	GENERAL FUND	STREET MAINTENANCE	50.00
	DUMP CONCRETE	GENERAL FUND	STREET MAINTENANCE	50.00
			TOTAL:	100.00
FEDEX	SHIPPING	GENERAL FUND	INVESTIGATION	11.66
	SHIPPING	GENERAL FUND	RECORDS	41.86
			TOTAL:	53.52
GANAHL LUMBER COMPANY	GRAFFITI REMOVAL	GENERAL FUND	STREET MAINTENANCE	14.55
	GLOVES	GENERAL FUND	STREET MAINTENANCE	20.65
	LIGHT BULBS	GENERAL FUND	BUILDING MAINTENANCE	19.55
	KEY, SCRAPER, DROP CLOTH	GENERAL FUND	BUILDING MAINTENANCE	14.21
	PAINT THINNER	GENERAL FUND	BUILDING MAINTENANCE	21.73
	RAILROAD TIES	GENERAL FUND	BUILDING MAINTENANCE	116.12
	TARP	GENERAL FUND	BUILDING MAINTENANCE	26.07

ENDOR SORT KEY	DESCRIPTION	FUND	DEPARTMENT	AMOUNT
	DRYWALL	GENERAL FUND	BUILDING MAINTENANCE	32.57
	PLASTIC BUCKET	GENERAL FUND	BUILDING MAINTENANCE	3.25
	WEDGE ANCHOR	GENERAL FUND	BUILDING MAINTENANCE	52.53
	ELECTRICAL PARTS	GENERAL FUND	BUILDING MAINTENANCE	13.31
	ELECTRICAL PARTS	GENERAL FUND	BUILDING MAINTENANCE	14.96
	ELECTRICAL PARTS	GENERAL FUND	BUILDING MAINTENANCE	118.40
	PAINT	ASSET SEIZURE	CAPITAL PROJECTS	24.04
	TARPS & COVERALLS	GARAGE FUND	GARAGE	48.34
			TOTAL:	540.28
GLENN E. THOMAS CO.	FUEL DOOR STOPS	GARAGE FUND	GARAGE	10.59
	THERMOSTAT	GARAGE FUND	GARAGE	86.92
			TOTAL:	97.51
GLOBALSTAR USA	SATELLITE PHONE 02/11	GENERAL FUND	EMERGENCY PREPAREDNESS	26.39
			TOTAL:	26.39
GOLDEN STATE WATER COMPANY	BILL CYCLE 12/21-2/22	GENERAL FUND	STREET MAINTENANCE	933.82
	BILL CYCLE 12/21-2/22	GENERAL FUND	PARK MAINTENANCE	340.67
	BILL CYCLE 12/21-2/22	GENERAL FUND	BUILDING MAINTENANCE	453.12
			TOTAL:	1,727.61
HARTZOG & CRABILL, INC.	MED CTR PLAN REVIEW	GENERAL FUND	NON-DEPARTMENTAL	1,705.00
	PLAN CHECK	GENERAL FUND	CITY ENGINEER	615.00
	SIGNAL OPERATIONS 01/11	GENERAL FUND	CITY ENGINEER	1,772.00
			TOTAL:	4,092.00
HEART TO HEART CPR	INSTRUCTOR - SUPERSITTERS	GENERAL FUND	SPECIAL CLASSES	67.20
			TOTAL:	67.20
HI-WAY SAFETY INC.	BARRICADE RENTAL	GENERAL FUND	SPECIAL CLASSES	1,262.00
			TOTAL:	1,262.00
JDS TANK TESTING & REPAIR	DESIGNATED OPERATOR 02/11	GARAGE FUND	GARAGE	140.00
			TOTAL:	140.00
JUSTINE KIM	TRAFFIC TRAINING CLASS	GENERAL FUND	PATROL	55.00
			TOTAL:	55.00
KONICA MINOLTA BUSINESS SOL	COLOR COPIES - COMPLEX II	GENERAL FUND	ADMINISTRATIVE SERVICE	86.19
	COPIER LEASE - COMPLEX II	GENERAL FUND	ADMINISTRATIVE SERVICE	199.54
	B&W COPIES - COMPLEX II	GENERAL FUND	ADMINISTRATIVE SERVICE	52.66
	COPIER LEASE - CITY HALL	GENERAL FUND	ADMINISTRATIVE SERVICE	245.73
	B&W COPIES - CITY HALL	GENERAL FUND	ADMINISTRATIVE SERVICE	135.51
	COPIER LEASE 02/11	GENERAL FUND	POLICE ADMINISTRATION	302.00
			TOTAL:	1,021.63
KUSTOM IMPRINTS	RACE ON BASE/VOL T-SHIRTS	GENERAL FUND	SPECIAL CLASSES	1,404.51
	RACE ON BASE/VOL BANNER	GENERAL FUND	SPECIAL CLASSES	92.83
	RACE ON BASE/SPNSR BANNER	GENERAL FUND	SPECIAL CLASSES	92.83
	RACE ON BASE/BANNER	GENERAL FUND	SPECIAL CLASSES	98.26
	RACE ON BASE/FNL BANNER	GENERAL FUND	SPECIAL CLASSES	162.25
	RACE ON BASE/VOL T-SHIRTS	GENERAL FUND	SPECIAL CLASSES	703.07
			TOTAL:	2,553.75
MICHELLE LINDSEY	INSTRUCTOR - PAINTING	GENERAL FUND	SPECIAL CLASSES	97.50

ENDOR SORT KEY	DESCRIPTION	FUND	DEPARTMENT	AMOUNT
			TOTAL:	97.50
ING LIU	INSTRUCTOR - ART	GENERAL FUND	SPECIAL CLASSES	415.35
	INSTRUCTOR - ART	GENERAL FUND	SPECIAL CLASSES	68.25
	INSTRUCTOR - ART	GENERAL FUND	SPECIAL CLASSES	78.00
			TOTAL:	561.60
ONG BEACH SOCCER REFEREE ASSOCIATION	ASSIGNING SVCS 02/11	GENERAL FUND	SPECIAL CLASSES	346.00
			TOTAL:	346.00
OS ALAMITOS MEDICAL CENTER	BLOOD DRAW 01/11	GENERAL FUND	PATROL	25.00
			TOTAL:	25.00
OS ALTOS TROPHY	P/D PLAQUES	GENERAL FUND	POLICE ADMINISTRATION	475.02
			TOTAL:	475.02
ALEX MARTINEZ	CANOPIES, TABLES & CHAIRS	GENERAL FUND	SPECIAL CLASSES	8,586.00
			TOTAL:	8,586.00
MEMORIAL OCCUPATIONAL MEDICAL SERVICES	PRE-EMPLOYMENT PHYSICALS	GENERAL FUND	ADMINISTRATIVE SERVICE	285.73
			TOTAL:	285.73
MISC. VENDOR	REFUND - BASKETBALL	GENERAL FUND	NON-DEPARTMENTAL	65.00
	REFUND - TAE KWON DO	GENERAL FUND	NON-DEPARTMENTAL	58.00
	REFUND - MUSICAL THEATRE	GENERAL FUND	NON-DEPARTMENTAL	48.00
	REFUND - NOTARY PUBLIC	GENERAL FUND	NON-DEPARTMENTAL	74.00
	REFUND - OAK GYM RENTAL	GENERAL FUND	NON-DEPARTMENTAL	137.50
	REFUND - TRIATHLON	GENERAL FUND	NON-DEPARTMENTAL	91.99
	REFUND - PARKING FEES	GENERAL FUND	NON-DEPARTMENTAL	80.00
			TOTAL:	554.49
PRISCILLA MONSERRATE-SANDERS	INSTRUCTOR - TODDLER	GENERAL FUND	SPECIAL CLASSES	286.65
			TOTAL:	286.65
LYNDA MOORE	INSTRUCTOR - DANCE	GENERAL FUND	SPECIAL CLASSES	330.00
	INSTRUCTOR - DANCE	GENERAL FUND	SPECIAL CLASSES	660.00
			TOTAL:	990.00
RICK MOORE	TUITION REIMBURSEMENT	GENERAL FUND	PATROL	1,052.75
			TOTAL:	1,052.75
MUSCO LIGHTING, LLC	LIGHTING - MCAULIFFE FIELD	GENERAL FUND	SPECIAL CLASSES	400.00
	LIGHTING - OAK FIELD	GENERAL FUND	SPECIAL CLASSES	400.00
			TOTAL:	800.00
NEWPORT EXTERMINATING	GENERAL PEST CONTROL	GENERAL FUND	BUILDING MAINTENANCE	175.00
	RODENT CONTROL	GENERAL FUND	BUILDING MAINTENANCE	60.00
	RODENT CONTROL	GENERAL FUND	BUILDING MAINTENANCE	60.00
			TOTAL:	295.00
NEWS ENTERPRISE	ALLEY IMPROVE - DESIGN	C.D.B.G	CAPITAL PROJECTS	538.05
	ALLEY IMPROVE - DESIGN	GAS TAX	CAPITAL PROJECTS	53.80
	ALLEY IMPROVE - DESIGN	RESIDENTIAL STREET	CAPITAL PROJECTS	80.71
			TOTAL:	672.56
NEXTEL COMMUNICATIONS	TRAFFIC CALMING SIGNS	GENERAL FUND	TRAFFIC	17.02

VENDOR SORT KEY	DESCRIPTION	FUND	DEPARTMENT	AMOUNT
			TOTAL:	17.02
NORMS AUTO COLLISION CENTER INC.	BATTERY	GARAGE FUND	GARAGE	97.88
			TOTAL:	97.88
NORTHERN TOOL & EQUIPMENT CO.	TARPS	GARAGE FUND	GARAGE	147.14
			TOTAL:	147.14
UCTA	PARATRANSIT - 12/10	GENERAL FUND	COMMUNITY SERVICES	79.37
	PARATRANSIT - 01/11	GENERAL FUND	COMMUNITY SERVICES	131.31
			TOTAL:	210.68
ORANGE COUNTY COUNCIL OF GOVERNMENTS	FEES & DUES FY 10/11	GENERAL FUND	CITY COUNCIL	934.13
	FEES & DUES FY 10/11	GENERAL FUND	CITY MANAGER	500.00
	FEES & DUES FY 10/11	GENERAL FUND	ADMINISTRATIVE SERVICE	500.00
	FEES & DUES FY 10/11	GENERAL FUND	COMMUNITY DEVEL ADMIN	100.00
	FEES & DUES FY 10/11	GENERAL FUND	PLANNING	300.00
	FEES & DUES FY 10/11	GENERAL FUND	NEIGHBORHOOD PRESERVAT	600.00
	FEES & DUES FY 10/11	GENERAL FUND	BUILDING INSPECTION	200.00
			TOTAL:	3,134.13
ORANGE COUNTY TAX COLLECTOR	SEWER FEES - MUSEUM	GENERAL FUND	ADMINISTRATIVE SERVICE	122.00
	SEWER FEES - COMM CENTER	GENERAL FUND	ADMINISTRATIVE SERVICE	1,586.23
	SEWER FEES - PD/CITY HALL	GENERAL FUND	ADMINISTRATIVE SERVICE	1,300.52
			TOTAL:	3,008.75
PACIFIC COAST RACE TIMING	FLYER DISTRIBUTION & AD	GENERAL FUND	SPECIAL CLASSES	700.00
			TOTAL:	700.00
PACIFIC TELEMAGEMENT SERVICES	PAY PHONE	GENERAL FUND	COMMUNICATIONS TECHNOL	82.64
			TOTAL:	82.64
PAPER RECYCLING SPECIALISTS	SHREDDING SERVICES	GENERAL FUND	ADMINISTRATIVE SERVICE	74.00
			TOTAL:	74.00
HELEN PARES	INSTRUCTOR - EXERCISE	GENERAL FUND	SPECIAL CLASSES	132.60
			TOTAL:	132.60
PERSONNEL CONCEPTS	COMPLIANCE POSTERS	GENERAL FUND	ADMINISTRATIVE SERVICE	611.47
			TOTAL:	611.47
PRIME TIME	TIMING PER FINISHER	GENERAL FUND	SPECIAL CLASSES	7,274.00
			TOTAL:	7,274.00
QUARTERMASTER	UNIFORMS	GENERAL FUND	PATROL	127.22
	UNIFORMS	GENERAL FUND	PATROL	117.43
	EQUIPMENT	GENERAL FUND	PATROL	652.49
	UNIFORM	GENERAL FUND	PATROL	46.63
	UNIFORMS	GENERAL FUND	PATROL	128.39
	UNIFORM	GENERAL FUND	PATROL	59.25
	EQUIPMENT	GENERAL FUND	PATROL	107.62
			TOTAL:	1,239.03
TOM RASO	REIMBURSE - BOOTS	GENERAL FUND	PATROL	125.00
			TOTAL:	125.00

VENDOR SORT KEY	DESCRIPTION	FUND	DEPARTMENT	AMOUNT
COH AMERICAS CORPORATION	DUPLICATOR - MASTER ROLL	GENERAL FUND	RECREATION ADMINISTRAT	112.19
			TOTAL:	112.19
HE RINKS WESTMINSTER ICE	INSTRUCTOR - ICE SKATING	GENERAL FUND	SPECIAL CLASSES	43.40
	INSTRUCTOR - ICE SKATING	GENERAL FUND	SPECIAL CLASSES	21.70
	INSTRUCTOR - ICE SKATING	GENERAL FUND	SPECIAL CLASSES	86.80
			TOTAL:	151.90
SUZANNE ROADY-ROSS	INSTRUCTOR - TAI CHI	GENERAL FUND	SPECIAL CLASSES	93.60
			TOTAL:	93.60
MARSHA ROE	INSTRUCTOR - LINE DANCE	GENERAL FUND	SPECIAL CLASSES	7.20
	INSTRUCTOR - LINE DANCE	GENERAL FUND	SPECIAL CLASSES	9.60
			TOTAL:	16.80
30 CAL SANITATION LLC	RESTROOM SERVICES 02/11	GENERAL FUND	SPORTS	189.95
			TOTAL:	189.95
SOUTH COAST SUPPLY & GARDEN DAZE	CONCRETE	GENERAL FUND	STREET MAINTENANCE	13.66
	CONCRETE	GENERAL FUND	STREET MAINTENANCE	104.07
	CONCRETE	GENERAL FUND	STREET MAINTENANCE	16.43
	RETURN - PALLETS	GENERAL FUND	STREET MAINTENANCE	29.36
	CONCRETE	GENERAL FUND	PARK MAINTENANCE	45.51
	CEMENT	GENERAL FUND	PARK MAINTENANCE	9.84
			TOTAL:	160.15
SOUTHERN CALIFORNIA EDISON	TRAFFIC SIGNAL	GENERAL FUND	STREET MAINTENANCE	54.74
			TOTAL:	54.74
SOUTHERN CALIFORNIA GAS	3614 FENLEY	GENERAL FUND	STREET MAINTENANCE	14.94
	3191 KATELLA	GENERAL FUND	BUILDING MAINTENANCE	367.22
	10911 OAK ST.	GENERAL FUND	BUILDING MAINTENANCE	265.90
			TOTAL:	648.06
SOUTHERN PACIFIC MASTERS ASSOC	MEMBERSHIP FEES	JFTB POOL FUND	AQUATICS	88.00
			TOTAL:	88.00
SPARKLETTS DRINKING WATER	SERVICE & RENTAL	GENERAL FUND	BUILDING MAINTENANCE	225.09
			TOTAL:	225.09
STATE OF CALIFORNIA DEPARTMENT OF JUST	FINGERPRINT NEW STAFF	GENERAL FUND	ADMINISTRATIVE SERVICE	32.00
			TOTAL:	32.00
SUPERSPORTS	RACE PHOTOGRAPHY	GENERAL FUND	SPECIAL CLASSES	325.00
			TOTAL:	325.00
TIME WARNER CABLE	ADMIN CABLE SERVICE 03/11	GENERAL FUND	CITY MANAGER	164.96
	P/D CABLE SERVICE 03/11	GENERAL FUND	COMMUNICATIONS TECHNOL	132.84
	SENIOR CENTER - INTERNET	GENERAL FUND	RECREATION ADMINISTRAT	69.95
			TOTAL:	367.75
J.S. BANK	SR. MEALS SUPPLIES	GENERAL FUND	NON-DEPARTMENTAL	21.75
	SR. MEALS SUPPLIES	GENERAL FUND	NON-DEPARTMENTAL	37.98
	SR. MEALS SUPPLIES	GENERAL FUND	NON-DEPARTMENTAL	95.96
	COUNCIL COFFEE	GENERAL FUND	CITY COUNCIL	12.95
	OFFICE SUPPLIES	GENERAL FUND	CITY COUNCIL	26.08

