AGENDA

ALISO VIEJO CITY COUNCIL
WEDNESDAY, JUNE 18, 2025
7:00 PM REGULAR MEETING

CITY HALL
COUNCIL CHAMBERS
12 JOURNEY
ALISO VIEJO, CA

Mayor Tiffany Ackley
Mayor Pro Tem Max Duncan
Councilmember Richard Hurt
Councilmember Mike Munzing
Councilmember Tim Zandbergen

WELCOME to the City of Aliso Viejo City Council meeting. Those persons wishing to address the City Council are requested to complete and submit to the City Clerk a “Request to Address City Council” form available at the entrance to the City Council Chambers. Speakers will be called at the appropriate time as their interested matter is heard. COMMENTS WILL BE LIMITED TO THREE MINUTES PER SPEAKER. Council proceedings are recorded.

It is the City's intention to comply with the Americans with Disabilities Act (ADA) . If you need special assistance to participate in the meeting, the City will make reasonable arrangements to ensure accessibility and/or accommodations. [28 CFR 35.102-35.104 ADA Title II] Please contact the City Clerk's Office at (949) 425-2505 at least 48 hours prior to the meeting.

Regular meetings of the City Council are held on the first and third Wednesday of the month at the City Hall Council Chambers, 12 Journey, Aliso Viejo. Copies of the agenda are available in the lobby at City Hall on the Thursday preceding a regularly scheduled City Council meeting. All communications received by the City regarding an agenda item have been included in the agenda materials. Supplemental documents relating to specific agenda items, including communications received after agenda delivery, are presented at the dais and in the Public Copy agenda binder at the time of the meeting. Supplemental documents are also available for review in the City Clerk's office, 12 Journey, Aliso Viejo. For more information, please contact City Hall at (949) 425-2505.

This meeting will be broadcast live on Cox Communications Channel 851, AT&T U-Verse Channel 99 and the City's website. By attending the City Council Meeting, you are giving your permission to be televised. The Council Meetings are rebroadcast on Wednesday at 7:00 p.m. on Cox Communications Channel 851, AT&T U-Verse Channel 99, and can be viewed on the internet at www.avcity.org.

MITZI ORTIZ	SCOTT C. SMITH	JANET MARTINEZ
CITY MANAGER	CITY ATTORNEY	CITY CLERK

PLEASE SILENCE ALL CELL PHONES AND OTHER ELECTRONIC EQUIPMENT WHILE CITY COUNCIL IS IN SESSION

CALL TO ORDER: Convene Regular Meeting

ROLL CALL

PLEDGE OF ALLEGIANCE:

1. SPECIAL PRESENTATIONS:

1.1 BUSINESS OF THE MONTH - PHILZ COFFEE

2. ADDITIONS, DELETIONS, REORDERING TO THE AGENDA:

3. COMMUNITY INPUT:

Members of the public wishing to address the City Council are requested to complete and submit to the City Clerk a "Request to Address City Council" form available at the entrance to the City Council Chambers. In compliance with the Brown Act, no discussion or action may be taken on comments received at this time, except the City Council may briefly respond to statements made or questions posed. Comments are limited to three (3) minutes per speaker.

4. CONSENT CALENDAR:

All matters listed on the Consent Calendar will be acted upon by one vote unless members of the City Council, or staff request a matter to be discussed and/or removed from the Consent Calendar for separate action. Items removed from the Consent Calendar will be discussed and voted upon immediately following City Council action on the remainder of the Consent Calendar.

4.1 WAIVE THE READING OF ALL ORDINANCES AND RESOLUTIONS

Recommended Action: Approve the reading by title only of all ordinances and resolutions wherein the titles appear on the public agenda; said titles shall be determined to have been ready by title, and further reading is waived.

4.2 APPROVAL OF MINUTES

Recommended Action: Approve the minutes as submitted for the June 4, 2025 Regular Meeting.

Draft Minutes - June 4, 2025 Regular Meeting

4.3 ACCOUNTS PAYABLE

Recommended Action: Ratify accounts payable checks and electronic funds transfers issued between May 23, 2025, and June 5, 2025, in the amount of $189,143.47.

Staff Report

Attachment 1 - Accounts Payable Report

4.4 INVESTMENT POLICY FOR FISCAL YEAR 2025-26

Recommended Action: Adopt a Resolution approving the Investment Policy for Fiscal Year 2025-26 and rescinding Resolution No. 2024-23 in its entirety.

Staff Report
Attachment 1 - Resolution
Attachment 2 - FY 2025-26 Investment Policy
Attachment 3 - FY 2025-26 Investment Policy - Redline
Attachment 4 - Resolution No. 2024-23

4.5 APPROPRIATIONS LIMIT – FISCAL YEAR 2025-26

Recommended Action: Adopt a Resolution setting the Proposition 4 (GANN) Appropriations limit for Fiscal Year (FY) 2025-26 at $62,243,329.

Staff Report
Attachment 1 - Resolution
Attachment 2 - GANN Limit Calculation

4.6 FISCAL YEAR 2025-26 PROJECT LIST FOR ROAD MAINTENANCE AND REHABILITATION ACCOUNT FUNDING (SB 1)

Recommended Action: Adopt a Resolution of the City Council of the City of Aliso Viejo which adopts a list of projects for fiscal year 2025-26 funded by SB 1: The Road Repair and Accountability Act of 2017.

Staff Report
Attachment 1 - Resolution

4.7 RENEWED MEASURE M ELIGIBILITY

Recommended Action:

1. Adopt a 7-year Capital Improvements Program (CIP) for Street Projects; and
2. Adopt a Resolution of the City Council of the City of Aliso Viejo concerning the status of the Circulation Element and Mitigation Fee Program.

Staff Report
Attachment 1 - 7-Year CIP for Street Projects
Attachment 2 - Resolution

4.8 AGREEMENTS WITH RK ENGINEERING GROUP, INC. AND ADVANTEC CONSULTING ENGINEERS, INC. FOR ON-CALL TRAFFIC ENGINEERING SERVICES

Recommended Action:

1. Approve an agreement with RK Engineering Group, Inc. to perform on-call traffic engineering services;
2. Approve an agreement with Advantec Consulting Engineers, Inc. to perform on-call traffic engineering services;
3. Authorize the City Manager to execute a professional services agreement with RK Engineering Group, Inc. for an amount not to exceed $225,000; and
4. Authorize the City Manager to execute a professional services agreement with Advantec Consulting Engineers, Inc. for an amount not to exceed $50,000.

Staff Report
Attachment 1 - Agreement with RK Engineering Group, Inc.
Attachment 2 - Agreement with Advantec Consulting Engineers, Inc.

4.9 AGREEMENT WITH ITERIS, INC. ON-CALL TRAFFIC ENGINEERING SERVICES FOR TRAFFIC SIGNAL OPERATIONS

Recommended Action:

1. Approve an agreement with Iteris, Inc. to perform on-call traffic engineering services for traffic signal operations; and
2. Authorize the City Manager to execute a professional services agreement with Iteris, Inc. for an amount not to exceed $200,000.

Staff Report
Attachment 1 - Agreement

4.10 AGREEMENT WITH GMU ENGINEERS AND GEOLOGISTS FOR PAVEMENT MANAGEMENT PLAN UPDATE SERVICES

Recommended Action:

1. Approve an agreement with GMU Engineers and Geologists to perform pavement management plan update services; and
2. Authorize the City Manager to execute a professional services agreement with GMU Engineers and Geologists for an amount not to exceed $74,970.

Staff Report
Attachment 1 - Agreement

4.11 SECOND AMENDMENT TO THE AGREEMENT WITH NIEVES LANDCSAPE, INC. FOR LANDSCAPE MAINTENANCE SERVICES

Recommended Action:

1. Approve a second amendment to the agreement with Nieves Landscape, Inc. to perform landscape maintenance services that renews the agreement for an additional one-year term and increases the total compensation under the agreement by $200,000 for a total amount of $1,090,000; and
2. Authorize the City Manager to execute the second amendment to the agreement.

Staff Report
Attachment 1 - Agreement Amendment

4.12 SECOND AMENDMENT TO THE AGREEMENT WITH GMU ENGINEERS AND GEOLOGISTS FOR ON-CALL GEOTECHNICAL AND MATERIAL TESTING SERVICES

Recommended Action:

1. Approve a second amendment to the agreement with GMU Engineers and Geologists to perform geotechnical and materials testing services that renews the agreement for an additional one-year term and increases the total compensation under the agreement by $50,000 for a total agreement amount of $300,000; and
2. Authorize the City Manager to execute the first amendment to the agreement.

Staff Report
Attachment 1 - Agreement Amendment

4.13 SECOND AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH MIKE LINARES FOR COMMUNITY DEVELOPMENT BLOCK GRANT ("CDBG") ADMINISTRATIVE SERVICES

Recommended Action: Approve and authorize the City Manager to execute a Second Amendment to the professional services agreement with Mike Linares, Inc. for CDBG Consultant

Services to increase the compensation amount by $31,500 for a total of $144,000, and extending the term to June 30, 2026.
Staff Report
Attachment 1 - Agreement Amendment

4.14 FIRST AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT WITH ATLAS PLANNING SOLUTIONS TO PROVIDE UPDATE THE SAFETY ELEMENT
Recommended Action: Approve and authorize the City Manager to execute the First Amendment to the professional services agreement with Atlas Planning Solutions for the Safety Element update, increasing compensation by $28,515 for a total of $69,350, and extending the agreement term to June 30, 2026.
Staff Report
Attachment 1 - Agreement Amendment
Attachment 2 - Original Agreement

5. PUBLIC HEARINGS: None

6. DISCUSSION: None

7. CITY MANAGER' S REPORT:

8. ANNOUNCEMENTS / COUNCIL COMMENTS / COMMITTEE UPDATES:

9. ADJOURNMENT:
The next regularly scheduled City Council meeting is July 2, 2025.

CITY OF ALISO VIEJO
CITY COUNCIL MINUTES
REGULAR MEETING
JUNE 4, 2025, 7:00 PM
Council Chambers, City Hall, 12 Journey
Aliso Viejo, California

CALL TO ORDER: Mayor Ackley called the Regular Meeting of the City Council of the City of Aliso Viejo to order at 7:01 p.m.

