

# CITY OF LOS ALAMITOS

3191 Katella Avenue  
Los Alamitos, CA 90720

## AGENDA CITY COUNCIL REGULAR MEETING

Monday, March 19, 2012 – 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](http://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.

Persons wishing to address the City Council on any item on the City Council Agenda will be called upon at the time the agenda item is called or during the City Council's consideration of the item and may address the City Council for up to three minutes.

**1. CALL TO ORDER**

**2. ROLL CALL**

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

**3. PLEDGE OF ALLEGIANCE**

Mayor Pro Tem Poe

**4. INVOCATION**

Council Member Graham-Mejia

5. **PRESENTATIONS**

A. **Presentation by Consolidated Disposal - 2011 Update**

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. Remarks are to be limited to not more than five minutes per speaker.

7. **REGISTER OF MAJOR EXPENDITURES**

March 19, 2012.

**Roll Call Vote**

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

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)  
Approve Minutes of the Regular Meeting of March 5, 2012.

B. **Warrants** (Finance)  
March 19, 2012.

C. **Emergency Roof Repairs - Reaffirmation of Emergency Conditions**  
**(Public Works)**

The City of Los Alamitos, when approving emergency public projects, is required to reaffirm such decisions at subsequent Council Meetings until the emergency is resolved. This staff report reaffirms the December 19, 2011, decision to approve an emergency contract for roof repairs to several City buildings to avoid further damage to public facilities and avoid injury to the health of the occupants of the buildings.

Recommendation: City Council, by a 4/5ths vote, ratify and reaffirm the December 19, 2011, City Council action to:

1. Find that significant damage has occurred to the roofs on several City buildings as a result of recent weather events, that the roofs are leaking into work spaces currently in use by employees, that future

wind and storm events are predicted in the near future, and that the roofing issues have been inspected and assessed by professionals with pertinent experience who have recommended immediate repair to avoid further damage and possible health and safety issues; and,

2. Find that the roofing problems identified in this report are an emergency, that there is not time to conduct a competitive bid process and that the roofs must be repaired immediately to avoid further damage to public facilities and avoid injury to the health of the occupants of the buildings; and,
3. Authorize the award of contract for emergency roof repairs to Emercon Construction, Inc. via the Joint Powers Insurance Authority (JPIA) while authorizing an expenditure of \$5,000.00 for the deductible; and,
4. Authorize the City Manager to spend up to \$15,000 to repair and/or replace roof top air conditioning equipment if needed in order to repair the roofing leaks.

**D. Replacement of Police Department's 1997 Ford Aerostar Using Grant Funds (Public Works)**

This is a request to purchase a new Ford Escape to replace an aging 1997 Ford Aerostar used by the Police Department as transport to the courts. In order to use grant funds, staff is recommending the purchase of a hybrid. This report seeks to "piggy back" on the National Joint Powers Alliance (NJPA) contract for acquisition of the vehicle.

Recommendation:

1. Authorize the City Manager to purchase one (1) 2012 Ford Escape Hybrid Vehicle from National Auto Fleet Group, a subsidiary of Wondries Fleet Group; and,
2. Declare the 1997 Ford Aerostar surplus.

**E. Approval of Notice of Completion, Katella Avenue Median Modifications at Chestnut Street – CIP 10/11-07 (Public Works)**

The Katella Avenue center median project at Chestnut Street is complete and in compliance with the plans and specifications. Staff is, therefore, recommending that City Council accept the work as complete, direct filing of the Notice of Completion, and authorize retention release as prescribed by the Public Contracts Codes.

Recommendations:

1. Accept as complete the construction contract by HYM Engineering, Inc. for the Katella Avenue Median Modifications at Chestnut Street; and,
2. Direct the City Clerk to record the Notice of Completion/Final Report with the County Recorder's office; and,
3. Authorize staff to release the 10% retention to the contractor, in the amount of \$6,652.03, thirty-five (35) days after recordation of the Notice of Completion.

**F. Approval of Notice of Completion for Community Pool Deck Shading System - CIP 10/11-06 (Public Works)**

The Community Pool Deck Shading System project is complete and in compliance with the plans and specifications. Staff is, therefore, recommending that City Council accept the work as complete, direct filing of the Notice of Completion, and authorize retention release as prescribed by the Public Contracts Codes.

Recommendations:

1. Accept as complete the construction contract by Peace of Mind Construction, Inc. for the Community Pool Deck Shading System; and,
2. Direct the City Clerk to record the Notice of Completion/Final Report with the County Recorder's office; and,
3. Authorize staff to release the 10% retention to the contractor, in the amount of \$1,921.70, thirty-five (35) days after recordation of the Notice of Completion.

**G. Approval to Purchase Materials for Lighting Retrofit (Public Works)**

This item seeks authorization for the City Manager to purchase the necessary materials needed to complete the grant funded lighting retrofit to City facilities. It has been placed on the agenda because the materials cost exceeds the purchasing limit of the City Manager.

Recommendation: Authorize the City Manager to purchase light bulbs and ballasts, as described in the attached bid from Spot Lighting Supplies, Inc., in an amount of \$11,944.12.

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

**9. DISCUSSION ITEMS**

**A. Consideration of an Investment Policy for Fiscal Years 2011-12 and 2012-13 (Finance)**

This report seeks City Council consideration for the adoption of an Investment Policy for Fiscal Years 2011-12 and 2012-13.

Recommendation: Adopt the Investment Policy for Fiscal Years 2011-12 and 2012-13 as recommended in Attachment 1.

**10. 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.

**11. ITEMS FROM THE CITY MANAGER**

**12. CLOSED SESSION**

**Conference with Legal Counsel**

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.

**A. Anticipated Litigation: (G.C. 54956.9(b))**

A point has been reached where, in the opinion of the City Council on the advice of its legal counsel, there is a significant exposure to litigation against the City based upon facts and circumstances that might result in litigation but which the City believes are not yet known to potential plaintiff or plaintiffs. G.C. 54956.9(b)(3)(A)

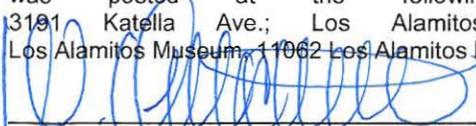
**B. Initiation of Litigation: G.C. 54956.9(c)**

One Item

**13. ADJOURNMENT**

The next meeting of the City Council is scheduled for **Monday, April 2, 2012**, 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.

  
Windmera Quintana  
Department Secretary

Date

3/15/12

**CITY OF LOS ALAMITOS**  
**Register of Major Expenditures**  
**March 19, 2012**

**Pages:**

<b>01-03</b>	<b>\$ 183,934.13</b>	<b>Major Warrants</b>	<b>03/19/2012</b>
	<b>\$ 143,757.22</b>	<b>Payroll</b>	<b>03/02/2012</b>
	<b>\$ 146,360.48</b>	<b>Payroll Benefits</b>	<b>03/02/2012</b>

**Total     \$ 474,051.83**

**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 Director.**



**this 14<sup>th</sup> day of March, 2012**

VENDOR SORT KEY	DESCRIPTION	FUND	DEPARTMENT	AMOUNT
BIG TOP RENTALS	RACE ON BASE CANOPIES	GENERAL FUND	SPECIAL EVENTS	16,655.10
			TOTAL:	16,655.10
COLANTUONO & LEVIN, PC	TRASH LITIGATION	GENERAL FUND	NON-DEPARTMENTAL	17,004.20
	GENERAL COUNSEL	GENERAL FUND	CITY ATTORNEY	12,660.47
	GENERAL COUNSEL	GENERAL FUND	CITY ATTORNEY	270.00
	GENERAL COUNSEL	GENERAL FUND	CITY ATTORNEY	197.24
	GENERAL COUNSEL	GENERAL FUND	CITY ATTORNEY	621.00
			TOTAL:	30,752.91
HYM ENGINEERING, INC.	KATELLA MEDIAN MODIFY	MEASURE M	NON-DEPARTMENTAL	6,652.03-
	KATELLA MEDIAN MODIFY	MEASURE M	CAPITAL PROJECTS	66,520.25
			TOTAL:	59,868.22
JOHNNY REBS' OF BELLFLOWER, INC.	RACE ON BASE FOOD SUPPLIER	GENERAL FUND	SPECIAL EVENTS	16,915.32
			TOTAL:	16,915.32
PACIFICA T-SHIRTS, INC.	RACE T-SHIRTS	GENERAL FUND	SPECIAL EVENTS	13,546.87
	RACE T-SHIRTS	GENERAL FUND	SPECIAL EVENTS	3,170.54
			TOTAL:	16,717.41
U.S. BANK	SR. MEALS SUPPLIES	GENERAL FUND	NON-DEPARTMENTAL	14.01
	SR. MEALS SUPPLIES	GENERAL FUND	NON-DEPARTMENTAL	20.15
	SR. MEALS SUPPLIES	GENERAL FUND	NON-DEPARTMENTAL	15.06
	COMPUTER/PRINTER SUPPLIES	GENERAL FUND	NON-DEPARTMENTAL	29.99
	COMPUTER/PRINTER SUPPLIES	GENERAL FUND	NON-DEPARTMENTAL	26.63
	COMPUTER	GENERAL FUND	NON-DEPARTMENTAL	2,223.31
	COMPUTER	GENERAL FUND	NON-DEPARTMENTAL	64.64
	COMPUTER	GENERAL FUND	NON-DEPARTMENTAL	51.71
	WE CARE FUNDRAISER	GENERAL FUND	CITY COUNCIL	120.00
	COUNCIL SNACKS & DRINKS	GENERAL FUND	CITY COUNCIL	87.50
	COUNCIL COFFEE	GENERAL FUND	CITY COUNCIL	12.95
	FRAME	GENERAL FUND	CITY COUNCIL	35.87
	RETURN - FRAME	GENERAL FUND	CITY COUNCIL	35.87-
	FRAME	GENERAL FUND	CITY COUNCIL	22.60
	RETURN - FRAME	GENERAL FUND	CITY COUNCIL	22.60-
	OFFICE SUPPLIES	GENERAL FUND	CITY COUNCIL	49.13
	FRAME AMERICANA AWARD	GENERAL FUND	CITY COUNCIL	101.82
	RETURN - KEYBOARD TRAY	GENERAL FUND	CITY MANAGER	277.45-
	KEYBOARD TRAY	GENERAL FUND	CITY MANAGER	233.17
	OFFICE SUPPLIES	GENERAL FUND	CITY MANAGER	49.62
	OFFICE SUPPLIES	GENERAL FUND	CITY MANAGER	23.27
	KITCHEN SUPPLIES	GENERAL FUND	CITY MANAGER	47.33
	ELECTION CODE PAMPHLETS	GENERAL FUND	CITY MANAGER	39.87
	ORAL BOARD LUNCH	GENERAL FUND	ADMINISTRATIVE SERVICE	32.99
	OFFICE SUPPLIES	GENERAL FUND	POLICE ADMINISTRATION	111.19
	OFFICE SUPPLIES	GENERAL FUND	POLICE ADMINISTRATION	58.99
	OFFICE SUPPLIES	GENERAL FUND	POLICE ADMINISTRATION	338.03
	OFFICE SUPPLIES	GENERAL FUND	POLICE ADMINISTRATION	50.90
	OFFICE SUPPLIES	GENERAL FUND	POLICE ADMINISTRATION	15.94
	OFFICE SUPPLIES	GENERAL FUND	POLICE ADMINISTRATION	29.93
	FINGERPRINT CARDS	GENERAL FUND	PATROL	80.18
	CSI DECALS	GENERAL FUND	PATROL	10.14
	MEMORY CARDS & CASES	GENERAL FUND	PATROL	89.90
	DIGITAL CAMERAS	GENERAL FUND	PATROL	707.96
	CHAIRS	GENERAL FUND	PATROL	344.80

