

CITY MANAGER'S 2015 YEAR END REPORT

Bruce E. Channing, City Manager



CITY OF LAGUNA HILLS
California



City Manager's 2015 Year End Report

December 8, 2015

Honorable Mayor and Council Members,

At the end of each year, it is my pleasure to submit to you the City Manager's Annual Report. As the City enters its 25th year since incorporation, I am once again privileged to have the opportunity to highlight the major accomplishments of 2015 and to provide a preview into the major activities we have to look forward to in the upcoming calendar year.

Six years after the end of the "Great Recession," we now know that the general economy has in fact experienced a necessary structural correction. Looking ahead into this upcoming year, we believe the major repercussions of the historic economic downturn have substantially subsided. Consequently, we anticipate we will continue to see signs of recovery in the local tax base and expect revenues to reach, and potentially surpass, pre-recessionary levels.

Realizing the challenges of the economic climate of the last few years, the City continues to place an emphasis on sustaining and strengthening its economic development efforts. Most notably, this last year has seen significant progress on the redevelopment of Oakbrook Village and the developer's submittal of the upcoming \$500 million redevelopment of Laguna Hills Mall, now rebranded as 5 Lagunas.

To maintain its strong financial position, the City must continue to promote overall fiscal health and sustainability by adhering to its conservative financial policies, focusing on organizational efficiency and performance, and fiscally prudent decision-making.

The accomplishments listed on the following pages demonstrate our determination to respond successfully to economic pressures and uncertainties, maintain core municipal services at high levels, and position our organization to move forward despite difficult circumstances. For structural purposes and ease of reference, we have assembled the list of achievements under seven major headings that generally align with our departmental structure. Again, I am honored to present this annual report to you and I hope you share with me the same sense of pride I have for all of our 2015 accomplishments.



General Government

FINANCIAL HIGHLIGHTS

Although the impacts of the “Great Recession” continue to influence the recovery of revenues at the local level the City has consistently maintained a healthy financial condition. Much of this can be attributed to the City’s conservative financial policies. General fund revenues in Laguna Hills increased in Fiscal Year 2014/2015 by \$1,081,466, or 5.8%, most of which came from the increases in property tax and sales tax revenues. Property tax revenues totaled \$9,128,569, representing a \$302,298 increase over the prior year revenues, and sales tax revenues came in at \$5,649,731, a \$126,662 increase over the previous year.

Total operating expenditures slightly increased over the previous fiscal year by \$556,251, or 3.3%, and came in \$119,679 under budget for Fiscal Year 2014/15. Additionally, general fund revenues exceeded operating expenditures by \$1,940,255.

Given the continued depth and breadth of new economic activity occurring throughout the City, the increased number of new businesses coming on-line, and the general improvements in the local housing market, we expect to see continued recovery in the local tax base this coming year that will positively impact the City’s general fund.

FINANCIAL AWARDS

For the twenty-third consecutive year, the City was awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for the year ending June 30, 2014. In September 2015, the City applied for the GFOA Distinguished Budget Award for its 2015-17 Biennial Budget document and is currently awaiting the results. In order to qualify for the award the budget document must meet program criteria as a policy document, an operations guide, a financial plan, and a communication device.

2015-2017 BIENNIAL BUDGET DEVELOPMENT PROCESS

Since its incorporation, the City has been committed to biennial budgeting and long-range financial planning. Preparing a budget every other year lends greater weight to the importance of such processes. This year’s budget process lasted from February through June and, given the tenuous condition of the economic climate, dominated staff’s time and resources. The lengthy budget process

included three public study sessions including a strategic planning budget session and a public hearing. The City Council was ultimately presented with and adopted a budget that accomplished the following:

- Budgeted revenues and expenditures totaling \$49.17 million.
- Operating revenues for Fiscal Year 2015/16 are anticipated to increase by 4.18% from the previous year-end estimate. For the following year (Fiscal Year 2016/17), operating revenues are projected to increase by 1.56%.
- Approved 13 capital projects totaling \$7,646,874. Of this amount \$1,597,000, or 20.9%, is required from the General Fund. The balance of the funding will come from Special Funds and capital reserve funds.