ROLL CALL

PRESENT: MAYOR TIFFANY ACKLEY
MAYOR PRO TEM MAX DUNCAN
COUNCILMEMBER RICHARD W. HURT
COUNCILMEMBER MIKE MUNZING
COUNCILMEMBER TIM A. ZANDBERGEN

STAFF PRESENT: MITZI ORTIZ, CITY MANAGER
SCOTT SMITH, CITY ATTORNEY
JANET MARTINEZ, CITY CLERK
ANN EIFERT, FINANCIAL SERVICES DIRECTOR
SHAUN PELLETIER, PUBLIC WORKS DIRECTOR
SO KIM, COMMUNITY DEVELOPMENT DIRECTOR
LIZZY MENDOZA, RECREATION & COMMUNITY SERVICES MANAGER
ISAAC AZIZ, INFORMATION TECHNOLOGY MANAGER
CAPT. RYAN BUHR, CHIEF OF POLICE SERVICES

PLEDGE OF ALLEGIANCE: A resident, Amelia, along with her mother and sister, led the pledge of allegiance.

1. SPECIAL PRESENTATIONS:

1.1 PROCLAMATION - WILDFIRE AWARENESS AND PREVENTION SEASON

Mayor Ackley presented the proclamation to OCFA Division Chief Mike Summers. Chief Summers expressed his appreciation and commented on the importance of being prepared during fire season.

2. ADDITIONS, DELETIONS, REORDERING TO THE AGENDA:

None.

3. COMMUNITY INPUT:

1. Bret Pool expressed traffic speed and safety concerns on Hummingbird Lane.
2. Briana Heathcott expressed traffic safety concerns on Hummingbird Lane.
3. Jessie Stevens expressed traffic safety concerns on Hummingbird Lane.
4. Payal Avellan expressed traffic safety concerns on Hummingbird Lane.

4. CONSENT CALENDAR:

Unless otherwise indicated below, the following pertains to all items on the Consent Calendar.

Motion: Councilmember Munzing moved and Councilmember Hurt seconded to approve the recommended actions. Motion carried 5-0.

4.1 WAIVE THE READING OF ALL ORDINANCES AND RESOLUTIONS

Recommended Action: Approve the reading by title only of all ordinances and resolutions wherein the titles appear on the public agenda; said titles shall be determined to have been ready by title, and further reading is waived.

4.2 APPROVAL OF MINUTES

Recommended Action: Approve the minutes as submitted for the May 21, 2025, Regular Meeting.

4.3 ACCOUNTS PAYABLE

Recommended Action: Ratify accounts payable checks and electronic funds transfers issued between May 9, 2025, and May 22, 2025, in the amount of $453,031.91.

4.4 TREASURER'S STATEMENT – APRIL 2025

Recommended Action: Receive and file the April 2025 Treasurer's Statement.

4.5 AGREEMENT WITH TEAM ONE MANAGEMENT FOR JANITORIAL SERVICES

Recommended Action:
1. Approve agreement with Team One Management to perform Janitorial Services; and
2. Authorize the City Manager to execute a maintenance services agreement with Team One Management for an amount not to exceed $633,600.

4.6 AGREEMENT FOR FY 2025-26 LAW ENFORCEMENT SERVICES

DRAFT

Recommended Action: Authorize the City Manager to execute the agreement with the County of Orange for FY 2025-26 law enforcement services.

4.7 AGREEMENT FOR FY 2025-26 CROSSING GUARD SERVICES

Mayor Ackley suggested a crossing guard at Iglesia Park Community Center.

Recommended Action: Authorize the City Manager to execute the agreement with All City Management Services, Inc. for school crossing guard services for FY 2025-26.

Motion: Mayor Ackley moved and Mayor Pro Tem Duncan seconded to approve the recommended action. Motion carried 5-0.

5. PUBLIC HEARINGS:

5.1 REPORT ON STAFF VACANCIES, RECRUITMENT, AND RETENTION EFFORTS

City Manager Mitzi Ortiz provided an overview. Staff responded to questions regarding classification and compensation studies and analyses. Mayor Ackley opened the public hearing. There were no public requests to speak. Mayor Ackley closed the public hearing.

Recommended Action:
1. Conduct the public hearing; and
2. Receive and file the report on staff vacancies, recruitment, and retention efforts.

No further action was taken.

6. DISCUSSION:

6.1 PROPOSED ANNUAL BUDGET FOR FISCAL YEAR 2025-26

City Manager Mitzi Ortiz introduced Finance Director Ann Eifert, who provided an overview. Staff responded to questions regarding the general fund, capital improvements, and pending results of utility cost evaluation. Council commented on long-term impacts, local retail spending and strategic economic planning. Council discussion ensued related to future budget planning.

Recommended Action:
1. Adopt Resolution No. 2025-04 adopting the Annual Budget for Fiscal 2025-26; and
2. Adopt Resolution No. 2025-05 approving City Salary Schedules.

Motion: Councilmember Munzing moved and Mayor Pro Tem Duncan seconded to approve the recommended actions. Motion carried 5-0.

7. CITY MANAGER' S REPORT:

City Manager Mitzi Ortiz announced summer camp registration and scholarships; Shakespeare by the Sea *As You Like It* at Soka University on July 24, 2025 at 7:00 p.m.; and the digital summer recreation brochure at avcity.org.

8. ANNOUNCEMENTS / COUNCIL COMMENTS / COMMITTEE UPDATES:

Councilmember Munzing:
- Attended OCFA Budget and Finance Committee Meeting
- Attended the 34th Annual Memorial Day Program at El Toro Memorial Park
- Attended OCFA Best and Bravest Awards Dinner
- Congratulated OCFA Division Chief Mike Summers on receiving OCFA's Medal of Valor

Councilmember Zandbergen:
- Attended the 34th Annual Memorial Day Program at El Toro Memorial Park

Councilmember Hurt:
- Attended SJHTCA of Board of Directors Meeting
- Attended OC Mosquito and Vector Control Board of Trustees Meeting
- Provided update on Aliso Viejo library project

Mayor Pro Tem Duncan:
- Commented on Aliso Viejo Little League's advancement to Championships
- Expressed enthusiasm for the upcoming Aliso Niguel High School graduation
- Commented on upcoming summer break for local students
- Extended well wishes to local high school graduates and their parents

Mayor Ackley:
- Expressed regret on inability to attend Aliso Niguel High School graduation
- Attended Wood Canyon Elementary School's 30th Year Anniversary event
- Attended Don Juan Avila Elementary School's 30th Year Anniversary event
- Wished the Class of 2025 a happy graduation

9. ADJOURNMENT: Mayor Ackley adjourned the meeting at 8:06 p.m. to the regularly scheduled City Council meeting of June 18, 2025.

Respectfully submitted:

_____
JANET MARTINEZ
CITY CLERK

Approved by:

_____
TIFFANY ACKLEY
MAYOR

DRAFT

City of Aliso Viejo
AGENDA ITEM

DATE: June 18, 2025

TO: Mayor and City Council

FROM: Ann Eifert, Director of Financial Services

SUBJECT: ACCOUNTS PAYABLE

Recommended Action:

Ratify accounts payable checks and electronic funds transfers issued between May 23, 2025, and June 5, 2025, in the amount of $189,143.47.

Fiscal Impact:

Expenditures in the amount of $189,143.47.

Background:

The City issues accounts payable checks on a bi-weekly basis and presents it to City Council for ratification at its next regularly scheduled City Council meeting.

Discussion:

The attached registers containing checks and electronic funds transfers issued between May 23, 2025, and June 5, 2025, for $189,143.47, are being presented for ratification. All payments have been made in compliance with the City's purchasing policy and procedures. Payments have been reviewed and approved by the appropriate departmental staff. The issued accounts payable checks and electronic funds transfers have been reviewed and deemed in accordance with the fiscal year budget by the Director of Financial Services.

Attachment:

1. Accounts Payable Report

Accounts Payable

Vendor Name	Description (Item)	Amount
101 - GENERAL FUND		
BEST BEST & KRIEGER	APR'25 BBK APPLICANT INITIATED REIMB (AIR)-COMMONS	43.00
CHARLES ABBOTT ASSOC INC	APR'25 CAA KAISER GRADING - R.BRUNELL	367.50
CHARLES ABBOTT ASSOC INC	APR'25 CAA ST MARYS GRADING - R.BRUNELL	262.50
CHARLES ABBOTT ASSOC INC	APR'25 CAA SCE - R.BRUNELL	157.50
CHARLES ABBOTT ASSOC INC	APR'25 CAA WOODMAN TEL - R.BRUNELL	105.00
CHARLES ABBOTT ASSOC INC	APR'25 CAA ALISO CREEK GRADING - R.BRUNELL	105.00
CHARLES ABBOTT ASSOC INC	APR'25 CAA COX - R.BRUNELL	105.00
CHARLES ABBOTT ASSOC INC	APR'25 CAA ATT - R.BRUNELL	105.00
CHARLES ABBOTT ASSOC INC	APR'25 CAA COX - R.BRUNELL	1,155.00
CHARLES ABBOTT ASSOC INC	APR'25 CAA MNWD - R.BRUNELL	840.00
CHARLES ABBOTT ASSOC INC	APR'25 CAA ST MARYS GRADING - S.WILSON	190.00
CHARLES ABBOTT ASSOC INC	APR'25 CAA KAISER GRADING - S.WILSON	142.50
GLAUKOS CORPORATION	2019-1850_1851_1851_26600/700/750 AV PKWY_GLAUKOS	20,000.00
ANTIS ROOFING & WATERPROOFING	CD-2025-00003_135 MATISSE CIR_ANTIS ROOFING	700.00
N.T. THOMAS CONSTRUCTION, INC	CD-2025-00051_26886 LA PAZ RD_NT THOMAS CONST	500.00
		24,778.00
CITY COUNCIL		
ORANGE COUNTY FIRE AUTHORITY FOUNDATION	MM - OCFA BEST & BRAVEST EVENT 5/30 TICKET	65.00
US BANK PURCHASING CARD PROGRAM	MO 4/24 TEQUILA -RH CAL CITIES SAC CONF-MEAL-LUNCH	24.63
US BANK PURCHASING CARD PROGRAM	MO 5/19 CLEAVER - TZ ICSC LV CONF-DINNER	97.93
US BANK PURCHASING CARD PROGRAM	MO 5/19 CLEAVER - RH ICSC LV CONF-DINNER	97.93
US BANK PURCHASING CARD PROGRAM	MO 5/19 CLEAVER - TA ICSC LV CONF-DINNER	97.93
US BANK PURCHASING CARD PROGRAM	MO 5/18 TERRACE POINT CAFE -TZ ICSC LV CONF-LUNCH	41.52
US BANK PURCHASING CARD PROGRAM	MO 4/24 CAFETERIA-RH CAL CITIES SAC CONF-MEAL-DINN	34.13
US BANK PURCHASING CARD PROGRAM	MO 5/20 JAKE & ELI - TZ ICSC LV CONF-LUNCH	29.15
US BANK PURCHASING CARD PROGRAM	MO 5/20 JAKE & ELI - RH ICSC LV CONF-LUNCH	29.15
US BANK PURCHASING CARD PROGRAM	MO 5/19 LAS VEGAS CONV CTR - TA ICSC LV CONF-LUNCH	25.25
US BANK PURCHASING CARD PROGRAM	MO 5/19 LAS VEGAS CONV CTR - RH ICSC LV CONF-LUNCH	25.25
	CITY COUNCIL TOTAL:	**567.87**
CITY MANAGER		
US BANK PURCHASING CARD PROGRAM	MO 5/20 STARBUCKS - ICSC LV CONF-BREAKFAST	16.62
US BANK PURCHASING CARD PROGRAM	MO 4/25 HYATT - CAL CITIES SAC CONF-HOTEL	534.24
US BANK PURCHASING CARD PROGRAM	MO 5/19 CLEAVER - ICSC LV CONF-DINNER	97.94
US BANK PURCHASING CARD PROGRAM	MO 5/18 UBER - ICSC LV CONF	17.78
US BANK PURCHASING CARD PROGRAM	MO 5/18 TERRACE POINT CAFE - ICSC LV CONF-LUNCH	41.53
US BANK PURCHASING CARD PROGRAM	MO 5/21 UBER - ICSC LV CONF	39.28
US BANK PURCHASING CARD PROGRAM	MO 5/19 UBER - ICSC LV CONF	37.61
US BANK PURCHASING CARD PROGRAM	MO 5/20 UBER - ICSC LV CONF	37.59
US BANK PURCHASING CARD PROGRAM	MO 4/25 UBER - CAL CITIES SAC CONF	34.42
US BANK PURCHASING CARD PROGRAM	MO 5/20 THE WESTIN - ICSC LV CONF-HOTEL	743.76
US BANK PURCHASING CARD PROGRAM	MO 4/24 CAFETERIA-CAL CITIES SAC CONF-MEAL-DINNER	34.13
US BANK PURCHASING CARD PROGRAM	MO 5/19 UBER - ICSC LV CONF	31.12
US BANK PURCHASING CARD PROGRAM	MO 5/18 UBER - ICSC LV CONF	29.72
US BANK PURCHASING CARD PROGRAM	MO 5/19 UBER - ICSC LV CONF	20.60
US BANK PURCHASING CARD PROGRAM	MO 5/20 JAKE & ELI - ICSC LV CONF-LUNCH	29.16
US BANK PURCHASING CARD PROGRAM	MO 5/19 LAS VEGAS CONV CTR - ICSC LV CONF-LUNCH	25.26
US BANK PURCHASING CARD PROGRAM	MO 4/23 HYATT - CAL CITIES SAC CONF-MEAL-DINNER	20.66
US BANK PURCHASING CARD PROGRAM	MO 5/20 UBER - ICSC LV CONF	20.77
US BANK PURCHASING CARD PROGRAM	MO 4/24 TEQUILA MUS-CAL CITIES SAC CONF-MEAL-LUNCH	24.63
US BANK PURCHASING CARD PROGRAM	MO 5/20 UBER - ICSC LV CONF	33.09
US BANK PURCHASING CARD PROGRAM	MO 4/28 CAL ED - CONF REGISTRATION	895.00
US BANK PURCHASING CARD PROGRAM	MO 5/19 UBER - ICSC LV CONF	22.57
US BANK PURCHASING CARD PROGRAM	MO 5/19 STARBUCKS - ICSC LV CONF-BREAKFAST	15.97
US BANK PURCHASING CARD PROGRAM	MO 4/23 STARBUCKS - CAL CITIES SAC CONF-MEAL	6.90
	CITY MANAGER TOTAL:	**2,810.35**

Vendor Name	Description (Item)	Amount
HUMAN RESOURCES		
HEALTH AND HUMAN RESOURCE CENTER INC	JUL'25 EAP PROGRAM	102.90
US BANK PURCHASING CARD PROGRAM	JB 5/13 COSTCO-FOOD FOR MANDATED REPORTER TRNG	115.00
	HUMAN RESOURCES TOTAL:	**217.90**
CITY ATTORNEY		
BEST BEST & KRIEGER	APR'25 BBK MAJOR GENERAL PLAN UPDATE (SPEC PROJ)	462.40
	CITY ATTORNEY TOTAL:	**462.40**
FINANCE		
US BANK PURCHASING CARD PROGRAM	AE 5/08 USPS-POSTAGE AVRANCH FOUNDATION TAX FILING	10.10
US BANK PURCHASING CARD PROGRAM	AE 5/02 CSMFO MEMBERSHIP - MANAGEMENT	150.00
US BANK PURCHASING CARD PROGRAM	AE 4/24 CAPPO ANNUAL MEMBERSHIP	145.00
	FINANCE TOTAL:	**305.10**
NON-DEPARTMENTAL		
VANTIS MAINTENANCE CORPORATION	APR-JUN'25 38 COLONIAL WAY HOA FEES	415.66
IPROMOTEU.COM INC	BUS CARDS - J. BERRY	64.86
US BANK PURCHASING CARD PROGRAM	EM 5/08 WHITE CAP-SELF-LEVEL SIDEWALK J VISTA PARK	316.37
US BANK PURCHASING CARD PROGRAM	EM 5/01 O'REILLY-BATTERY CABLE RAV4 LP 1538559	18.31
US BANK PURCHASING CARD PROGRAM	EM 5/01 O'REILLY-BATTERY TERMINAL RAV4 LP 1538559	18.31
US BANK PURCHASING CARD PROGRAM	EM 5/20 O'REILLY - FLEET ENGINE FLUIDS	27.99
US BANK PURCHASING CARD PROGRAM	EM 5/19 BLISS CW - F150 CAR WASH	35.00
US BANK PURCHASING CARD PROGRAM	EM 5/02 O'REILLY-WIPERS&ENG FLUIDS RAV4 LP 1538559	81.84
US BANK PURCHASING CARD PROGRAM	EM 4/22 AMZ TOWING-RAV4 LP 1574835 DEALER/REPAIRS	175.00
US BANK PURCHASING CARD PROGRAM	EM 5/02 O'REILLY-WIPERS & MISC.RAV4 LP 1574835	109.85
US BANK PURCHASING CARD PROGRAM	EM 5/01 COSTCO-REPLACEMENT BATTERY RAV4 LP 1538559	136.76
GLENWOOD MAINTENANCE CORPORATION	JUN'25 35 PLAYA CIR HOA FEES	24.00
HARBOR STATION MAINTENANCE	JUN'25 BALANCE - 35 PLAYA CIR HOA FEE	8.50
HARBOR STATION MAINTENANCE	MAY'25 89 PLAYA CIR HOA FEES	177.50
MOULTON NIGUEL WATER DIST	ACCT#64101 VISTA WATER SVC	357.76
US BANK PURCHASING CARD PROGRAM	PC 3/24 3/30 STARBUCKS - DL	20.00
US BANK PURCHASING CARD PROGRAM	SP 4/25 AN TOYOTA SCION-2020 RAV4 BATTERY	219.13
	NON-DEPARTMENTAL TOTAL:	**2,206.84**
C. S. ADMINISTRATION		
PV MAINTENANCE INC	NOV'24 TREE LIGHTING 2024 - PVM SUPPORT	315.02
PV MAINTENANCE INC	DEC'24 TREE LIGHTING 2024 - PVM SUPPORT	3,937.92
US BANK PURCHASING CARD PROGRAM	EM RCS 5/02 YELP- AVR PROMOTION	270.00
US BANK PURCHASING CARD PROGRAM	EM RCS 5/12 CPRS-FINANCE TRAINING	519.00
US BANK PURCHASING CARD PROGRAM	JB 5/13 COSTCO-FOOD FOR TRAININGS	64.23
US BANK PURCHASING CARD PROGRAM	JB 5/13 SMART & FINAL-FOOD FOR TRAININGS	69.04
US BANK PURCHASING CARD PROGRAM	JB 5/15 SURFIN DONUTS-INSTRUCTOR MEETING	35.05
US BANK PURCHASING CARD PROGRAM	JB 4/24 CPRS-SPRING BROCHURE EXCHANGE	10.00
	C. S. ADMINISTRATION TOTAL:	**5,220.26**
IGLESIA PARK		
GREAT SCOTT TREE SERVICE, INC	APR'25 TREE TRIMMING SERVICE IGLESIA PARK	5,931.80
EL TORO WATER DISTRICT	4/09/25-5/09/25 MTR#4114 IRRIG IGLESIA PARK WATER	622.72
EL TORO WATER DISTRICT	4/09/25-5/09/25 MTR#3499 IRRIG IGLESIA PARK WATER	673.54
US BANK PURCHASING CARD PROGRAM	EM 4/22 DUNN-EDWARDS- ANTI-GRAFFITI IGLESIA PARK	64.64
US BANK PURCHASING CARD PROGRAM	EM 5/16 HOME DEPOT-PAINT LT POLE BASE IGLESIA PK	75.27
US BANK PURCHASING CARD PROGRAM	EM 4/22 HOME DEPOT-CONCRETE CURB MTL IGLESIA PARK	227.22
	IGLESIA PARK TOTAL:	**7,595.19**
IGLESIA BUILDING		
TEAM ONE MANAGEMENT SERVICES	MAY'25 IGLESIA JANITORIAL SERVICES	950.00
EL TORO WATER DISTRICT	4/09/25-5/09/25 MTR#5016 IGLESIA PARK BLDG WATER	268.10
US BANK PURCHASING CARD PROGRAM	KB 4/22 HOME DEPOT - IGLESIA REPAIRS	106.11
	IGLESIA BUILDING TOTAL:	**1,324.21**
PLANNING		
REBECCA J CAHA	MAY'25 AFFORD. HOUSING CONSULTANT SERVICES	1,762.50
KOSMONT & ASSOCIATES	APR'25 CONSULTING SERVICES - ICSC PREPARATION	7,193.79
US BANK PURCHASING CARD PROGRAM	MO 5/19 LAS VEGAS CONV CTR - SK ICSC LV CONF-LUNCH	25.25
US BANK PURCHASING CARD PROGRAM	MO 5/19 STARBUCKS - SK ICSC LV CONF-BREAKFAST	15.96
US BANK PURCHASING CARD PROGRAM	MO 5/20 STARBUCKS - SK ICSC LV CONF-BREAKFAST	16.61
US BANK PURCHASING CARD PROGRAM	MO 5/19 CLEAVER - SK ICSC LV CONF-DINNER	97.93
US BANK PURCHASING CARD PROGRAM	MO 5/18 TERRACE POINT CAFE -SK ICSC LV CONF-LUNCH	41.53
US BANK PURCHASING CARD PROGRAM	MO 5/20 JAKE & ELI - SK ICSC LV CONF-LUNCH	29.16