VENDOR SORT KEY	DESCRIPTION	FUND	DEPARTMENT	AMOUNT
	CAMERA BATTERIES	GENERAL FUND	PATROL	25.88
	ENTERSECT ONLINE	GENERAL FUND	INVESTIGATION	79.00
	WEB HOSTING	GENERAL FUND	COMMUNITY OUTREACH	12.95
	WEB HOSTING	GENERAL FUND	COMMUNITY OUTREACH	14.95
	STORAGE RACKS	GENERAL FUND	PLANNING	112.93
	OFFICE SUPPLIES	GENERAL FUND	PLANNING	98.72
	PRINTER CARTRIDGES	GENERAL FUND	PLANNING	204.70
	OFFICE SUPPLIES	GENERAL FUND	PLANNING	22.58
	COMPUTER MICROPHONES	GENERAL FUND	PUBLIC WORKS ADMIN	64.14
	PUBLIC WORKS SPEC BOOKS	GENERAL FUND	PUBLIC WORKS ADMIN	253.84
	TRAFFIC PAINT	GENERAL FUND	STREET MAINTENANCE	663.11
	METAL	GENERAL FUND	STREET MAINTENANCE	31.79
	PROPANE	GENERAL FUND	BUILDING MAINTENANCE	11.31
	MICROWAVE	GENERAL FUND	BUILDING MAINTENANCE	36.99
	MINI FRIDGE	GENERAL FUND	BUILDING MAINTENANCE	182.10
	CPRS MEMBERSHIP	GENERAL FUND	RECREATION ADMINISTRAT	45.00
	MASTER SWIM REGISTRATION	GENERAL FUND	AQUATICS	44.00
	MASTER SWIM CERTIFICATION	GENERAL FUND	AQUATICS	120.00
	SR. CLUB VOLUNTEER LUNCH	GENERAL FUND	COMMUNITY SERVICES	120.00
	SPORTS SUPPLIES	GENERAL FUND	SPORTS	12.75
	SPORTS SUPPLIES	GENERAL FUND	SPORTS	34.47
	RACE ON BASE MARKETING	GENERAL FUND	SPECIAL EVENTS	30.00
	RACE ON BASE MARKETING	GENERAL FUND	SPECIAL EVENTS	29.95
	RACE ON BASE MARKETING	GENERAL FUND	SPECIAL EVENTS	30.05
	RACE ON BASE MARKETING	GENERAL FUND	SPECIAL EVENTS	30.00
	RACE ON BASE MARKETING	GENERAL FUND	SPECIAL EVENTS	30.00
	RACE ON BASE MARKETING	GENERAL FUND	SPECIAL EVENTS	30.00
	RACE ON BASE MARKETING	GENERAL FUND	SPECIAL EVENTS	30.00
	RACE ON BASE MARKETING	GENERAL FUND	SPECIAL EVENTS	10.00
	RACE ON BASE GOLF CARTS	GENERAL FUND	SPECIAL EVENTS	1,462.00
	RACE ON BASE STAMPERS	GENERAL FUND	SPECIAL EVENTS	13.99
	RACE ON BASE FILE STORE	GENERAL FUND	SPECIAL EVENTS	9.99
	RACE ON BASE LANYARDS	GENERAL FUND	SPECIAL EVENTS	25.15
	MOWER ENGINE	GARAGE FUND	GARAGE	452.67
	AUTO DETAIL	GARAGE FUND	GARAGE	200.00
	REPAIR DUMP TRUCK	GARAGE FUND	GARAGE	1,146.08
	DETAIL LIGHT BAR	GARAGE FUND	GARAGE	50.00
	DETAIL LIGHT BAR	GARAGE FUND	GARAGE	50.00
	TOOLS	GARAGE FUND	GARAGE	10.76
	MOWER PARTS	GARAGE FUND	GARAGE	32.44
	AUTO DETAIL	GARAGE FUND	GARAGE	200.00
	BATTERY	GARAGE FUND	GARAGE	153.90
	BATTERY	GARAGE FUND	GARAGE	43.95
			TOTAL:	<u>11,065.80</u>
WONDRIES FLEET GROUP	2012 CHEVY TAHOE	GARAGE FUND	GARAGE	31,959.37
			TOTAL:	<u>31,959.37</u>



**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 NEXT MEETING.

**REGULAR MEETING – March 5, 2012**

**1. CALL TO ORDER**

The City Council met in Regular Session at 7:02 p.m., Monday, March 5, 2012, in the Council Chambers, 3191 Katella Avenue, Mayor Edgar presiding.

**2. ROLL CALL**

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

**Absent:** Council Members: None

**Present:** Staff: Angie Avery, City Manager  
Sandra J. Levin, City Attorney  
Anita Agramonte, Finance Director  
Dave Hunt, City Engineer  
Corey Lakin, Community Services Director  
Todd Mattern, Police Chief  
Steven Mendoza, Community Development Dir.  
Windmera Quintanar, Department Secretary

**3. PLEDGE OF ALLEGIANCE**

Council Member Kusumoto led the Pledge of Allegiance.

**4. INVOCATION**

Mayor Edgar gave the invocation.

**5. PRESENTATIONS**

**A. Plaque of Appreciation Presentation to Outgoing Traffic  
Commissioner Irma Austin**

Mayor Edgar and the City Council presented a Plaque of Appreciation to Irma Austin. Irma Austin thanked the City Council.

**6. ORAL COMMUNICATIONS**

Mayor Edgar opened Oral Communications.

John Osborne, Chair of Los Alamitos Chamber of Commerce, introduced himself and thanked the Council for its dedication to the community. He reported on the following upcoming events: 1) 36<sup>th</sup> Annual Golf Tournament, June 26; and,

2) Police Appreciation Lunch, March 21. He stated support for the Business and Residential Improvement Program, Item 9B.

Wendy Gross, President of the Rossmoor/Los Alamitos Republican Women Federated, advised of the upcoming 50<sup>th</sup> Anniversary Celebration being held on March 24, at the Old Ranch Country Club, and passed out information.

Representative from Run Seal Beach stated support for Item 9B and gave a brief overview of Run Seal Beach being held on April 21, 2012.

Thomas Rothwell, resident, congratulated the City on a successful Race on the Base and outlined his participation as an amateur radio volunteer.

John Underwood, LATV producer, commented on the Race on the Base and advised highlights were being aired on LATV.

Mayor Edgar closed Oral Communications.

**7. REGISTER OF MAJOR EXPENDITURES**

March 5, 2012.

Motion/Second: Poe/Stephens

Unanimously Carried: The City Council approved the Register of Major Expenditures for March 5, 2012, in the amount of \$348,646.65.

**Roll Call Vote**

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

**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.

Council Member Graham-Mejia pulled item 8A.

Motion/Second: Graham-Mejia/Stephens

Unanimously Carried: The City Council approved the following Consent Calendar Items:

(Note: Mayor Pro Tem Poe abstained from item 8D due to a Conflict of Interest as she owns property in Old Town West.)

\*\*\*\*\*CONSENT CALENDAR\*\*\*\*\*

**B. Warrants (Finance)**  
The City Council approved the Warrants of March 5, 2012, in the amount of \$63,771.57.

**C. Emergency Roof Repairs - Reaffirmation of Emergency Conditions (Public Works)**

The City of Los Alamitos, when approving emergency public projects, is required to reaffirm such decisions at subsequent Council Meetings until the emergency is resolved. This staff report reaffirms the December 19, 2011, decision to approve an emergency contract for roof repairs to several City buildings to avoid further damage to public facilities and avoid injury to the health of the occupants of the buildings.

The City Council, by a 4/5ths vote, ratify and reaffirm the December 19, 2011, City Council action to:

1. Found that significant damage has occurred to the roofs on several City buildings as a result of recent weather events, that the roofs are leaking into work spaces currently in use by employees, that future wind and storm events are predicted in the near future, and that the roofing issues have been inspected and assessed by professionals with pertinent experience who have recommended immediate repair to avoid further damage and possible health and safety issues; and,
2. Found that the roofing problems identified in this report are an emergency, that there is not time to conduct a competitive bid process and that the roofs must be repaired immediately to avoid further damage to public facilities and avoid injury to the health of the occupants of the buildings; and,
3. Authorized the award of contract for emergency roof repairs to Emercon Construction, Inc. via the Joint Powers Insurance Authority (JPIA) while authorizing an expenditure of \$5,000.00 for the deductible; and,
4. Authorized the City Manager to spend up to \$15,000 to repair and/or replace roof top air conditioning equipment if needed in order to repair the roofing leaks.

**D. Approval of Plans and Specifications and Authorization to Bid for ADA Accessibility Ramps in Old Town East and West, and Apartment Row (Public Works)**

This report recommended actions to begin facilitating the construction of ADA accessibility ramps in Old Town East and West, and Apartment Row.

The City Council:

1. Approved the plans and specifications for the construction of ADA accessibility ramps in Old Town East and West, and Apartment Row; and,
2. Authorized staff to advertise and solicit bid proposals for Project A.

**E. Replacement of Unmarked Police Vehicle (Public Works)**

This was a request to purchase one unmarked certified police vehicle to replace an aging 2004 Crown Victoria. This report seeks to “piggy back” on the Los Angeles County Sheriff bid for acquisition of the vehicle.

The City Council:

1. Authorized the City Manager to purchase one (1) 2012 Dodge Charger Unmarked Certified Police Vehicle from McPeck’s Dodge of Anaheim, CA; and,
2. Declared the 2004 Crown Victoria as surplus and authorize staff to dispose of the item in accordance with the Los Alamitos Municipal Code Section 2.60.020.

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

**A. Approval of Minutes (City Clerk)**

1. Approve Minutes of the Special Meeting – February 21, 2012
2. Approve Minutes of the Regular Meeting – February 21, 2012

Council Member Graham-Mejia stated for the record she would like to see the minutes returned to summary format for historical purposes.

Motion/Second: Poe/Stephens

Carried 4/1 (Graham-Mejia cast the dissenting vote): The City Council:

1. Approved the Minutes of the Special Meeting of February 21, 2012
2. Approve the Minutes of the Regular Meeting of February 21, 2012

**9. DISCUSSION ITEMS**

**A. Consideration of Reduction in the Utility Users Tax (City Manager)**

During the mid-year budget review on February 21, 2012, several of the Council Members raised the issue of reducing the Utility Users Tax for the 2012-13 Fiscal Year.

City Manager Avery summarized the staff report referring to the information contained therein and answered questions from the City

Council. She indicated a 1% reduction in the UUT would equate to \$1.50/month for renters and \$3.80/month for homeowners.

The City Council considered the Staff recommendation to delay lowering the Utility Users Tax due to flat revenue projections in the major revenue sources projected for Fiscal Year 2012-13 and discussed the following topics:

- Options to reduce expenditures and generate revenue
- Giving back to the residents, even if minimal
- Reserve fund balance
- Tabling the item to allow staff to further research alternatives
- Reserves are not used to balance the budget, but should be used for one time expenses to give back to the community
- Establishing a reserve policy that includes allowable one-time expenses
- Restricted and Non-restricted Reserve balances

Mayor Edgar opened the item for public comment.

Pete Carvajal, Parks, Recreation, and Cultural Arts Commissioner, stated opposition to the UUT reduction. He supported investing in the community and offered the following suggestions: improving center medians on the boulevard, bringing back Band in the Park, bringing back Christmas decorations, and improving City parks and streets.

J.M. Ivler, resident, stated opposition to the UUT reduction and suggested giving back to the community with a voucher for classes hosted by the Community Services department.

Richard Murphy, resident, stated opposition to the UUT reduction and suggested fully vetting different opportunities to give back to the community during the budget process where Council and residents could engage in dialogue.

Mayor Edgar closed the item for public comment.

Council Member Graham-Mejia stated, for the record, her attempt with the UUT reduction was to make sure everyone would benefit from the use of reserve funds, not just a small portion of residents.

The City Council and Staff discussed the following topics:

- Support for a voucher for City classes
- Support for holiday decorations throughout the year
- Encouraged staff to creatively explore different options

- Actively engaging the residents in the budget process and possibly holding a workshop for more open dialogue
- Structural budget and deficit
- Establishing a policy/criteria for a Community Pride/Involvement program that would be a one time expense and not an ongoing operating expense
- Options for collecting community feedback including a survey, use of the Commissions, and advertising in the Recreation and Community Services Activities Guide

City Manager Avery stated the direction received from the Council was a desire for a survey to collect community feedback, the project would be a one-time expense only, the identification of \$333,000 funding level, and including the discussion in the budget process.

**B. Adoption of Business and Residential Improvement Program (Community Development)**

This report seeks formal adoption of the Los Alamitos Business and Residential Improvement Program first introduced to City Council on February 21, 2012.

Community Development Director Mendoza summarized the staff report, referring to the information contained therein, gave a PowerPoint presentation and answered questions from the City Council.

The City Council and staff discussed the following topics:

- Support for the incorporated changes
- Benefits the program will provide for the community
- Fund tracking
- Exclusion of service related costs
- Extension deadline for an appeal from within 10 days to 30 days

Mayor Edgar opened the item for public comment.

J.M. Ivler, resident, stated support for the item.

Dean Grose, resident, asked for and received clarification regarding reimbursable fees.

Mayor Edgar closed the item for public comment.

The City Council directed staff to include the following revisions:

- Maximum rebate of \$3,000 instead of \$2,500
- Extension deadline for an appeal from within 10 days to 30 days

- Having the funds split 60% for residents and 40% for businesses
- Council reviewing the program after six months; sooner if the funding is exhausted

Motion/Second: Graham-Mejia/Stephens

Unanimously Carried: The City Council:

1. Adopted City Council Resolution No. 2012-03 approving the Los Alamitos Business and Residential Improvement Program with stated revisions; and,
2. Approved the Budget appropriation of \$164,906, from the General Fund Reserves to the Community Development Department for implementation of the program for Fiscal Year 2011-2012 and Fiscal Year 2012-2013.

**C. Developer Initiated Ballot Measure in the City of Cypress (Com. Dev.)**

This report provides an update on a proposed ballot initiative that could lead to a new development on Katella Avenue, east of Enterprise Drive in the City of Cypress.

Community Development Director Mendoza summarized the staff report, referring to the information contained therein, and answered questions from the City Council.

The City Council discussed the importance of keeping the community informed and of Staff staying apprised of the project's progress.

Mayor Edgar opened the item for public comment. There being no one present wishing to speak, Mayor Edgar closed the item for public comment.

Motion/Second: Edgar/Graham-Mejia

Unanimously Carried: The City Council received and filed.

**D. Consideration of Withdrawal of Prosecution of Alleged Brown Act Violations and Cessation of Hostilities (City Manager)**

This item allowed for Council discussion regarding setting aside disputes over the Brown Act and re-focusing on City business.

Mayor Pro Tem Poe asked this item be tabled in light of recent information received in the past week.

Mayor Edgar stated the importance of item 9D and inquired if Mayor Pro Tem Poe would be amenable to recessing into Closed Session now and readdressing item 9D afterwards.

Mayor Pro Tem Poe agreed.

## 12. CLOSED SESSION

### **Conference with Legal Counsel**

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.

- A. Existing Litigation (G.C. 54956.9(a))  
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)

### **RECESS**

The City Council recessed into Closed Session at 9:07 p.m.

### **RECONVENE**

The City Council reconvened in Regular Session at 10:20 p.m.

No reportable action.

### **9D. Consideration of Withdrawal of Prosecution of Alleged Brown Act Violations and Cessation of Hostilities (City Manager)**

This item allowed for Council discussion regarding setting aside disputes over the Brown Act and re-focusing on City business.