CITY CLERK'S DEPARTMENT REORGANIZATION

The anticipated retirement of the City's long-time City Clerk Peggy Johns and Deputy City Clerk Sandi Mogan provided an opportunity for City staff to evaluate the staffing structure within the City Clerk's Department. After extensive analysis of the current and future needs of the City, a reorganization plan was developed and Melissa Au-Yeung was promoted to the newly created position of Assistant to the City Manager/City Clerk, Sandy Carlsen was converted from part-time to full-time Records Management Coordinator, and James Haston was hired into the newly created position of Management Assistant. The reorganization plan resulted in annual General Fund savings of approximately \$146,000.

FACILITY RESERVE STUDY UPDATE

In order to meet long-range maintenance and future equipment repair and replacement needs, the City maintains Maintenance Reserve Funds for the Community Center & Sports Complex, the Civic Center, and park equipment. With the intent to maintain a fiscally responsible funding plan, the City hired consultant, EMG, Inc. (EMG), to conduct a full facility conditions assessment and reserve analysis update for the Community Center, Sports Complex, and Civic Center facilities. EMG's report was completed in April 2015. The report includes a year-by-year analysis of capital needs, ranked by priority for repair, which was integrated into the City's 8-Year Resource Allocation Plan as part of the 2015-17 Biennial Budget.

SELECTION OF THE CITY AUDITOR

In accordance with City's Financial Policies, the City is required to select a new auditor at least once every six years. The City's audit engagement with Moss, Levy & Hartzheim, LLP, expired with the conclusion of the financial audit for the fiscal

year ended June 30, 2014. Accordingly, staff issued Request for Proposals (RFPs) in March 2015. Nine proposals received in response to the RFP were evaluated and the Audit Committee interviewed the three highest ranked audit firms. Ultimately, the City selected White Nelson Diehl Evans, LLP in June 2015 to perform the audit of the City's financial statements for Fiscal Years 2014/2015 and 2015/2016.

SENIOR CENTER FACILITY GRANT

The City successfully competed for an award of 2015/2016 Community Development Block Grant (CDBG) funding for Public Facilities and Improvement monies to be used at the Florence Sylvester Senior Center. The City was awarded \$70,380 for the following improvements: repaint the interior and exterior of the building, grout and reseal tile throughout the Center, refinish all wood doors and cabinets, replace the existing obsolete phone system, remove and replace existing carpet, and remove the existing door on the north side of the building and replace it with an automatic door. Over the last seven years, the City has been awarded funds totaling over \$355,000 to complete a number of improvements and address deferred maintenance issues at the Florence Sylvester Senior Center.

CIVIC CENTER LEASING & MANAGEMENT

During calendar year 2015, staff successfully negotiated new leases with State Senator Patricia Bates, Banc of California, TK Wealth Management, Inc., and Broadview Mortgage. Collectively, these four tenants occupy 5,712 square feet of the Civic Center. The Civic Center is now 89% occupied with two vacant suites. The City and its property management company, Essex Realty, continue to aggressively market vacant suites.

In February 2015, the City and the County of Orange entered into a new 10-year lease agreement for the Laguna Hills Library Technology Branch, which is located at the Laguna Hills Community Center. As part of the agreement, the County of Orange provides library services to residents and reimburses the City in the amount of \$3,500 per month for costs related to maintenance, repairs, utilities, and janitorial services.

WEBSITE REDESIGN

Earlier this year, the City launched its redesigned website (www.lagunahillsca.gov) in an effort to improve efficiency, effectiveness, transparency, and provide easier access to resources and services. In addition to providing general information about the City, the redesigned website has many enhanced user-friendly resources including: the ability to view upcoming events, community highlights, and news from around Laguna Hills; advanced searching of and access to City Council, Commission,

and Committee meeting agendas and minutes; easy access to the City's biennial budget and other financial documents; the ability to register for classes and activities and to rent City facilities; and a resource for reporting an issue from your mobile device or computer. Additionally, the new website includes an economic development page, which has resources available for local businesses and businesses looking to locate within Laguna Hills.



Economic Development

ICSC CONVENTIONS & SHOWS

Since 2004, the City has regularly attended the International Council of Shopping Centers (ICSC) conventions and shows. Given the development opportunities that arose at the Village at Nellie Gail, Oakbrook Village, and the Laguna Hills Mall, the City began sponsoring a booth at the 2010 ICSC Western Division Conference in San Diego. The City has subsequently sponsored a booth every year since at the ICSC Western Division Conference, as well as the annual ICSC national RECon Convention. In 2015, the City of Laguna Hills partnered with the City of Dana Point to provide a booth featuring both cities at the national ICSC RECon Convention.