Vendor Name	Description (Item)	Amount
PLANNING DIRECTORS ASSN OF OC	FY25-26 PDAOC ANNUAL MEMBERSHIP DUES	175.00
US BANK PURCHASING CARD PROGRAM	SK 5/08 WESTIN-ICSC ANNUAL CONF HOTEL 5/18-5/20	743.76
	PLANNING TOTAL:	**10,101.49**
BUILDING		
US BANK PURCHASING CARD PROGRAM	SK 5/15 RALPHS-BLDG OFFICIAL RETIREMENT SUPPLY	27.16
	BUILDING TOTAL:	**27.16**
CODE ENFORCEMENT		
US BANK PURCHASING CARD PROGRAM	SK 5/08 EXTRA SPACE-CONFISCATED TACO STAND	631.20
	CODE ENFORCEMENT TOTAL:	**631.20**
ENGINEERING (GENERAL)		
MURPHY SWITCH OF CA	JUN'25 MURCAL IOT SMARTCOMMAND MONITORING SERVICE	450.00
RICHARD FISHER ASSOCIATES	APR'25 LANDSCAPE INSPECTION SERVICES	4,386.50
ENTRY CONTROL, INC	MAY'25 LOCKSMITH SERVICES - CH PADLOCKS GATES	131.13
CHARLES ABBOTT ASSOC INC	APR'25 CAA NPDES SERVICES	9,662.50
CHARLES ABBOTT ASSOC INC	APR'25 CAA SOLID WASTE SERVICES	6,527.50
US BANK PURCHASING CARD PROGRAM	SP 4/29 APWA - PWX CONFERENCE 8/17-8/20/25	1,009.00
	ENGINEERING (GENERAL) TOTAL:	**22,166.63**
STREET MAINTENANCE		
CHARLES ABBOTT ASSOC INC	APR'25 CAA STREET INVESTIGATIONS	5,145.00
US BANK PURCHASING CARD PROGRAM	EM 4/21 HOME DEPOT-PAINT TRAFFIC SIGNAL PED HOUSIN	40.30
US BANK PURCHASING CARD PROGRAM	EM 4/23 WHITE CAP - STREET CONCRETE MATERIALS	152.98
	STREET MAINTENANCE TOTAL:	**5,338.28**
LAW ENFORCEMENT-OTHER		
ALL CITY MANAGEMENT SERVICES	5/11/25-5/24/25 460 HRS-CROSSING GUARD SERVICES	15,419.20
US BANK PURCHASING CARD PROGRAM	AE 4/29 DMV REGISTRATION - POLICE MOTORCYCLE	698.00
US BANK PURCHASING CARD PROGRAM	AE 4/29 DMV REGISTRATION - 2% CREDIT CARD FEE	13.96
	LAW ENFORCEMENT-OTHER TOTAL:	**16,131.16**
EOC		
US BANK PURCHASING CARD PROGRAM	AE 4/24 AV SELF STORAGE - PUBLIC SAFETY - APR'25	510.00
US BANK PURCHASING CARD PROGRAM	AE 4/30 AV SELF STORAGE - PUBLIC SAFETY - MAY'25	475.00
US BANK PURCHASING CARD PROGRAM	DL 4/14 EXTRA SPACE - OFFSITE STORAGE #A1554	336.00
US BANK PURCHASING CARD PROGRAM	DL 4/10 AMAZON - AED BATTERIES	89.88
	EOC TOTAL:	**1,410.88**
	GENERAL FUND TOTAL:	**101,294.92**
102 - GEN. FD-CITY HALL		
NON-DEPARTMENTAL		
BRADY INDUSTRIES OF CALIFORNIA LLC	APR'25 CH JANITORIAL SUPPLIES	186.72
TEAM ONE MANAGEMENT SERVICES	MAY'25 CH JANITORIAL SERVICES	2,700.00
SOUTH COAST AIR QUALITY MGMT DIST	FY24-25 CH SCAQMD HOT SPOTS PROGRAM FEE	167.47
FOSTERS' GARDENS INC	MAY'25 CH INTERIOR PLANT MAINTENANCE	115.00
HARBOR POINTE AIR CONDITIONING & CONTROL SYSTEMS, ...	MAY'25 HVAC PREVENTATIVE MAINTENANCE - CH	1,786.65
PACIFIC PARK II ASSOCIATION	JUN'25 CH ASO ASSOCIATION DUES	611.00
THURSTON ELEVATOR CONCEPTS INC	MAY'25 CH ELEVATOR-EMERGENCY LIGHT BATTERY REPL	72.49
US BANK PURCHASING CARD PROGRAM	EM 5/08 HOME DEPOT-ANCHORS & MISC CH	33.64
US BANK PURCHASING CARD PROGRAM	KB 5/06 HIRSCH PIPE & SUPPLY-CH KITCHEN SINK FAUCE	87.92
US BANK PURCHASING CARD PROGRAM	KB 4/28 AMAZON - CH LIGHTING TOOLS	26.02
MOULTON NIGUEL WATER DIST	ACCT#65408/65407/65406 CH WATER SVC	631.71
	NON-DEPARTMENTAL TOTAL:	**6,418.62**
	GEN. FD-CITY HALL TOTAL:	**6,418.62**
103 - GF-AV RECREATION SERVICES		
WELLNESS & PREVENTION CENTER	REFUND FACILITY RENTAL_REC#87024028_SUSAN PARMELEE	1,909.00
WELLNESS & PREVENTION CENTER	REFUND FEE_REC#87024028_SUSAN PARMELEE	(250.00)
AJ CHOI	MAY'25 AJ CHOI - NON RESIDENT REFUND JAT002	5.00
AJ CHOI	MAY'25 AJ CHOI - CAMP REFUND JAT002	144.00
		1,808.00
RECREATION SERVICES		
BRADY INDUSTRIES OF CALIFORNIA LLC	APR-MAY'25 AVR JANITORIAL SUPPLIES	924.55
BRADY INDUSTRIES OF CALIFORNIA LLC	MAY'25 AVR JANITORIAL SUPPLIES	39.69
WESTERN A/V	APR'25-MAR'26 AUDIO VISUAL EXTENDED SERVICE	3,635.00

Vendor Name	Description (Item)	Amount
TUMBLE-N-KIDS, INC	SPRING2025-SPR064/024/026/020/022 GYMNASTICS-34	2,299.20
SKYHAWKS SPORTS ACADEMY, LLC	SPRING2025-SPR031/032 SOCCER-12 PARTICIPANTS	648.00
FOSTERS' GARDENS INC	MAY'25 AVR INTERIOR PLANT MAINTENANCE	110.00
US BANK PURCHASING CARD PROGRAM	EM 5/02 MCFADDEN-DALE-PLAQUE HARDWARE AVR	19.26
US BANK PURCHASING CARD PROGRAM	EM 5/01 HOME DEPOT -PLAQUE SEALANT AVR	18.63
US BANK PURCHASING CARD PROGRAM	EM 4/24 SEPULVEDA BLDG -MATERIALS AVR	56.51
US BANK PURCHASING CARD PROGRAM	EM RCS 4/29 LEGOLAND-8/14 WK 10 EXCUSRION BATCH 1	792.00
US BANK PURCHASING CARD PROGRAM	EM RCS 4/30 LEGOLAND-8/14 WK 10 EXCUSRION BATCH 2	792.00
US BANK PURCHASING CARD PROGRAM	EM RCS 4/30 LEGOLAND-8/14 WK 10 EXCUSRION BATCH 3	792.00
US BANK PURCHASING CARD PROGRAM	EM RCS 5/20 KNOTTS BERRY FARM-7/31WEEK 8 EXCURSION	2,840.00
US BANK PURCHASING CARD PROGRAM	JB 4/30 LEGOLAND-8/14 WK 10 CDC EXCURSION- BATCH 6	792.00
US BANK PURCHASING CARD PROGRAM	JB 4/30 LEGOLAND-8/14 WK 10 CDC EXCURSION- BATCH 4	792.00
US BANK PURCHASING CARD PROGRAM	JB 5/14 SWIMOUTLET-MEMBERSHIP FOR CDC RASHGUARD	5.37
MOULTON NIGUEL WATER DIST	ACCT#105234/104936/104935/104986 RANCH WATER SVC	1,459.90
MOULTON NIGUEL WATER DIST	ACCT#104515/104519 FARM WATER SVC	319.66
	RECREATION SERVICES TOTAL:	**16,335.77**
	GF-AV RECREATION SERVICES TOTAL:	**18,143.77**