The pending Brown Act matters were:

1. Request for prosecution of member Kusumoto;
2. Demand for a cure by Roger Ho (on behalf of Council Member Kusumoto);
3. Demand for a cure by Jodie Shloss;
4. Allegations of violations by J. M. Ivler.

City Manager Avery summarized the staff report referring to the information contained therein and answered questions from the City Council.

Council Member Kusumoto called for a point of order, recused himself, and left the dais.

Council Member Stephens inquired if anyone else should recuse themselves.

City Attorney Levin indicated she had no knowledge of a financial conflict

of interest in discussing the items; however, it was at each Council Member's discretion to recuse themselves for common law bias.

The City Council and staff discussed the following topics:

- Moving forward and working together to do the business of the City
- Item #2 needing no action as it had already been cured
- Progress in resolving the trash litigation
- Enforcement of Council perceived Brown Act violations
- Council Member Kusumoto's ability to exonerate himself

Council Member Graham-Mejia and City Attorney Levin stepped away from the dais to determine if certain information could be discussed in a public forum.

Council Member Graham-Mejia returned to the dais.

City Attorney Levin clarified the decision to convey the information to the District Attorney had been made in Open Session and was not Closed Session information.

The City Council and staff discussed the following topics:

- City had hired a City prosecutor, but had not forwarded the information to any other authorities
- History of the perceived Brown Act violation by Council Member Kusumoto
- Dismissing the charges against Council Member Kusumoto as a professional courtesy

Mayor Edgar opened the item for public comment.

J.M. Ivler, resident, expressed concern that Council Member Kusumoto would be considered guilty of a Brown Act violation without another legal opinion.

Mayor Edgar closed the item for public comment.

Motion/Second: Edgar/Graham-Mejia

Carried 4/0 (Kusumoto recused himself): The City Council made a motion to withdraw the prosecution of Council Member Kusumoto and to look into monetary compensation for Council Member Kusumoto's legal fees. Mayor Edgar personally apologized to Council Member Kusumoto.

Council Member Kusumoto took his seat at the dais.

Mayor Edgar opened the item for discussion of Items 2-4. He indicated Item #2 had already been cured.

Council Member Kusumoto called for a point of order. He states his belief that three Council Members and the City Attorney had a conflict of interest and should recuse themselves from further discussion of Item #2.

City Attorney Levin discussed the issue raised by Item #2 and stated, based on case law, she believed there was an appropriate quorum. The Council readdressed the issue after a challenge was presented and provided a cure. She also indicated substantial compliance was sufficient for a means of compliance and substantial compliance had occurred.

Council Member Kusumoto called for a point of order and stated Items 2-3, per the City Attorney's description, were now moot points.

Council and staff discussed that there was no Brown Act violation on December 5, 2011, when two Council Members met because the Brown Act allows for two Council Members to meet as a committee as long as no action was taken.

Motion/Second: Poe/Stephens

Carried 4/0 (Kusumoto abstained): The City Council closed out Item #2(Demand for a cure by Roger Ho (on behalf of member Kusumoto) and Item #3 (Demand for a cure by Jodie Shloss).

Mayor Edgar opened the item for discussion of Item #4 (Allegations of violations by J. M. Ivler).

J.M. Ivler, resident, stated he would withdraw his complaint, but stated concern that Council Member Kusumoto did not have an opportunity to clear his name.

The City Council discussed the following topics:

- Apology from Mayor Edgar offered to Council Member Kusumoto
- Concern for Council Member Kusumoto's reputation in regards to the alleged Brown Act violations
- Alleged Fair Political Practices Commission (FPPC) and Brown Act violations being used during upcoming elections
- Common law bias

Mayor Edgar inquired if action was needed for Item #4 since Mr. Ivler had withdrawn his complaint.

City Attorney Levin stated no action was needed.

Mayor Edgar opened the item for further discussion of Item #1 (Request for prosecution of Council Member Kusumoto).

Council Member Kusumoto recused himself and left the dais.

City Attorney Levin requested that her legal opinion not be used for any political purposes and offered an apology to the Council, especially Council Member Kusumoto, for not being more vocal about the ramifications of this course of action. She suggested Council allow Council Member Kusumoto to submit, for the record, any legal opinion he may have received indicating he did not violate the Brown Act.

It was Council consensus to allow Council Member Kusumoto to submit, for the record, any legal opinion he may have received regarding this perceived Brown Act violation.

Council Member Kusumoto took his seat at the dais.

## 10. **MAYOR AND COUNCIL INITIATED BUSINESS**

### **Council Announcements**

**Council Member Graham-Mejia** discussed the following items: vehicle theft and ways residents could protect their cars; participation in the Race on the Base; requested the LATV schedule be placed on the City's webpage; and, supported moving forward with a project that would benefit the community. She requested the meeting be adjourned in memory of long time community partner and business owner, Barbara Collins.

**Council Member Stephens** discussed the following items: appreciation for citizen participation; City of Santa Ana joining the Orange County Fire Authority; Race on the Base and LATV coverage of the event; and support for moving forward with the business of the City.

**Council Member Kusumoto** stated he felt the Council had taken his prosecution too far and asked the City Attorney a series of questions.

City Attorney Levin indicated she would do the appropriate research and respond to his questions to the best of her ability at a later date.

**Mayor Pro Tem Poe** discussed the following items: Race on the Base; attendance at the Americana Awards, and the Mayors Group; upcoming General Plan Open Houses; upcoming Police Appreciation lunch; upcoming Ribbon Cutting for the Shade Structure at the JFTB Pool. She also requested the meeting be adjourned in memory of Barbara Collins.

**Mayor Edgar** discussed the following items: Orange County Sanitation District budget; attendance at Americana Awards; California Public Utilities Commission meeting at Stanton Council Chambers; requested Council representation at the City Selection Committee meeting; upcoming Police Appreciation Lunch; upcoming ceremony at Sunburst Youth Academy Ribbon Cutting; and stated support for moving forward with the business of the City.

**11. ITEMS FROM THE CITY MANAGER**

City Manager Avery reported all City projects were moving ahead nicely and thanked Council for moving forward tonight and indicated it would be a great benefit to the community.

**13. ADJOURNMENT**

The City Council adjourned in memory of Barbara Collins at 11:58 p.m. The next meeting of the City Council is scheduled for **Monday, March 19, 2012**, in the City Council Chambers.

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Troy D. Edgar, Mayor

ATTEST:

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Windmera Quintanar, Department Secretary

**CITY OF LOS ALAMITOS  
A/P Warrants  
March 19, 2012**

**Pages:**

**01-07      \$ 102,792.22      A/P Warrants      03/19/2012**

**Total      \$ 102,792.22**

**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 Director.**

  
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**this 14<sup>th</sup> day of March, 2012**

VENDOR SORT KEY	DESCRIPTION	FUND	DEPARTMENT	AMOUNT
10-8 RETROFIT, INC.	LIGHT REPAIRS	GARAGE FUND	GARAGE	65.00
			TOTAL:	65.00
24/7 EVENT SERVICES, INC.	PARKING SERVICES	GENERAL FUND	SPECIAL EVENTS	1,495.00
	PARKING SERVICES	GENERAL FUND	SPECIAL EVENTS	288.00
	PARKING EQUIPMENT	GENERAL FUND	SPECIAL EVENTS	85.00
			TOTAL:	1,868.00
ACE INDUSTRIAL SUPPLY, INC.	TOOLS	GARAGE FUND	GARAGE	164.84
			TOTAL:	164.84
ADAMSON POLICE PRODUCTS	UNIFORM	GENERAL FUND	PATROL	112.06
			TOTAL:	112.06
ALL AMERICAN SIGN COMPANY	CODE ENFORCE SIGNS	GARAGE FUND	GARAGE	50.39
			TOTAL:	50.39
AMERICAN RENTALS	SOD CUTTER RENTAL	GENERAL FUND	PARK MAINTENANCE	83.83
			TOTAL:	83.83
CHRIS ANDERSON	TUITION REIMBURSEMENT	GENERAL FUND	PATROL	912.49
			TOTAL:	912.49
ANDERSON ELECTRICAL & LIGHTING SERVICE	PARKING LOT LIGHTS	GENERAL FUND	BUILDING MAINTENANCE	230.00
	LIGHTING MAINTENANCE	GENERAL FUND	SPORTS	90.00
	LIGHTING MAINTENANCE	GENERAL FUND	SPORTS	180.00
			TOTAL:	500.00
AT & T	BILL CYCLE 02/19-03/18	GENERAL FUND	COMMUNICATIONS TECHNOL	357.18
			TOTAL:	357.18
AT & T MOBILITY	BILL CYCLE 01/24-02/23	GENERAL FUND	PATROL	409.27
			TOTAL:	409.27
BARBARA BANNERMAN	INSTRUCTOR - YOGA	GENERAL FUND	SPECIAL CLASSES	732.42
	INSTRUCTOR - YOGA	GENERAL FUND	SPECIAL CLASSES	582.01
			TOTAL:	1,314.43
BEE REMOVERS	BEE REMOVAL	GENERAL FUND	STREET MAINTENANCE	125.00
			TOTAL:	125.00
BENESYST	FLEX ADMIN SERVICES	GENERAL FUND	ADMINISTRATIVE SERVICE	150.00
			TOTAL:	150.00
BUSINESS PRODUCTS DISTRIBUTORS	OFFICE SUPPLIES	GENERAL FUND	RECREATION ADMINISTRAT	37.49
			TOTAL:	37.49
C.A. WEB DESIGN, INC.	SPRING 2012 BROCHURE	GENERAL FUND	RECREATION ADMINISTRAT	56.25
			TOTAL:	56.25
CALIFORNIA FORENSIC PHLEBOTOMY INC.	BLOOD TEST	GENERAL FUND	PATROL	112.50
			TOTAL:	112.50
CANCER SUPPORT FOUNDATION	REIMBURSE 5K WALK	GENERAL FUND	SPECIAL EVENTS	4,280.00
			TOTAL:	4,280.00

VENDOR SORT KEY	DESCRIPTION	FUND	DEPARTMENT	AMOUNT
CHARLES ABBOTT ASSOCIATES, INC.	BUILDING PERMIT FEES	GENERAL FUND	BUILDING INSPECTION	5,846.55
			TOTAL:	5,846.55
CITY OF SEAL BEACH	JANUARY BOOKINGS	GENERAL FUND	PATROL	330.00
			TOTAL:	330.00
COAST CASH REGISTER CO.	CASH REGISTER RENTAL	GENERAL FUND	SPECIAL EVENTS	330.00
			TOTAL:	330.00
COAST RECREATION	PLAYGROUND EQUIPMENT	GENERAL FUND	PARK MAINTENANCE	73.81
			TOTAL:	73.81
BOB COHEN	INSTRUCTOR - ADULT ED	GENERAL FUND	SPECIAL CLASSES	21.00
			TOTAL:	21.00
COMMERCIAL AQUATIC SERVICES	ANNUAL HEATER SERVICE	GENERAL FUND	AQUATICS	1,121.19
			TOTAL:	1,121.19
COMMUNITY SCHOOLS MEDIA PARTNERSHIP	PRODUCE 2011 FOOTBALL	LOS ALAMITOS TV	LOS ALAMITOS TV	3,500.00
	PRODUCE JAN BASKETBALL	LOS ALAMITOS TV	LOS ALAMITOS TV	750.00
	PRODUCE JAN SOCCER	LOS ALAMITOS TV	LOS ALAMITOS TV	250.00
	PRODUCE JAN WRESTLING	LOS ALAMITOS TV	LOS ALAMITOS TV	250.00
	PRODUCE FEB BASKETBALL	LOS ALAMITOS TV	LOS ALAMITOS TV	750.00
	PRODUCE FEB SOCCER	LOS ALAMITOS TV	LOS ALAMITOS TV	250.00
			TOTAL:	5,750.00
COMMUNITY SENIORSERV	NUTRITION TRANSPORTATION	GENERAL FUND	COMMUNITY SERVICES	191.76
	NUTRITION TRANSPORTATION	GENERAL FUND	COMMUNITY SERVICES	105.28
			TOTAL:	297.04
COMPUTER SERVICE CO.	SIGNAL REPAIR	GENERAL FUND	STREET MAINTENANCE	165.62
	SIGNAL REPAIR	GENERAL FUND	STREET MAINTENANCE	1,080.09
	SIGNAL REPAIR	GENERAL FUND	STREET MAINTENANCE	149.38
	SIGNAL REPAIR	GENERAL FUND	STREET MAINTENANCE	155.58
	SIGNAL REPAIR	GENERAL FUND	STREET MAINTENANCE	50.25
			TOTAL:	1,600.92
COUNTY OF ORANGE AUDITOR-CONTROLLER	PARKING CITATIONS	GENERAL FUND	NON-DEPARTMENTAL	1,675.00
			TOTAL:	1,675.00
COUNTY OF ORANGE TREASURER-TAX	OCATS	GENERAL FUND	COMMUNICATIONS TECHNOL	305.00
			TOTAL:	305.00
DAPEER, ROSENBLIT & LITVAK, LLP	MUNI CODE ENFORCE	GENERAL FUND	NEIGHBORHOOD PRESERVAT	1,478.50
			TOTAL:	1,478.50
DOG DEALERS, INC.	INSTRUCTOR - DOG OBEDIENCE	GENERAL FUND	SPECIAL CLASSES	269.50
			TOTAL:	269.50
DOOLEY ENTERPRISES, INC.	AMMUNITION	GENERAL FUND	PATROL	1,432.54
			TOTAL:	1,432.54
ELIANA DREW	INSTRUCTOR - ADULT ED	GENERAL FUND	SPECIAL CLASSES	117.60
			TOTAL:	117.60
KIM ENGEL	COMPUTER LOAN	GENERAL FUND	NON-DEPARTMENTAL	1,746.50