As in the past, this year's ICSC conventions and shows have provided staff with the opportunity to easily meet with prospective businesses; market development opportunities to developers, hoteliers, and retailers; and distribute leasing information on behalf of various retail centers throughout the City. The City plans to sponsor a booth at the 2016 ICSC Western Division Conference as well as sponsor a booth jointly with the City of Dana Point at the annual RECon Convention.

LAGUNA HILLS MALL – FIVE LAGUNAS

In May 2013 Merlone Geier Partners, a private real estate investment company with a long-standing reputation of working closely with cities in the development and design of properties, purchased the 68-acre mall from the Simon Property Group. Built in 1973, the Laguna Hills Mall is in dire need of a major redevelopment. Furthermore, the Mall serves as the backbone of the Laguna Hills Urban Village Specific Plan (UVSP) and will help guide the area toward a mixed-use downtown space that provides not only shopping but also a pedestrian experience and public gathering space. The conceptual redevelopment plan creates a modern, pedestrian-friendly town center with more cafes and restaurants, an upscale movie theater, and a public plaza. In 2014, Merlone Geier Partners purchased the

lease to the Sears building and parking field to allow for expanded redevelopment opportunities for the property.

Merlone Geier Partners submitted initial plans for the redevelopment of the Laguna Hills Mall in March of this year, which are currently being reviewed by staff in the Community Development Department. The redevelopment plan will result in a complete renovation to the Mall bringing an additional mixed-use development project to the UVSP area. The UVSP envisions the creation of a village-like downtown core that will shape the future of the area as a vibrant community and regional destination. This \$500 million redevelopment project is expected to contribute to the quality of life for residents of Laguna Hills and the region. Furthermore, this renovation will seek to enhance the long-term economic vitality of the region. It is anticipated that this project will be presented to the Planning Agency in early 2016.

HELPING LOCAL BUSINESS

In an effort to promote a business friendly environment in Laguna Hills, the City has put an emphasis on providing resources and support for the local business community and to businesses looking to locate in the City. Consequently, the Community Development Department has met with several commercial property owners and has maintained a regular dialogue regarding issues that impact parking, leasing, uses, and signage. In addition, staff has assisted several owners in evaluating conceptual plans for remodeling activities. With the support of the Community Development Department, several businesses have been able to locate in the City including Dover Saddlery, Smart and Final Extra, Cecelia's Tortilla Grill, and Kaiser Behavioral Health. By providing assistance to businesses regarding best practices in obtaining zoning permits necessary to begin tenant renovations, among other things, staff has contributed to processes that support businesses.



Community Development

PLANNING

The City's land use planning activities are divided into two processes of "Current Planning" and "Advanced Planning." While Current Planning involves providing routine assistance to the public through the public counter and processing requests for entitlements for the establishment of new uses and smaller construction projects, Advanced Planning places emphasis on evaluating and recommending changes to City zoning and land use policy, preparation of long range land use and housing policy plans, as well as monitoring State and Federal

regulations. The Planning Division also provides significant support to the City Manager's economic development initiatives.

Over the course of the year the Planning Division plan checked approximately 400 building permit requests for new construction for a variety of improvements. In addition, over 20 projects were entitled through the City's administrative review process as well as several other projects that were approved by the Planning Agency.

In the area of Advanced Planning, staff participated in several meetings with OCCOG in preparation of submitting data to SCAG related to the development of the Regional Transportation Plans/Sustainable Communities Strategy which has implications on the City's land use and housing policy. Data from OCCOG on population, employment, and housing was also reviewed for accuracy.

OAKBROOK VILLAGE

Planning Division staff reviewed plans for compliance with the City Council's approval of the first construction phase of the Oakbrook Village Shopping Center redevelopment program to create the City's first mixed-use project. The first units are anticipated to be released in January 2016 for occupancy. City staff has also been working with the property owner to modify the retail site plan approved for the project in 2012 as well as to amend the project development agreement. Staff anticipates bringing forward the revised site plan and development agreement amendment to the City Council in early 2016.