VENDOR SORT KEY	DESCRIPTION	FUND	DEPARTMENT	AMOUNT
	CHAMBER LUNCHEON	GENERAL FUND	CITY COUNCIL	30.00
	COUNCIL NAME PLATES	GENERAL FUND	CITY COUNCIL	83.53
	OFFICE SUPPLIES	GENERAL FUND	CITY COUNCIL	41.46
	CHAMBER LUNCHEON	GENERAL FUND	CITY MANAGER	30.00
	TONER	GENERAL FUND	CITY MANAGER	105.48
	OFFICE SUPPLIES	GENERAL FUND	CITY MANAGER	50.13
	OFFICE SUPPLIES	GENERAL FUND	POLICE ADMINISTRATION	32.57
	OFFICE SUPPLIES	GENERAL FUND	POLICE ADMINISTRATION	25.32
	OFFICE SUPPLIES	GENERAL FUND	POLICE ADMINISTRATION	81.95
	CODE BOOKS	GENERAL FUND	POLICE ADMINISTRATION	413.19
	FLASH DRIVES	GENERAL FUND	PATROL	402.11
	AUTO ID READER	GENERAL FUND	PATROL	91.35
	ENTERSECT ONLINE	GENERAL FUND	INVESTIGATION	79.00
	RECORDS STAMP	GENERAL FUND	RECORDS	48.42
	COMPUTER REPAIR	GENERAL FUND	COMMUNICATIONS TECHNOL	130.00
	WEBSITE	GENERAL FUND	COMMUNITY OUTREACH	12.95
	WEBSITE	GENERAL FUND	COMMUNITY OUTREACH	14.95
	OFFICE SUPPLIES	GENERAL FUND	TRAFFIC	54.38
	HAND HELD STOP SIGN	GENERAL FUND	TRAFFIC	39.52
	RETURN - EQUIPMENT RENTAL	GENERAL FUND	STREET MAINTENANCE	420.00-
	LIGHT BULBS	GENERAL FUND	BUILDING MAINTENANCE	146.46
	FAUCET	GENERAL FUND	BUILDING MAINTENANCE	38.26
	LIGHT BULBS	GENERAL FUND	BUILDING MAINTENANCE	45.11
	VACUUM BAGS	GENERAL FUND	BUILDING MAINTENANCE	15.82
	VACUUM	GENERAL FUND	BUILDING MAINTENANCE	142.66
	DOORS AT POOL	GENERAL FUND	BUILDING MAINTENANCE	829.28
	DEPARTMENT SUPPLIES	GENERAL FUND	RECREATION ADMINISTRAT	89.65
	DEPARTMENT SUPPLIES	GENERAL FUND	RECREATION ADMINISTRAT	308.80
	DAY CAMP SUPPLIES	GENERAL FUND	DAY CAMP	11.56
	REFUND - ADVERTISING	GENERAL FUND	SPECIAL CLASSES	350.00-
	RAIN GEAR	GENERAL FUND	SPECIAL CLASSES	194.21
	DOG TAG MEDALS	GENERAL FUND	SPECIAL CLASSES	719.87
	MEDALS	GENERAL FUND	SPECIAL CLASSES	1,312.93
	MEDALS	GENERAL FUND	SPECIAL CLASSES	824.50
	GOODIE BAGS	GENERAL FUND	SPECIAL CLASSES	135.00
	PRESCHOOL SEMINAR	GENERAL FUND	SPECIAL CLASSES	48.00
	RACE SUPPLIES	GENERAL FUND	SPECIAL CLASSES	287.55
	SOUND & LIGHTING	GENERAL FUND	SPECIAL CLASSES	600.00
	STEEL	BUILDING IMPROVEME	CAPITAL PROJECTS	544.51
	STEEL	ASSET SEIZURE	CAPITAL PROJECTS	225.66
	STEEL	ASSET SEIZURE	CAPITAL PROJECTS	142.57
	MOWER PARTS	GARAGE FUND	GARAGE	144.86
	MOWER PARTS	GARAGE FUND	GARAGE	41.31
	ADVIL	GARAGE FUND	GARAGE	15.00
	SHOP SUPPLIES	GARAGE FUND	GARAGE	469.18
	SAFETY SUPPLIES	GARAGE FUND	GARAGE	265.35
	AUTOMOTIVE TEST FEES	GARAGE FUND	GARAGE	126.00
	COMPUTER FIREWALL	JFTB POOL FUND	AQUATICS	660.31
	JOB POSTING	JFTB POOL FUND	AQUATICS	75.00
			TOTAL:	9,650.44
UNDERGROUND SERVICE ALERT OF SO. CALIF	SERVICE ALERT FAXES	GENERAL FUND	STREET MAINTENANCE	18.00
			TOTAL:	18.00
JOHN UNDERWOOD	FILMING SERVICES	LOS ALAMITOS TV	LOS ALAMITOS TV	850.00
			TOTAL:	850.00

VENDOR SORT KEY	DESCRIPTION	FUND	DEPARTMENT	AMOUNT
J & V MANUFACTURING, INC.	BADGE REPAIR	GENERAL FUND	PATROL	36.22
	BADGE REPAIR	GENERAL FUND	PATROL	89.07
			TOTAL:	<u>125.29</u>
VERIZON CALIFORNIA, INC.	ADMIN - FAX	GENERAL FUND	ADMINISTRATIVE SERVICE	44.06
	POLICE DEPT/RELAY LINE	GENERAL FUND	COMMUNICATIONS TECHNOL	79.39
	TELECOMMUNICATIONS	GENERAL FUND	COMMUNICATIONS TECHNOL	804.58
	TRAFFIC SIGNAL	GENERAL FUND	STREET MAINTENANCE	38.79
	TRAFFIC SIGNAL	GENERAL FUND	STREET MAINTENANCE	74.04
	TRAFFIC SIGNAL	GENERAL FUND	STREET MAINTENANCE	39.25
	TRAFFIC SIGNAL	GENERAL FUND	STREET MAINTENANCE	37.01
	TRAFFIC SIGNAL	GENERAL FUND	STREET MAINTENANCE	37.01
PARK & REC - FAX	GENERAL FUND	RECREATION ADMINISTRAT	43.65	
		TOTAL:	<u>1,197.78</u>	
VERIZON WIRELESS	POLICE	GENERAL FUND	POLICE ADMINISTRATION	35.30
	COMM DEV	GENERAL FUND	NEIGHBORHOOD PRESERVAT	22.43
	PUBLIC WORKS	GENERAL FUND	STREET MAINTENANCE	251.10
		TOTAL:	<u>308.83</u>	
VICTORY LOCK AND KEY	DOOR REPAIRS	GENERAL FUND	BUILDING MAINTENANCE	190.00
			TOTAL:	<u>190.00</u>
VOYAGER FLEET SYSTEMS, INC.	FUEL	GARAGE FUND	GARAGE	6,409.51
	FUEL TAX CREDIT	GARAGE FUND	GARAGE	337.81-
	CNG FUEL	GARAGE FUND	GARAGE	210.85
		TOTAL:	<u>6,282.55</u>	
WEIDENHOEFER DESIGN STUDIO	ACTIVITIES GUIDE	GENERAL FUND	RECREATION ADMINISTRAT	1,725.00
			TOTAL:	<u>1,725.00</u>
WEST COAST TENNIS SERVICES	INSTRUCTOR - TENNIS	GENERAL FUND	SPECIAL CLASSES	403.00
			TOTAL:	<u>403.00</u>
ZUMAR INDUSTRIES	SIGNS - NO PARKING	GENERAL FUND	BUILDING MAINTENANCE	107.01
	SIGNS - NO SMOKING	GENERAL FUND	BUILDING MAINTENANCE	112.21
	BANNERS OF HONOR	GENERAL FUND	RECREATION ADMINISTRAT	592.65
		TOTAL:	<u>811.87</u>	

VENDOR SORT KEY	DESCRIPTION	FUND	DEPARTMENT	AMOUNT
===== FUND TOTALS =====				
10	GENERAL FUND	74,870.85		
19	C.D.B.G	538.05		
20	GAS TAX	720.28		
24	RESIDENTIAL STREET/ALLEYS	80.71		
25	BUILDING IMPROVEMENT	544.51		
27	ASSET SEIZURE	392.27		
28	LOS ALAMITOS TV	1,089.40		
50	GARAGE FUND	7,960.53		
53	TECHNOLOGY REPLACEMENT	9,124.93		
77	JFTB POOL FUND	859.91		
----- GRAND TOTAL:		96,181.44		

TOTAL PAGES: 9

City of Los Alamitos

Agenda Report Consent Calendar

March 21, 2011
Item No: 8C

To: Mayor Kenneth Stephens and Members of the City Council

Via: Jeffrey L. Stewart, City Manager

From: Steven Mendoza, Director of Community Development

Subject: Award of Contract for Alley Rehabilitation Project between Green Avenue and Howard Avenue, from Reagan Street to Maple Street (CIP No. 10/11-13), CDBG Project No. KC 10937

Summary: This report recommends that City Council award a construction contract to United Paving for the rehabilitation of the alley between Green Avenue and Howard Avenue, from Reagan Street to Maple Street on the basis of the lowest qualified bid.

Recommendations:

1. Award the contract for the Alley Rehabilitation Project between Green Avenue and Howard Avenue, from Reagan Street to Maple Street (CIP No. 10/11-13) for the lowest responsible bid, to United Paving in the amount of \$120,689.75, reject all other bids; and,
2. Authorize the Mayor to execute the contract for the project; and,
3. Authorize staff to execute change orders, if necessary, in an amount not to exceed the contingency reserve of \$12,068.98, which is 10% of the original contract amount.

Background

The City applied for and received \$200,000 in Community Development Block Grant funding from the Orange County Housing & Community Services Department for alleyway improvements in the Apartment Row area of the City. An additional \$20,000 from Gas Tax, and \$30,000 from Residential Street and Alley funds was reallocated to the project, bringing the total amount to \$250,000. Based on needs identified in the Pavement Management Report and a field inspection, the alley between Howard Avenue and Green Avenue, from Reagan Street to Maple Street has been selected for reconstruction. The scope of work includes the removal of deteriorated portions of the alley, the remediation of any unsuitable subgrade material and the placement of new concrete.

City Council, at its February 7, 2011 meeting approved the plans and specifications and authorized staff to solicit bids for the project. Staff recommends awarding a contract to United Paving for \$120,689.75 for construction of the Alley Rehabilitation Project between Green Avenue and Howard Avenue, from Reagan Street to Maple Street. The project was included in this year's Capital Improvement Program.

Discussion

Project Bid Results

Bids for the Alley Rehabilitation Project between Green Avenue and Howard Avenue, from Reagan Street to Maple Street were opened on March 10, 2011. The bid results are shown below. United Paving was the lowest qualified bid at \$120,689.75.

Bidder	Total Bid
United Paving	\$120,689.75
Nobest	\$130,000.00
JDC	\$163,460.50
Pacific Construction	\$170,897.00
Southland Construction	\$172,355.00
Kalban	\$231,885.50

The Engineer's estimate for the project is \$175,000.00. The low bid of \$120,689.75, is 31% below the Engineer's estimate. The average bid was \$164,881.29.

Bidder Assessment

The lowest responsible bidder, United Paving is a properly licensed contractor. They are located in La Mirada, California. They provided favorable references and have completed similar projects for nearby cities in the past, with successful results including the cities of Brea, Laguna Beach, Lakewood, Rancho Santa Margarita and more.

United Paving will use one sub-contractor; Verdin Concrete, to help in the concrete work.

Project Schedule

The current project schedule is:

- | | |
|---------------------------|---|
| • February 7, 2011 | City Council Approved Plans and Specifications |
| • March 11, 2011 | Opening of Contract Bids |
| • March 21, 2011 | Award of Contract by City Council |
| • April 4, 2011 | Begin Construction |
| • May 20, 2010 | Complete Construction |

Fiscal Impact

Currently funding is identified as follows:

The total budget of \$250,000 for the project is as follows:

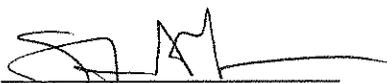
- \$200,000 in Community Development Block Grant for construction; and,
- \$20,000 from Gas Tax; and,
- \$30,000 from Residential Street and Alley funds.

ITEM	2010-2011 Estimated Expenditure
Design & City Staff	\$30,000
Construction Estimate	\$120,690
Contingency (10%)	\$12,069
Construction Mgmt/Inspection	\$17,000
Materials Testing	\$2,000
Misc. Expenses (Printing, postage, advertising)	\$1,000
TOTAL ESTIMATED COST	\$182,759

As can be seen from the above tables, the project costs are well within the approved 2010-2011 budget estimate.

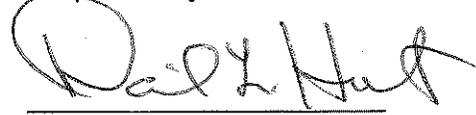
Staff is therefore recommending awarding the contract for the Alley Rehabilitation Project between Green Avenue and Howard Avenue, from Reagan Street to Maple Street, to United Paving for \$120,689.75.

Submitted By:



Steven Mendoza
Director of Community Development

Prepared By:



David Hunt, PE
City Engineer

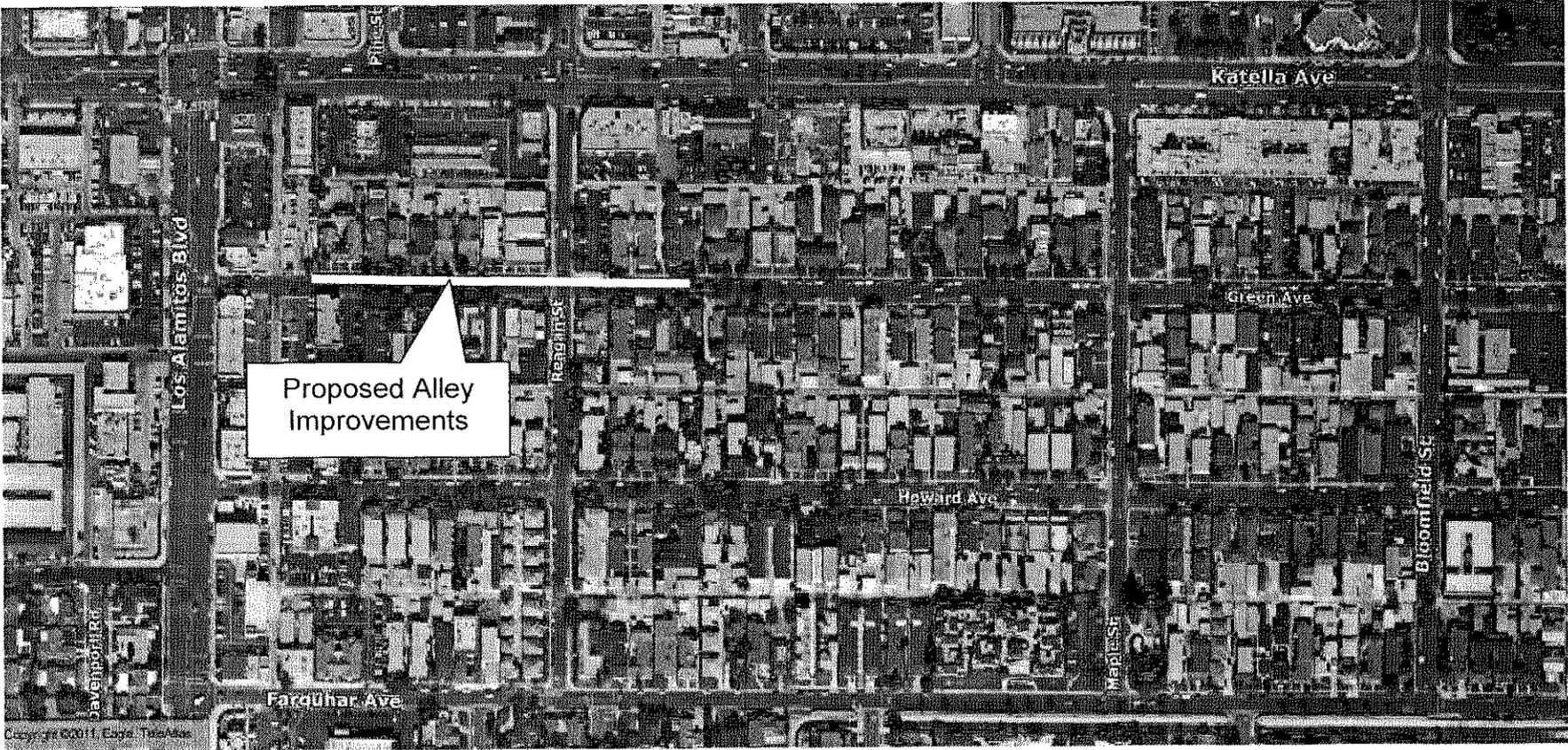
Approved By:



Jeffrey L. Stewart
City Manager

Attachments: 1) Location Map
2) Contract

ALLEY REHABILITATION PROJECT
Between Green Ave. and Howard Ave., from Reagan St. to Maple St.