ENDOR SORT KEY	DESCRIPTION	FUND	DEPARTMENT	AMOUNT
			TOTAL:	1,746.50
ENVIROSERV	WASTE REMOVAL	GENERAL FUND	STREET MAINTENANCE	215.30
			TOTAL:	215.30
CARRI FOX	INSTRUCTOR - DANCE	GENERAL FUND	SPECIAL CLASSES	21.00
	INSTRUCTOR - DANCE	GENERAL FUND	SPECIAL CLASSES	16.80
			TOTAL:	37.80
KAIN GALLAUGHER	TUITION REIMBURSEMENT	GENERAL FUND	PATROL	687.00
			TOTAL:	687.00
BALLS / LONG BEACH UNIFORM	UNIFORMS	GENERAL FUND	PATROL	513.05
			TOTAL:	513.05
MANAHL LUMBER COMPANY	PATCH MATERIAL	GENERAL FUND	PARK MAINTENANCE	10.76
	GLOVES & STAKES	GENERAL FUND	PARK MAINTENANCE	52.11
	ELECTRICAL PARTS	GENERAL FUND	BUILDING MAINTENANCE	15.04
	CASTER WHEELS	GENERAL FUND	BUILDING MAINTENANCE	32.28
	GLOVES, ZIP TIES & CLAMPS	GENERAL FUND	BUILDING MAINTENANCE	78.99
	RACE ON BASE SUPPLIES	GENERAL FUND	SPECIAL EVENTS	145.60
	TOOLS & FILTERS	GARAGE FUND	GARAGE	33.26
			TOTAL:	368.04
SEMINI TIMING	CHIP TIMING	GENERAL FUND	SPECIAL EVENTS	4,564.50
			TOTAL:	4,564.50
3H PIN COMPANY	MEDALS PURCHASE	GENERAL FUND	SPECIAL EVENTS	6,000.00
			TOTAL:	6,000.00
GLOBALSTAR USA	SATELLITE PHONE	GENERAL FUND	EMERGENCY PREPAREDNESS	26.61
			TOTAL:	26.61
GOLDEN STATE WATER COMPANY	BILL CYCLE 12/20-02/22	GENERAL FUND	STREET MAINTENANCE	270.73
	BILL CYCLE 12/20-02/22	GENERAL FUND	PARK MAINTENANCE	143.07
			TOTAL:	413.80
HARTZOG & CRABILL, INC.	TC PLAN CHECK	GENERAL FUND	CITY ENGINEER	160.00
	SERPENTINE RETAIL DEVELOP	GENERAL FUND	CITY ENGINEER	625.00
	TRAFFIC ENGINEER SVCS	GENERAL FUND	CITY ENGINEER	1,600.75
			TOTAL:	2,385.75
HEART TO HEART CPR	INSTRUCTOR - BABYSITTING	GENERAL FUND	SPECIAL CLASSES	100.80
	INSTRUCTOR - CPR	GENERAL FUND	SPECIAL CLASSES	138.60
	INSTRUCTOR - FIRST AID	GENERAL FUND	SPECIAL CLASSES	25.20
			TOTAL:	264.60
HI-WAY SAFETY INC.	SIGN POLES	GENERAL FUND	STREET MAINTENANCE	63.57
	SIGNS	GENERAL FUND	STREET MAINTENANCE	159.47
			TOTAL:	223.04
JUDICIAL DATA SYSTEMS CORP.	CITATIONS	GENERAL FUND	TRAFFIC	100.00
			TOTAL:	100.00
CHRISTOPHER KARRER	TUITION REIMBURSEMENT	GENERAL FUND	PATROL	912.49
			TOTAL:	912.49

VENDOR SORT KEY	DESCRIPTION	FUND	DEPARTMENT	AMOUNT
KIDSGUIDE	SPRING/SUMMER AD	GENERAL FUND	DAY CAMP	375.25
			TOTAL:	375.25
CONICA MINOLTA BUSINESS SOLUTIONS	COPIER LEASE - ADMIN SVCS	GENERAL FUND	ADMINISTRATIVE SERVICE	502.20
	COPIER LEASE - CITY HALL	GENERAL FUND	ADMINISTRATIVE SERVICE	474.05
	COPIER LEASE - P/D	GENERAL FUND	POLICE ADMINISTRATION	332.20
			TOTAL:	1,308.45
CUSTOM IMPRINTS	BANNERS	GENERAL FUND	PLANNING	409.45
	LIFEGUARD JACKETS	GENERAL FUND	AQUATICS	1,050.00
			TOTAL:	1,459.45
YING LIU	INSTRUCTOR - ART	GENERAL FUND	SPECIAL CLASSES	527.47
	INSTRUCTOR - ART	GENERAL FUND	SPECIAL CLASSES	58.50
	INSTRUCTOR - ART	GENERAL FUND	SPECIAL CLASSES	107.25
	INSTRUCTOR - ART	GENERAL FUND	SPECIAL CLASSES	48.75
			TOTAL:	741.97
LOS ALAMITOS AUTO PARTS	LIGHTBULBS	GARAGE FUND	GARAGE	9.27
	TIRE VALVE	GARAGE FUND	GARAGE	5.79
	TRANSMISSION FLUID	GARAGE FUND	GARAGE	14.19
	COOLANT	GARAGE FUND	GARAGE	66.76
			TOTAL:	96.01
LOS ALTOS TROPHY	PLAQUE	GENERAL FUND	CITY COUNCIL	7.38
	PLAQUES	GENERAL FUND	POLICE ADMINISTRATION	281.84
	NAME PLATE	GENERAL FUND	PUBLIC WORKS ADMIN	8.24
	BASKETBALL TROPHIES	GENERAL FUND	SPORTS	404.06
	BASKETBALL MEDALS	GENERAL FUND	SPORTS	36.42
	BASKETBALL TROPHIES	GENERAL FUND	SPORTS	479.49
		TOTAL:	1,217.43	
MAD SCIENCE OF W. ORANGE COUNTY	INSTRUCTOR - SCIENCE CLASS	GENERAL FUND	SPECIAL CLASSES	157.47
			TOTAL:	157.47
MISC. VENDOR	REFUND - TODDLER CLASS	GENERAL FUND	NON-DEPARTMENTAL	10.00
	REFUND - DANCE CLASS	GENERAL FUND	NON-DEPARTMENTAL	112.00
	REFUND - DANCE CLASS	GENERAL FUND	NON-DEPARTMENTAL	100.00
	REFUND - DANCE CLASS	GENERAL FUND	NON-DEPARTMENTAL	200.00
	REFUND - TODDLER CLASS	GENERAL FUND	NON-DEPARTMENTAL	58.00
	REFUND - TODDLER CLASS	GENERAL FUND	NON-DEPARTMENTAL	52.00
	REFUND - CLASS OVERPAYMENT	GENERAL FUND	NON-DEPARTMENTAL	4.00
	REFUND - PRESCHOOL	GENERAL FUND	NON-DEPARTMENTAL	346.00
	REFUND - PRESCHOOL	GENERAL FUND	NON-DEPARTMENTAL	546.00
	REFUND - ADULT ED CLASS	GENERAL FUND	NON-DEPARTMENTAL	36.00
	REFUND - RACE ON BASE	GENERAL FUND	NON-DEPARTMENTAL	37.00
	REFUND - RACE ON BASE	GENERAL FUND	NON-DEPARTMENTAL	40.75
	REFUND - RACE ON BASE	GENERAL FUND	NON-DEPARTMENTAL	75.97
	REFUND - RACE REGISTRATION	GENERAL FUND	SPECIAL EVENTS	80.00
			TOTAL:	1,697.72
RICK MOORE	TUITION REIMBURSEMENT	GENERAL FUND	PATROL	1,054.45
			TOTAL:	1,054.45
MOSS, LEVY & HARTZHEIM LLP	COMPLETE TAX RETURNS	GENERAL FUND	ADMINISTRATIVE SERVICE	600.00
			TOTAL:	600.00

VENDOR SORT KEY	DESCRIPTION	FUND	DEPARTMENT	AMOUNT
MUSCO LIGHTING, LLC	LIGHTING - OAK FIELD	GENERAL FUND	SPORTS	285.63
	LIGHTING - MCAULIFFE FIELD	GENERAL FUND	SPORTS	400.00
	LIGHTING - OAK FIELD	GENERAL FUND	SPORTS	400.00
			TOTAL:	<u>1,085.63</u>
MYERS TIRE SUPPLY	TIRE PATCH KIT	GARAGE FUND	GARAGE	599.09
			TOTAL:	<u>599.09</u>
NEWS ENTERPRISE	PUBLISH NOTICE	GENERAL FUND	CITY COUNCIL	58.96
	PUBLISH NOTICE	GENERAL FUND	PLANNING	46.75
			TOTAL:	<u>105.71</u>
NEXTEL COMMUNICATIONS	TRAFFIC CALMING SIGN	GENERAL FUND	TRAFFIC	17.48
			TOTAL:	<u>17.48</u>
ORANGE COUNTY TAX COLLECTOR	SEWER FEES - PD/CITY HALL	GENERAL FUND	ADMINISTRATIVE SERVICE	1,423.11
	SEWER FEES - COMM CENTER	GENERAL FUND	ADMINISTRATIVE SERVICE	1,735.75
	SEWER FEES - MUSEUM	GENERAL FUND	ADMINISTRATIVE SERVICE	133.50
			TOTAL:	<u>3,292.36</u>
P.L. PERRIN & ASSOCIATES	POLYGRAPH EXAM	GENERAL FUND	POLICE ADMINISTRATION	200.00
			TOTAL:	<u>200.00</u>
PACIFIC COAST RACE TIMING	RACE ON BASE SERVICES	GENERAL FUND	SPECIAL EVENTS	700.00
			TOTAL:	<u>700.00</u>
PACIFIC TELEMAGEMENT SERVICES	PAY PHONE	GENERAL FUND	COMMUNICATIONS TECHNOL	82.64
			TOTAL:	<u>82.64</u>
HELEN PARES	INSTRUCTOR - EXERCISE	GENERAL FUND	SPECIAL CLASSES	191.62
			TOTAL:	<u>191.62</u>
THE PLANNING CENTER	ISSUES & CONSTRAINTS	GENERAL FUND	PLANNING	100.00
	DRAFT GENERAL PLAN	GENERAL FUND	PLANNING	2,711.27
	DRAFT EIR	GENERAL FUND	PLANNING	2,122.06
	REIMBURSABLES	GENERAL FUND	PLANNING	224.44
			TOTAL:	<u>5,157.77</u>
QUARTERMASTER	UNIFORMS	GENERAL FUND	PATROL	93.72
			TOTAL:	<u>93.72</u>
TOM RASO	TUITION REIMBURSEMENT	GENERAL FUND	PATROL	687.00
			TOTAL:	<u>687.00</u>
SCIENTIA CONSULTING GROUP	IT SERVICES	TECHNOLOGY REPLACE	ADMINISTRATIVE SERVICE	5,700.00
			TOTAL:	<u>5,700.00</u>
SIR SPEEDY	CITY LETTERHEAD	GENERAL FUND	CITY COUNCIL	418.02
	BUSINESS CARDS	GENERAL FUND	PATROL	75.96
	GENERAL PLAN FLYERS	GENERAL FUND	PLANNING	377.13
			TOTAL:	<u>871.11</u>
SMART & FINAL	KITCHEN SUPPLIES	GENERAL FUND	POLICE ADMINISTRATION	149.53
			TOTAL:	<u>149.53</u>
SOUTHERN CALIFORNIA EDISON	TRAFFIC SIGS/ST LIGHTS	GENERAL FUND	STREET MAINTENANCE	52.64