GROUP HOMES

In response to the issue of group homes and sober living facilities raised by local residents, the City hosted an informational town hall meeting in August 2015 as a way to directly engage the local community in an educational forum, answer questions, and provide up-to-date information. The meeting provided the public an opportunity to have an open dialogue with the City to express their opinions, concerns, and ideas. The meeting agenda, presentation materials, staff remarks, and questions from the community were made available and can be found on the Community Development section of the City website.

BUILDING & SAFETY DEPARTMENT ACTIVITY

With one month left in the calendar year, and for the second year in a row, the Building Division is on track to issue approximately 2,000 building permits. With the goal of reducing monetary costs and plan check completion times for applicants, the Building Division began contracting with HR Green, Inc. for building and safety services in July 2015. In addition, Building Division staff implemented an online solar

plan check submission process and reduced the review process to three days or less.

CODE ENFORCEMENT

The City's Code Enforcement function continued its strategy of obtaining voluntary compliance from residents and businesses through frequent public engagement, maintaining a highly visible presence throughout the City, and the implementation of cooperative-based code enforcement processes which attempt to resolve potential violations at the administrative level. The City's Code Enforcement Officer responded to over 600 calls for service, three of which were referred to the City Attorney's Office for further review. However, the majority of code enforcement service requests were cleared through personal contact and the issuance of correction notices. Currently, 40 cases are being tracked for compliance by staff.

AFFORDABLE HOUSING REHABILITATION

In 2015, the City of Laguna Hills directed \$80,000 in Community Development Block Grant (CDBG) funds towards exterior rehabilitation and renovation of homes in the 248-unit Aliso Meadows Condominium Association. Over the past eleven years, the City has been awarded CDBG funds totaling nearly \$2.5 million, which has resulted in the complete or partial rehabilitation of more than 200 affordable housing units for very-low, low, and moderate income households in the City. Staff may apply for available CDBG funds in the upcoming year to continue its rehabilitation work in the community.



Public Services

STOCKPORT PARK RENOVATION

In May 2015, Hondo Company, Inc. began work on the Stockport Park Renovation project. Now completed, the project included a number of improvements including a refurbishment to the playground equipment and surfacing, the replacement of worn amenities, the renovation of certain sloped landscapes, concrete repairs, the removal of 15 Eucalyptus trees, and other miscellaneous site repairs.

SPORTS COMPLEX SOFTBALL FIELD TURF RENOVATION

The City of Laguna Hills and Moulton Niguel Water District (MNWD) formed a strategic partnership to convert the Laguna Hills High School athletic fields to synthetic turf. With preliminary funding in the amount of \$416,500 from MNWD and the Municipal Water District of Orange County, Lehman Construction, Inc. began work on the project in July 2015, which included excavation, painting, turf removal, and other miscellaneous renovations. This project will result in expanded use of the fields, additional play time, and reduced operational costs, all with no impact to the City's general fund. It is anticipated that this project will be completed by the end of November 2015.

CAPITAL IMPROVEMENTS

The following Capital improvement projects were substantially completed:

- Civic Center Site Improvements Renovation (\$300,000)
- Bridge Seal for Santa Vittoria Drive and for Laguna Hills Drive (\$50,000)
- La Paz Open Space Improvements (Moulton Parkway to Alameda Avenue) (\$1,200,000)

WATER QUALITY

The City participated in the 19th Annual Inner Coastal Watershed Cleanup Day on September 19, 2015. This was the twelfth year the City participated in this event where volunteers worked together and cleaned a portion of the Aliso Hills Channel.

Staff worked with both the Santa Ana and the San Diego Regional Water Quality Control Boards for the fifth-term NPDES permit approval process. Staff was also able to obtain coverage for the entire City under one Regional Permit, i.e., the San Diego Regional Water Quality Control Board. This milestone will allow City staff and property owners to simplify annual reporting requirements, inspections, and development standards.

As a part of this year's 4th of July Celebration at the Laguna Hills Community Center, City staff hosted a water quality booth with brochures and other educational information relating to water quality. Some of the materials available for residents included water quality educational coloring books, posters, magnets, and brochures such as "The Ocean Begins at Your Front Door" and "Household Tips."