ARTICLES OF AGREEMENT

**ALLEY REHABILITATION PROJECT – ALLEY BETWEEN GREEN AVE. AND
HOWARD AVE., FROM REAGAN ST. TO MAPLE ST.
CIP NO. 10/11-03, CDBG PROJECT NO. KC 10937
AGREEMENT IN THE CITY OF LOS ALAMITOS, CALIFORNIA**

THIS ALLEY REHABILITATION PROJECT – ALLEY BETWEEN GREEN AVE. AND HOWARD AVE., FROM REAGAN ST. TO MAPLE ST. CIP NO. 10/11-03, CDBG PROJECT NO. KC 10937, AGREEMENT (“AGREEMENT”) is made and entered into for the above-stated project this _____ day of _____, 2011, BY AND BETWEEN the City of Los Alamitos, a municipal corporation, hereafter designated as “AGENCY”, and UNITED PAVING, a _____ corporation, hereafter designated as “CONTRACTOR.”

WITNESSETH that AGENCY and CONTRACTOR have mutually agreed as follows:

ARTICLE I: Contract Documents

The contract documents for the ALLEY REHABILITATION PROJECT – ALLEY BETWEEN GREEN AVE. AND HOWARD AVE., FROM REAGAN ST. TO MAPLE ST. CIP NO. 10/11-03, CDBG PROJECT NO. KC 10937, shall consist of the Notice Inviting Sealed Bids, Instructions To Bidders, Bid Proposal, Bid Schedule, Standard Specifications, Special Provisions, and all referenced specifications, details, standard drawings, and appendices; together with two (2) signed copies of the AGREEMENT, two (2) signed copies of required bonds; one (1) copy of the insurance certificates, permits, notices, and affidavits; and also including any and all addenda or supplemental agreements clarifying, amending, or extending the work contemplated as may be required to insure its completion in an acceptable manner (collectively referred to herein as the “Contract Documents”). All of the provisions of the Contract Documents are made a part hereof as though fully set forth herein.

ARTICLE II: Scope of Work

For and in consideration of the payments and agreements to be made and performed by AGENCY, CONTRACTOR agrees to furnish all materials and equipment and perform all work required for the above-stated project, and to fulfill all other obligations as set forth in the aforesaid contract documents.

AGENCY hereby promises and agrees to employ, and does hereby employ, CONTRACTOR to provide the materials, do the work, and fulfill the obligations according to the terms and conditions herein contained and referred to, for the prices aforesaid, and hereby contracts to pay the same at the time, in the manner, and upon the conditions set forth in this AGREEMENT.

In entering into a public works contract or a subcontract to supply goods, services, or materials pursuant to this AGREEMENT, CONTRACTOR offers and agrees to assign to the awarding body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (Section 16700, et seq.) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, services, or materials pursuant to the public works contract or the subcontract. This assignment shall be made and become effective at the time the awarding body tenders final payment to the contractor, without further acknowledgment by the parties.

ARTICLE III: Compensation

A. CONTRACTOR agrees to receive and accept the prices set forth in the Bid Proposal and Bid Schedule as full compensation for furnishing all materials, performing all work, and fulfilling all obligations hereunder. In no event shall the total compensation and costs payable to CONTRACTOR under this Agreement exceed the sum of One Hundred Twenty Thousand, Six Hundred Eighty-nine Dollars and Seventy-five Cents (\$120,689.75), unless specifically approved in advance and in writing by AGENCY.

Such compensation shall cover all expenses, losses, damages, and consequences arising out of the nature of the work during its progress or prior to its acceptance including those for well and faithfully completing the work and the whole thereof in the manner and time specified in the aforesaid contract documents; and also including those arising from actions of the elements, unforeseen difficulties or obstructions encountered in the prosecution of the work, suspension or discontinuance of the work, and all other unknowns or risks of any description connected with the work.

B. This AGREEMENT is subject to the provisions of Article 1.7 (commencing at Section 20104.50) of Division 2, Part 3 of the Public Contract Code regarding prompt payment of contractors by local governments. Article 1.7 mandates certain procedures for the payment of undisputed and properly submitted payment requests within 30 days after receipt, for the review of payment requests, for notice to the contractor of improper payment requests, and provides for the payment of interest on progress payment requests which are not timely made in accordance with this Article. This AGREEMENT hereby incorporates the provisions of Article 1.7 as though fully set forth herein.

C. At the request and expense of CONTRACTOR, securities equivalent to the amount withheld shall be deposited with AGENCY, or with a state or federally chartered bank in this state as the escrow agent, who shall then pay those moneys to CONTRACTOR. Upon satisfactory completion of this AGREEMENT, the securities shall be returned to CONTRACTOR.

At any time during the term of this AGREEMENT CONTRACTOR may, at its own expense, substitute securities for funds otherwise withheld as retention (or the retained percentage) in accordance with Public Contract Code § 22300.

ARTICLE IV: Labor Code

AGENCY and CONTRACTOR acknowledge that this AGREEMENT is subject to the provisions of Division 2, Part 7, Chapter 1 (commencing with Section 1720) of the California Labor Code relating to public works and public agencies and agree to be bound by all the provisions thereof as though set forth fully herein. Full compensation for conforming to the requirements of the Labor Code and with other Federal, State and local laws related to labor, and rules, regulations and ordinances which apply to any work performed pursuant to this AGREEMENT shall be considered as included in the price for all contract items of work involved.

This AGREEMENT is further subject to prevailing wage law, including, but not limited to, the following:

A. The CONTRACTOR shall pay the prevailing wage rates for all work performed under the AGREEMENT. When any craft or classification is omitted from the general prevailing wage determinations, the CONTRACTOR shall pay the wage rate of the craft or classification most closely related to the omitted classification. The CONTRACTOR shall forfeit as a penalty to AGENCY \$50.00 or any greater penalty provided in the Labor Code for each Calendar Day, or portion thereof, for each worker paid less than the prevailing wage rates for any work done under the AGREEMENT employed in the execution of the work by CONTRACTOR or by any Subcontract under CONTRACTOR in violation of the provisions of the Labor Code. In addition, the difference between such prevailing wage rates and the amount paid to each worker for each Calendar Day, or portion thereof, for which each worker was paid less than the prevailing wage rate shall be paid to each worker by the CONTRACTOR.

B. CONTRACTOR shall comply with the provisions of Labor Code Section 1777.5 concerning the employment of apprentices on public works projects, and further agrees that CONTRACTOR is responsible for compliance with Section 1777.5 by all of its subcontractors.

C. Pursuant to Labor Code § 1776, CONTRACTOR and any subcontractor shall keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by him or her in connection with this AGREEMENT. Each payroll record shall contain or be verified by a written declaration that it is made under penalty of perjury, stating both of the following: (1) The information contained in the payroll record is true and correct; and (2) The employer has complied with the requirements of Labor

Code §§ 1811, and 1815 for any work performed by his or her employees on the public works project. The payroll records enumerated under subdivision (a) shall be certified and shall be available for inspection at all reasonable hours as required by Labor Code § 1776.

D. This AGREEMENT is further subject to 8-hour work day and wage and hour penalty law, including, but not limited to, Labor Code Sections 1810 and 1813, as well as California nondiscrimination laws, as follows:

CONTRACTOR shall strictly adhere to the provisions of the Labor Code regarding the 8-hour day and the 40-hour week, overtime, Saturday, Sunday and holiday work and nondiscrimination on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex or sexual orientation, except as provided in Section 12940 of the Government Code. Pursuant to the provisions of the Labor Code, eight hours' labor shall constitute a legal day's work. Work performed by CONTRACTOR's employees in excess of eight hours per day, and 40 hours during any one week, must include compensation for all hours worked in excess of eight hours per day, or 40 hours during any one week, at not less than one and one-half times the basic rate of pay. CONTRACTOR shall forfeit as a penalty to AGENCY \$25.00 or any greater penalty set forth in the Labor Code for each worker employed in the execution of the work by CONTRACTOR or by any Subcontractor of CONTRACTOR, for each Calendar Day during which such worker is required or permitted to the work more than eight hours in one Calendar Day or more than 40 hours in any one calendar week in violation of the provisions of the Labor Code.

E. This AGREEMENT is subject to Public Contract Code Section 6109: CONTRACTOR shall be prohibited from performing work on this project with a subcontractor who is ineligible to perform work on the project pursuant to Sections 1777.1 or 1777.7 of the Labor Code.

ARTICLE V: Work Site Conditions

A. In compliance with and pursuant to Government Code Section 4215, AGENCY shall assume the responsibility, as between the parties to this AGREEMENT, for the timely removal, relocation, or protection of existing main- or trunk-line utility facilities located on the site of any construction project that is a subject of this AGREEMENT, if such utilities are not identified by AGENCY in the plans and specifications made a part of the invitation for bids. The AGREEMENT documents shall include provisions to compensate CONTRACTOR for the costs of locating, repairing damage not due to the failure of CONTRACTOR to exercise reasonable care, and removing or relocating such utility facilities not indicated in the plans and specifications with reasonable accuracy, and for equipment on the project necessarily idled during such work. CONTRACTOR shall not be assessed liquidated damages for delay in completion of the project, when such

delay was caused by the failure of AGENCY or the owner of the utility to provide for removal or relocation of such utility facilities.

B. To the extent that the work requires trenches in excess of five feet (5') and is estimated to cost more than \$25,000, prior to any excavation, CONTRACTOR must provide the AGENCY, or a registered civil or structural engineer employed by the AGENCY to whom authority to accept has been delegated, a detailed plan showing the design of shoring, bracing, sloping, or other provisions to be made for worker protection from the hazard of caving ground during the excavation of such trench or trenches. If such plan varies from the shoring system standards, the plan shall be prepared by a registered civil or structural engineer. Nothing in this section shall be deemed to allow the use of a shoring, sloping, or protective system less effective than that required by the Construction Safety Orders.

C. This AGREEMENT is further subject to Public Contract Code Section 7104 with regard to any trenches deeper than four feet (4') involved in the proposed work as follows:

CONTRACTOR shall promptly, and before the following conditions are disturbed, notify AGENCY, in writing, of any:

- (1) Material that CONTRACTOR believes may be material that is hazardous waste, as defined in Section 25117 of the Health and Safety Code, which is required to be removed to a Class I, Class II, or Class III disposal site in accordance with provisions of existing law.
- (2) Subsurface or latent physical conditions at the site differing from those indicated by all available information provided prior to the deadline for submission of bids.
- (3) Unknown physical conditions at the site of any unusual nature, different materially from those ordinarily encountered and generally recognized as inherent in work of the character provided for in the contract.

AGENCY shall promptly investigate the conditions, and if it finds that the conditions do materially so differ, or involve hazardous waste, and cause a decrease or increase in CONTRACTOR's cost of, or the time required for, performance of any part of the work, AGENCY shall issue a change order under the procedures described in this AGREEMENT.

In the event that a dispute arises between AGENCY and CONTRACTOR whether the conditions materially differ, or involve hazardous waste, or cause a decrease or increase in CONTRACTOR's cost of, or time required for, performance of any part of the work, CONTRACTOR shall not be excused from any scheduled completion date provided in the AGREEMENT, but shall proceed with all work to be performed under the contract. CONTRACTOR shall retain

any and all rights provided either by contract or by law which pertain to the resolution of disputes and protests between the contracting parties.

ARTICLE VI: Insurance

A. With respect to performance of work under this AGREEMENT, CONTRACTOR shall maintain, and shall require all of its subcontractors to maintain, insurance as required by Section E "Standard Specifications" of the Contract Documents.

B. This AGREEMENT is further subject to Workers' Compensation obligations, including, but not limited to, California Labor Code Sections 1860 and 1861 as follows:

CONTRACTOR shall take out and maintain, during the life of this contract, Worker's Compensation Insurance for all of CONTRACTOR's employees employed at the site of improvement; and, if any work is sublet, CONTRACTOR shall require the subcontractor similarly to provide Worker's Compensation Insurance for all of the latter's employees, unless such employees are covered by the protection afforded by CONTRACTOR. CONTRACTOR and any of CONTRACTOR's subcontractors shall be required to provide AGENCY with a written statement acknowledging its obligation to secure payment of Worker's Compensation Insurance as required by Labor Code § 1861; to wit: 'I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.' If any class of employees engaged in work under this AGREEMENT at the site of the Project is not protected under any Worker's Compensation law, CONTRACTOR shall provide and shall cause each subcontractor to provide adequate insurance for the protection of employees not otherwise protected. CONTRACTOR shall indemnify and hold harmless AGENCY for any damage resulting from failure of either CONTRACTOR or any subcontractor to take out or maintain such insurance.

ARTICLE VII: Indemnification

To the fullest extent permitted by law, CONTRACTOR shall, at its sole cost and expense, fully defend, indemnify and hold harmless AGENCY, its authorized representatives and their respective subsidiaries, affiliates, members, directors, officers, employees and agents (collectively, the "Indemnitees") from and against any and all claims, actions, demands, costs, judgments, liens, penalties, liabilities, damages, losses, and expenses, including but not limited to any fees of accountants, attorneys or other professionals (collectively "Liabilities"), arising out of, in connection with, resulting from or related to, any act, omission, fault or negligence of CONTRACTOR, CONTRACTOR's Representative, or any of its officers, agents, employees, Subcontractors or Suppliers, or any person or

organization directly or indirectly employed by any of them (Collectively, the "Indemnitors"), in connection with or relating to or claimed to be in connection with or relating to the work performed under this AGREEMENT.

If CONTRACTOR is a joint venture or partnership, each venturer or partner shall be jointly and severally liable for any and all of the duties and obligations of CONTRACTOR that are assumed under or arise out of this AGREEMENT. Each of such venturers or partners waives notice of the breach or non-performance of any undertaking or obligation of CONTRACTOR contained in, resulting from or assumed under this AGREEMENT, and the failure to give any such notice shall not affect or impair such venturer's or partner's joint and several liability hereunder.

ARTICLE VIII: Binding Affect

AGENCY and CONTRACTOR each binds itself, its partners, successors, assigns, and legal representatives to the other party hereto, its partners, successors, assigns, and legal representatives in respect of all covenants, agreements, and obligations contained in the Contract Documents. This AGREEMENT is not assignable nor the performance of either party's duties delegable without the prior written consent of the other party. Any attempted or purported assignment or delegation of any of the rights of obligations of either party without the prior written consent of the other shall be void and of no force and effect.

ARTICLE IX: Dispute Resolution

A. In the event of a dispute arising out of the terms of this AGREEMENT, including any action brought to declare the rights granted herein or to enforce any of the terms of this AGREEMENT, the party prevailing in such dispute shall be entitled to all reasonable costs and litigation expenses actually incurred, including fees of attorneys and expert witnesses. Any court action arising out of this AGREEMENT shall be filed in the Los Angeles County Superior Court. Any alternative dispute resolution proceeding arising out of this AGREEMENT shall be heard in the City of Los Angeles or the City of Los Alamitos, California.

B. AGENCY shall have full authority to compromise or otherwise settle any claim relating to this AGREEMENT or any part hereof at any time. AGENCY shall provide timely notification to CONTRACTOR of the receipt of any third-party claim relating to this AGREEMENT. AGENCY shall be entitled to recover its reasonable costs incurred in providing the notification required by this section.

C. This AGREEMENT is further subject to the provisions of Article 1.5 (commencing at Section 20104) of Division 2, Part 3 of the Public Contract Code regarding the resolution of public works claims of less than \$375,000. Article 1.5 mandates certain procedures for the filing of claims and supporting documentation by the contractor, for the response to such claims by the

contracting public agency, for a mandatory meet and confer conference upon the request of the contractor, for mandatory nonbinding mediation in the event litigation is commenced, and for mandatory judicial arbitration upon the failure to resolve the dispute through mediation. This AGREEMENT hereby incorporates the provisions of Article 1.5 as though fully set forth herein.

ARTICLE X: Independent Contractor

CONTRACTOR is and shall at all times remain as to AGENCY, a wholly independent contractor. Neither AGENCY nor any of its agents shall have control of the conduct of CONTRACTOR or any of CONTRACTOR's employees, except as herein set forth. CONTRACTOR shall not at any time or in any manner represent that it or any of its agents or employees are in any manner agents or employees of AGENCY.