203 - GAS TAX

STREET MAINTENANCE

UNDERGROUND SERVICE ALERT OF SOUTHERN CA	MAY'25 USA DATABASE MAINT + 23 TICKETS	52.55
EL TORO WATER DISTRICT	4/09/25-5/09/25 MTR#5675 IRRIG CALLE CORTEZ WATER	108.75
SCA OF CA LLC	MAY'25 STREET SWEEPING SERVICES	8,972.06
SO CAL EDISON	MAY'25 ACCT#6377 LS2 ST LIGHTS ELECTRICITY	1,281.54
SO CAL EDISON	MAY'25 ACCT#7241 LS1 ST LIGHTS ELECTRICITY	18,291.78
MOULTON NIGUEL WATER DIST	ACCT#64613/64615/65346 MEDIANS WATER SVC	278.04
	STREET MAINTENANCE TOTAL:	**28,984.72**
	GAS TAX TOTAL:	**28,984.72**

225 - INTEGRATED WASTE MGMT FD

GEN-TECHNOLOGY GRANTS

CHARLES ABBOTT ASSOC INC	APR'25 CAA CONTRACT SERVICES - SB1383	2,662.50
	GEN-TECHNOLOGY GRANTS TOTAL:	**2,662.50**
	INTEGRATED WASTE MGMT FD TOTAL:	**2,662.50**

241 - TECHNOLOGY FUND

GEN-TECHNOLOGY GRANTS

WESTERN A/V	APR'25-MAR'26 AUDIO VISUAL EXTENDED SERVICE	9,600.00
	GEN-TECHNOLOGY GRANTS TOTAL:	**9,600.00**
	TECHNOLOGY FUND TOTAL:	**9,600.00**

261 - CITY FAC.-AQUATIC CENTER

GEN-AQUATIC CENTER

AQUATIC TECHNOLOGIES, INC	MAY'25 POOL MAINTENANCE	2,693.00
TEAM ONE MANAGEMENT SERVICES	MAY'25 AQC JANITORIAL SERVICES	2,100.00
PREMIER AQUATIC SERVICES	APR'25 REIMB AQC 4/02 JACKRABBIT-SERVICE PLATFORM	315.00
PREMIER AQUATIC SERVICES	APR'25 REIMB AQC 4/16 LESLIE'S-POOL CHEMICALS	53.84
PREMIER AQUATIC SERVICES	APR'25 REIMB AQC 4/28 FACEBOOK/INSTA-AD MARKETING	289.86
PREMIER AQUATIC SERVICES	APR'25 REIMB AQC 4/28 FACEBOOK/ INSTA-AD MARKETING	288.79
PREMIER AQUATIC SERVICES	APR'25 REIMB AQC 4/01-4/30 INDEED - AD	603.04
PREMIER AQUATIC SERVICES	APR'25 REIMB AQC 4/29 FACEBOOK/INSTA-AD MARKETING	12.86
PREMIER AQUATIC SERVICES	APR'25 REIMB AQC 4/29 FACEBOOK/INSTA-AD MARKETING	11.33
PREMIER AQUATIC SERVICES	APR'25 REIMB AQC 4/06 SOCA-SWIM LEAGUE REGISTRATIO	200.00
PREMIER AQUATIC SERVICES	DEC'24 REIMB AQC 12/04 CHEVRON-PROPANE EXCHANGE	56.01
PREMIER AQUATIC SERVICES	DEC'24 REIMB AQC 12/17 CHEVRON-PROPANE EXCHANGE	28.00
PREMIER AQUATIC SERVICES	DEC'24 REIMB AQC 12/02 JACKRABBIT-SERVICE PLATFORM	315.00
PREMIER AQUATIC SERVICES	DEC'24 REIMB AQC 12/21 WALMART-CLEANING SUPPLIES	18.37
PREMIER AQUATIC SERVICES	DEC'24 REIMB AQC 12/17 AMAZON-CLEANING SUPPLIES	7.08
PREMIER AQUATIC SERVICES	DEC'24 REIMB AQC 12/17 AMAZON-CLEANING SUPPLIES	23.53
PREMIER AQUATIC SERVICES	DEC'24 REIMB AQC 12/17 LESLIE'S-POOL CHEMICALS	53.84
PREMIER AQUATIC SERVICES	DEC'24 REIMB AQC 12/17 AMAZON-ORGANIZING SUPPLIES	18.16
PREMIER AQUATIC SERVICES	DEC'24 REIMB AQC 12/17 WALMART-ORGANIZING SUPPLIES	46.11

Vendor Name	Description (Item)	Amount
PREMIER AQUATIC SERVICES	DEC'24 REIMB AQC 12/17 RALPHS - HOT COCOA	11.96
PREMIER AQUATIC SERVICES	DEC'24 REIMB AQC 12/29 META - AD MARKETING	39.79
PREMIER AQUATIC SERVICES	DEC'24 REIMB AQC12/04 GIVEBACKS-AD MARKETING LOCAL	110.00
PREMIER AQUATIC SERVICES	DEC'24 REIMB AQC 12/01-12/31 INDEED - AD	76.35
PREMIER AQUATIC SERVICES	FEB'25 REIMB AQC 2/18 COSTCO - CONCESSIONS	37.62
PREMIER AQUATIC SERVICES	FEB'25 REIMB AQC 2/04 JACKRABBIT -SERVICE PLATFORM	315.00
PREMIER AQUATIC SERVICES	FEB'25 REIMB AQC 2/08 LESLIE'S-POOL CHEMICALS	71.07
PREMIER AQUATIC SERVICES	FEB'25 REIMB AQC 2/25 AMAZON - POOL VACUUM	91.58
PREMIER AQUATIC SERVICES	FEB'25 REIMB AQC 2/25 AMAZON - OFFICE SUPPLIES	21.54
PREMIER AQUATIC SERVICES	FEB'25 REIMB AQC 2/12 WALMART - COCOA	17.44
PREMIER AQUATIC SERVICES	FEB'25 REIMB AQC 2/12 AMAZON- RADIO WARRANTY	18.99
PREMIER AQUATIC SERVICES	FEB'25 REIMB AQC FIVERR - LOGO RECOLORING FOR CAPS	24.10
PREMIER AQUATIC SERVICES	FEB'25 REIMB AQC 2/12 AMAZON - LESSON SUPPLIES	35.54
PREMIER AQUATIC SERVICES	FEB'25 REIMB AQC 2/12 AMAZON-LIFEGUARD RADIOS/SUPL	189.50
PREMIER AQUATIC SERVICES	FEB'25 REIMB AQC 2/04 AMAZON-SWIM LESSON SUPPLIES	112.36
PREMIER AQUATIC SERVICES	FEB'25 REIMB AQC 2/05 FINIS-SWIM LESSON SUPPLIES	82.38
PREMIER AQUATIC SERVICES	FEB'25 REIMB AQC 2/01-2/28 INDEED - AD	531.53
PREMIER AQUATIC SERVICES	FEB'25 REIMB AQC 2/28 FACEBK/INSTA-AD MARKETING	500.70
PREMIER AQUATIC SERVICES	FEB'25 REIMB AQC 2/08 WALMART - EVENT SUPPLIES	16.81
PREMIER AQUATIC SERVICES	JAN'25 REIMB AQC 1/22 CHEVRON-PROPANE EXCHANGE	28.00
PREMIER AQUATIC SERVICES	JAN'25 REIMB AQC 1/02 JACKRABBIT-SERVICE PLATFORM	315.00
PREMIER AQUATIC SERVICES	JAN'25 REIMB AQC 1/23 AMAZON-ORGANIZING SUPPLIES	31.22
PREMIER AQUATIC SERVICES	JAN'25 REIMB AQC 1/24 ST PETER'S THRIFT-FLOATATION	6.52
PREMIER AQUATIC SERVICES	JAN'25 REIMB AQC 1/13 RALPHS- HOT COCOA	7.99
PREMIER AQUATIC SERVICES	JAN'25 REIMB AQC 1/21 US SWIM SCHOOL ASSOC CONF KC	415.00
PREMIER AQUATIC SERVICES	JAN'25 REIMB AQC 1/29 FACEBOOK & INSTA -MARKETING	5.43
PREMIER AQUATIC SERVICES	JAN'25 REIMB AQC 1/29 FACEBOOK & INSTA -MARKETING	23.50
PREMIER AQUATIC SERVICES	JAN'25 REIMB AQC 1/01-1/31 INDEED - AD	40.14
US BANK PURCHASING CARD PROGRAM	KB 5/19 JOHNSTONE SUPPLY-AQC TRANSFORMER FILL LINE	249.44
US BANK PURCHASING CARD PROGRAM	KB 5/17 HOME DEPOT - AQC LAP POOL FILL LINE REPAIR	67.51
PREMIER AQUATIC SERVICES	MAR '25 REIMB AQC 3/03 JACKRABBIT-SERVICE PLATFORM	315.00
PREMIER AQUATIC SERVICES	MAR '25 REIMB AQC 3/15 LESLIE'S-POOL CHEMICALS	43.08
PREMIER AQUATIC SERVICES	MAR '25 REIMB AQC 3/12 RALPHS - COCOA	10.75
PREMIER AQUATIC SERVICES	MAR '25 REIMB AQC 3/18 AMAZON - LIGHTER	8.39
PREMIER AQUATIC SERVICES	MAR '25 REIMB AQC 3/8 AMAZON - PRINTER TONER	75.41
PREMIER AQUATIC SERVICES	MAR '25 REIMB AQC 3/15 AMAZON - SPA SIGN	35.07
PREMIER AQUATIC SERVICES	MAR '25 REIMB AQC 3/26 FINIS - AVFF SUITS	2,427.67
PREMIER AQUATIC SERVICES	MAR '25 REIMB AQC 3/18 AMAZON - LIFEGUARD SUPPLIES	19.20
PREMIER AQUATIC SERVICES	MAR '25 REIMB AQC 3/28 SPLASH ABOUT - SWIM DIAPERS	450.30
PREMIER AQUATIC SERVICES	MAR '25 REIMB AQC 3/12 AVCA - EVENT BOOTH	100.00
PREMIER AQUATIC SERVICES	MAR '25 REIMB AQC 3/29 FACEBOOK/INSTA-AD MARKETING	19.39
PREMIER AQUATIC SERVICES	MAR '25 REIMB AQC 3/01-3/31 INDEED - AD	542.86
PREMIER AQUATIC SERVICES	MAR '25 REIMB AQC 3/29 FACEBOOK/INSTA-AD MARKETING	557.42
MOULTON NIGUEL WATER DIST	ACCT#64095/64096 AQC WATER SVC	448.95
PREMIER AQUATIC SERVICES	NOV '24 REIMB AQC 11/13 CHEVRON-PROPANE EXCHANGE	56.01
PREMIER AQUATIC SERVICES	NOV '24 REIMB AQC 11/09 CHEVRON-PROPANE EXCHANGE	28.00
PREMIER AQUATIC SERVICES	NOV '24 REIMB AQC 11/01 JACKRABBIT-SERVICE PLATFOR	315.00
PREMIER AQUATIC SERVICES	NOV '24 REIMB AQC 11/01 POOLWEB-POOL MAINT	26.55
PREMIER AQUATIC SERVICES	NOV '24 REIMB AQC 11/01 LESLIE'S-POOL CHEMICALS	61.39
PREMIER AQUATIC SERVICES	NOV '24 REIMB AQC11/05 AMAZON-SWIM LESSON SUPPLIES	10.33
PREMIER AQUATIC SERVICES	NOV '24 REIMB AQC 11/27 COSTCO - EVENT SUPPLIES	44.30
PREMIER AQUATIC SERVICES	NOV '24 REIMB AQC 11/02 COSTCO - EVENT SUPPLIES	49.20
PREMIER AQUATIC SERVICES	NOV '24 REIMB AQC 11/27 WALMART-EVENT SUPPLIES	14.15
PREMIER AQUATIC SERVICES	NOV '24 REIMB AQC 11/27 AMAZON-EVENT SUPPLIES	57.77
PREMIER AQUATIC SERVICES	NOV '24 REIMB AQC 11/19 AMAZON-FACILITY SUPPLIES	18.08
PREMIER AQUATIC SERVICES	NOV '24 REIMB AQC 11/29 FACEBK/INSTA-AD MARKETING	509.68
PREMIER AQUATIC SERVICES	NOV '24 REIMB AQC GOOGLE-AD MARKETING	447.00
PREMIER AQUATIC SERVICES	NOV '24 REIMB AQC INDEED-AD	313.70
PREMIER AQUATIC SERVICES	NOV '24 REIMB AQC 11/29 FACEBK/INSTA-AD MARKETING	16.54
	GEN-AQUATIC CENTER TOTAL:	**17,649.02**
	CITY FAC.-AQUATIC CENTER TOTAL:	**17,649.02**