The City has continued its efforts on a multi-year project to install catch basin auto retractable debris screens on all of the approximately 550 inlets in the City in order to reduce litter and other debris from entering the storm drain system and

downstream drainage courses. In June 2015, the fourth phase of the project resulted in the installation of screens at 44 catch basin locations utilizing a Measure M2 grant of \$71,000. A fifth phase has also received similar grant funds and will begin work in early 2016. Approximately 60% of all of the City inlets are protected by debris screens.

STREET MAINTENANCE

Routine street maintenance activities generated the installation and/or replacement of 150 signs, the grinding of 75 sidewalk locations to reduce raised sidewalk panels, the repainting of all stripes and markings citywide, and the preparation for winter rain events including staging sandbags, cleaning of all 550 catch basins, and pre-inspections of offsite drain inlets. Approximately 230 task orders, in addition to sign work, were issued and completed.

Street sweeping services were placed out to bid with a new five-year contract. The contract was ultimately awarded to Sunset Property Services at a lower rate than the previous year.

PARKS & LANDSCAPE

The annual weed abatement program was completed in June 2015 to include all public properties and compliance of all private properties.

The City implemented newly-mandated drought conservation measures including ceasing the watering of median islands that are irrigated with potable water, reducing watering at all parks and landscape areas, and implementing the softball field conversion to synthetic turf. In addition, through collaborative work with El Toro Water District, 718,005 sq. ft. (or 16.48 acres) of landscaped areas were converted from potable water to reclaimed water. The conversion included three parks, five median islands, one parkway, and one slope.

At the Community Center and Sports Complex, in addition to routine maintenance, 80,000 sq. ft. of damaged turf was replaced on both soccer fields including prepping the area with soil amendments, placing pre-plant fertilizer, and grading.

Tree care activities included 850 trees trimmed, 310 trees removed, and 28 trees planted.



Community Services

SPECIAL EVENTS

The City hosted two signature events this past year. The 2015 Memorial Day Half Marathon, 5K, and 10K, honoring the USMC Dark Horse Battalion, was held on May 25, 2015, with 3,990 runners participating. This is an increase of 300 runners compared to last year's event. The City collected a total of \$211,046 in revenues from this event. Direct expenses (not including staff costs) totaled \$208,501. A number of Marines ran in the half marathon which, along with the 5K and 10K, was started by event Grand Marshal Cpl. Marcus Chischilly. Based on the City Council approved pledge formula of \$3 per paid participant, \$10,572 was provided to the 3/5 Marine Support Committee by City Council Resolution on August 25, 2015. In addition, South County Outreach received 100 pounds of donated food items and \$500 from the sale of beer garden tickets.

The second signature event was the City's annual 4th of July celebration. It is estimated that more than 10,000 people attended the 2015 event which featured rides, games, live music, and static displays manned by Marines from the 1st Division. Total expenditures for this event were \$49,796 (not including staff time). Net costs totaled \$43,758, which accounts for \$4,938 in ride ticket sales and \$1,100 in vendor booth rentals.

SPECIAL OLYMPICS HOST TOWN

The City of Laguna Hills and the City of Lake Forest joined together to become a Host Town for the 2015 Special Olympics. As a Host Town, the City of Laguna Hills was honored to host athletes from the Cayman Islands (56 delegates) and Vietnam (12 delegates) prior to the start of the opening ceremonies in Los Angeles. Activities for the athletes included a dance at the Lake Forest City Hall, a breakfast at the Laguna Hills Community Center, training time at Laguna Hills High School and Community Center gym, an outing at the Orange County Fair, and shopping at the Irvine Spectrum. Lake Forest and Laguna Hills received a total of \$21,945 in goods and services donated to help support this event. These donations included bus transportation services provided by JFK Transportation, food by Chick-fil-A and Taco Bell, and volunteer time and food donations by the Knights of Columbus. Monetary contributions were made by Cox Communications, Kelly Blue Book, and CR&R, Inc. which went towards hotel lodging expenses to house the delegates during their stay. The Orange County Sheriff's Department was instrumental in providing security and protection for athletes and support staff members during the Host Town Event. During the Special

Olympic Games, athletes from the Cayman Islands and Vietnam won 26 Gold, 26 Silver, and 27 Bronze medals.