VENDOR SORT KEY	DESCRIPTION	FUND	DEPARTMENT	AMOUNT
	SPRINKLERS	GENERAL FUND	PARK MAINTENANCE	183.71
			TOTAL:	236.35
SOUTHERN CALIFORNIA GAS	3614 FENLEY	GENERAL FUND	STREET MAINTENANCE	14.91
	3191 KATELLA	GENERAL FUND	BUILDING MAINTENANCE	274.10
	10911 OAK ST.	GENERAL FUND	BUILDING MAINTENANCE	188.40
			TOTAL:	477.41
SPOT LIGHTING SUPPLIES, INC.	LIGHT SOCKETS	GENERAL FUND	BUILDING MAINTENANCE	64.65
			TOTAL:	64.65
SPRINT	ACTIVITY THRU 2/21/12	GENERAL FUND	CITY MANAGER	34.68
	ACTIVITY THRU 2/21/12	GENERAL FUND	ADMINISTRATIVE SERVICE	34.68
	ACTIVITY THRU 2/21/12	GENERAL FUND	COMMUNICATIONS TECHNOL	34.67
	ACTIVITY THRU 2/21/12	GENERAL FUND	COMMUNITY DEVEL ADMIN	34.67
	ACTIVITY THRU 2/21/12	GENERAL FUND	PUBLIC WORKS ADMIN	34.67
	ACTIVITY THRU 2/21/12	GENERAL FUND	RECREATION ADMINISTRAT	34.67
			TOTAL:	208.04
STATE WATER RESOURCES CONTROL BOARD	ANNUAL PERMIT FEE	GENERAL FUND	NPDES	7,279.00
			TOTAL:	7,279.00
TIME WARNER CABLE	ADMIN CABLE SERVICE	GENERAL FUND	CITY MANAGER	164.96
	P/D CABLE SERVICE	GENERAL FUND	COMMUNICATIONS TECHNOL	132.84
	INTERNET - COMPUTER CENTER	GENERAL FUND	RECREATION ADMINISTRAT	69.95
			TOTAL:	367.75
TOTALFUNDS BY HASLER	POSTAGE	GENERAL FUND	ADMINISTRATIVE SERVICE	500.00
			TOTAL:	500.00
TYLER TECHNOLOGIES	SECURE SIGNATURES	TECHNOLOGY REPLACE	ADMINISTRATIVE SERVICE	148.70
			TOTAL:	148.70
UNDERGROUND SERVICE ALERT OF SO CAL	SERVICE ALERT FAXES	GENERAL FUND	STREET MAINTENANCE	18.00
			TOTAL:	18.00
JOHN UNDERWOOD	RACE ON BASE FILMING	GENERAL FUND	CITY MANAGER	786.00
			TOTAL:	786.00
USA MOBILITY WIRELESS, INC.	PAGER FEES	GENERAL FUND	PUBLIC WORKS ADMIN	20.10
			TOTAL:	20.10
USAT	REIMBURSE LICENSE FEES	GENERAL FUND	SPECIAL EVENTS	7,569.00
			TOTAL:	7,569.00
V & V MANUFACTURING, INC.	BADGE REPAIR	GENERAL FUND	RECORDS	123.24
			TOTAL:	123.24
VERIZON CALIFORNIA, INC.	ADMIN - FAX	GENERAL FUND	ADMINISTRATIVE SERVICE	49.61
	POLICE DEPT/RELAY LINE	GENERAL FUND	COMMUNICATIONS TECHNOL	79.38
	TELECOMMUNICATIONS	GENERAL FUND	COMMUNICATIONS TECHNOL	777.11
	EOC/FAX LINES	GENERAL FUND	COMMUNICATIONS TECHNOL	909.11
	TRAFFIC SIGNAL	GENERAL FUND	STREET MAINTENANCE	44.64
	TRAFFIC SIGNAL	GENERAL FUND	STREET MAINTENANCE	80.14
	TRAFFIC SIGNAL	GENERAL FUND	STREET MAINTENANCE	45.05
	TRAFFIC SIGNAL	GENERAL FUND	STREET MAINTENANCE	42.61

VENDOR SORT KEY	DESCRIPTION	FUND	DEPARTMENT	AMOUNT
	TRAFFIC SIGNAL	GENERAL FUND	STREET MAINTENANCE	42.61
	PARK & REC - FAX	GENERAL FUND	RECREATION ADMINISTRAT	43.77
			TOTAL:	2,114.03
VERIZON WIRELESS	POLICE DEPARTMENT	GENERAL FUND	POLICE ADMINISTRATION	43.34
	COMMUNITY DEVELOPMENT	GENERAL FUND	NEIGHBORHOOD PRESERVAT	10.74
	PUBLIC WORKS	GENERAL FUND	STREET MAINTENANCE	197.81
			TOTAL:	251.89
VICTORY LOCK AND KEY	REPAIR DOORS	GENERAL FUND	BUILDING MAINTENANCE	208.75
	DUPLICATE KEY	GARAGE FUND	GARAGE	138.46
			TOTAL:	347.21
CENNY WAGNER	INSTRUCTOR - COMPUTER	GENERAL FUND	SPECIAL CLASSES	42.90
			TOTAL:	42.90
WEBER PRINTING COMPANY, INC.	PRINTING SERVICES	GENERAL FUND	RECREATION ADMINISTRAT	3,680.00
			TOTAL:	3,680.00
WEST COAST ARTWEAR	COMMISSIONER T-SHIRTS	GENERAL FUND	RECREATION ADMINISTRAT	366.83
	BASKETBALL T-SHIRTS	GENERAL FUND	SPORTS	181.02
	JR. OLYMPIC T-SHIRTS	GENERAL FUND	SPORTS	199.34
			TOTAL:	747.19
WESTERN HIGHWAY PRODUCTS	SIGNS	GENERAL FUND	STREET MAINTENANCE	163.78
			TOTAL:	163.78
POLLY WOMACK	INSTRUCTOR - NEEDLECRAFTS	GENERAL FUND	SPECIAL CLASSES	299.26
			TOTAL:	299.26

===== FUND TOTALS =====

10	GENERAL FUND	90,046.47
28	LOS ALAMITOS TV	5,750.00
50	GARAGE FUND	1,147.05
53	TECHNOLOGY REPLACEMENT	5,848.70
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	GRAND TOTAL:	102,792.22
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# City of Los Alamitos

## Agenda Report Consent Calendar

March 19, 2012  
Item No: 8C

**To:** Mayor Troy D. Edgar & Members of the City Council  
**Via:** Angie Avery, City Manager  
**From:** Steven A. Mendoza, Community Development Director  
**Subject:** Emergency Roof Repairs - Reaffirmation of Emergency Conditions

**Summary:** The City of Los Alamitos, when approving emergency public projects, is required to reaffirm such decisions at subsequent Council Meetings until the emergency is resolved. This staff report reaffirms the December 19, 2011, decision to approve an emergency contract for roof repairs to several City buildings to avoid further damage to public facilities and avoid injury to the health of the occupants of the buildings.

**Recommendation:** City Council, by a 4/5ths vote, ratify and reaffirm the December 19, 2011, City Council action to:

1. Find that significant damage has occurred to the roofs on several City buildings as a result of recent weather events, that the roofs are leaking into work spaces currently in use by employees, that future wind and storm events are predicted in the near future, and that the roofing issues have been inspected and assessed by professionals with pertinent experience who have recommended immediate repair to avoid further damage and possible health and safety issues; and,
2. Find that the roofing problems identified in this report are an emergency, that there is not time to conduct a competitive bid process and that the roofs must be repaired immediately to avoid further damage to public facilities and avoid injury to the health of the occupants of the buildings; and,
3. Authorize the award of contract for emergency roof repairs to Emercon Construction, Inc. via the Joint Powers Insurance Authority (JPIA) while authorizing an expenditure of \$5,000 for the deductible; and,
4. Authorize the City Manager to spend up to \$15,000 to repair and/or replace roof top air conditioning equipment if needed in order to repair the roofing leaks.

## **Background**

At its December 19, 2011 meeting, the Los Alamitos City Council authorized staff to award a contract for emergency roof repairs. It was determined that the roofing problems were an emergency, that there was no time to conduct a competitive bid process, and that the roofs needed immediate repair to avoid further damage to public facilities and avoid injury to the health of the occupants of the buildings.

California Public Contract Code permits this action, but further requires that during every subsequent Council meeting that City Council reaffirm the need for the emergency contract still exists.

## **Discussion**

In the current situation, the emergency need still exists. The roofer is proceeding with all due speed and has been issued a building permit to proceed. The project has begun, but the roof repairs are still ongoing.

The roofing contractor began work on Monday, January 9, 2012. Repairs to the roofs were completed shortly thereafter, pending rain to test the repairs. The January 23, 2012 rain event demonstrated that the repairs on the Police Building were adequate, but repairs to the Community Center required another rain to determine if the repairs were adequate. Subsequently, the rain event on February 27, 2012, produced no new leaks, thus passing the rain inspection. The interior repairs will commence now that the roof repairs have been completed. Emercon Construction has ordered interior ceiling tiles, but the tiles have not been received as of March 12, 2012. Installation will begin promptly after the tiles are received.

The second component of this emergency repair was the air conditioning unit located above Activity Room 2/3 of the Community Center. At the December 19, 2011 meeting, Council authorized the City Manager to approve this one time expenditure up to \$15,000. Staff utilized the bid process as stated in the City's Purchasing Ordinance and the bid was awarded to South Bay Heating and Air Conditioning for \$12,800.

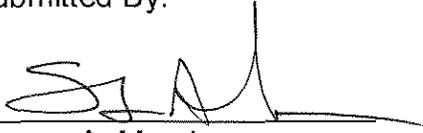
The air conditioner above Activity Room 2/3 was repaired and tested February 10, 2012, by South Bay Heating and Air Conditioning. An extra roofing membrane was installed for added protection. No wood rot damage was found. Testing of the unit was done on Tuesday, February 14, 2012. Testing was successful and this phase of the project is completed.

Staff will continue to seek reaffirmation from City Council at each Council meeting until the emergency project is complete as required by law.

## **Fiscal Impact**

None.

Submitted By:



Steven A. Mendoza  
Community Development Director

Approved By:



Angie Avery  
City Manager

*Attachment: 1. City Council Staff Report - December 19, 2011*

# City of Los Alamitos

**Agenda Report  
Consent Calendar**

**December 19, 2011  
Item No: 8G**

**To:** Mayor Kenneth Stephens & Members of the City Council  
**Via:** Jeffrey L. Stewart, City Manager  
**From:** Steven A. Mendoza, Community Development Director  
Tony Brandyberry, Public Works Superintendent  
**Subject:** Emergency Roof Repairs

**Summary:** The roofs of several city buildings have incurred significant damage. In order to avoid further damage to public facilities and avoid injury to the health of the occupants of the buildings, staff is requesting the City Council identify the repair of the roofs as an emergency and authorize staff to make the necessary repairs. Staff is also seeking authorization to replace and/or repair roof top air conditioning equipment if needed.

**Recommendation:** It is recommended that the Los Alamitos City Council by a 4/5ths vote:

1. Find that significant damage has occurred to the roofs on several city buildings as a result of recent weather events, that the roofs are leaking into work spaces currently in use by employees, that future wind and storm events are predicted in the near future, and that the roofing issues have been inspected and assessed by professionals with pertinent experience who have recommended immediate repair to avoid further damage and possible health and safety issues; and,
2. Find that the roofing problems identified in this report are an emergency, that there is not time to conduct a competitive bid process and that the roofs must be repaired immediately to avoid further damage to public facilities and avoid injury to the health of the occupants of the buildings; and,
3. Authorize the award of contract for emergency roof repairs to Emercon Construction, Inc. via the Joint Powers Insurance Authority (JPIA) while authorizing an expenditure of \$5,000.00 for the deductible; and,
4. Authorize the City Manager to spend up to \$15,000.00 to repair and/or replace roof top air conditioning equipment if needed in order to repair the roofing leaks.

## Background

The Police Department, Community Center, and Youth Center roofs are greatly in need of repair. The preexisting roof problems were greatly exacerbated by the recent wind and rain events. Even before those events, Public Works staff and the City's insurance carrier, SCJPIA, had been addressing water damage to the City's Police Department and Youth Center's leaking roofs. The JPIA had sent out its representative to investigate the claim. Staff also filed a claim for the damages with the JPIA. The claims specialist from JPIA then sent out a roofing specialist to investigate the problems. The claims specialist met with staff to review the claims process and presented their recommendations for repair. In this meeting it was determined that the recent rain and wind storms caused significant damage and that the City can no longer wait to complete the repairs. Further storm events are predicted this season. JPIA's representatives felt that there was a significant risk of further damage to the facilities as well as potential health and safety issues if the repairs are not made. Staff has likewise concluded that the repairs are needed on an urgent basis.

## Discussion

Repairs that are needed consist of two parts. First, there are roof repairs that require the removing of the roofing tiles, replacing any damaged wood, replacing the underlayment, and concluding with reinstalling the roofing tiles. If flashing is determined not reusable, it too will be replaced. JPIA has also agreed to pay for the cost of the roofing repairs, subject to a \$5,000 deductible.

The second part is repairing or replacing the rooftop air conditioning pans. This is the metal pan that rests underneath the air conditioning unit to prevent water from entering the roof. Three of these pans are rusted and allowing water to leak into the roofs. To repair/replace the pans it is necessary for the air conditioning unit to be removed. This requires a crane service to lift the unit. This work is included in JPIA's covered roof repair costs as well.

However, the air conditioning unit that services the community center is 22 years old, severely rusted, and not economical. (An air conditioner's life span is normally fifteen to twenty years.) JPIA does *not* cover the cost of repair or replacement of the air conditioning units. Nonetheless, if the air conditioning unit is not repaired now, it is highly likely that the repair will be needed in the near future and will be much more costly. Staff therefore recommends that the city replace this unit now while the crane is in position to save on costs.

Due to the timeliness of the needed repairs, staff is recommending that City Council accept JPIA's recommended Contractor for the work in question under the City emergency powers of awarding contracts. The awarding of this suggested contractor would speed up the repair process, minimize additional damage in the upcoming expected rain and wind events and reduce employees' exposure to any health and safety hazards associated with water-damaged office areas.

Under California law, contracts may be awarded without competitive bidding if the legislative body makes a finding by a four-fifths vote that an emergency exists that requires the immediate expenditure of public money to safeguard life, health, or property and that the emergency will not permit a delay resulting from a competitive solicitation for bids. (Public Contract Code Sections 1102, 20168, 22050).

## **Fiscal Impact**

The ultimate cost to the City of Los Alamitos of the roofing repairs will not exceed its \$5,000.00 deductible. The deductible will be paid directly to the contractor from account 25.570.5503.1211, City Hall Complex Roof Repairs. The balance of the roofing repair costs will be paid by JPIA.

The City will also incur costs of up to \$15,000.00 for air conditioner replacement and repair in conjunction with the roof repairs. This portion of the repairs will come from accounts 10.544.5293 (Facility Maintenance, Buildings) and 25.570.5503.1212(City Hall Complex facility Repairs).