ARTICLE XI: Taxes

CONTRACTOR is responsible for paying all retail, sales and use, transportation, export, import, special or other taxes and duties applicable to, and assessable against any work, materials, equipment, services, processes and operations incidental to or involved in this AGREEMENT. The CONTRACTOR is responsible for ascertaining and arranging to pay them. The prices established in this AGREEMENT shall include compensation for any taxes the CONTRACTOR is required to pay by laws and regulations in effect as of the execution of this AGREEMENT.

ARTICLE XII: Notices

All notices and communications shall be sent in writing to the parties at the following addresses:

AGENCY: Dave Hunt, City Engineer
CITY OF LOS ALAMITOS
3191 Katella Ave.
Los Alamitos, CA 90805

CONTRACTOR: _____
UNITED PAVING
14660 Industry Circle
La Mirada, CA 90638

ARTICLE XIII: Entire Agreement

This AGREEMENT supersedes any and all other agreements, either oral or written, between the parties and contains all of the covenants and agreements between the parties pertaining to the work of improvements described herein. Each party to this AGREEMENT acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that any other agreement, statements or promise not contained in

this AGREEMENT shall not be valid or binding. Any modification of this AGREEMENT will be effective only if signed by the party to be charged.

The benefits and obligations of this AGREEMENT shall inure to and be binding upon the representatives, agents, partners, heirs, successors and assigns of the parties hereto. This AGREEMENT shall be construed pursuant to the laws of the State of California.

ARTICLE XIV: Authority To Contract

The signatories hereto represent that they are authorized to sign on behalf of the respective parties they represent and are competent to do so, and each of the parties hereto hereby irrevocably waives any and all rights to challenge signatures on these bases.

ARTICLE XV: General Provisions

A. All reports, documents or other written material ("written products" herein) developed by CONTRACTOR in the performance of this Agreement shall be and remain the property of AGENCY without restriction or limitation upon its use or dissemination by AGENCY. CONTRACTOR may take and retain copies of such written products as desired, but no such written products shall be the subject of a copyright application by CONTRACTOR.

B. In the performance of this Agreement, CONTRACTOR shall not discriminate against any employee, subcontractor, or applicant for employment because of race, color, creed, religion, sex, marital status, sexual orientation, national origin, ancestry, age, physical or mental disability or medical condition.

C. The captions appearing at the commencement of the sections hereof, and in any paragraph thereof, are descriptive only and for convenience in reference to this Agreement. Should there be any conflict between such heading, and the section or paragraph thereof at the head of which it appears, the section or paragraph thereof, as the case may be, and not such heading, shall control and govern in the construction of this Agreement. Masculine or feminine pronouns shall be substituted for the neuter form and vice versa, and the plural shall be substituted for the singular form and vice versa, in any place or places herein in which the context requires such substitution(s).

D. The waiver by AGENCY or CONTRACTOR of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. No term, covenant or condition of this Agreement shall be deemed to have been waived by AGENCY or CONTRACTOR unless in writing.

E. Each right, power and remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise shall be cumulative and shall be

in addition to every other right, power, or remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise. The exercise, the commencement of the exercise, or the forbearance of the exercise by any party of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by such party of any of all of such other rights, powers or remedies. In the event legal action shall be necessary to enforce any term, covenant or condition herein contained, the party prevailing in such action, whether reduced to judgment or not, shall be entitled to its reasonable court costs, including accountants' fees, if any, and attorneys' fees expended in such action. The venue for any litigation shall be Los Angeles County, California. This Agreement shall be governed and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF the parties hereto for themselves, their heirs, executors, administrators, successors, and assigns do hereby agree to the full performance of the covenants herein contained and have caused this AGREEMENT to be executed in duplicate by setting hereunto their names, titles, hands, and seals this _____ day of _____, 2011

CONTRACTOR: UNITED PAVING

Contractor's Sign Name, Title
Contractor's License No. _____

Subscribed and sworn to this _____ day of _____, 2011.

NOTARY PUBLIC _____
(SEAL)

AGENCY: _____ Date _____
Kenneth Stephens
Mayor of the City of Los Alamitos

ATTESTED:

Adria M. Jimenez
City Clerk of the City of Los Alamitos

Date

APPROVED AS
TO FORM:

Sandra Levin
City Attorney of the City of Los Alamitos

Date

(EXECUTE IN DUPLICATE)

City of Los Alamitos

Agenda Report Consent Calendar

March 21, 2011
Item No: 8D

To: Mayor Kenneth Stephens & Members of the City Council
Via: Jeffrey L. Stewart, City Manager
From: Todd W. Mattern, Chief of Police
Subject: Authorization to Purchase Parking Lot Surveillance Equipment

Summary: This report seeks City Council authorization for the expenditure of \$13,940 from the City of Los Alamitos Fiscal Year 2010-11 budget for the purchase of the equipment, installation, and configuration of the parking lot surveillance system.

Recommendation: Authorize the expenditure of \$13,940 from the Asset Forfeiture Fund, 27.570.5503.1114, for the purchase and installation of equipment from Scientia for the parking lot surveillance and camera upgrade project.

Background

On August 16, 2010, City Council approved a project to secure the Police Department Parking lot. In addition to fencing and controlled access, the project included an upgrade of the existing camera system with the added capability to retrieve video if necessary. In addition to thwarting vandalism and improving parking lot security, this project is intended to upgrade the jail cameras with the ability to archive and retrieve video, if necessary. For this part of the parking lot security project, \$22,550 was allocated from the asset forfeiture fund.

Discussion

Early in the project, staff solicited quotes and functionality that would provide the necessary improvements to the antiquated system. Those initial quotes replaced the entire system but did not resolve connectivity issues in West-Comm. Furthermore, the project remained at a cost prohibitive \$39,000. In searching for a more economical solution, staff sought options which would incorporate upgrades into the existing system. Since this project needed to integrate into West-Comm, Scientia, the dispatch center's information technology service provider, was contacted. Scientia provided a solution which will include upgrades and replacement of some equipment that would integrate with viable components of the existing system, thereby providing a more fiscally responsible solution. As the City's IT service provider, Brea IT was also consulted and met with prospective vendors on this project.

Since this project is an upgrade of an existing system, not all components will be replaced. Scientia provided separate quotes for components and labor so staff could separate options which are critical to our operation. They also identified some options that enabled the City to utilize Brea IT to replace the existing server which was purchased in 2000. A critical component of this surveillance system is the replacement of jail cameras and the integration of the video feed into West-Comm. The upgraded system will meet the basic goals of the project while allowing more cameras and enhanced components to be added, if needed, in the future.

Fiscal Impact

To provide the City with flexibility in the project, Scientia submitted two quotes, separating equipment and service, for a total of \$13,940. This keeps the project within the \$22,550 budget which was allocated in 27.570.5503.1114 (asset forfeiture). Because the total of the two quotes from Scientia exceeds the City Manager's purchasing authority, this item is brought to City Council for formal authorization.

Submitted By:



Todd Mattern
Chief of Police

Approved By:



Jeffrey L. Stewart
City Manager

- Attachments: 1) *Quote for Equipment*
 2) *Quote for Installation and Configuration*



Scientia Consulting Group

1591 S. Sinclair St.
Suite B
Anaheim, CA 92806
(877) 444-3108

JOB ESTIMATE

TO:
Los Alamitos PD

JOB DESCRIPTION
Provide all necessary hardware and peripherals to replace existing camera equipment.

ITEMIZED ESTIMATE: TIME AND MATERIALS	QTY	Base	AMOUNT
NetDVR base server software	1	\$ 585	\$585.00
NetDVR-1C - per camera license	7	\$ 197	\$1,379.00
Varifocal Pro Camera with WDR & Effio Chipset	6	\$ 565	\$3,390.00
Varifocal Armor Dome with WDR & Effio Chipset	1	\$ 585	\$585.00
37" LCD Display	1	\$ 525	\$525.00
LCD Wall Mount with Tilt	1	\$ 75	\$75.00
8TB Network Storage Device	1	#####	\$2,000.00
Misc. cables and connectors	1	\$ 600	\$600.00
		Sales Tax	799.66
TOTAL ESTIMATED JOB COST			\$9,938.66

This is an estimate only, not a contract. This estimate is for completing the job described above, based on our evaluation. It does not include unforeseen price increases or additional labor and materials which may be required should problems arise.

PREPARED BY _____

DATE _____



Scientia Consulting Group

1591 S. Sinclair St.
Suite B
Anaheim, CA 92806
(877) 444-3108

JOB ESTIMATE

TO:
Los Alamitos PD

JOB DESCRIPTION
Replace existing surveillance cameras to include installation, setup, and configuration of each camera location. Replace and install new server, setup and configure server software and independent camera analytics.

ITEMIZED ESTIMATE: TIME AND MATERIALS	QTY	Base	AMOUNT
Installation, setup & configuration of new camera system - labor (not taxable)	1	#####	\$4,000.00
Option - Replace existing camera wiring - \$95 per hour plus \$.18 per foot (coax and power)			\$0.00
		Sales Tax	-
TOTAL ESTIMATED JOB COST			\$4,000.00

This is an estimate only, not a contract. This estimate is for completing the job described above, based on our evaluation. It does not include unforeseen price increases or additional labor and materials which may be required should problems arise.

PREPARED BY

DATE

City of Los Alamitos

Agenda Report Consent Calendar

March 21, 2011
Item No: 8E

To: Mayor Kenneth Stephens & Members of the City Council
From: Jeffrey L. Stewart, City Manager
Via: Steven A. Mendoza, Community Development Director
Subject: Second Reading for Ordinance No. 11-04-ZOA 10-02 (Window Signs)

Summary: This is the second reading of Ordinance 11-04 to alter Window Sign regulations. During the first reading, Council agreed to retain the City's existing regulations while adding a definition of "windows".

Recommendation:

1. Waive reading in full and authorize reading by title only of Ordinance No. 11-04; and,
2. Mayor Stephens read title of Ordinance No. 11-04, entitled "AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS, AMENDING THE LOS ALAMITOS MUNICIPAL CODE SECTION 17.28.030."
3. Adopt Ordinance No. 11-04 by roll call vote.

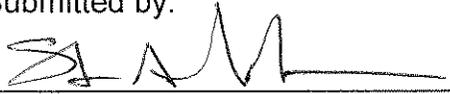
Background

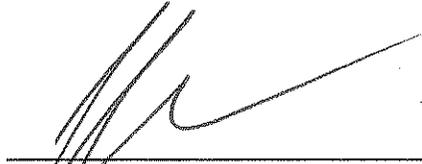
On March 7, the City Council conducted a first reading of Ordinance No. 11-04, which would approve a modified version of a proposed Zoning Code change related to window signage. The decision was made to retain the City's existing regulations, but adopted a new definition of "window". Staff has changed Ordinance 11-04 accordingly. The proposed Ordinance now defines the term "window" as: "An opening that is in a wall of a structure; designed to allow light and/or ventilation into the structure and to allow for the display of products and services for commercial and industrial businesses; enclosed by frame and/or mullion; and containing a single pane of glass or other similar transparent or semi-transparent material." No other regulatory changes are incorporated.

Fiscal Impact

None.

Submitted by:


Steven A. Mendoza
Community Development Director


Jeffrey L. Stewart
City Manager

Attachment: 1. Draft City Council Ordinance No. 11-04

ORDINANCE NO. 11- 04

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS,
AMENDING THE LOS ALAMITOS MUNICIPAL CODE SECTIONS 17.28.030,
REGARDING WINDOW SIGN REGULATIONS CITYWIDE**

WHEREAS, the City-initiated Zoning Ordinance Amendment ZOA10-02 proposes to amend Section 17.28.030 by adding the definition of the term "window"; has been considered by the Director of Community Development and has been submitted to the Planning Commission; and,

WHEREAS, the Planning Commission held three public hearings and adopted Resolution No. PC 10-20, recommending the proposed amendment which is set forth in Exhibit A, attached herein, be adopted by the City Council; and,

WHEREAS, the City Council held a public hearing on March 7, 2011, to receive public input on the proposed amendments to Chapter 17.28 as it relates to window signs; and,

WHEREAS, during the March 7, 2011 hearing, the City Council agreed that the existing sign code was suitable as is, but found that defining a window in section 17.28.030 would be beneficial; and,

WHEREAS, the proposed amendment ensures and maintains internal consistency with the actions, goals, objectives, and policies of the general plan, and would not create any inconsistencies with this Zoning Code. The proposed amendment is consistent with General Plan Land Use Policy 1-3.1 to "apply appropriate and consistent standards in land use and site plan approvals to achieve continuity and cohesion in the physical development of the City." The proposed amendment establishes clarity by adding a definition of the term "window"; allow for easier education and enforcement; all other regulations of Chapter 17.28 have been maintained; and,

WHEREAS, the proposed amendment would not be detrimental to the public convenience, health, interest, safety, or welfare of the city in that there are no adverse impacts anticipated in the clarification of window definitions.

WHEREAS, the proposed project has been reviewed in compliance with the provisions of the California Environmental Quality Act (CEQA) and the city's environmental review procedures in that the proposed amendments are exempt from California Environmental Quality Act review per Section 15061(b)(3) of the California State Government Code because the Code Amendment will have no significant effect on the environment.

WHEREAS, the proposed amendment is internally consistent with other applicable provisions of this zoning code and does not provide any conflicts with any other provision of the Los Alamitos Municipal Code.

**THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS DOES HEREBY
ORDAIN AS FOLLOWS:**

SECTION 1. Chapter 17.28 of Title 17 of the Los Alamitos Municipal Code is hereby amended to read as set forth in Exhibit A, attached hereto, and incorporated by reference herein.

SECTION 2. To the extent the provisions of the Los Alamitos Municipal Code as amended by this Ordinance are substantially the same as the provisions of that Code as they read immediately prior to the adoption of this Ordinance, then those provisions shall be construed as continuations of the earlier provisions and not as new enactments.

SECTION 3. If any section, subsection, subdivision, sentence, clause, phrase or portion of this Ordinance, is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

SECTION 4. The City Clerk shall certify as to the adoption of this Ordinance and shall cause a summary thereof to be published within fifteen (15) days of the adoption and shall post a Certified copy of this Ordinance, including the vote for and against the same, in the Office of the City Clerk, in accordance with Government Code Section 36933.

SECTION 5. This Ordinance shall take effect thirty days after second reading as provided in Government Code Section 36937.

**PASSED, APPROVED AND ADOPTED THIS 21st DAY OF
MARCH, 2011.**

Kenneth Stephens, Mayor

ATTEST:

Adria M. Jimenez, CMC
City Clerk

APPROVED AS TO FORM:

Sandra J. Levin, City Attorney

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF LOS ALAMITOS)

I, Adria Jimenez, City Clerk of the City of Los Alamitos, do hereby certify that the foregoing Ordinance No. 11-04 was duly introduced and placed upon its first reading at a regular meeting of the City Council on the 7th day of March, 2011 and that thereafter, said Ordinance was duly adopted and passed at a regular meeting of the City Council on the ____ day of _____, 2011, by the following vote, to wit:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

DRAFT

Adria Jimenez, City Clerk

DRAFT

EXHIBIT A

1. Amend Section 17.28.030 ("Definitions") to add the following provision to read as:

"Window" An opening that is in a wall of a structure; designed to allow light and/or ventilation into the structure and to allow for the display of products and services for commercial and industrial businesses; enclosed by frame and/or mullion; and containing a single pane of glass or other similar transparent or semi-transparent material."

DRAFT

City of Los Alamitos

Agenda Report Ordinances

March 21, 2011
Item No: 9A

To: Mayor Kenneth Stephens & Members of the City Council

Via: Jeffrey L. Stewart, City Manager

From: Adria M. Jimenez, CMC, City Clerk

Subject: Introduce and Waive Further Reading of Ordinance No. 11-05, "Amending Portions of Chapter 2.04.170(a), "Addressing the council," of the Los Alamitos Municipal Code

Summary: During the regular City Council Meeting of March 7, 2011, the City Council approved changing the City's current policy on public comment. The Council's decision was to change the public comment time during Oral Communications from five minutes to three minutes and allow the public to comment for three minutes at the time an item is being discussed by the City Council.

Recommendation:

Introduce and waive further reading of Ordinance 11-05, "Amending Portions of Chapter 2.04.170(a), "Addressing the council," of the Los Alamitos Municipal Code.