RECREATION PROGRAMS AND SENIOR SERVICES

The City of Laguna Hills continued to host numerous programs provided by the Saddleback College Emeritus Institute. Over the course of the year, more than 2,500 individuals participated in a variety of classes held at the Community Center facility such as yoga, Pilates, art appreciation, sketching, and Spanish. Additionally, the drop-in ping pong program continued successfully, which provided 129 participants the opportunity to play pick-up ping pong games in the Physical Activity Room. This program takes place on Tuesdays and Thursdays from 12 p.m. to 2 p.m. and on Saturdays from 1p.m. to 5 p.m.

Furthermore, in regards to senior services, participation in the City's Senior Dial-a-Taxi program continues to increase. This program, funded by OCTA's Senior Mobility Program, allows seniors who are 60 years of age or older to use California Yellow Cab for trips within the service area and several satellite locations outside the service area for a nominal fee. Currently there are 430 seniors enrolled in the City of Laguna Hill's Senior Dial-a-Taxi program with an average of 207 taxi trips occurring per month. There are 33 seniors who actively use this service.

The cultural arts theater programs were also offered during 2015. Working with On the Edge Theater Production, staff held Shakespeare in the Hills performances of *A Midsummer Night's Dream* and *The Complete Works of William Shakespeare* in the Community Center gazebo and town green area. These performances were well received by the 438 spectators in attendance. Two other productions were held indoors in the Community Center banquet room. These plays were enjoyed by an additional 541 spectators.

A total of 5,318 individuals signed up for one of the 415 recreation classes/activities offered by the City. This does not include participation numbers from the Emeritus program, drop-in ping pong program, or the City's two signature community events. Community Services staff continues to evaluate its program offerings to ensure that recreation is meeting the needs of the community. With that said, a new skateboarding class will be offered by a skateboarding professional on Saturday mornings, and staff will also be reinstating tennis lessons at its public tennis courts. Additionally, staff is looking into the possibility of developing a Pickle Ball program, which is the fastest growing sport for individuals 50 years of age and older.



Environment & Conservation

LANDFILL DIVERSION

The 2014 Annual Disposal Report, which uses per capita disposal figures, was submitted to the State of California Department of Resource Recycling and Recovery (CalRecycle) on July 31, 2015. This detailed report summarizes, among other things, recycling programs and services provided by the City such as residential curbside, commercial, and multi-family; outreach and educational efforts; green-waste recycling; electronic waste recycling; Household Hazardous Waste curbside pickup service; and material recovery processing centers. For 2014, the City achieved a per capita disposal rate (pounds/person/day) of 3.6, which is well below the per capita disposal rate target of 5.8 pounds per day. Since the City's per capita disposal rate is below the target rate, it is in compliance with the State's recycling and diversion mandates. The City's 2014 Annual Disposal Report was accepted and approved by CalRecycle on August 20, 2015.

VOLUNTEER CONNECTION DAY

The City held its annual Volunteer Connection Day activities at the Laguna Hills Community Center and Sports Complex on Saturday, April 18, 2015. The Volunteer Connection Day is a time for volunteers to come together to beautify the City with community projects such as trail clean-ups and planting of trees. Sixty volunteers participated in this year's event and collected 1,380 pounds of trash and recyclables from City trails and planted 15 trees in Mendocino Park. The event also included an onsite paper shredding event. Additionally, the City re-qualified for its designation as a Tree City USA by the national Arbor Day Foundation.



Police Services

PUBLIC SAFETY

During the first three quarters of 2015, there were 10,456 total calls for service in Laguna Hills. This represents an increase of 18.7% in reported incidents when compared to the same period in 2014.

Part I and II crimes in Laguna Hills have changed moderately in the first three quarters of 2015. The total number of Part I crimes experienced an overall increase of 11% when compared to last year. This increase is largely attributed to the number of reported thefts. Part II crimes are generally considered proactive deputy initiated activities carried out while a deputy is on patrol and not responding to a call. Part II crimes, which include driving under the influence (DUI), narcotics, and vandalism incidents, have decreased by 13% when compared to the same period last year.