Prepared By:

Submitted By:

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Tony Brandyberry  
Public Works Superintendent

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Steven Mendoza  
Community Development Director

Approved By:

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Jeffrey L. Stewart  
City Manager

# City of Los Alamitos

## Agenda Report Consent Calendar

March 19, 2012  
Item No: 8D

**To:** Mayor Troy D. Edgar & Members of the City Council

**Via:** Angie Avery, City Manager

**From:** Steven A. Mendoza, Director of Community Development  
Tony Brandyberry, Public Works Superintendent

**Subject:** Replacement of Police Department's 1997 Ford Aerostar Using Grant Funds

**Summary:** This is a request to purchase a new Ford Escape to replace an aging 1997 Ford Aerostar used by the Police Department as transport to the courts. In order to use grant funds, staff is recommending the purchase of a hybrid. This report seeks to "piggy back" on the National Joint Powers Alliance (NJPA) contract for acquisition of the vehicle.

### Recommendation:

1. Authorize the City Manager to purchase one (1) 2012 Ford Escape Hybrid Vehicle from National Auto Fleet Group, a subsidiary of Wondries Fleet Group; and,
2. Declare the 1997 Ford Aerostar surplus.

### Background

In the Fiscal Year 2011-12 budget, City Council authorized the replacement of two vehicles; a 1997 Ford Aerostar used by the Police Department and one Public Works truck. This report only addresses the replacement of the Ford Aerostar. The other vehicle will be considered at a later date. The City has an opportunity to use grant funds from South Coast Air Quality Management District (SCAQMD) instead of using the Garage Fund to purchase this vehicle.

### Discussion

The Police Department's 1997 Ford Aerostar Van has had several costly repairs totaling over \$1,200 this last year. Based on the current replacement schedule, staff has extended the life of this vehicle by seven (7) years. Although this vehicle has 52,968 miles on the odometer, replacement parts for it are becoming hard to find, resulting in staff having to search salvage yards for parts. The cost to replace this van with the purchase a 2012 Ford Escape Hybrid will be \$32,145.19.

The SCAQMD funds are derived from proceeds of AB 2766. In September of 1990, Assembly Bill 2766 was signed into law authorizing a \$2 motor vehicle registration fee surcharge, with a subsequent increase to \$4 in 1992. Section 44223 of the Health & Safety Code (H&SC), enacted by AB 2766, specifies that this motor vehicle registration fee be used "...for the reduction of air pollution from motor vehicles pursuant to, and for related planning, monitoring, enforcement, and technical studies necessary for the implementation of the California Clean Air Act of 1988."

Local jurisdictions receive 40% of the first \$4 of each vehicle registration fee to implement projects that reduce mobile source emissions. The SCAQMD distributes these dollars quarterly to south coast cities and counties based upon their prorated share of population. The City of Los Alamitos receives approximately \$14,000 per year for its population. Local agencies must complete an annual report with the program results funded by these fees. In past years, the City of Los Alamitos has purchased six Compressed Natural Gas (CNG) vehicles that replaced five gasoline and one diesel powered vehicles.

Staff is proposing using the AB 2766 Grant Funds to purchase a 2012 Ford Escape Hybrid to replace the Police Department's 1997 Ford Aerostar. This vehicle is widely used for many different applications and needs to be an SUV or van type of vehicle to transport different types of evidence to court.

The estimated delivery time for the Ford Escape Hybrid would be 60-90 days. The vehicle would be purchased utilizing a "piggy back" bid on the National Joint Powers Alliance (NJPA) Purchase Order #20121. The NJPA is a municipal contracting governmental agency that serves schools, non-profit, and government entities with competitively awarded purchasing solutions through industry-leading vendors. Municipal Code Section 2.60.110 states, a "piggy back" bid is an option that an agency has to use the bid from another agency to reduce the man-hours and associated costs needed to obtain competitive pricing. In most cases, a better price is obtained through this process because of the cooperative purchasing that follows the bid.

The replaced vehicle will be declared as surplus and sold at auction pursuant to the City of Los Alamitos purchasing rules which state:

*The Los Alamitos Municipal Code requires that prior to disposing of property; the City Council shall first declare the items as surplus and then authorize staff to dispose of the items in accordance with the Los Alamitos Municipal Code Section 2.60.020. Once authorized by the City Council, staff will contact the City's contracted, auction services provider for disposal of the equipment.*

The estimated return from auction could be \$500.

## Fiscal Impact

This purchase is included in the City's Fiscal Year 2011-12 adopted budget in the AQMD fund account # 23.546.5440.

Submitted By:



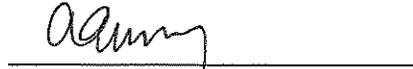
Tony Brandyberry  
Public Works Superintendent

Reviewed By:



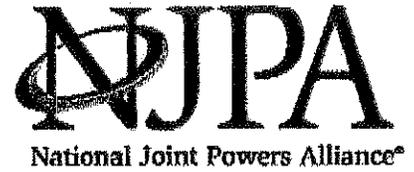
Steven A. Mendoza  
Community Development Director

Approved By:



Angie Avery  
City Manager

- Attachments:*
- 1. NJPA Purchase Order Authorization*
  - 2. National Auto Fleet Group, a subsidiary of Wondries Fleet Group Proposal*



www.njpacoop.org

202 12th Street NE  
P.O. Box 219  
Staples, MN 56479

**FOR IMMEDIATE RELEASE**

NJPA Contract Award Announcement

**Vendor Awarded NJPA National Contract for Passenger Cars, Light Duty, Medium Duty, and Heavy Duty Trucks With Related Accessories**



*NJPA contracts # 102811 were recently awarded by the NJPA Board of Directors under the category of "Passenger Cars, Light Duty, Medium Duty, and Heavy Duty Trucks with Related Accessories." NJPA contracts are nationally solicited, competitively bid and awarded on behalf of NJPA current and potential government and education member agencies.*

**Staples, MN (January 18, 2012)** – in response to a national solicitation and resulting competitive bid and evaluation process, the National Joint Powers Alliance® (NJPA) has awarded:

DriveCam, Inc.	102811-DCI
Secured Mobility, LLC dba Keyless Ride	102811-SML
CODA Automotive,	102811-CDA
Mitsubishi Motors North America (MMNA)	102811-MMN
Smith Electric Vehicles US	102811-SEV
Empire Southwest, LLC dba Empire Truck and Trailer	102811-ESW
Gresham Ford	102811-GFT
Husky Trucks, LLC	1002811-HTL
National Auto Fleet Group	102811-NAF
Northside Ford Trucks	102811-NSF

Within the Accessories sub-section of this procurement, NJPA has awarded DriveCam, Inc., and Keyless Ride for their extensive line of vehicle accessory products and equipment.

For the Alt-Fuel subsection of this procurement NJPA has awarded Northside Ford/Gresham Ford, CODA, Smith Electric, and Mitsubishi each. Northside/Gresham's joint offering is limited to the Azure Dynamics Transit Connect Electric vehicles AND the Roush CleanTech LP gas/CNG conversion packages. The CODA, Smith Electric and Mitsubishi offerings also consist of electric vehicles, however NJPA sees very limited overlap in these equipment offerings, therefore NJPA has elected to award these responses and make all of these vehicle options available to our Membership.



National Joint Powers Alliance®

[www.njpacoop.org](http://www.njpacoop.org)

202 12th Street NE  
P.O. Box 219  
Staples, MN 56479

Oshkosh, on behalf of its featured Striker line of ARFF vehicles, is awarded a contract for their airport snow, fire, and emergency utility vehicles which will be a unique safety equipment asset for our airport members and municipals that service airports.

Husky Trucks is awarded for their medium duty line of cargo step-vans, and their Isuzu line of cab-over trucks. Mitsubishi is also awarded for their cab and chassis truck offering providing depth and breadth to NJPA's equipment offerings in this area of equipment.

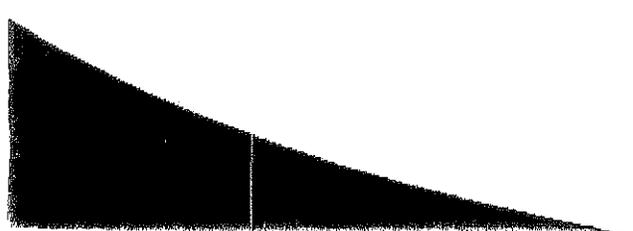
Finally, National Auto Fleet Group (NAF) is awarded for their full line of Cars and Trucks. The NAF response demonstrated a very innovative web based ordering system featuring pricing and selection of vehicle options in a format which allows them to offer over 1200 models of cars and trucks, each with an extensive offering of factory and dealer applied options. National Auto Fleet Group, a subsidiary of a franchised new car dealer, demonstrated the ability to sell and service members in all 50 states for the manufacturers including but not limited to, Ford, Chevy, Nissan and Toyota. Large over the road truck line includes Mac and Volvo.

"It was exciting to see the vehicle industry support and respond to our national contract concept and national solicitation. The value and efficiencies to both our members and our vendors will prove and validate this new and innovative way to procure vehicles" said NJPA Director of Contracts & Marketing, Mike Hajek.

#### **About NJPA:**

The National Joint Powers Alliance® (NJPA) is a municipal contracting government agency that serves schools, non-profit and government entities with competitively awarded contract purchasing solutions through industry-leading vendors.

Contact: Mike Hajek | 218-894-5477 | [mike.hajek@njpacoop.org](mailto:mike.hajek@njpacoop.org)





California cooperative purchasing is authorized by the "Joint Exercise of Powers Act".

**California Code  
California Government Code  
Title 1 General  
Division 7 Miscellaneous  
Chapter 5 Joint Exercise of Powers  
Article 1 Joint Powers Agreements**

6502. If authorized by their legislative or other governing bodies, two or more public agencies **[another state or any state department or agency, a county, county board of education, county superintendent of schools, city, public corporation, public district, regional transportation commission of this state or another state]** by agreement may jointly exercise any power common to the contracting parties, even though one or more of the contracting agencies may be located outside this state. It shall not be necessary that any power common to the contracting parties be exercisable by each such contracting party with respect to the geographical area in which such power is to be jointly exercised...

**[For the purposes of California law, the two public agencies would be a state or local government or educational institution and NJPA which would be considered a "public district" of "another state" (Minnesota)].**

*\*\*NJPA is not an attorney and is not qualified to give legal advice to its Members. The information contained in our website and other media are provided for informational purposes only and cannot be considered legal advice. Any conclusions drawn by our members based on the information provided shall be arrived at by the Member.\*\**

**Wondries****FLEET GROUP**

1247 W. Main Street, P.O. Box 3850 Alhambra, CA 91801  
 (626) 457-5590 (626) 457-5593 Fax

January 18, 2012

Mr. Tony Brandberry  
 City of Los Alamitos  
 3191 Katella Ave.  
 Los Alamitos, CA 90720  
 Via Fax: 562-493-0678

Dear Tony,

National Auto Fleet Group will sell service and deliver one (1) new/unused 2012 Chevrolet Silverado 1500 Hybrid, per the attached specification (A)

\$37,064.37  
 2,872.49 Tax (7.75%)  
 8.75 Tire Tax  
**\$39,945.61 Total Price Per Unit**

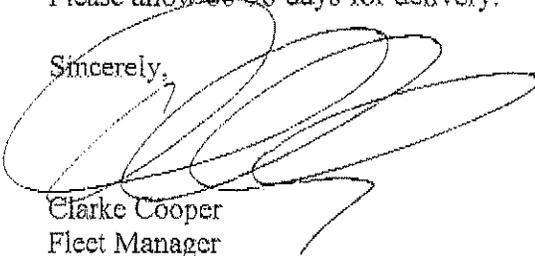
National Fleet Group will also sell service and deliver one (1) new/unused 2012 Ford Escape, per the attached specification (B):

\$29,825.00  
 2,311.44 Tax (7.75%)  
 8.75 Tire Tax  
**\$32,145.19 Total Price Per Unit**

These Vehicles are available under the NJPA bid #102811. Please reference you City number 20121 on your PO.

Please allow 60-90 days for delivery.

Sincerely,



Clarke Cooper  
 Fleet Manager



TOYOTA



HONDA

# City of Los Alamitos

## Agenda Report Consent Calendar

March 19, 2012  
Item No: 8E

**To:** Mayor Troy D. Edgar and Members of the City Council

**Via:** Angie Avery, City Manager

**From:** David L. Hunt P.E., City Engineer  
Steven A. Mendoza, Director of Community Development

**Subject:** Approval of Notice of Completion, Katella Avenue Median Modifications at Chestnut Street – CIP 10/11-07

**Summary:** The Katella Avenue center median project at Chestnut Street is complete and in compliance with the plans and specifications. Staff is, therefore, recommending that City Council accept the work as complete, direct filing of the Notice of Completion, and authorize retention release as prescribed by the Public Contracts Codes.

### Recommendations:

1. Accept as complete the construction contract by HYM Engineering, Inc. for the Katella Avenue Median Modifications at Chestnut Street; and,
2. Direct the City Clerk to record the Notice of Completion/Final Report with the County Recorder's office; and,
3. Authorize staff to release the 10% retention to the contractor, in the amount of \$6,652.03, thirty-five (35) days after recordation of the Notice of Completion.

### Background

The Katella Avenue Median Modifications at Chestnut Street was included in the Fiscal Year 2010-11 Capital Improvement Program. The modifications permanently close the Katella Avenue westbound left-turn at Chestnut Street; increases westbound storage for left-turn on Katella Avenue at Wallingsford Road; provides additional storage for the eastbound left-turn at Los Alamitos Boulevard; and decreases the left-turn pocket for eastbound Katella Avenue to Chestnut Street.

City Council awarded the construction contract to HYM Engineering, Inc. at its December 19, 2011, meeting in the amount of \$64,948 plus 20% contingency fund of \$12,990. The work has been completed by the contractor for \$66,520.25. The increase in costs of \$1,572.25 (2.4%) is the result from one change order in the amount of \$1,572 for drilling into an undocumented concrete slab under Katella Avenue that was not included in the base bid.