Background

At the March 7, 2011 meeting, City Council approved changing its policy on accepting public comment at City Council Meetings. The City Council would like to allow public comment for three minutes during Oral Communications, which is held at the beginning of the meeting. The Council also approved allowing the public to comment for three minutes on an agenda item at the time the item is being discussed by the City Council. Public testimony will continue to be heard during a public hearing, as required by law.

Discussion

The City Council may change the manner in which the public addresses the City Council as long as the Government Code is adhered to. Under Government Code Section 54954.3(a), members of the audience may address the City Council on any item of interest to the public, before or during the Council's consideration of the item, that is within the subject matter jurisdiction of the Council, provided that no action be taken on any item not on the agenda. Government Code 54954.3(b) allows the City Council to adopt reasonable regulations limiting the total amount of time allocated for each individual speaker.

As the City of Los Alamitos Municipal Code (LAMC) Section 2.04.170(a) currently stipulates, "Each person desiring to address the Council shall step up to the microphone in the front of the Council Chamber, state his/her name and address for the record, state the subject he/she wishes to discuss, state whom he/she is representing if he/she represents an organization or other persons, and, unless further time is granted by majority vote of the Council, shall limit his/her remarks to five minutes."

Currently, the City Council's practice is to allow any person wishing to address the Council on any matter within the City Council's jurisdiction at the time designated on the agenda as "Oral Communications," for five minutes. Upon adoption of Ordinance No. 11-05, the language on the agenda will need to be changed to designate when the public can address the Council and for how long. An example of the new language is below:

NOTICE TO THE PUBLIC

Persons wishing to address the City Council on any item on the City Council Agenda may do so for three minutes at the time the item is considered by the City Council.

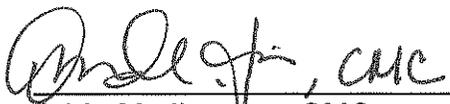
ORAL COMMUNICATIONS

At this time, any individual in the audience may come forward to speak on any item within the subject matter jurisdiction of the City Council not on the agenda. Remarks are to be limited to not more than three minutes.

Fiscal Impact

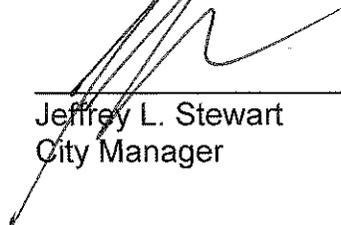
None.

Submitted By:



Adria M. Jimenez, CMC
City Clerk

Approved By:



Jeffrey L. Stewart
City Manager

Attachment: Ordinance No. 11-05, Amending Portions of Chapter 2.04.170(a), "Addressing the council," of the Los Alamitos Municipal Code

ORDINANCE NO. 11-05

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS, CALIFORNIA, AMENDING PORTIONS OF CHAPTER 2.04.170 ADDRESSING THE COUNCIL OF THE LOS ALAMITOS MUNICIPAL CODE

THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS, CALIFORNIA DOES ORDAIN AS FOLLOWS:

SECTION 1. Section 2.04.170(a) of the Los Alamitos Municipal Code is hereby amended to read as follows:

Sec. 2.040.170(a) Addressing the council:

Manner of Addressing Council. Each person desiring to address the council shall step up to the microphone in the front of the council chamber, state his/her name and address for the record, state the subject he/she wishes to discuss, state whom he/she is representing if he/she represents an organization or other persons, and, unless further time is granted by majority vote of the council, shall limit his/her remarks to ~~five~~ three minutes. All remarks shall be addressed to the council as a whole and not to a member thereof. No question shall be asked a councilmember or a member of the city staff without the permission of the presiding officer.

SECTION 2. The City Clerk shall certify to the passage of this Ordinance and shall cause the same to be published as required by law.

PASSED AND APPROVED on this 4th day of April 2011.

Kenneth Stephens
Mayor

ATTEST:

Adria M. Jimenez, CMC
City Clerk

APPROVED AS TO FORM:

Sandra J. Levin
City Attorney

City of Los Alamitos

Agenda Report Discussion Items

**March 21, 2011
Item No: 10A**

To: Mayor Kenneth Stephens & Members of the City Council
From: Jeff Stewart, City Manager
Subject: Discussion of Potential Application for Latent Powers by the Rossmoor Community Services District

Summary:

During the regular City Council meeting of March 7, 2011, Councilmember Graham Mejia requested staff to agendize a discussion item related to the potential application for "latent powers" by the Rossmoor Community Services District.

Recommendation: 1) Should the City Council choose to take a position on this issue, it is recommended that staff be authorized draft correspondence stating the City's position and forward the letter to the 2nd District County Supervisor's office and the Rossmoor Community Services District; 2) Alternatively, discuss and take other action related to this item.

Background and Discussion

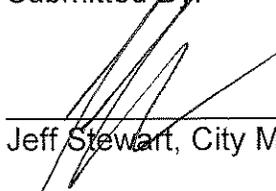
In 2005, the California Legislature took action to update and consolidate the powers granted to Community Services Districts in California. That action brought clarity to the several sections of the State Code that governed the powers of CSDs in California. However, for the purposes of this issue, the 2005 legislation provided for a definition of "latent powers," as the term relates to CSDs. The revised CSD statute defined "latent powers" as those services and facilities that a Local Agency Formation Commission (LAFCO) determines that a CSD did not provide before January 1, 2006.

Over the past several months, the Rossmoor Community Services District (RCSD) has expressed in various public forums interest in seeking approval from LAFCO for additional "latent powers" to directly provide for additional services in the unincorporated community of Rossmoor. Those powers, pursuant to current Community Services District Law, may be granted by LAFCO, at its sole discretion, upon consideration of a formal application by the District. To date, however, Orange County LAFCO stated that it has not received a formal application from the RCSD requesting additional "latent powers."

Fiscal Impact

No fiscal impact.

Submitted By:



Jeff Stewart, City Manager

Attachments: None

City of Los Alamitos

Agenda Report Discussion Items

March 21, 2011
Item No: 10B

To: Mayor Ken Stephens & Members of the City Council
Via: Jeffrey L. Stewart, City Manager
From: Anita Agramonte, Finance Manager
Subject: Consideration of Fiscal Years 2010-11 Investment Policy

Summary: This report seeks City Council consideration for the adoption of the Investment Policy for Fiscal Years 2010-11.

Recommendation: Adopt the Investment Policy for Fiscal Year 2010-11 as recommended in "Attachment A".

Background

In accordance with Government Code Section 53646(a) (2), staff is submitting the Investment Policy for Fiscal Years 2010-11 for formal City Council review and adoption.

The City currently has \$9.9 million in idle cash that is invested in the Local Agency Investment Fund (LAIF). Cash flow analysis reveals that the City's idle cash typically fluctuates between \$8.1 and \$9.9 annually, with peaks in the months of January and May representing the influx of property taxes realized in those months and lows typically observed in the months of October and November.

Discussion

The Investment Policy was last approved on September 21, 2009. There are several recommended changes to the Investment Policy, which are included in Attachment 2 (red-lined version), and are explained in more detail in the following paragraphs.

The first page of the revised Investment Policy regarding "purpose" and "application" includes a brief introduction, as well as enhanced descriptions of the purpose and application of the policy. The second page provides further detail on safety, liquidity, and yield.

Page 3 discusses “legal and policy constraints”. This section states the City’s investment strategy and establishes prohibited practices. The first two bullets have been rewritten for further clarification, while the third bullet was deleted as it limits the City’s investments to Local Agency Investment Fund and local bank certificates of deposit. All the other allowed investments require the use of “third party placement” (i.e. brokers), which is prohibited under the current investment policy. Also, the paragraph regarding repurchase agreements was moved to Section G on page 6 for improved consistency.

Additionally, on the fourth page, more detailed language for further clarification was added to the section regarding “safekeeping of securities”.

Under “maturity and term” on page 4 and 5 of the Investment Policy, negotiable certificates of deposit have been added as an allowable investment with a maturity of more than two years. This is because negotiable certificates of deposit can be purchased for much smaller amounts, i.e., \$100,000, compared to minimum amounts of FNMA or FHLB debentures of \$500,000. Additionally, staff is proposing that the percentage be increased to 30% of the investment portfolio that is allowed to be invested over two years. This is equivalent to the amount the City Council has currently designated as an emergency reserve and liability reserve in the General Fund (\$2,800,000). At some point in the future, the City may wish to invest these funds in a security that earns a higher rate of return than what can be earned on an investment with a shorter maturity.

Page 5 replaces the title of Director of Administrative Services with the designation of City Treasurer which is established by City Council resolution, and therefore, would remain in effect even when there are changes to other titles within the organization.

Page 6 has been modified to provide for the increase in the federally insured portion of investments up to \$250,000 through December 31, 2013.

Additionally, on pages 6 and 7, in lieu of the list of allowable investments, a table outlining permitted investments, as well as maximum maturities and percentage of portfolio was added. The policy states in other sections, that the City Treasurer will not be permitted to invest in amounts over the federally insured levels. On page 8, language regarding acceptable minimum ratings and a summary ratings table were added, as well as language detailing prohibited investments.

On page 8, more detailed language was added in the “diversification” section for further clarification.

Under the “reporting” section on page 9, the California Debt and Investment Advisory Commission recommends investment reporting to the governing body on a quarterly basis, when the City invests in securities other than LAIF. This has not been a requirement in the past, as the City historically has only invested its surplus monies in LAIF.

Page 7, Section M, contains new language regarding "qualified dealers" with which the City may conduct business. The paragraph specifies qualifications that will be verified by the City Treasurer prior to doing business with the broker/dealer. This section replaces Appendix B of the current policy.

Appendix A includes further clarifications of terminology under negotiable certificates of deposit and banker's acceptances.

For further reference, Appendix B was added to summarize the State of California statutes that are applicable to Municipal Investments.

Staff believes that these recommendations will enhance the City's Investment Policy. The revised policy will make it possible to earn a higher rate of return on investments, while maintaining the priorities of safety and liquidity.

For comparative purposes, the daily rate of return on LAIF as of December 31, 2010 is 0.46%. Negotiable certificates of deposit with a maturity of 18 months currently carry a rate of return of 0.65% to 0.75% and federal agency obligations with a 2.25 to 2.75 year term are yielding a 1.0% to 1.1% rate of return.

Fiscal Impact

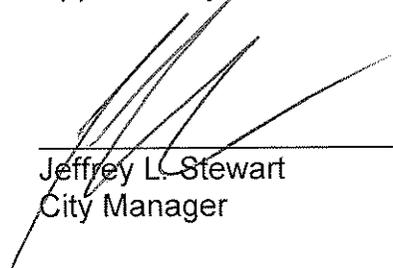
The approval of the Investment Policy will not have any financial impact on the City other than the potential for increased investment revenue.

Submitted By:



Anita Agramonte
Finance Manager

Approved By:



Jeffrey L. Stewart
City Manager

Attachments: 1) *Statement of Investment Policy for Fiscal Year 2010-11*
2) *Red line version of Investment Policy for Fiscal Year 2010-11*

City of Los Alamitos

Statement of Investment Policy for Fiscal Year 2010-11

This Statement of Investment Policy ("Policy"), as set forth by the City of Los Alamitos ("City"), provides the guidelines for prudent investment of the City's idle or reserve cash and outlines the policies essential to ensuring the safety and financial strength of the City's investment portfolio.

This Policy is based on the principles of prudent money management and conforms to all applicable Federal and State Laws governing the investment of public funds. In instances in which the Policy is more restrictive than Federal or State Law, the Policy will supersede.

1. Purpose: This statement sets forth policies which shall govern the investment of the City's funds. It will be used by the City Treasurer and other City officials and staff, as well as all other third-party providers of investment or investment related services. Its purpose is to direct the prudent investment and protection of the City's funds and investment portfolio, in compliance with the requirements of California Government Code Section 53600 et. seq.

2. Application: It is intended that this policy cover all short-term operating funds and investment activities under the direct authority of the City. These funds are described in the City's annual financial report and include:

- General Fund
- Special Revenue Funds
- Capital Projects Funds
- Internal Service Funds

This investment policy does not apply to Bond Proceeds. California Government Code Section 5922(d) authorizes bond, certificates of participation notes and other debt issue proceeds to be invested in accordance with the related offering documentation. These Code Sections recognize the unique needs and objectives of such proceeds.

3. Regulation:

A. Investment Objectives

It is the policy of the City to invest public funds in a manner which will provide for the preservation of capital while meeting the daily cash flow requirements of the City, and attaining a market average rate of return within an acceptable and defined level of risk.

The Policy has three primary objectives in order of priority:

1. Preservation of Capital (Safety) – The protection of principal is the foremost consideration when undertaking investment decisions that affect public funds. The objective is to mitigate credit risk and interest rate risk.
 - a. Credit Risk is the risk of loss of principal due to the failure of the security issuer. Credit Risk can be mitigated by:
 - ✓ Limiting investments to the safest types of securities.
 - ✓ Pre-qualifying accountants, auditors, financial institutions, broker/dealers, financial advisors and other outside consultants with which the City does business.
 - ✓ Diversifying the investment portfolio so that potential losses are minimized
 - b. Interest Rate Risk is the risk that the market value of securities will fall due to a rise in general market interest rates. It is the policy of the City to hold individual securities to maturity in an effort to meet liquidity demands. Interest rate risk can be mitigated by:
 - ✓ Holding individual securities to maturity - Structuring the investment portfolio so that securities mature to meet cash flow requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
 - ✓ Employing a laddering strategy whereby staggering maturities of individual securities so that bonds come due in increments assuring an overall liquidity pattern.
 - ✓ Limiting maturities of individual securities and the average maturity of the overall portfolio.
2. Liquidity – the investment portfolio shall remain sufficiently liquid to meet all daily cash flow and operating requirements that may be reasonably expected or anticipated.
3. Yield – the investment portfolio shall be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, consistent with the primary objectives of safety and liquidity.

B. Legal and Policy Constraints

The authority governing investments for municipal government agencies is set forth in the California Government Code Section 53600, et. seq. In all instances, the City of Los Alamitos shall comply with the requirements of state law.

In addition to the requirements of state law, it is the investment philosophy of the City to make investment decisions based on an overall passive management style that embodies a prudent investor standard and investments are purchased with the intent to hold until maturity.

Accordingly, the City's conservative philosophy prohibits active trading and speculation; i.e., the purchase of securities with the intent to profit from favorable market changes in market prices or market conditions. Leveraging or borrowing money for the purpose of

investing is specifically prohibited. However, the City may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the quality, liquidity, or yield of the portfolio in response to market conditions or City needs.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

C. Safekeeping of Securities

To protect against fraud or embezzlement or losses caused by collapse of an individual securities dealer, all securities owned by the City shall be held in safekeeping by a third party bank trust department. Designated third party shall act as agents for the City under the terms of a custody agreement. All trades executed by a dealer will settle delivery vs. payment (DVP) through the City's safekeeping agent. Investment officials shall be bonded to protect the public against possible embezzlement or malice. Securities held in custody for the City shall be independently audited on an annual basis to verify investment holdings.

D. Maturity and Term

California Government Code Section 53601 states that except as otherwise allowed:

No investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement authorized by this section, which at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment.

The City of Los Alamitos administers funds according to cash flow requirements. As a result, there is a core of funds that are not necessary for the daily operational needs of the City for paying expenses. From time to time market conditions of fixed income markets present opportunities for higher interest rates on high grade securities with a low risk exposure. It is in the best interest of the City of Los Alamitos to practice a fully diversified investment plan that will ensure safety, liquidity, and the increase of acceptable yield from these situations.

To the extent possible, the City of Los Alamitos will attempt to match its investments with anticipated cash flow requirements.

At no time will more than 50 percent (50%) of the City of Los Alamitos' funds be invested longer than one year. Purchases greater than two years will meet the following requirements and restrictions:

1. The security must be a U. S. Treasury Note or Bond, a Federal National Mortgage Association (FNMA) debenture, a Federal Home Loan Bank (FHLB) debenture, or a Negotiable Certificate of Deposit.

2. A maximum of thirty percent (30%) of the City of Los Alamitos' invested funds can be invested in securities over two years.
3. No securities can be purchased by the City of Los Alamitos with a maturity greater than five years without the prior approval of the City Council.

E. Investment Authority

The City Treasurer is authorized to make investments on behalf of the City of Los Alamitos. Such investments shall only be limited to the instruments authorized under California Government Code Sections 53601 and 53635 and further described in Appendix A and B.

All investments of the City of Los Alamitos shall be approved by the City Treasurer.

No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the City Treasurer.