Vendor Name	Description (Item)	Amount
311 - STREET IMPROVEMENTS		
STREETS & HIGHWAYS		
CIVIL SOURCE, AN NV5 COMPANY	APR'25 ALISO CREEK REHAB INSPECTION	4,389.92
	STREETS & HIGHWAYS TOTAL:	**4,389.92**
	STREET IMPROVEMENTS TOTAL:	**4,389.92**
	GRAND TOTAL:	**189,143.47**

Fund Summary

Fund	Expense Amount	Payment Amount
101 - GENERAL FUND	101,294.92	101,294.92
102 - GEN. FD-CITY HALL	6,418.62	6,418.62
103 - GF-AV RECREATION SERVICES	18,143.77	18,143.77
203 - GAS TAX	28,984.72	28,984.72
225 - INTEGRATED WASTE MGMT FD	2,662.50	2,662.50
241 - TECHNOLOGY FUND	9,600.00	9,600.00
261 - CITY FAC.-AQUATIC CENTER	17,649.02	17,649.02
311 - STREET IMPROVEMENTS	4,389.92	4,389.92
Grand Total:	**189,143.47**	**189,143.47**

Report Summary

Fund Summary

Fund	Payment Amount
101 - GENERAL FUND	101,294.92
102 - GEN. FD-CITY HALL	6,418.62
103 - GF-AV RECREATION SERVICES	18,143.77
203 - GAS TAX	28,984.72
225 - INTEGRATED WASTE MGMT FD	2,662.50
241 - TECHNOLOGY FUND	9,600.00
261 - CITY FAC.-AQUATIC CENTER	17,649.02
311 - STREET IMPROVEMENTS	4,389.92
Grand Total:	**189,143.47**

Account Summary

Account Number	Account Name	Payment Amount
101-2602-000	PLANNING DEPOSIT	43.00
101-2603-000	ENGINEERING DEPOSIT	3,535.00
101-2606-000	C & D DEPOSIT	21,200.00
101-4-1101-4520-000	MTGS/CONF./TRNG & D…	567.87
101-4-1501-4520-000	MTGS/CONF./TRNG & D…	2,810.35
101-4-1503-4309-000	OTHER CONTRACTUAL S…	102.90
101-4-1503-4520-000	MTGS/CONF./TRNG & D…	115.00
101-4-2101-4731-000	GENERAL PLAN	462.40
101-4-2501-4512-000	POSTAGE	10.10
101-4-2501-4521-000	MEMBERSHIP & DUES	295.00
101-4-3501-4431-000	BUILDING & GROUND M…	1,299.79
101-4-3501-4513-000	PRINTING	64.86
101-4-3501-4517-000	VEHICLE MAINTENANCE	822.19
101-4-3501-4612-000	OPERATING SUPPLIES	20.00
101-4-4101-4501-000	ADVERTISING & PROMO…	270.00
101-4-4101-4520-000	MTGS/CONF./TRNG & D…	697.32
101-4-4101-4527-000	REC-CITY SPECIAL EVENTS	4,252.94
101-4-4102-4411-000	UTILITIES	1,296.26
101-4-4102-4431-000	BUILDING & GROUND M…	6,298.93
101-4-4103-4411-000	UTILITIES	268.10
101-4-4103-4431-000	BUILDING & GROUND M…	1,056.11
101-4-4401-4309-000	OTHER CONTRACTUAL S…	8,956.29
101-4-4401-4520-000	MTGS/CONF./TRNG & D…	970.20
101-4-4401-4521-000	MEMBERSHIP & DUES	175.00
101-4-4402-4601-000	SUPPLIES	27.16
101-4-4403-4761-000	C.S-CODE ENFORCEMENT	631.20
101-4-4501-4520-000	MTGS/CONF/TRNG & D…	1,009.00
101-4-4501-4620-000	MINOR EQUIPMENT	131.13
101-4-4501-4701-000	NPDES	10,112.50
101-4-4501-4702-000	AB939-SOLID WASTE	6,527.50
101-4-4501-4741-000	C.S-CITY ENGINEERING	4,386.50
101-4-4503-4771-000	C.S-STREET MAINTENAN…	5,338.28
101-4-5102-4517-000	VEHICLE MAINTENANCE	711.96
101-4-5102-4721-000	C.S-CROSSING GUARDS	15,419.20
101-4-5401-4471-000	RENT	1,321.00
101-4-5401-4612-000	OPERATING SUPPLIES	89.88
102-4-3501-4411-000	UTILITIES	631.71
102-4-3501-4431-000	BUILDING & GROUND M…	5,619.44
102-4-3501-4561-000	TAXES/FEES/PERMITS	167.47
103-34130	FACILITY RENTAL	1,909.00
103-34150	OTHER INCOME	5.00
103-34161	CONTRACT CLASSES	144.00
103-34169	REFUNDS	-250.00
103-4-4105-4305-000	TECHNOLOGY SERVICES	3,635.00
103-4-4105-4309-000	OTHER CONTRACTUAL S…	2,947.20