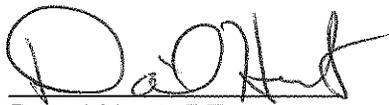
Work on the project is now complete and acceptable to the City Engineer and Public Works Superintendent. Staff, therefore, recommends acceptance of the work and processing the Notice of Completion/Final Report and retention release as prescribed by the Public Contracts Codes.

## Fiscal Impact

Project funding is 50% Gas Tax and 50% Measure M. Below is the final cost breakdown for the project.

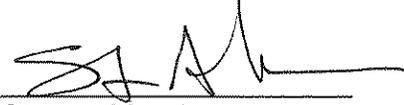
ITEM	AMOUNT
<b>Project Expenditures</b>	
Construction Costs-As Awarded	\$64,948.00
Change Orders	\$1,572.25
<b>Total Project Expenditures</b>	<b>\$66,520.25</b>

Submitted By:



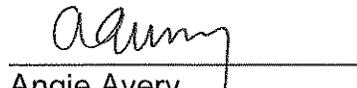
David Hunt, PE  
City Engineer

Prepared By:



Steven Mendoza  
Director of Community Development

Approved By:



Angie Avery  
City Manager

Attachments: 1. Notice of Completion



# City of Los Alamitos

## Agenda Report Consent Calendar

March 19, 2012  
Item No: 8F

**To:** Mayor Troy D. Edgar and Members of the City Council

**Via:** Angie Avery, City Manager

**From:** David L. Hunt P.E., City Engineer  
Steven A. Mendoza, Director of Community Development

**Subject:** Approval of Notice of Completion for Community Pool Deck Shading System - CIP 10/11-06

**Summary:** The Community Pool Deck Shading System project is complete and in compliance with the plans and specifications. Staff is, therefore, recommending that City Council accept the work as complete, direct filing of the Notice of Completion, and authorize retention release as prescribed by the Public Contracts Codes.

### Recommendations:

1. Accept as complete the construction contract by Peace of Mind Construction, Inc. for the Community Pool Deck Shading System; and,
2. Direct the City Clerk to record the Notice of Completion/Final Report with the County Recorder's office; and,
3. Authorize staff to release the 10% retention to the contractor, in the amount of \$1,921.70, thirty-five (35) days after recordation of the Notice of Completion.

### Background

The City operates and maintains the pool located at the Joint Forces Training Base under contract with the State of California, specifically the Commander of the Joint Forces Training Base. It is a 20-year agreement, executed in 1996. The pool has over 200,000 annual visits by patrons from the north Orange County, California region. On September 6, 2011, City Council authorized staff to go out to bid for the Community Pool Deck Shading System.

The work consisted of installation of four 5-inch diameter posts that vary in height from 9 to 15 feet placed in concrete footing above the ground; galvanized aircraft wire cable and turnbuckle system; and, high density polyethylene fabric. City Council awarded the construction contract to Peace of Mind Construction at its October 3, 2011, meeting in the amount of \$17,777 plus a 10% contingency fund of \$1,777. The work was

completed by the contractor for \$19,217. The increase in costs of \$1,440 (7.5%) is the result of one change order for an additional center wire to help support the canopy and additional turnbuckles to hold down the edges of the canopy.

Work on the project is now complete and acceptable to the City Engineer. Staff, therefore, recommends acceptance of the work and processing the Notice of Completion/Final Report and retention release as prescribed by the Public Contracts Codes.

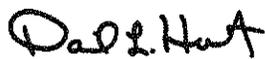
## Fiscal Impact

Project funding is from the Pool Capital Improvements Reserve, \$15,000 of which was donated by the Los Alamitos Medical Center.

Below is the final cost breakdown for the project.

ITEM	AMOUNT
<b>Project Expenditures</b>	
Construction Costs - As Awarded	\$17,770.00
Change Orders	\$1,440.00
<b>Total Project Expenditures</b>	<b>\$19,217.00</b>

Submitted By:



David L. Hunt, PE  
City Engineer

Prepared By:



Steven A. Mendoza  
Director of Community Development

Approved By:



Angie Avery  
City Manager

Attachment: 1. Notice of Completion



# City of Los Alamitos

## Agenda Report Consent Calendar

March 19, 2012  
Item No: 8G

**To:** Mayor Troy D. Edgar & Members of the City Council

**Via:** Angie Avery, City Manager

**From:** Steven A. Mendoza, Community Development Director  
Tony Brandyberry, Public Works Superintendent

**Subject:** Approval to Purchase Materials for Lighting Retrofit

**Summary:** This item seeks authorization for the City Manager to purchase the necessary materials needed to complete the grant funded lighting retrofit to City facilities. It has been placed on the agenda because the materials cost exceeds the purchasing limit of the City Manager.

**Recommendation:** Authorize the City Manager to purchase light bulbs and ballasts, as described in the attached bid from Spot Lighting Supplies, Inc., in an amount of \$11,944.12.

### Background

In September 2009, Council authorized an application for an Energy Efficiency Conservation Block Grant (EECBG) through the California Energy Commission. The grant application was filed and resulted in an award of \$67,742 for air conditioning and lighting energy upgrades. The project was added to the Capital Improvement budget for Fiscal Year 2010-11. Council approved bids and specifications for the project on November 15, 2010. The bids were opened on December 28, 2010, and exceeded the grant amount.

Due to the bids coming in higher than the grant amount, Staff abandoned the air conditioning portion of the project. Staff decided to continue with the lighting energy improvements because it impacted more facilities year round, potential to save more energy dollars, and did not require matching funds by the City. Staff obtained an amendment from the California Energy Commission to abandon the air conditioning portion and to complete the lighting project using City staffing, and bidding out the materials. The grant was amended to a maximum of \$22,683 (\$10,342 for personnel and \$12,341 for equipment) to replace lighting in City facilities.

## Discussion

Staff will be replacing the light bulbs and ballasts from T12 (magnetic type) to T8 (electronic type) units. The electronic type gives off a brighter, more efficient light, which creates potential savings on the City's electrical bill. The following facilities will be retrofitted:

- City Hall I
- City Hall II
- Police Department
- Council Chambers
- Public Works Offices and Yard
- Community Center
- Youth Center

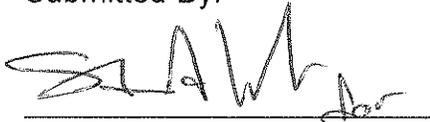
Several companies were contacted for bids. The City Code, section 2.60.040 of the Purchasing Rules, requires a minimum of three bids. The bids are as follows:

COMPANY	TOTAL BID
Spot Lighting Supplies, Inc.	\$11,944.12
McNally Electric of Los Alamitos	\$13,138.57
Walters Wholesale Electric Company	\$13,647.92
Independent Electrical Supply, Inc.	\$14,986.87
Ganahl Lumber	DECLINED BID

## Fiscal Impact

This project is grant funded and the City will receive reimbursement upon completion.

Submitted By:



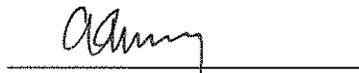
Tony Brandyberry  
Public Works Superintendent

Reviewed By:



Steven A. Mendoza  
Community Development Director

Approved By:



Angie Avery  
City Manager

Attachment: 1. Vendor Bids

Spot Light

Spot Lighting Supplies, Inc.

P O BOX 20860  
 Long Beach, CA 90801  
 Phone (562) 437-1300  
 Fax (562) 432-8056

# Sales Order

Date	S.O. No.
2/29/2012	3375

Name / Address
CITY OF LOS ALOMITOS

Ship To
QUOTE ONLY

P.O. No.	Project
QUOTE	

DX

Item	Description	Ordered	Rate	Amount
1	F32T8/28W/850	1,241	3.50	4,343.50T
B132IUNV	B132IUNVHE	23	9.95	228.85T
B232IUNV	B232IUNVHE	557	9.25	5,152.25T
B332IUNV	B332IUNVHE	5	10.00	50.00T
B432IUNV	B432IUNVHE	9	11.50	103.50T
FBO32/750/6/ECO	FBO32/SPX50/6/ECO	6	7.50	45.00T
FO96/850	FO96/850/ECO	40	9.00	360.00T
B259IUNV-HP	B259IUNV-HP	40	17.50	700.00T

<b>Subtotal</b>	\$10,983.10
<b>Sales Tax (8.75%)</b>	\$961.02
<b>Total</b>	\$11,944.12



Daytime Deluxe

# Walters Wholesale Electric Company

7100 Fenwick Lane • Westminster, CA 92683  
(714)895-7700 • Fax: (714) 892-3390

"The Trusted Standard Since 1952"

Contact: CARLOS  
Company: CITY OF LOS ALAMITOS  
Address: N/A  
City, State, Zip: LOS ALAMITOS, CA.  
Phone: N/A

Notes: LAMPS & BALLAST QUOTATION

Date: 3/5/2012  
Prepared by: Rob Hadley  
Quote Number: WAREHOUSE  
Quote valid until: 4/4/2012

Part Number	Manufacture	Description	Quantity	Price	Extended
IOPA1P32N35M	PHILIPS	1 LAMP F32T8 120-277V BALLAST	23	\$9.13	\$209.99
IOPA2P32N35M	PHILIPS	2 LAMP F32T8 120-277V BALLAST	557	\$9.13	\$5,085.41
IOPA4P32SC35M	PHILIPS	4 LAMP F32T8 120-277V BALLAST	14	\$11.29	\$158.06
IOP2P59SC35M	PHILIPS	2 LAMP F96T8 120-277V BALLAST	40	\$18.97	\$758.80
F32T8ADV841EW	PHILIPS	F32T8/ADV850/XEW/ALTO 25- 28W F32T8 LAMP DAYLIGHT	1,241	\$4.90	\$6,080.90
FB32T8TL841ALT	PHILIPS	F32T8/TL841/6 ALTO-F32T8 "U" LAMP (NOT AVAIL IN 28 WATT!) NOT AVAIL IN DAYLIT	6	\$6.17	\$37.02
F96T8TL841ALTO	PHILIPS	F96T8/ADV850/XEWALTO 51 (ALSO NOT AVAIL. IN 28W) DAYLIGHT	40	\$6.94	\$277.60
	NOTE	U-LAMPS NOT AVAIL. IN DAYLIGHT!!			
					<b>Total \$ 12,607.78</b>

"We, Thank You for the Opportunity"

If you have any questions or concerns regarding this quote, please contact Rob Hadley @ 714-895-7700

Tax 1040.14  
13647.92



**INDEPENDENT** ELECTRIC SUPPLY, INC.  
 15192 GOLDENWEST CIRCLE  
 WESTMINSTER, CA 92683  
 PH (714) 893-1299 FX (714) 902-0694

CITY OF LOS ALAMITOS		ATTN	CARLOS	QUOTATION	
DIRECT EQUIPMENT		CO		Tuesday, March 06, 2012	
PURCHASE		PROJ			
		CITY			
TYPE	QTY	MFC	DESCRIPTION	PRICE	EXT
<b>COMMUNITY CENTER</b>					
T8 COOL WHITE	470	TOPAZ	FO32/28W/841/XLP-4	3.54	1,663.80
T8 DAY LIGHT	470	TOPAZ	FO32/28W/850/XLP-4	3.54	1,663.80
2 LAMP BALLAST	223	TOPAZ	B232IUNVHP/B-5	14.26	3,179.09
4 LAMP BALLAST	2	TOPAZ	B432IUNVHP/A-5	17.71	35.42
<b>YOUTH CENTER</b>					
T8 COOL WHITE	216	TOPAZ	FO32/28W/841/XLP-4	3.54	764.64
T8 DAY LIGHT	216	TOPAZ	FO32/28W/850/XLP-4	3.54	764.64
2 LAMP BALLAST	88	TOPAZ	B232IUNVHP/B-5	14.26	1,254.53
4 LAMP BALLAST	2	TOPAZ	B432IUNVHP/A-5	17.71	35.42
<b>POLICE DEPARTMENT</b>					
T8 COOL WHITE	241	TOPAZ	FO32/28W/841/XLP-4	3.54	853.14
T8 DAY LIGHT	241	TOPAZ	FO32/28W/850/XLP-4	3.54	853.14
T8 U-LAMP COOL WHITE	16	TOPAZ	F8032/B41/B-40	6.80	40.82
T8 U-LAMP DAY LIGHT	16	TOPAZ	F8032/B50/B-40	6.80	40.82
2 LAMP BALLAST	135	TOPAZ	B232IUNVHP/B-5	14.26	1,924.56
4 LAMP BALLAST	2	TOPAZ	B432IUNVHP/A-5	17.71	35.42
<b>COUNCIL CHAMBERS</b>					
T8 COOL WHITE	32	TOPAZ	FO32/28W/841/XLP-4	3.54	113.28
T8 DAY LIGHT	32	TOPAZ	FO32/28W/850/XLP-4	3.54	113.28
2 LAMP BALLAST	16	TOPAZ	B232IUNVHP/B-5	14.26	228.10
<b>CITY HALL I</b>					
T8 COOL WHITES	113	TOPAZ	FO32/28W/841/XLP-4	3.54	400.02
T8 DAY LIGHT	113	TOPAZ	FO32/28W/850/XLP-4	3.54	400.02
2 LAMP BALLAST	33	TOPAZ	B232IUNVHP/B-5	14.26	470.45
4 LAMP BALLAST	18	TOPAZ	B432IUNVHP/A-5	17.71	141.70
<b>CITY HALL II</b>					
T8 COOL WHITE	114	TOPAZ	FO32/28W/841/XLP-4	3.54	403.56
T8 DAY LIGHT	114	TOPAZ	FO32/28W/850/XLP-4	3.54	403.56
2 LAMP BALLAST	57	TOPAZ	B232IUNVHP/B-5	14.26	812.59
<b>PUBLIC WORKS</b>					
T8 COOL WHITE	135	TOPAZ	FO32/28W/841/XLP-4	3.54	477.90
T8 DAY LIGHT	135	TOPAZ	FO32/28W/850/XLP-4	3.54	477.90
2 LAMP BALLAST	68	TOPAZ	B232IUNVHP/B-5	14.26	969.41
QUOTED PER SPEC OR EQUAL INCLUDING LAMPS				-	-
FREIGHT INCLUDED FOR ONE SHIPMENT TO ONE DESTINATION				-	-