Officers and employees of the City of Los Alamitos involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the City Treasurer any material financial interests in financial institutions that conduct business with the City of Los Alamitos, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City of Los Alamitos, particularly with regard to the time of purchases and sales. The City Treasurer shall make similar disclosures to the City Council. Under no circumstances shall investment officers or employees accept gifts, trips, or any type of gratuity from individuals or institutions engaged in investment practices with the City of Los Alamitos.

F. Transfer of Investment Funds

The transferring of investment funds will be carried out exclusively by use of telephonic or electronic wire transfers. Each entity with which the City does business shall receive, in writing from the City Treasurer, a listing which limits transfers of funds to preauthorized bank accounts only. The listing will also contain the names of City staff authorized to request such transfers and will be updated, in writing, for all changes of authorized staff and bank accounts, as necessary.

G. Deposits

Money must be deposited in state or national banks, state or federal savings associations, or state or federal credit unions in the State of California. It may be in inactive deposits, active deposits or interest-bearing active deposits. The deposits cannot exceed the amount of the bank's, savings and loan's or credit union's paid up capital surplus.

The bank or savings and loan must secure the active and inactive deposits with eligible securities having a market value of 110% of the total amount of the deposits. State law also allows, as an eligible security, first trust deeds having a value of 150% of the total amount of the deposits. A third class of collateral is letters of credit drawn on the Federal Home Loan Bank (FHLB). The investment officer may, at his/her discretion,

waive security for that portion of a deposit which is insured pursuant to federal law. Currently, the first \$250,000 of a deposit is federally insured. It is the City's policy to waive this collateral requirement for the first \$250,000 because it is possible to receive a higher rate.

For Repurchase Agreements, the acceptable collateral is U. S. Treasury Issues or Federal Agency Issues (i.e., FNMA, FHLB, FFCB, and GNMA). A statement showing the type of collateral being utilized must be forwarded.

The City will not purchase an investment that is above the FDIC insured level. This will include the accrued interest on the deposit. It is to the City's advantage to reduce the principal deposit to the lower level for full insurance coverage of principal and accrued interest if the financial institution requests the reduction and if there is no penalty assessed for the reduction. If funds are to be collateralized, the acceptable collateral is 110% of the deposit in government securities.

H. Permitted Investments

Investments shall be made only in those instruments specifically authorized by California State laws (section 53600-53609), and to no greater an extent than those authorized by those laws.

The City's specific permitted investment guidelines are listed below. It should be noted that City's permitted investments are more restrictive than the State guidelines. A Glossary and a summary of the State of California Statutes Applicable to Municipal Investments and is provided in Appendix A and B.

Investment Type:	Maximum Maturity:	Maximum percentage of Portfolio:
U.S. Treasury Bills, Notes and Bonds	5 Years	75 percent
Federal Agency Obligations	5 Years	50 percent 35 percent / Agency
Bankers' Acceptances (BA's)	180 Days	20 percent
Certificates of Deposit, Negotiable Certificates of Deposit or Time Deposits* (CD's)	5 Years	50 percent
Local Agency Investment Fund (LAIF)	N/A	100 percent
Commercial Paper	270 Days	20 percent
Money Market Mutual Funds	N/A	10 percent
Repurchase Agreements*	30 Days	10 percent
Medium Term Corporate Notes	5 Years	10 percent

* Denotes a collateral requirement either initially, or at a pre-determined threshold. Please refer to Deposits section of the Policy for specific requirements.

When possible, two ratings should be obtained to determine if an investment meets the Policy's quality standard. Currently under this Policy, only Standard and Poor's (S&P) and Moody's Investor Service (Moody's) are recognized investment ratings providers and the City has established the following minimum standards to be applied at time of purchase and for reporting purposes:

Investment Type:	Standard & Poor's	Moody's
Banker's Acceptances	A1	P1
Commercial Paper	A1	P1
Certificates of Deposit	AA	Aa
Money Market Mutual Funds	AAA	Aaa
Medium Term Corporate Notes	AA	Aa1
Repurchase Agreement - Provider	AA	Aa

State and Federal laws notwithstanding, any investment not specifically described herein including, but not limited to, reverse repurchase agreements, derivatives, options, futures, zero coupon bonds, inverse floaters, range notes, first mortgages or trust deeds, collateralized mortgage obligations (CMO's), limited partnerships, real estate investments trusts (REIT's), open-end mutual funds, closed-end mutual funds, mutual funds with a weighted average maturity greater than 180 days, unregulated and/or uninsured investment pools, common stock, preferred stock, commodities, precious metals, securities with high price volatility, limited marketability (less than three active bidders), securities that may default on interest payments and any other speculative investment deemed inappropriate under the Prudent Investor standard are strictly prohibited. In addition, any investment transaction that might impair public confidence in the City of Los Alamitos government is to be avoided.

I. Diversification

The City of Los Alamitos shall diversify its investments by security type and institution. The City recognizes diversification is an investment strategy that will mitigate risk in the investment portfolio. The City's investment portfolio shall be diversified to avoid incurring unreasonable and avoidable risks with regard to specific investment types. Within investment types, the City shall also maintain a mix of securities to avoid concentrations within individual financial institutions, geographic areas, industry types and maturities. The City will only invest in fixed rate, fixed maturity securities and with the exception of U. S. Treasury securities and authorized investment pools, no more than 50 percent (50%) of the City of Los Alamitos' investment portfolio shall be invested in a single security type or with a single financial institution.

J. Performance Standards

The investment portfolio shall be designed with the objective of obtaining a rate of return, throughout budgetary and economic cycles, commensurate with investment risk constraints and cash flow needs.

The basis used by the City Treasurer to determine whether market yields are being achieved shall be the U. S. Treasury Bill and Local Agency Investment Fund (LAIF).

K. Reporting

In accordance with California Government Code Sections 53607 and 53646, the City Treasurer and the City Manager shall render quarterly reports to the City Council showing: (a) type of investment; (b) institution; (c) date of maturity; (d) amount of deposit; (e) current market value for all securities with a maturity of more than twelve (12) months; (f) rate of interest on each security; and (g) such other data as the City Council may, from time to time, specify. (This section is applicable when the City Treasurer has invested in other types of securities other than LAIF.)

The City Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

L. Policy Review

1. Annual Statement of Investment Policy The City Treasurer and the City Manager shall annually render to the City Council a Statement of Investment Policy which Statement shall be adopted by the City Council.

2. Periodic Review – To ensure a statement which is consistent with any new relevant legislation and financial trends, the City Treasurer shall periodically report to the City Council proposed changes and amendments to this document for review and approval. In any event, all changes in state law affecting this policy shall be considered incorporated immediately upon their effective date unless otherwise adopted earlier by action of the City Council.

M. Qualified Dealers

The City of Los Alamitos shall purchase authorized investments either directly from the issuer or shall be purchased either from an institution licensed from the State as a broker dealer, as defined in the Corporations Code, or from a member of the federally regulated securities exchange, from a national or state chartered bank, from a savings association or federal association, or from a brokerage firm designated as a primary or regional government dealer.

The City Treasurer will maintain a list of financial institutions formally authorized to provide investment services. The City Treasurer shall formally authorize investment brokers to provide investment services to the City. Investment Brokers may be Primary Dealers or Regional Brokers and licensed to do business in the State of California. Brokers must complete a broker questionnaire which includes proof of Financial Industry Regulatory Authority (FINRA) certification, proof of State registration and execute a certification that the Broker's employees and supervisory personnel have read and understand the City's Investment Policy. The City Treasurer may conduct periodic reviews of the approved list of investment brokers and may remove a firm from the approval list at any time due to any failure to comply with any of the above criteria, failure to execute a transaction, any change in broker/dealer staff, or any action, event or failure to act which, in the sole discretion of the City Treasurer, is materially adverse to the best interest of the City of Los Alamitos.

APPENDIX A

DEPOSITORY SERVICES

Active deposits are demand or checking accounts which receive revenues and pay disbursements.

Interest-bearing active deposits are money market accounts at a financial institution (i.e., bank, savings and loan, credit union). These accounts are demand accounts (i.e., checking accounts) with restricted transaction activity.

Inactive deposits are Certificates of Deposit issued in any amount for periods of time as short as fourteen days and as long as several years. Interest must be calculated on a 360 day basis, actual number of days.

Passbook savings account is similar to an inactive deposit except not for a fixed term. The interest rate is much lower than Certificates of Deposit, but the savings account allows for flexibility. Funds can be deposited and withdrawn according to daily operational needs.

INVESTMENT SECURITIES

U.S. Treasury Issues are direct obligations of the United States Government. These issues are called bills, notes, and bonds. The maturity range of new issues is from 13 weeks (T-Bills) to 30 years (T-Bonds). These are highly liquid and are considered the safest investment security.

Federal Agency Issues are issued by direct U. S. Government agencies or quasi-government agencies. These issues are guaranteed directly or indirectly by the United States Government. Examples of these securities are Federal Home Loan Bank (FHLB) notes, Federal National Mortgage Association (FNMA) notes, Federal Farm Credit Bank (FFCB) notes, Federal Home Loan Mortgage Corporation (FHLMC) notes, Federal Intermediate Credit Bank (FICB) debentures, Small Business Administration (SBA) notes, Government National Mortgage Association (GNMA) notes, and Student Loan Association (SALLMAE) notes.

Certificates of Deposit are investments for inactive funds issued by banks, savings and loans, and credit unions. Investments of \$250,000 are insured respectively by Federal Deposit Insurance Corporation (FDIC), Federal Savings and Loan Insurance Corporation (FSLIC), and the National Credit Union Share Insurance Fund (NCUSIF). Certificates of Deposit can be issued from 14 days to several years in maturity allowing the City investment of funds to be matched to cash flow needs. For deposits exceeding \$250,000, the financial institution is required to collateralize the investment with 110% government securities. The City does not accept 150% collateral (First Trust Deeds) or 105% Letters of Credit (L.C.).

Negotiable Certificates of Deposit (NCD) are unsecured obligations of the financial institution, bank or savings and loan, bought at par value, with the promise to pay face value plus accrued interest at maturity. They are high-grade negotiable instruments, paying a higher interest rate than regular certificates of deposit. The primary market issuance is in multiples of \$1,000,000, the secondary market usually trades in denominations of \$500,000, although smaller lots are occasionally available. As a matter of practice, only the ten largest U.S. banks, where there is a secondary market established for continued liquidity are considered for investment.

Bankers Acceptances are short term credit arrangements to enable businesses to obtain funds to finance commercial transactions. They are time drafts drawn on a bank by an exporter or importer to obtain funds to pay for specific merchandise. By its acceptance, the bank becomes primarily liable for the payment of the draft at maturity. An acceptance is a high grade negotiable instrument. In order for cities to purchase banker's acceptances, State law requires that the banker's acceptance be eligible for purchase by the Federal Reserve System and maturities to be less than 270 days. The interest is calculated on a 360 day discount basis similar to Treasury Bills. Local Agencies cannot invest more than forty percent (40%) of their surplus money in Bankers Acceptances.

Commercial Paper is a short term unsecured promissory note issued by a corporation to raise working capital. These negotiable instruments may be purchased at a discount to par value or interest bearing. Commercial paper is issued by corporations such as General Motors Acceptance Corporation (GMAC), Shearson-American Express, Bank of America, Wells Fargo Bank, etc.

Local agencies are permitted by state law to invest in commercial paper of "prime" quality to the highest ranking or of the highest letter and numerical rating as provided by Moody's Investor's Service, Inc. or Standard and Poor's Corporation. Purchases of eligible commercial paper may not exceed 180 days maturity nor exceed fifteen percent of the local agency's surplus funds. An additional fifteen percent (15%) (for a total of 30%) can be invested in Commercial Paper provided the average maturity of invested funds in Commercial Paper does not exceed 30 days.

Medium Term Corporate Notes are unsecured promissory notes issued by a corporation organized and operating in the United States. These are negotiable instruments and are traded in the secondary market. Medium Term Corporate Notes (MTN) can be defined as extended maturity commercial paper. Corporations use these MTN's to raise capital. Examples of MTN issuers are General Electric, GMAC, Citibank, Wells Fargo Bank, etc.

Local agencies are restricted by the California Government Code to investments in corporations rated in the top three note categories by a single nationally recognized rating service. Further restrictions are a maximum term of five years to maturity and total investments in Medium Term Corporate Notes may not exceed thirty percent (30%) of the local agency's surplus money.

Repurchase Agreements and Reverse Repurchase Agreements are short term investment transactions. Banks buy temporarily idle funds from customers by selling them U. S. Government or other securities with a contractual agreement to repurchase the same securities on a future date. Repurchase Agreements are typically for one to ten days in maturity. The customer receives interest from the bank. The interest rate reflects both the prevailing demand for Federal Funds and the maturity of the repo. Some banks will execute Repurchase Agreements for a minimum of \$100,000, but most banks have a minimum of \$500,000. A Reverse Repurchase Agreement (Reverse repo) is exactly what the name implies. The City of Los Alamitos may invest periodically in Repurchase Agreements, but as a matter of policy the City of Los Alamitos does not invest in Reverse Repurchase Agreements.

Local Agency Investment Fund (LAIF) is a special fund in the State Treasury which local agencies may use to deposit funds for investment. There is no minimum investment period and the minimum transaction is \$5,000, in multiples of \$1,000 above that, with a maximum of \$40 million for any agency. It offers high liquidity because deposits can be converted to cash in twenty-four hours and no interest is lost. All interest is distributed to those agencies participating on a proportionate share determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly by electronic deposit to a designated bank account.

The State keeps an amount for reasonable costs of making the investments, not to exceed one-quarter of a percent of the earnings.

County Pooled Funds are similar to the State of California Local Agency Investment Fund (LAIF), but administered by the County of Orange.

Mutual Funds are referred to in California Government Code Section 53601(k) as "shares of beneficial interest issued by diversified management companies." The Mutual Fund must be restricted by its by-laws to the same investments as the local agency by the California Government Code. These investments are Treasury Issues, Federal Agency Issues, State of California and City (within California) debt obligation, Bankers Acceptances, Commercial Paper, Certificates of Deposit, Negotiable Certificates of Deposit, Repurchase Agreements, Reverse Repurchase Agreements, Financial Futures and Financial Options and Medium Term Corporate Notes. The quality rating and percentage restrictions in each investment category applicable to the local agency also apply to the Mutual Fund.

A further restriction is that the purchase price of share or mutual funds shall not include any sales commission. Investments in mutual funds shall not exceed fifteen percent of the local agency's surplus money.

Financial Futures and Financial Options are forward contracts for securities. The California Government Code states that a local agency may incur future contracts/options for any of the investment securities enumerated in Section 53601. Due to the volatility of trading in financial futures, the City of Los Alamitos does not invest in financial futures or financial options.

APPENDIX B:

Summary of State of California Statutes Applicable to Municipal Investment

The following investments are authorized by California State Code, Title 5, Division 2, Sections 53600 et seq. and 16429.1.