Account Summary

Account Number	Account Name	Payment Amount
103-4-4105-4411-000	UTILITIES	1,459.90
103-4-4105-4431-000	BUILDING & GROUND M…	1,168.64
103-4-4105-4451-000	FARM OPERATING EXPE…	319.66
103-4-4105-4570-000	CITY CAMP EXPENSE	6,805.37
203-4-4503-4411-000	UTILITIES	19,960.11
203-4-4503-4771-000	C.S-STREET MAINTENAN…	52.55
203-4-4503-4772-000	C.S-STREET SWEEPING	8,972.06
225-4-6141-4309-000	OTHER CONTRACTUAL S…	2,662.50
241-4-6141-4481-000	IT/COMPUTER EQUIPM…	9,600.00
261-4-6161-7301-000	COST OF F&B	37.62
261-4-6161-7401-000	EQUIPMENT MAINTENA…	2,889.02
261-4-6161-7402-000	COMPUTER EXPENSE	1,890.00
261-4-6161-7411-000	UTILITIES	448.95
261-4-6161-7421-000	BUILDING & GROUND M…	2,465.93
261-4-6161-7425-000	POOL MAINTENANCE	401.35
261-4-6161-7431-000	SUPPLIES	190.69
261-4-6161-7432-000	MINOR EQUIPMENT	35.07
261-4-6161-7433-000	OPERATING SUPPLIES	3,168.37
261-4-6161-7435-000	MERCHANDISE	450.30
261-4-6161-7440-000	MEETINGS/CONFERENC…	415.00
261-4-6161-7441-000	MARKETING	5,056.72
261-4-6161-7445-000	FEES & PERMITS	200.00
311-4-8301-5601-000	CONSTRUCTION MANA…	4,389.92
	Grand Total:	**189,143.47**

Project Account Summary

Project Account Key	Payment Amount
None	163,939.67
1002SPRING	2,947.20
1345601	4,389.92
9244520	65.00
9284520	123.18
9294520	211.09
9314520	168.60
9934527	4,252.94
9974570	6,805.37
ENG 2252	105.00
ENG 2254	452.50
ENG 2256	510.00
ENG 5002	105.00
ENG 5003	105.00
ENG 5004	840.00
ENG 5005	157.50
ENG 5049	1,155.00
ENG 5076	105.00
SB13834309	2,662.50
SDP-2022-0004	43.00
Grand Total:	**189,143.47**

City of Aliso Viejo
AGENDA ITEM

DATE: June 18, 2025

TO: Mayor and City Council

FROM: Ann Eifert, Director of Financial Services/City Treasurer

SUBJECT: INVESTMENT POLICY FOR FISCAL YEAR 2025-26

Recommended Action:

Adopt a Resolution approving the Investment Policy for Fiscal Year 2025-26 and rescinding Resolution No. 2024-23 in its entirety.

Fiscal Impact:

The adoption of the annual Investment Policy will allow for the continual investment of the City's idle cash, which will provide additional revenue to the City.

Background:

California Government Code Section 53646 and best management practices dictate that local agencies prepare and update an investment policy on an annual basis. The City's Investment Policy complies with the California Government Code and the guidelines recommended by the State and California Municipal Treasurer's Association.

The Investment Policy states the goals of the City's investment activities, the types of investments allowed by the Government Code, and reporting requirements. The City's investment goals are, in order of priority, safety, liquidity, and yield. The purpose of the Investment Policy is to identify policies and procedures that enhance opportunities for a prudent and systematic investment process and to organize and formalize investment-related activities.

Discussion:

Submitted for Council's review and adoption is the FY 2025-26 Investment Policy, its accompanying resolution, and the Administrative Policy containing guidelines for investments and internal control. Staff has consulted with the City's investment advisor and is recommending the changes outlined below.

1) Monthly Treasurer's Report – The current Policy requires that a monthly treasurer's report be agendized for City Council review within 45 days following the last day of the month. Staff recommends allowing up to 60 days following the last day of the month for City Council approval to accommodate scheduling conflicts, such as the cancellation of City Council meetings and holidays.

2) Qualified Broker/Dealer List (Appendix B) – Staff recommends removing Appendix B, Qualified Broker/Dealer List. The list of qualified broker/dealers is no longer applicable since the City uses a SEC registered external investment advisor. In the event the City discontinues the use of an investment advisor, the City will reestablish a list in accordance with the Policy.

3) Maturity Limits – Staff recommends updating the maturity limits required in the Policy, which would provide additional flexibility and potential for higher investments earnings, while still meeting the goals of safety and liquidity, as well as monthly cash flow needs. The recommended updates include the following:

    a) Accessibility on demand – Staff recommends decreasing the minimum amount required to be "accessible on demand" from 15% to 10%. The current average City portfolio balance for the past three years is approximately $44.5 million. The current Policy requires that a minimum of $6.7 million be available at any time, limiting the City's investments to LAIF and money market accounts when interest rates could potentially be higher for the one-to-12-month maturities. If approved, the Policy would require $4.5 million be available on demand.

    b) Within 365 Days – Staff recommends decreasing the minimum amount required of the portfolio to mature within 365 days from 40% to 35%. With an average portfolio balance of approximately $44.5 million, the current Policy requires that a minimum of $17.8 million mature within one year. If approved, the Policy would lower the amount to $15.5 million.

There are no other significant changes to the FY 2025-26 Investment Policy.

Attachments:

1. Resolution
2. FY 2025-26 Investment Policy – Clean
3. FY 2025-26 Investment Policy – Redline
4. Resolution No. 2024-23

RESOLUTION NO. 2025-___

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ALISO VIEJO, CALIFORNIA, REPEALING RESOLUTION NO. 2024-23, AND ADOPTING AN INVESTMENT POLICY FOR FISCAL YEAR 2025-26

WHEREAS, Government Code Section 53600 et seq. sets forth the State of California's policy with regard to the importance of the solvency and creditworthiness of each individual local agency and the protection thereof; and

WHEREAS, the City of Aliso Viejo is a local agency subject to the provisions of Government Code Section 53600 et seq.; and

WHEREAS, Government Code Section 53646 requires local agencies, such as the City of Aliso Viejo to consider annually a statement of investment policy, after review and consideration at a public meeting; and

WHEREAS, at a regular public meeting of the City Council the Council considered a statement of investment policy for the City, entitled *City of Aliso Viejo Statement of Investment Policy for Fiscal Year 2025-26* attached hereto as Exhibit "A" and incorporated herein;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ALISO VIEJO AS FOLLOWS:

Section 1. The statement of investment attached hereto as Exhibit "A" entitled *City of Aliso Viejo Statement of Investment Policy for Fiscal Year 2025-26* is adopted as the City's Investment Policy.

Section 2. Resolution No. 2024-23 is hereby repealed

Section 3. This Resolution shall be effective July 1, 2025.

Section 4. The City Clerk shall certify as to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this 18th day of June, 2025.

_____
Tiffany Ackley
Mayor

APPROVED AS TO FORM:

_____
Scott C. Smith, City Attorney

ATTEST:

_____
Janet Martinez, City Clerk

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF ALISO VIEJO)

I, JANET MARTINEZ, City Clerk of the City of Aliso Viejo, California, DO HEREBY CERTIFY that the foregoing is the original of Resolution No. 2025-__ duly passed and adopted by the City Council of the City of Aliso Viejo at their regular meeting held on the 18th day of June, 2025, by the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

_____
JANET MARTINEZ
CITY CLERK

(SEAL)

CITY OF ALISO VIEJO
STATEMENT OF INVESTMENT POLICY
FOR FISCAL YEAR 2025-26

AS ADOPTED June 18, 2025

CITY COUNCIL

Mayor Tiffany Ackley
Mayor Pro Tem Max Duncan
Council Member Richard Hurt
Council Member Mike Munzing
Council Member Tim Zandbergen

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APPENDIX A: Glossary of Terms

APPENDIX B: Qualified Broker/Dealers

APPENDIX C: Administrative Policy: Investment Guidelines, Strategy, and Internal Control

Statement of Investment Policy

This Statement of Investment Policy ("Policy"), as set forth by the City of Aliso Viejo ("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.

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.

Credit Risk

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.

Interest Rate Risk

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. **Return or Yield** – attain a rate of return consistent with the primary objectives of safety and liquidity, throughout budgetary and economic cycles.

Scope of Funds

The investment policy applies to all financial assets and investment activities of the City, except for proceeds of debt issuance. Debt proceeds shall be invested in accordance with the "Permitted Investments" provisions for each specific bond indenture.

The Policy applies to the following funds and is accounted for in the City's annual audited financial statements.

A. General Fund
B. Special Revenue Funds
C. Debt Service Funds
D. Capital Improvement Funds
E. Enterprise Funds
F. Internal Service Funds
G. Agency Funds

Prudent Investor Standard

The standard to be used by investment officials shall be that of a "prudent person" and shall be applied in the context of managing all aspects of the City's investment portfolio

The Prudent Investor Standard:

Governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of sections 16429.1 and 53600 through 53684 of the California Government Code and considering individual investments as a part of an overall strategy, a trustee is authorized to acquire investments as authorized by law.

Investment Philosophy

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 such that investments are purchased to generally match expected future cash outflows and 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.

Delegation of Authority

The City's Resolution No. 2003-018 appoints the Director of Financial Services to also serve as City Treasurer. The Treasurer, or his or her designee, has the authority to manage the City's investment portfolio in accordance with California Government Code Sections 53600 and 53630 *et seq.* and all related State and Federal laws.

The Treasurer will provide prior written notification to the City Manager and City Council regarding the designation of responsibilities.

The Treasurer shall establish written procedures for the operation and management of the City's investment portfolio consistent with this investment policy. The procedures should include reference to safekeeping, repurchase agreements, wire transfer agreements, banking service contracts, collateral or depository agreements, competitive bid process, and due diligence. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction, except as provided under the terms of this policy and the investment procedures established by the Treasurer and approved by the City Manager.

The City may also engage Securities and Exchange Commission registered external investment advisor to manage the City's investment program.

Public Trust

All participants in the investment process shall act as custodians of public funds. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of public trust. In a diversified portfolio, it must be recognized that occasional measured losses are inevitable and must be considered in the context of the overall portfolio's investment return, provided that adequate diversification has been implemented.

Ethics and Conflicts of Interest

Elected officials and employees of the City 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 decisions under the Political Reform Act and Government Code Section 1090 *et seq.* Elected officials and employees shall disclose to the City Manager any material interests in financial institutions that conduct business with the City, and they shall further disclose any personal investment position or financial asset that could be related to the performance of the City's investment program. Elected officials and employees shall subordinate their personal investment transactions to those of the City particularly with regard to the time of purchases and sales.