**INDEPENDENT** ELECTRIC SUPPLY, INC.  
15102 GOLDENWEST CIRCLE  
WESTMINSTER, CA 92683  
PH (714) 893-1299 FX (714) 902-0694

CITY OF LOS ALAMITOS		ATTN	CARLOS	QUOTATION	
DIRECT EQUIPMENT		CO		Tuesday, March 06, 2012	
PURCHASE		PROJ			
		CITY			
TYPE	QTY	MFC	DESCRIPTION	PRICE	EXT
<b>TOTAL (TAX NOT INCLUDED)</b>				<b>\$</b>	<b>18,521.02</b>
NOTES		UNIT PRICES & TOTALS DO NOT INCLUDE TAX LAMPS NOT INCLUDED UNLESS SPECIFIED NO SPARES INCL. UNLESS LISTED FREIGHT ALLOWED ON ONE RELEASE PER MANUFACTURER . TO ONE LOCATION (UNLESS NOTED IN QUOTE) QUOTING QTY'S & TYPES ABOVE ONLY NO ADDITIONAL HARDWARE OR ACCESSORIES INCLUDED UNLESS NOTED QUOTE BASED ON OUR INTERPRETATION OF THE PROVIDED BILLS OF MATERIAL MANUFACTURERS TERMS & COND. APPLY PRICES GOOD FOR 30 DAYS QUOTING STD. LEAD TIMES & SHIPPING PREPARED BY: BRETT MASSIP			

Price with Daylight \$ 13,844.68

Coolwhite \$ 13,844.68

Lights bulbs 4,676.34

Tax 1,142.19

14,986.87

# City of Los Alamitos

## Agenda Report Discussion Items

March 19, 2012  
Item No: 9A

**To:** Mayor Troy D. Edgar & Members of the City Council  
**Via:** Angie Avery, City Manager  
**From:** Anita Agramonte, Finance Director  
**Subject:** Consideration of an Investment Policy for Fiscal Years 2011-12 and 2012-13

**Summary:** This report seeks City Council consideration for the adoption of an Investment Policy for Fiscal Years 2011-12 and 2012-13.

**Recommendation:** Adopt the Investment Policy for Fiscal Years 2011-12 and 2012-13 as recommended in Attachment 1.

## Background

In accordance with Government Code Section 53646(a) (2), staff is submitting the Investment Policy for Fiscal Years 2011-12 and 2012-13 for formal City Council review and adoption. The Investment Policy was last reviewed by the City Council on March 21, 2011 however; the policy has not been modified or updated since June 23, 2003.

The City currently has \$9.7 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 \$10.3 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.

Over the past few years the City's investment earnings have declined from \$132,000 in FY 2008-09 to \$20,000 in FY 2010-11 with continued declines projected in the current fiscal year. Furthermore, the Federal Reserve announced on January 25, 2012 that it anticipates that economic conditions are likely to warrant exceptionally low levels for the federal funds rate at least through late 2014, meaning that interest rates will likely stay low through next three years.

The current Investment Policy limits investments to LAIF and local Certificates of Deposit (CD's). As of December 31, 2011, the LAIF interest rate was 0.36% and local Bank of America 1-2 year CD rates range from 0.45% to 0.55%. However, Federally Insured CDs offered by other banks nationwide with a maturity of 36 months currently carry a rate of return from 0.75% to 0.95%, and 60 month CDs offer yields from 1.25% to 1.60%. Given interest rate uncertainty generally, it seems that maturity diversification through "laddering" (staggering maturities rather than consolidating all cash in the LAIF) would be appropriate.

## Discussion

In an effort to increase interest earnings, staff has re-evaluated the City's Investment Policy. In this endeavor, staff has consulted resources such as the Governmental Finance Officers Association (GFOA) best practices and advisories, the California Debt and Investment Advisory Commission guidelines, the California Municipal Treasurers Association (CMTA) resource library, the California Society of Municipal Finance Officers resource library and training opportunities, as well as investment policies of several other municipalities. The following paragraphs describe the recommended Investment Policy for FY 2011-12 and 2012-13 in summary. The entire recommended investment policy can be found in Attachment 1.

The policy is intended to provide guidelines for the prudent investment of the City's funds in compliance with federal and state laws, and it applies to all the City's fund types. The policy recommends an investment philosophy that is based on the principles of prudent money management; therefore in addition to the requirements of state law, the policy recommends a passive management style where investments are purchased with the intent to hold until maturity.

In accordance with GFOA best practices, the policy recommends three major objectives in order of priority:

1. **Safety** – the protection of principal is of foremost importance in the investment of public funds. In order to achieve safety, the policy recommends GFOA safekeeping practices utilizing a delivery vs. payment (DVP) method that verifies that the authorized security was placed in the City's account prior to the release of funds. Additionally, the policy limits the City's permitted investment types to U.S. Treasury Bills, Notes and Bonds, Federal Agency Obligations, Federally (FDIC) Insured Certificates of Deposit or Time Deposits (CD's), Local Agency Investment Fund (LAIF), and Money Market Mutual Funds with AAA ratings.
2. **Liquidity** – the investment portfolio shall remain sufficiently fluid taking into consideration the City's operating cash flow requirements. In order to achieve liquidity, the policy recommends a ladder approach with a maximum of 50% of the City's funds being invested in maturities longer than one year, and a maximum of 30% being invested in securities over two years.

3. **Yield** – within the constraints of safety and liquidity, the highest and best yields shall be sought. Staff will build a solid network of qualified third party broker/dealers that can help the City maximize yield within the constraints of this policy. The policy incorporates GFOA and CMTA recommended guidelines in the selection of qualified dealers including a broker questionnaire, proof of required certifications, and a certification of having read and understood the City's investment policy.

The next paragraphs describe the process that staff will utilize in building the City's investment portfolio.

The first step in building the City's investment portfolio would be to establish a safekeeping account with a reputable service provider such as US Bank or Union Bank. Typically this type of account may cost anywhere from \$30 to \$75 per month depending on the size of the portfolio being managed. Other costs may include wire fees of \$10 to \$15 per transaction and a \$40 delivery vs. payment (DVP) fee per security purchased. This again is to ensure that the security that the City receives is the one ordered, and that no funds get released from the City's account until we take possession of the asset, as per GFOA best practices. These are all the fees that would be associated with this type of purchase.

The next step would be to establish a list of three or four approved Broker/Dealers. In this endeavor, staff will utilize a broker questionnaire, as recommended by the CMTA, ensure that each broker/dealer has the proper certifications, and that they have read and understand the City's investment policy. The finance department has already started a list of potential brokers that specialize in municipal investment portfolios. This will complete the foundation necessary to start investing.

The finance department currently receives daily lists of available investments. To make a purchase, staff would contact one of the qualified brokers and place the order. Upon confirmation of purchase, funds would be wired to the City's safekeeping account to be held for the transaction. Per delivery vs. payment (DVP) procedures, only after the safekeeping agent confirms receipt of the security will it release funds. Investments will then be held until maturity.

The City's portfolio will be built in accordance with the guidelines discussed herein, and in accordance with the California Debt and Investment Advisory Commission guidelines, the City Council will receive investment reports on a quarterly basis, when the City invests in securities other than LAIF.

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, 2011 is 0.36%. Federally Insured CDs offered by other banks nationwide with a maturity of 36 months currently carry a rate of return from 0.75% to 0.95% and 60 month CDs offer yields from 1.25% to 1.60%.

## **Fiscal Impact**

The approval of the Investment Policy will allow the City to potentially increase investment revenue.

Submitted By:

Approved By:

  
\_\_\_\_\_  
Anita Agramonte  
Finance Director

  
\_\_\_\_\_  
Angie Avery  
City Manager

*Attachments:*

- 1. Statement of Investment Policy for Fiscal Years 2011-12 and 2012-13*
- 2. Red line version of Investment Policy for Fiscal Years 2011-12 and 2012-13*

## City of Los Alamitos

### Statement of Investment Policy for Fiscal Year 2011-12 and 2012-13

***Adopted March 19, 2012***

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

Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

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 an obligation of the United States Treasury or one of its agencies that carry the full faith and credit guarantee of the United States for the payment of principal and interest, 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.

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 Statues 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
Certificates of Deposit or Time Deposits* (CD's)	5 Years	50 percent
Local Agency Investment Fund (LAIF)	N/A	100 percent
Money Market Mutual Funds	N/A	10 percent

\* Denotes a collateral requirement either initially, or at a pre-determined threshold. Please refer to Collateral 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
Money Market Mutual Funds	AAA	Aaa

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.

<b>California Investments</b>	<b>Authorized</b>	<b>% Limits &amp; Other Constraints (Key Limitation Summary)</b>
<b>Local Agency Bonds</b>		No Limit
<b>US Treasury Notes, Bonds, Bills</b>		No limit
<b>California State Warrants, Treasury Notes or Bonds</b>		No limit
<b>Bonds, Notes, Warrants of any local agency within the State</b>		No limit
<b>Federal Agency or United States government-sponsored enterprise obligations</b>		No limit
<b>Bankers Acceptances</b>		40% max overall limitation: 30% max in any one commercial bank: 180 days max maturity.
<b>Commercial Paper</b>		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.
<b>Negotiable Certificates of Deposit</b>		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
<b>Repurchase Agreements</b>		One Year Term or less Based on code authorized investments 102% underlying security valuation
<b>Reverse Repurchase Agreements</b>		Security subject to repurchase has been owned & fully paid for at least 30 days prior to sale 20% Maximum limitation

	<p>Agreement does not exceed 92 days                  Funds received cannot be used to purchase securities with a maturity longer than 92 days</p>
<p><b>Medium Term Corporate Notes</b></p>	<p>30% maximum overall investment limitation                  Maximum remaining maturity of 5 Years                  Domestic corporations                  Rated "A" or better</p>
<p><b>Shares of Beneficial Interest Issued By Diversified Management Companies</b>                  (Mutual &amp; Money Market Funds)</p>	<p>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</p>
<p><b>Local Agency Investment Fund</b></p>	<p><u>\$40 million</u> Maximum overall investment limit</p>
<p><b>Other Obligation Valuation Requirements:</b>                  (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.</p>	<p>(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.</p>
<p>Any mortgage pass through security, <b>collateralized mortgage obligation</b>, mortgage-backed or other pay-through bond, equipment lease-backed certificate, <b>consumer receivable pass through</b> certificate, or consumer receivable-backed bond</p>	<p>20% Maximum overall limitation                  5 Years Maximum Maturity                  "AA" national rating or Higher</p>

<p><b>Moneys held by a trustee or fiscal agent</b> 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><b>Notes, bonds, or other obligations that are at all times secured</b> 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><b>Other Code Restrictions &amp; Clarifications</b></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 2011-12

**Adopted March 19, 2012**

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.

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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.

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**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.

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**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

Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

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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.

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**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.

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The Policy has three primary objectives in order of priority:

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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.

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a. Credit Risk is the risk of loss of principal due to the failure of the security issuer. Credit Risk can be mitigated by:

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- ✓ 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

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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:

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- ✓ 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.

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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.

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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.

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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.

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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

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~~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.~~

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- ~~◆ 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 an obligation of the United States Treasury or one of its agencies that carry the full faith and credit guarantee of the United States for the payment of principal and interest 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.

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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.

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<u>Investment Type:</u>	<u>Maximum Maturity:</u>	<u>Maximum percentage of Portfolio:</u>
U.S. Treasury Bills, Notes and Bonds	5 Years	75 percent

Federal Agency Obligations	5 Years	50 percent 35 percent / Agency
Certificates of Deposit or Time Deposits* (CD's)	5 Years	50 percent
Local Agency Investment Fund (LAIF)	N/A	100 percent
Money Market Mutual Funds	N/A	10 percent

\* Denotes a collateral requirement either initially, or at a pre-determined threshold. Please refer to Collateral 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:

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[REDACTED]		
Money Market Mutual Funds	AAA	Aaa

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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.

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**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.

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**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.

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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.

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## APPENDIX A

### DEPOSITORY SERVICES

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**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~~ \$400,000, 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.

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**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 &amp; Other Constraints (Key Limitation Summary)</u>
<u>Local Agency Bonds</u>	No Limit
<u>US Treasury Notes, Bonds, Bills</u>	No limit
<u>California State Warrants, Treasury Notes or Bonds</u>	No limit
<u>Bonds, Notes, Warrants of any local agency within the State</u>	No limit
<u>Federal Agency or United States government-sponsored enterprise obligations</u>	No limit
<u>Bankers Acceptances</u>	40% max overall limitation: 30% max in any one commercial bank: 180 days max maturity.
<u>Commercial Paper</u>	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.
<u>Negotiable Certificates of Deposit</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. 30% max overall limitation
<u>Repurchase Agreements</u>	One Year Term or less Based on code authorized investments 102% underlying security valuation
<u>Reverse Repurchase Agreements</u>	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

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	<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 &amp; 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>

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<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 &amp; 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>

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**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.