California Authorized Investments	% Limits & Other Constraints (Key Limitation Summary)
Local Agency Bonds	No Limit
US Treasury Notes, Bonds, Bills	No limit
California State Warrants, Treasury Notes or Bonds	No limit
Bonds, Notes, Warrants of any local agency within the State	No limit
Federal Agency or United States government-sponsored enterprise obligations	No limit
Bankers Acceptances	40% max overall limitation: 30% max in any one commercial bank: 180 days max maturity.
Commercial Paper	A Domestic Corporation Total Assets in excess of \$500 million At Least "A-1" rated commercial paper 25% max overall limitation: 10% investment max in any single issuer No more than 10% of the outstanding amount for any one issuer 270 days max maturity.
Negotiable Certificates of Deposit	Issued by nationally or state-chartered bank, a savings association or a federal association, a state of federal credit union, or a state licensed branch of a foreign bank. 30% max overall limitation
Repurchase Agreements	One Year Term or less Based on code authorized investments 102% underlying security valuation
Reverse Repurchase Agreements	Security subject to repurchase has been owned & fully paid for at least 30 days prior to sale 20% Maximum limitation Agreement does not exceed 92 days

	Funds received cannot be used to purchase securities with a maturity longer than 92 days
Medium Term Corporate Notes	30% maximum overall investment limitation Maximum remaining maturity of 5 Years Domestic corporations Rated "A" or better
Shares of Beneficial Interest Issued By Diversified Management Companies (Mutual & Money Market Funds)	20% maximum overall portfolio 10% of any one Mutual Fund Based on code authorized investments Money Market Funds registered with the SEC Attained the Highest Ranking by not less than two nationally recognized rating organizations Assets in excess of \$500 million Investment advisor with not less than five years experience
Local Agency Investment Fund	<u>\$40 million</u> Maximum overall investment limit
Other Obligation Valuation Requirements: (m) Promissory notes secured by first mortgages and first trust deeds which comply with Section 53651.2. (p) With the consent of the treasurer, letters of credit issued by the Federal Home Loan Bank of San Francisco which comply with Section 53651.6.	(a) Eligible securities, except eligible securities of the classes described in subdivisions (m) and (p) of Section 53651, shall have a market value of at least 10 percent in excess of the total amount of all deposits of a depository secured by the eligible securities. (b) Eligible securities of the class described in subdivision (m) of Section 53651 shall have a market value at least 50 percent in excess of the total amount of all deposits of a depository secured by those eligible securities. (c) Eligible securities of the class described in subdivision (p) of Section 53651 shall have a market value of at least 5 percent in excess of the total amount of all deposits of a depository secured by those eligible securities.
Any mortgage pass through security, collateralized mortgage obligation , mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass through certificate, or consumer receivable-backed bond	20% Maximum overall limitation 5 Years Maximum Maturity "AA" national rating or Higher

<p>Moneys held by a trustee or fiscal agent pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements,</p>	<p>May be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.</p>
<p>Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest</p>	<p>Securities of the types listed by Section 53651 Market value of at least 110% of underlying security value</p>
<p>Other Code Restrictions & Clarifications</p>	<p>A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in inverse floaters, range notes, or mortgage-derived, interest-only strips.</p> <p>A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in any security that could result in zero interest accrual if held to maturity.</p> <p>No more than 5 percent of the total assets of the investments held by a local agency may be invested in the securities of any one issuer, except the obligations of the United States government, United States government agencies, and United States government-sponsored enterprises. No more than 10 percent may be invested in any one mutual fund.</p> <p>Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase.</p>

City of Los Alamitos

Statement of Investment Policy for Fiscal Year 2010-11

This Statement of Investment Policy ("Policy"), as set forth by the City of Los Alamitos ("City"), provides the guidelines for prudent investment of the City's idle or reserve cash and outlines the policies essential to ensuring the safety and financial strength of the City's investment portfolio.

This Policy is based on the principles of prudent money management and conforms to all applicable Federal and State Laws governing the investment of public funds. In instances in which the Policy is more restrictive than Federal or State Law, the Policy will supersede.

1. Purpose: This statement sets forth policies which shall govern the investment of the City's funds. It will be used by the City Treasurer and other City officials and staff, as well as all other third-party providers of investment or investment related services. Its purpose is to direct the prudent investment and protection of the City's funds and investment portfolio, in compliance ~~The purpose of this policy is to comply with the requirements of California Government Code Section 53600 et. seq. and to provide clear guidance for the investment of all monies of the City of Los Alamitos.~~

2. Application: ~~This regulation applies to all financial assets of the City of Los Alamitos. It is intended that this policy cover all short-term operating funds and investment activities under the direct authority of the City. These funds are described in the City's annual financial report and include:~~

- General Fund
- Special Revenue Funds
- Capital Projects Funds
- Internal Service Funds

This investment policy does not apply to Bond Proceeds. California Government Code Section 5922(d) authorizes bond, certificates of participation notes and other debt issue proceeds to be invested in accordance with the related offering documentation. These Code Sections recognize the unique needs and objectives of such proceeds.

3. Regulation:

A. Investment Objectives

It is the policy of the City to invest public funds in a manner which will provide for the preservation of capital while meeting the daily cash flow requirements of the City, and attaining a market average rate of return within an acceptable and defined level of risk.

The Policy has three primary objectives in order of priority:

1. Preservation of Capital (Safety) – The protection of principal is the foremost consideration when undertaking investment decisions that affect public funds. The objective is to mitigate credit risk and interest rate risk.
 - a. Credit Risk is the risk of loss of principal due to the failure of the security issuer. Credit Risk can be mitigated by:
 - ✓ Limiting investments to the safest types of securities.
 - ✓ Pre-qualifying accountants, auditors, financial institutions, broker/dealers, financial advisors and other outside consultants with which the City does business.
 - ✓ Diversifying the investment portfolio so that potential losses are minimized
 - b. Interest Rate Risk is the risk that the market value of securities will fall due to a rise in general market interest rates. It is the policy of the City to hold individual securities to maturity in an effort to meet liquidity demands. Interest rate risk can be mitigated by:
 - ✓ Holding individual securities to maturity - Structuring the investment portfolio so that securities mature to meet cash flow requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
 - ✓ Employing a laddering strategy whereby staggering maturities of individual securities so that bonds come due in increments assuring an overall liquidity pattern.
 - ✓ Limiting maturities of individual securities and the average maturity of the overall portfolio.
2. Liquidity – the investment portfolio shall remain sufficiently liquid to meet all daily cash flow and operating requirements that may be reasonably expected or anticipated.
3. Yield – the investment portfolio shall be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, consistent with the primary objectives of safety and liquidity. ☺

~~The investment of all funds of the City of Los Alamitos is structured to achieve, in priority order, the goals of safety, liquidity, and yield within the parameters established by law.~~

~~The primary objective of the investment policy of the City of Los Alamitos is safety. Most investments will be highly liquid. Maturities will be selected to anticipate cash needs, thereby, avoiding the need for forced liquidation. Within the constraints of safety and liquidity, the highest and best yield will be sought.~~

B. Legal and Policy Constraints

The authority governing investments for municipal government agencies is set forth in the California Government Code Section 53600, et. seq. In all instances, the City of Los Alamitos shall comply with the requirements of state law, ~~and as it is amended from time to time.~~

~~In addition to the requirements of state law, the City of Los Alamitos:~~ it is the investment philosophy of the City to make investment decisions based on an overall passive management style that embodies a prudent investor standard and investments are purchased with the intent to hold until maturity.

Accordingly, the City's conservative philosophy prohibits active trading and speculation; i.e., the purchase of securities with the intent to profit from favorable market changes in market prices or market conditions. Leveraging or borrowing money for the purpose of investing is specifically prohibited. However, the City may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the quality, liquidity, or yield of the portfolio in response to market conditions or City needs.

~~◆ shall not purchase or sell securities on margin.~~

~~◆ shall not borrow funds for the sole purpose of arbitrage.~~

~~◆ shall not use third party placement (brokers — C.D. securities) for investment of funds. When placing an inactive deposit with a financial institution, the deposit will be placed directly with the management of the institution. (See criteria in Appendix B for full requirements for placement of investment deposits with financial institutions.)~~

~~For Repurchase Agreements, the acceptable collateral is U. S. Treasury Issues or Federal Agency Issues (i.e., FNMA, FHLB, FFCB, and GNMA). A statement showing the type of collateral being utilized must be forwarded.~~

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

C. Safekeeping of Securities

To protect against fraud or embezzlement or losses caused by collapse of an individual securities dealer, all securities owned by the City shall be held in safekeeping by a third party bank trust department. Designated third party shall act as agents for the City under the terms of a custody agreement. All trades executed by a dealer will settle delivery vs. payment (DVP) through the City's safekeeping agent. Investment officials shall be bonded to protect the public against possible embezzlement or malice. Securities held in custody for the City shall be independently audited on an annual basis to verify investment holdings.

~~All purchased securities shall be physically delivered versus payment (DVP basis) to a safekeeping account as designated by the City. It is recognized that this contractual agreement with the designated institution will serve as an independent third party custodian.~~

D. Maturity and Term

California Government Code Section 53601 states that except as otherwise allowed:

No investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement authorized by this section, which at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment.

The City of Los Alamitos administers funds according to cash flow requirements. As a result, there is a core of funds that are not necessary for the daily operational needs of the City for paying expenses. From time to time market conditions of fixed income markets present opportunities for higher interest rates on high grade securities with a low risk exposure. It is in the best interest of the City of Los Alamitos to practice a fully diversified investment plan that will ensure safety, liquidity, and the increase of acceptable yield from these situations.

~~To the extent possible, the City of Los Alamitos will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City of Los Alamitos shall not directly invest in securities maturing more than two years from the date of purchase.~~

At no time will more than 50 percent (50%) of the City of Los Alamitos' funds be invested longer than one year. Purchases greater than two years will meet the following requirements and restrictions:

1. The security must be a U. S. Treasury Note or Bond, a Federal National Mortgage Association (FNMA) debenture, ~~or a Federal Home Loan Bank (FHLB) debenture,~~ or a Negotiable Certificate of Deposit.

2. A maximum of thirty percent (30%) ~~twenty-five percent (25%)~~ of the City of Los Alamitos' invested funds can be invested in securities over two years.
3. No securities can be purchased by the City of Los Alamitos with a maturity greater than five years ~~unless matched to a specific cash flow or asset acquisition~~ without the prior approval of the City Council.

E. Investment Authority

The ~~Director of Administrative Services/City Treasurer~~ is authorized to make investments on behalf of the City of Los Alamitos. Such investments shall only be limited to the instruments authorized under California Government Code Sections 53601 and 53635 and further described in Appendix A and B.

All investments of the City of Los Alamitos shall be approved by the ~~Director of Administrative Services/City Treasurer.~~

No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the ~~Director of Administrative Services/City Treasurer.~~

Officers and employees of the City of Los Alamitos involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the ~~Director of Administrative Services/City Treasurer~~ any material financial interests in financial institutions that conduct business with the City of Los Alamitos, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City of Los Alamitos, particularly with regard to the time of purchases and sales. The ~~Director of Administrative Services/City Treasurer~~ shall make similar disclosures to the City Council. Under no circumstances shall investment officers or employees accept gifts, trips, or any type of gratuity from individuals or institutions engaged in investment practices with the City of Los Alamitos.

F. Transfer of Investment Funds

The transferring of investment funds will be carried out exclusively by use of telephonic or electronic wire transfers. Each entity with which the City does business shall receive, in writing from the ~~Director of Administrative Services/City Treasurer~~, a listing which limits transfers of funds to preauthorized bank accounts only. The listing will also contain the names of City staff authorized to request such transfers and will be updated, in writing, for all changes of authorized staff and bank accounts, as necessary.

G. Deposits

Money must be deposited in state or national banks, state or federal savings associations, or state or federal credit unions in the State of California. It may be in inactive deposits, active deposits or interest-bearing active deposits. The deposits

cannot exceed the amount of the bank's, savings and loan's or credit union's paid up capital surplus.

The bank or savings and loan must secure the active and inactive deposits with eligible securities having a market value of 110% of the total amount of the deposits. State law also allows, as an eligible security, first trust deeds having a value of 150% of the total amount of the deposits. A third class of collateral is letters of credit drawn on the Federal Home Loan Bank (FHLB). The investment officer may, at his/her discretion, waive security for that portion of a deposit which is insured pursuant to federal law. Currently, the first ~~\$250,000~~ ~~400,000~~ of a deposit is federally insured. It is the City's policy to waive this collateral requirement for the first ~~\$250,000~~ ~~400,000~~ because it is possible to receive a higher rate.

For Repurchase Agreements, the acceptable collateral is U. S. Treasury Issues or Federal Agency Issues (i.e., FNMA, FHLB, FFCB, and GNMA). A statement showing the type of collateral being utilized must be forwarded.

~~From time to time certain institutions ask to reduce the existing certificate of deposit from \$100,000 to \$99,000 or \$98,000. The City will not purchase an investment that is above the FDIC insured level. This will include the — This is so the accrued interest on the deposit, will also be insured. It is to the City's advantage to reduce the principal deposit to the lower level for full insurance coverage of principal and accrued interest if the financial institution requests the reduction and if there is no penalty assessed for the reduction. If funds are to be collateralized, the acceptable collateral is 110% of the deposit in government securities.~~

H. Permitted Investments

Investments shall be made only in those instruments specifically authorized by California State laws (section 53600-53609), and to no greater an extent than those authorized by those laws.

The City's specific permitted investment guidelines are listed below. It should be noted that City's permitted investments are more restrictive than the State guidelines. A Glossary and a summary of the State of California Statues Applicable to Municipal Investments and is provided in Appendix A and B.

<u>Investment Type:</u>	<u>Maximum Maturity:</u>	<u>Maximum percentage of Portfolio:</u>
<u>U.S. Treasury Bills, Notes and Bonds</u>	<u>5 Years</u>	<u>75 percent</u>
<u>Federal Agency Obligations</u>	<u>5 Years</u>	<u>50 percent 35 percent / Agency</u>
<u>Bankers' Acceptances (BA's)</u>	<u>180 Days</u>	<u>20 percent</u>

<u>Certificates of Deposit, Negotiable Certificates of Deposit or Time Deposits* (CD's)</u>	<u>5 Years</u>	<u>50 percent</u>
<u>Local Agency Investment Fund (LAIF)</u>	<u>N/A</u>	<u>100 percent</u>
<u>Commercial Paper</u>	<u>270 Days</u>	<u>20 percent</u>
<u>Money Market Mutual Funds</u>	<u>N/A</u>	<u>10 percent</u>
<u>Repurchase Agreements*</u>	<u>30 Days</u>	<u>10 percent</u>
<u>Medium Term Corporate Notes</u>	<u>5 Years</u>	<u>10 percent</u>

** Denotes a collateral requirement either initially, or at a pre-determined threshold. Please refer to Deposits section of the Policy for specific requirements.*

The following is a list of investments authorized by the California Government Code:

- ~~_____ U. S. Treasury Issues~~
- ~~_____ Federal Agency Issues~~
- ~~_____ Certificates of Deposit~~
- ~~_____ Bankers Acceptances~~
- ~~_____ Commercial Paper~~
- ~~_____ Medium Term Corporate Notes~~
- ~~_____ Negotiable Certificates of Deposit~~
- ~~_____ Mutual Funds~~
- ~~_____ Repurchase Agreements~~
- ~~_____ Reverse Repurchase Agreements~~
- ~~_____ Local Agency Investment Fund _____ (LAIF)~~
- ~~_____ County Pooled Funds~~
- ~~_____ Passbook Savings/Money Market~~
- ~~_____ Financial Futures/Options~~

A description of these investments is listed in Appendix A.

The following types of investments can be used by the City of Los Alamitos:

- ~~_____ U. S. Treasury Issues~~
- ~~_____ Federal Agency Issues~~
- ~~_____ Bankers Acceptances (Bank rated C or better or A-1 or better)~~
- ~~_____ Commercial Paper~~
- ~~_____ Certificates of Deposit (Bank rated C or better or A-1 or better)~~
- ~~_____ Medium Term Corporate Notes _____~~
- ~~_____ Negotiable Certificates of Deposit (Bank rated C or better or A-1 or _____ better)~~
- ~~_____ Local Agency Investment Fund _____ (LAIF)~~
- ~~_____ Passbook Savings Account~~

- _____ Money Market Account (AAA _____ rated)
- _____ Repurchase Agreements (Master _____ Repurchase Agreement: 102% _____ collateralized)

When possible, two ratings should be obtained to determine if an investment meets the Policy's quality standard. Currently under this Policy, only Standard and Poor's (S&P) and Moody's Investor Service (Moody's) are recognized investment ratings providers and the City has established the following minimum standards to be applied at time of purchase and for reporting purposes:

<u>Investment Type</u>	<u>Standard & Poor's</u>	<u>Moody's</u>
<u>Banker's Acceptances</u>	<u>A1</u>	<u>P1</u>
<u>Commercial Paper</u>	<u>A1</u>	<u>P1</u>
<u>Certificates of Deposit</u>	<u>AA</u>	<u>Aa</u>
<u>Money Market Mutual Funds</u>	<u>AAA</u>	<u>Aaa</u>
<u>Medium Term Corporate Notes</u>	<u>AA</u>	<u>Aa1</u>
<u>Repurchase Agreement - Provider</u>	<u>AA</u>	<u>Aa</u>

State and Federal laws notwithstanding, any investment not specifically described herein including, but not limited to, reverse repurchase agreements, derivatives, options, futures, zero coupon bonds, inverse floaters, range notes, first mortgages or trust deeds, collateralized mortgage obligations (CMO's), limited partnerships, real estate investments trusts (REIT's), open-end mutual funds, closed-end mutual funds, mutual funds with a weighted average maturity greater than 180 days, unregulated and/or uninsured investment pools, common stock, preferred stock, commodities, precious metals, securities with high price volatility, limited marketability (less than three active bidders), securities that may default on interest payments and any other speculative investment deemed inappropriate under the Prudent Investor standard are strictly prohibited. In addition, any investment transaction that might impair public confidence in the City of Los Alamitos government is to be avoided.