RESPONSE TIMES

Response times continue to remain within the expected parameters for all four levels of priority calls. The average response times are 4:02 for Priority 1 calls, 8:03 for Priority 2 calls, 12:53 for Priority 3 calls, and 25:39 for Priority 4 calls. It remains the goal of Laguna Hills Police Services to respond to all Priority 1 calls within five minutes from the time of dispatch to arrival, twelve minutes for Priority 2 calls, and twenty minutes for Priority 3 calls. There is no standard response time goal for Priority 4 calls so deputies are dispatched as they become available.

COMMUNITY INVOLVEMENT GROWS

The Neighborhood Watch Program continues to prosper with the revitalization and addition of 10 groups which conducted 13 meetings this year. For the first time the Parent Project, a 10-week program aimed at educating adults in parental techniques for strong willed children, was initiated in Laguna Hills. Two deputies have been tasked with presenting the program and utilizing subject matter experts for the course. Police Services also partnered with the Saddleback Community Church for the Good Neighbor Program. This program is slated for the Aliso Meadows residential area where staff has focused on improved relations and education with at-risk youths and families. Additionally, Police Services continues to provide residents with Child Car Seat Safety Inspections to help reduce the misuse rate of child car seats that are installed or used incorrectly. To date, the City's Crime Prevention Specialist has performed 31 safety inspections.

Police Services also participated in various community events such as National Take Back Day, 4th of July Expo, National Night Out, Nellie Gail Ranch Concerts in the Park, Valencia Elementary's Boo Bash Carnival, and the 2015 Special Olympics. Furthermore, Police Services increased its community involvement with charitable events such as "Dogs with Deputies" and "Tip a Cop" at our local restaurants.

Police Services has continued its Community Oriented Policing Plan focusing on building relations with the local community. Patrol deputies have concentrated on building and maintaining trusting relations within the community especially in residential and business areas, schools, and parks. Ultimately, this effort attempts

to reduce crime and promote healthy interactions between the public and its deputies.

POLICE SERVICES CONTRACT SAVINGS

One of the Major Plans identified as part of the 2013-15 Biennial Budget was a review of the current Police Services contract including recommendations regarding possible modifications or reallocation of resources. The City awarded a contract to Matrix Consulting in November 2013, to conduct a comprehensive evaluation of police services in Laguna Hills, with the final report presented to the City Council in June 2014. The report identified several potential cost-saving measures one recommendation being: "Explore alternative cost-sharing arrangements from Laguna Woods for the true value of the coverage and pro-activity received from Laguna Hills for late night law enforcement services." Subsequent analysis revealed the need to also explore alternative cost-sharing arrangements with Laguna Woods for the true value of the coverage and pro-activity received from the City of Laguna Hills for all other shifts, patrol supervision, and indirect supervision received from the City. As a result, early this year, the City successfully negotiated a fair-share cost allocation of patrol sergeants among the Cities of Laguna Hills, Aliso Viejo, and Laguna Woods, as well as implemented a unified regional model for the midnight shift for the same three cities. This resulted in savings of approximately \$463,000 in the City's contract for sheriff services. Coupled with the reduction of the number of motorcycle deputies from three to two, the total cost for law enforcement services for Fiscal Year 2015/16 is \$6.9 million, representing a decrease of 2.94%.

POLICE SERVICES HONOREES

Three Police Services members were honored by the Orange County Sheriff's Department for their life saving efforts of a man who was experiencing a heart attack while in route to the hospital. Additionally, our Administrative Sergeant was honored as the Corona Del Mar Exchange Club Supervisor of the Year. Also, our School Resource Officer received the Safe Schools' 2015 Distinguished Safe School Educator Award for his outstanding work with teachers, parents, and students in the Saddleback Valley Unified School District, specifically with Laguna Hills schools.



2016 Outlook

As we head into 2016, we will continue to focus on objectives that contribute to economic development efforts, responsibly manage the City's fiscal health, and improve the quality of life in Laguna Hills.

LAGUNA HILLS MALL – FIVE LAGUNAS

Staff is currently reviewing redevelopment plans and studies submitted by Merlone Geier Partners. Over the next year, the City will continue to work with Merlone Geier Partners regarding the general direction and development of the site. This is a \$500 million redevelopment project that will convert the existing enclosed mall to a vibrant mixed-use, destination life-style center. Needless to say, it is vital that we get this right. The overall project could take anywhere from 3-5 years to construct beginning with interior tenant improvements in the north part of the existing mall in early 2016.

OAKBROOK VILLAGE

Shea Properties, the management company and development partner of the 289-unit mixed-use residential building, expects to gradually occupy the units beginning in early 2016. Additionally, a second amendment to the development agreement between the City of Laguna Hills and the Fritz Duda Company, as well as the revised site plan, is anticipated to be presented to the City Council in early 2016. All Phase 1 improvements should be completed by the end of 2016.

MNWD GORDON ROAD PROJECT

The Moulton Niguel Water District (MNWD) is planning to expand its existing facility at Gordon Road by adding a new administrative office building and enhancing its current maintenance yard. MNWD is in the process of retaining a consultant to prepare the project's required environmental review and clearance. Once the appropriate environmental process has been completed, the district will be requesting zoning approvals from the City for the proposed improvements. Currently, it is unclear when MNWD will complete the project's environmental review process; however, we anticipate this will occur in 2016.

ANIMAL CARE SERVICES

During the summer and fall of 2015, the County of Orange made significant progress in moving forward toward the construction of a new animal shelter located at the former Tustin Marine Corps Air Base. Consequently, construction is anticipated to move forward quickly with groundbreaking of the site on June 6, 2016, and a grand opening occurring on September 2, 2017. As a result of this expedited schedule, the City might have to consider a long-term agreement with the County of Orange by as early as April 1, 2016. The City, if it chooses not to commit to an agreement with the County of Orange, will have to secure animal care services with a different provider by July 2017. In the face of this looming deadline, the City Council directed staff to send a letter of interest and inquiry to the City of Mission Viejo. We expect to have an evaluation of their responses to our inquiry to the City Council in January. Additionally, Mayor Pro Tempore Kogerman has been working with others in Lake Forest to identify a shelter site in Lake Forest and determine the feasibility of a multi-city animal services operation.

MOU NEGOTIATIONS

The City's three-year Memorandum of Understanding (MOU) with the Laguna Hills City Employees Association (LHCEA) will expire on June 30, 2016. In accordance with the terms of the existing MOU and in preparation for the pending negotiations, staff has issued a Request for Proposal to conduct a comprehensive compensation and limited classification study. The compensation and classification study is anticipated to be completed in the spring of 2016. Negotiations with the LHCEA are anticipated to be completed in June of 2016.

AGENDA MANAGEMENT SYSTEM

In an effort to modernize the City's agenda management process and provide easier access to agendas and minutes, the City has been exploring and analyzing various agenda management systems. Over the past few months, City staff coordinated and attended multiple product demonstration meetings with major companies in the field. A new agenda management system is anticipated to be in place by early 2016.

2016 GENERAL MUNICIPAL ELECTION

General Municipal Elections are held in the City of Laguna Hills on the first Tuesday after the first Monday in November every two years in even numbered years. The next General Municipal Election will be held Tuesday, November 8, 2016. The election will be held to elect two members to the City Council.



Conclusion

As demonstrated by the major achievements highlighted throughout this report, the City has continued contributing to and improving the welfare and future of Laguna Hills. As I stated in my introductory comments to this report, adept leadership and decision-making has helped the City maintain core municipal services through the difficult economic conditions of the last many years. Now that the general economy has completed its structural correction, we look forward to increased stability of the local tax base and anticipate revenues to reach pre-recessionary levels.

The continued economic revitalization and redevelopment occurring throughout the City provides evidence of a strong and improving local economy. Furthermore, as a means to remain resilient to economic downturns and maintain long-term fiscal health, the City has made it a priority to sustain and strengthen its economic development efforts. Additionally, it is encouraging to see the local business community investing in improvements to their commercial properties and businesses, further enhancing the prosperous economic future of Laguna Hills.

I am confident that we will be able to successfully deal with the challenges ahead and maintain our strong financial condition provided we remain committed to the prudent management practices and policies that have enabled us to be so successful over these past 24 years.

To that end, I believe that the on-going success of our organization is premised upon staying true to our mission, maintaining shared values and vision, as well as being dedicated to principle-centered leadership. As I reflect on our many accomplishments in 2015, as well as our accomplishments over the prior 24 years, I am mindful that this was all possible because of the Mayor and City Council's effective leadership and support. I look forward to working with you on the challenges ahead.

Sincerely,

Original Signed

BRUCE E. CHANNING
City Manager