I. Diversification

The City of Los Alamitos shall diversify its investments by security type and institution. The City recognizes diversification is an investment strategy that will mitigate risk in the investment portfolio. The City's investment portfolio shall be diversified to avoid incurring unreasonable and avoidable risks with regard to specific investment types. Within investment types, the City shall also maintain a mix of securities to avoid concentrations within individual financial institutions, geographic areas, industry types and maturities. The City will only invest in fixed rate, fixed maturity securities and with the exception of U. S. Treasury securities and authorized investment pools, no

more than 50 percent (50%) of the City of Los Alamitos' investment portfolio shall be invested in a single security type or with a single financial institution.

J. Performance Standards

The investment portfolio shall be designed with the objective of obtaining a rate of return, throughout budgetary and economic cycles, commensurate with investment risk constraints and cash flow needs.

The basis used by the ~~Director of Administrative Services~~/City Treasurer to determine whether market yields are being achieved shall be the U. S. Treasury Bill and Local Agency Investment Fund (LAIF).

K. Reporting

In accordance with California Government Code Sections 53607 and 53646, the ~~Director of Administrative Services~~/City Treasurer and the City Manager shall render ~~quarterly~~ monthly reports to the City Council showing: (a) type of investment; (b) institution; (c) date of maturity; (d) amount of deposit; (e) current market value for all securities with a maturity of more than twelve (12) months; (f) rate of interest on each security; and (g) such other data as the City Council may, from time to time, specify. (This section is applicable when the City Treasurer has invested in other types of securities other than LAIF.)

The ~~Director of Administrative Services~~/City Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

L. Policy Review

1. Annual Statement of Investment Policy

The ~~Director of Administrative Services~~/City Treasurer and the City Manager shall annually render to the City Council a Statement of Investment Policy which Statement shall be adopted by the City Council.

2. Periodic Review

To ensure a statement which is consistent with any new relevant legislation and financial trends, the ~~Director of Administrative Services~~/City Treasurer shall periodically report to the City Council proposed changes and amendments to this document for review and approval. In any event, all changes in state law affecting this policy shall be considered incorporated immediately upon their effective date unless otherwise adopted earlier by action of the City Council.

M. Qualified Dealers

The City of Los Alamitos shall purchase authorized investments either directly from the issuer or shall be purchased either from an institution licensed from the State as a broker dealer, as defined in the Corporations Code, or from a member of the federally regulated securities exchange, from a national or state chartered bank, from a savings association or federal association, or from a brokerage firm designated as a primary or regional government dealer.

The City Treasurer will maintain a list of financial institutions formally authorized to provide investment services. The City Treasurer shall formally authorize investment brokers to provide investment services to the City. Investment Brokers may be Primary Dealers or Regional Brokers and licensed to do business in the State of California. Brokers must complete a broker questionnaire which includes proof of Financial Industry Regulatory Authority (FINRA) certification, proof of State registration and execute a certification that the Broker's employees and supervisory personnel have read and understand the City's Investment Policy. The City Treasurer may conduct periodic reviews of the approved list of investment brokers and may remove a firm from the approval list at any time due to any failure to comply with any of the above criteria, failure to execute a transaction, any change in broker/dealer staff, or any action, event or failure to act which, in the sole discretion of the City Treasurer, is materially adverse to the best interest of the City of Los Alamitos.

APPENDIX A

DEPOSITORY SERVICES

Active deposits are demand or checking accounts which receive revenues and pay disbursements.

Interest-bearing active deposits are money market accounts at a financial institution (i.e., bank, savings and loan, credit union). These accounts are demand accounts (i.e., checking accounts) with restricted transaction activity.

Inactive deposits are Certificates of Deposit issued in any amount for periods of time as short as fourteen days and as long as several years. Interest must be calculated on a 360 day basis, actual number of days. ~~The criteria for investments in Certificates of Deposit are described in Appendix B.~~

Passbook savings account is similar to an inactive deposit except not for a fixed term. The interest rate is much lower than Certificates of Deposit, but the savings account allows for flexibility. Funds can be deposited and withdrawn according to daily operational needs.

INVESTMENT SECURITIES

U.S. Treasury Issues are direct obligations of the United States Government. These issues are called bills, notes, and bonds. The maturity range of new issues is from 13 weeks (T-Bills) to 30 years (T-Bonds). These are highly liquid and are considered the safest investment security.

Federal Agency Issues are issued by direct U. S. Government agencies or quasi-government agencies. These issues are guaranteed directly or indirectly by the United States Government. Examples of these securities are Federal Home Loan Bank (FHLB) notes, Federal National Mortgage Association (FNMA) notes, Federal Farm Credit Bank (FFCB) notes, Federal Home Loan Mortgage Corporation (FHLMC) notes, Federal Intermediate Credit Bank (FICB) debentures, Small Business Administration (SBA) notes, Government National Mortgage Association (GNMA) notes, and Student Loan Association (SALLMAE) notes.

Certificates of Deposit are investments for inactive funds issued by banks, savings and loans, and credit unions. Investments of ~~\$250,000~~ \$100,000 are insured respectively by Federal Deposit Insurance Corporation (FDIC), Federal Savings and Loan Insurance Corporation (FSLIC), and the National Credit Union Share Insurance Fund (NCUSIF). Certificates of Deposit can be issued from 14 days to several years in maturity allowing the City investment of funds to be matched to cash flow needs. For

deposits exceeding ~~\$250,000~~ \$100,000, the financial institution is required to collateralize the investment with 110% government securities. The City does not accept 150% collateral (First Trust Deeds) or 105% Letters of Credit (L.C.).

Negotiable Certificates of Deposit (NCD) are unsecured obligations of the financial institution, bank or savings and loan, bought at par value, with the promise to pay face value plus accrued interest at maturity. They are high-grade negotiable instruments, paying a higher interest rate than regular certificates of deposit. The primary market issuance is in multiples of \$1,000,000, the secondary market usually trades in denominations of \$500,000, although smaller lots are occasionally available. As a matter of practice, only the ten largest U.S. banks, where there is a secondary market established for continued liquidity are considered for investment. ~~These securities are generally issued in bearer form and pay interest at maturity. Although negotiable, a strong secondary market exists, only in the NCD's issued by the largest United States banks. Examples of large banks include Bank of America, Citibank, Chase Manhattan, Manufacturers Hanover, etc. These securities generally trade with minimum amounts of \$1 million per trade with the average trade in the secondary market of \$5 million.~~

Bankers Acceptances are short term credit arrangements to enable businesses to obtain funds to finance commercial transactions. They are time drafts drawn on a bank by an exporter or importer to obtain funds to pay for specific merchandise. By its acceptance, the bank becomes primarily liable for the payment of the draft at maturity. An acceptance is a high grade negotiable instrument. ~~Acceptances are purchased in various denominations for 30 to 180 days but no longer than 180 days. In order for cities to purchase banker's acceptances, State law requires that the banker's acceptance be eligible for purchase by the Federal Reserve System and maturities to be less than 270 days.~~ The interest is calculated on a 360 day discount basis similar to Treasury Bills. Local Agencies cannot invest more than forty percent (40%) of their surplus money in Bankers Acceptances.

Commercial Paper is a short term unsecured promissory note issued by a corporation to raise working capital. These negotiable instruments may be purchased at a discount to par value or interest bearing. Commercial paper is issued by corporations such as General Motors Acceptance Corporation (GMAC), Shearson-American Express, Bank of America, Wells Fargo Bank, etc.

Local agencies are permitted by state law to invest in commercial paper of "prime" quality to the highest ranking or of the highest letter and numerical rating as provided by Moody's Investor's Service, Inc. or Standard and Poor's Corporation. Purchases of eligible commercial paper may not exceed 180 days maturity nor exceed fifteen percent of the local agency's surplus funds. An additional fifteen percent (15%) (for a total of 30%) can be invested in Commercial Paper provided the average maturity of invested funds in Commercial Paper does not exceed 30 days.

Medium Term Corporate Notes are unsecured promissory notes issued by a corporation organized and operating in the United States. These are negotiable instruments and are traded in the secondary market. Medium Term Corporate Notes (MTN) can be defined as extended maturity commercial paper. Corporations use these

MTN's to raise capital. Examples of MTN issuers are General Electric, GMAC, Citibank, Wells Fargo Bank, etc.

Local agencies are restricted by the California Government Code to investments in corporations rated in the top three note categories by a single nationally recognized rating service. Further restrictions are a maximum term of five years to maturity and total investments in Medium Term Corporate Notes may not exceed thirty percent (30%) of the local agency's surplus money.

Repurchase Agreements and Reverse Repurchase Agreements are short term investment transactions. Banks buy temporarily idle funds from customers by selling them U. S. Government or other securities with a contractual agreement to repurchase the same securities on a future date. Repurchase Agreements are typically for one to ten days in maturity. The customer receives interest from the bank. The interest rate reflects both the prevailing demand for Federal Funds and the maturity of the repo. Some banks will execute Repurchase Agreements for a minimum of \$100,000, but most banks have a minimum of \$500,000. A Reverse Repurchase Agreement (Reverse repo) is exactly what the name implies. The City of Los Alamitos may invest periodically in Repurchase Agreements, but as a matter of policy the City of Los Alamitos does not invest in Reverse Repurchase Agreements.

Local Agency Investment Fund (LAIF) is a special fund in the State Treasury which local agencies may use to deposit funds for investment. There is no minimum investment period and the minimum transaction is \$5,000, in multiples of \$1,000 above that, with a maximum of \$4020 million for any agency. It offers high liquidity because deposits can be converted to cash in twenty-four hours and no interest is lost. All interest is distributed to those agencies participating on a proportionate share determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly by electronic deposit to a designated bank account.

The State keeps an amount for reasonable costs of making the investments, not to exceed one-quarter of a percent of the earnings.

County Pooled Funds are similar to the State of California Local Agency Investment Fund (LAIF), but administered by the County of Orange.

Mutual Funds are referred to in California Government Code Section 53601(k) as "shares of beneficial interest issued by diversified management companies." The Mutual Fund must be restricted by its by-laws to the same investments as the local agency by the California Government Code. These investments are Treasury Issues, Federal Agency Issues, State of California and City (within California) debt obligation, Bankers Acceptances, Commercial Paper, Certificates of Deposit, Negotiable Certificates of Deposit, Repurchase Agreements, Reverse Repurchase Agreements, Financial Futures and Financial Options and Medium Term Corporate Notes. The quality rating and percentage restrictions in each investment category applicable to the local agency also apply to the Mutual Fund.

A further restriction is that the purchase price of share or mutual funds shall not include any sales commission. Investments in mutual funds shall not exceed fifteen percent of the local agency's surplus money.

Financial Futures and Financial Options are forward contracts for securities. The California Government Code states that a local agency may incur future contracts/options for any of the investment securities enumerated in Section 53601. Due to the volatility of trading in financial futures, the City of Los Alamitos does not invest in financial futures or financial options.

APPENDIX B:

Summary of State of California Statutes Applicable to Municipal Investment

The following investments are authorized by California State Code, Title 5, Division 2, Sections 53600 et seq. and 16429.1.

<u>California Authorized Investments</u>	<u>% Limits & Other Constraints (Key Limitation Summary)</u>
<u>Local Agency Bonds</u>	<u>No Limit</u>
<u>US Treasury Notes, Bonds, Bills</u>	<u>No limit</u>
<u>California State Warrants, Treasury Notes or Bonds</u>	<u>No limit</u>
<u>Bonds, Notes, Warrants of any local agency within the State</u>	<u>No limit</u>
<u>Federal Agency or United States government-sponsored enterprise obligations</u>	<u>No limit</u>
<u>Bankers Acceptances</u>	<u>40% max overall limitation:</u> <u>30% max in any one commercial bank:</u> <u>180 days max maturity.</u>
<u>Commercial Paper</u>	<u>A Domestic Corporation</u> <u>Total Assets in excess of \$500 million</u> <u>At Least "A-1" rated commercial paper</u> <u>25% max overall limitation:</u> <u>10% investment max in any single issuer</u> <u>No more than 10% of the outstanding amount for any one issuer</u> <u>270 days max maturity.</u>
<u>Negotiable Certificates of Deposit</u>	<u>Issued by nationally or state-chartered bank, a savings association or a federal association, a state of federal credit union, or a state licensed branch of a foreign bank.</u> <u>30% max overall limitation</u>
<u>Repurchase Agreements</u>	<u>One Year Term or less</u> <u>Based on code authorized investments</u> <u>102% underlying security valuation</u>
<u>Reverse Repurchase Agreements</u>	<u>Security subject to repurchase has been owned & fully paid for at least 30 days prior to sale</u> <u>20% Maximum limitation</u> <u>Agreement does not exceed 92 days</u>

	<u>Funds received cannot be used to purchase securities with a maturity longer than 92 days</u>
<u>Medium Term Corporate Notes</u>	<u>30% maximum overall investment limitation</u> <u>Maximum remaining maturity of 5 Years</u> <u>Domestic corporations</u> <u>Rated "A" or better</u>
<u>Shares of Beneficial Interest Issued By Diversified Management Companies (Mutual & Money Market Funds)</u>	<u>20% maximum overall portfolio</u> <u>10% of any one Mutual Fund</u> <u>Based on code authorized investments</u> <u>Money Market Funds registered with the SEC</u> <u>Attained the Highest Ranking by not less than two nationally recognized rating organizations</u> <u>Assets in excess of \$500 million</u> <u>Investment advisor with not less than five years experience</u>
<u>Local Agency Investment Fund</u>	<u>\$40 million Maximum overall investment limit</u>
<u>Other Obligation Valuation Requirements:</u> <u>(m) Promissory notes secured by first mortgages and first trust deeds which comply with Section 53651.2.</u> <u>(p) With the consent of the treasurer, letters of credit issued by the Federal Home Loan Bank of San Francisco which comply with Section 53651.6.</u>	<u>(a) Eligible securities, except eligible securities of the classes described in subdivisions (m) and (p) of Section 53651, shall have a market value of at least 10 percent in excess of the total amount of all deposits of a depository secured by the eligible securities.</u> <u>(b) Eligible securities of the class described in subdivision (m) of Section 53651 shall have a market value at least 50 percent in excess of the total amount of all deposits of a depository secured by those eligible securities.</u> <u>(c) Eligible securities of the class described in subdivision (p) of Section 53651 shall have a market value of at least 5 percent in excess of the total amount of all deposits of a depository secured by those eligible securities.</u>
<u>Any mortgage pass through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass through certificate, or consumer receivable-backed bond</u>	<u>20% Maximum overall limitation</u> <u>5 Years Maximum Maturity</u> <u>"AA" national rating or Higher</u>

<p><u>Moneys held by a trustee or fiscal agent pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements,</u></p>	<p><u>May be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.</u></p>
<p><u>Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest</u></p>	<p><u>Securities of the types listed by Section 53651 Market value of at least 110% of underlying security value</u></p>
<p><u>Other Code Restrictions & Clarifications</u></p>	<p><u>A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in inverse floaters, range notes, or mortgage-derived, interest-only strips.</u></p> <p><u>A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in any security that could result in zero interest accrual if held to maturity.</u></p> <p><u>No more than 5 percent of the total assets of the investments held by a local agency may be invested in the securities of any one issuer, except the obligations of the United States government, United States government agencies, and United States government-sponsored enterprises. No more than 10 percent may be invested in any one mutual fund.</u></p> <p><u>Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase.</u></p>

APPENDIX B

INVESTMENT CRITERIA FOR FINANCIAL INSTITUTIONS

The City of Los Alamitos requires that each financial institution submit current financial statements which are evaluated by staff prior to the investment of funds. The following criteria are used:

The institution must have been in business at least three years.

The institution must submit audited financial statements.

The institution must have assets of at least \$50 million and a net worth to liability ratio of 3.5% to 1.

Investments of less than 180 days to maturity can use a net worth asset ratio of 3.0% to 1.

Investments in Credit Unions require Equity (net worth) to Asset Value of 5.0%. The loan balance to share draft ratio is compared to industry standards, but should not exceed 90%. The City may invest funds for a period up to 120 days in institutions with a Regular Reserve to Loan Balance ratio of at least 3.25%. For longer periods of time, the ratio must be at least 4.0%.

In addition, examination is made of the Reserve for Loan Losses category to evaluate the financial trend of the institution's asset base. When available, data is evaluated regarding the level of non-performing assets (i.e., loans no

longer paying interest and/or principal in the amount called for in the original contract agreement). Comparison is made of institution ratio values to the industry averages.

Under deposits, if data is available, we track the ratio of \$100,000 certificates of deposit (brokered money) to the total deposit base. A percent greater than 50% is an area of concern.

Whenever possible, the use of several years' financial data is evaluated to present a trend of activity in the institution.

It is also required that interest be paid on a monthly basis; current law only requires quarterly payments. No more than \$100,000 is placed in any savings and loan, small bank, or credit union.