Any firm proposing to provide any type of investment service to the City shall acknowledge their familiarity with the provisions of the Political Reform Act, Government Code Section 81000 *et seq.* and CA Code of Regulations 18110 *et seq.* and the provisions limiting contractual conflicts of interest under Government Code Section 1090 *et seq.* Any firm proposing to provide any type of investment service to the City shall also acknowledge their familiarity with and agree to abide by any Federal or State law, regulation, rule, or policy pertaining to or limiting campaign contributions by such firms, their employees, spouses, or agents.

All persons, firms, broker/dealers, financial institutions, and advisors providing investment services or bond issue assistance shall disclose to the City Manager and the Treasurer all fee sharing, fee-splitting, and commission arrangements with other entities or persons prior to the City agreeing to buy an investment or issue bonds.

Internal Investment Controls

The Treasurer will implement and maintain a system of internal investment controls and segregate responsibilities of investment functions in order to prevent fraud, theft, loss of principal, loss of control over funds, inaccurate reporting, and negligence.

The Treasurer will assign designee(s) to assist in carrying out these functions and will establish an Oversight Reviewer function that may be carried out by a designated member of staff, independent individuals, or independent expert contractor to perform specified tasks.

In addition to the specified requirements placed on investment types, quality, maturity, and diversification, further controls will include:

- **Safekeeping of Securities**

  To protect against losses caused by the collapse of individual securities dealers, all securities owned by the City are required to be held by a third-party safekeeping institution. Third-party safekeeping institutions may not act as custodians for any securities which that institution has issued or sold to the City.

  Collateral must be held at safekeeping, as defined in the Safekeeping and Custody section of the Policy.

  Payment procedures for all securities transactions will be Delivery v. Payment (DVP)

- **Competitive Bidding of Investments**

  The City's investment procedures require that approved broker/dealers compete for investment purchases and sales in order for the City to obtain the highest yield available in the market and to ensure that investment transactions are free from favoritism.

  Qualified Bids will be required for purchase of all investment transactions. The Treasurer shall select the best bid and is required to keep a record of each investment transaction. The Treasurer will rotate the purchase of investments among the pool of qualified broker/dealers.

  If the City utilizes an external investment advisor, the advisor shall send its approved list of broker/dealers to the City annually and follow its policies and procedures for competitive bidding.

- **Annual Management Review and Audit**

  An annual audit of the City's Investment Policy, practices, procedures, and portfolio status will be conducted by an independent auditor of all items including, but not limited to, items specified in the Audit Checklist provided in the City's Procedure Manual. The auditor will provide the City with written observations and recommendations regarding the adequacy of investment controls.

- **Segregated Investment Execution, Recordkeeping and Reporting**

  An independent member of City staff will record the Treasurer's investment records or confirmations to the City's general ledger. In addition, independent staff will

perform the monthly reconciliation of bank, broker/dealer, and safekeeping confirmations.

- **Secondary Approval Required**

  The City Manager will review and approve the establishment of investment accounts, broker/dealer, and financial institution relationships and any agreements or contracts related to investments or investment related activity.

- **Wire Transfer Controls**

  All City wire transfers will be executed in accordance with a written agreement specifying control procedures required for wire transfers of funds, including the establishment of repetitive wires to pay for securities transactions with approved securities dealers as well as any other routine money transfers. All other non-repetitive wires require City Manager approval prior to release.

Investment Policy Adoption

The City Council's primary responsibilities over the investment function includes establishing investment policies, annually reviewing such policies, appointing a City Treasurer, reviewing monthly investment reports issued by the Treasurer, authorizing bond documents and financing transactions, and adopting recommended changes to the City's Investment Policy as necessary.

The City's investment policy shall be adopted by resolution of the City Council. The policy shall be reviewed annually by the City Council and any modifications made thereto must be approved the City Council.

Indemnification of Investment Officials

Any investment officer exercising his/her authority with due diligence, prudence, and care and in accordance with the Investment Policy and all written procedures shall be relieved of personal responsibility and liability for an individual security's losses or losses incurred by the portfolio. However, any investment officer also bears the responsibility of reporting deviations from expectations in a timely manner to City Council and appropriate action is taken to control adverse developments and mitigate loss of principal.

Investment Portfolio Compliance

Should the portfolio, for any reason, fall out of compliance with this Investment Policy, immediate liquidation of securities in order to bring the portfolio back into compliance will not be required. However, the Treasurer must take action to bring the portfolio into compliance within 12 months from the date the portfolio was determined to be in non-compliance with the provisions of this Investment Policy. Additionally, adequate disclosure of all instances of noncompliance, and the efforts undertaken to bring the portfolio into compliance, must be made on the monthly Treasurer's Report.

Reporting

The Treasurer shall submit a "Monthly Treasurer's Report" to the City Manager and City Council within 60 days following the last day of the month to be agendized for official action at a regular Council meeting thereafter. These reports shall disclose information relevant to the risk characteristics of the City's investment portfolio and shall include the following information:

Monthly Treasurer's Report

A. Cash receipts, disbursements, and balances in total.

B. A summary of the investment portfolio.

C. An asset list showing the issuer, type of investment, par value, maturity date, and interest rate.

D. Average rate of return on the City's investment portfolio.

E. Maturity aging grouped by type of investment.

F. Diversification of the investment portfolio.

G. A listing of individual investment transactions during the month, as required by Government Code section 53607.

H. A statement of ability to meet upcoming operating expenses and spending requirements for the next six months.

I. A statement of compliance with the Investment Policy, including a schedule of any transactions or holdings which do not comply with this policy or with the California Government Code, including a justification for their presence in the portfolio, and a timetable for resolution.

Annual Report

The annual report will be prepared by the City Treasurer and submitted to the City Manager each fiscal year to ensure consistency. The annual report will include an overall analysis of the portfolio and shall suggest policies and improvements to enhance the City's investment program. These enhancements will be annually considered by City Council and the authority to amend the Policy rests with City Council.

Authorized and Suitable Investments

Investment of City funds is governed by the California Government Code Sections 53600, 53601, 53601.5, 53601.6, 53635, and 53635.5 *et seq.* Within the context of the limitations, the following investments are authorized, as further limited herein:

Matrix of Suitable Investment Options and Restrictions				
Investment Type:	Maximum Maturity:	Maximum percentage of Portfolio:	Maximum Par Value per Issuer:	Credit Quality and Requirements:
U.S. Treasury Bills, Notes and Bonds	5 Years	100 percent	N/A	Explicit Full Faith and Credit Guarantee of United States Government
Federal Agency Obligations	5 Years	60 percent	35% per agency	Implied Guarantee of the United States Government
Bankers' Acceptances (BA's)	180 Days	20 percent	5% per issuer	Domestic banks only - deemed eligible for purchase by the Federal Reserve Bank
Certificates of Deposit or Time Deposits* (CD's)	5 Years	30 percent	5% per issuer	Senior debt only from top 15 percent of peer group rated banks, savings & loans and credit unions. Defined by Section 5102 of the Financial Code.
Negotiable Certificates of Deposit	5 Years	30 percent	$250,000	Brokered CD's insured by FDIC for a maximum of $250,000 per issuer.
Local Agency Investment Fund (LAIF)	N/A	100 percent	$75,000,000 (per entity)	Treasurer will review investment policies and practices to determine if consistent with the Policy
Commercial Paper	270 Days	20 percent	5% of portfolio	Highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO)
Money Market Mutual Funds	N/A	20 percent	20% per fund (SEC Registered) ($1.00 NAV)	Highest rating from NRSRO. Must also comply with Govt. Code 53601(l) and 53601.6 (b) and the weighted average to maturity is less than 180 days.
Repurchase Agreements*	92 Days	20 percent	20%	Signed security loan agreement on file. Underlying securities maintained at 102% of original value. Reverse repurchase agreements are specifically not authorized under the Policy.
Supranational Securities	5 Years	20 percent	10 % per issuer	United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance

				Corporation, or Inter-American Development Bank; rated AA or better by two NRSROs.
Medium Term Corporate Notes	5 Years	30 percent	5% of portfolio	Rated "A-" or better by a nationally recognized rating service. Code 53601 (k).

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

Ratings and Rating Agencies

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

Investment Type:	Standard & Poor's	Moody's
Banker's Acceptances	**A1**	**P1**
Commercial Paper	**A1**	**P1**
Certificates of Deposit	**AA-**	**Aa3**
Money Market Mutual Funds	**AAA**	**Aaa**
Medium Term Corporate Notes	**A-**	**A3**
Supranational Securities	**AA**	**Aa2**
Repurchase Agreement – Provider	**AA**	**Aa**

Prohibited Investments

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 Aliso Viejo City government is to be avoided.

Collateralization

Collateral for Certificates of Deposit (CD) and Negotiated Certificates of Deposit (NCD) must comply with Government Code, Chapter 4, Bank Deposit Law Section 16500 *et seq.* and the Savings and Loan and Credit Union Deposit Law Government Code Section 16600 *et seq.* In addition, if the CD is not FDIC insured or goes over the FDIC $250,000 limit, collateral is required equal to 100 percent of principal.

Collateral for Repurchase Agreements shall be 102 percent of market value of principal and accrued interest. Collateral can be either US Treasury securities or Federal Agency securities. This will provide an addition level of security due to inevitable changes in market conditions.

Collateral will always be held by an independent third party with whom the City has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. The right of collateral substitution is granted within the parameters and constraints of this Policy.

Investment Pools

Government sponsored investment pools (Pools) are permitted under California Government Code Section 53601 *et seq*. and are an excellent short-term investment option for cash management facilities. These pools can provide safety, liquidity, and yield in a single diversified investment. However, thoughtful investigation and due diligence are required both initially at time of purchase and on an ongoing basis with analysis to determine that the investment pool is being managed in a manner consistent with the objectives of the Policy. The following guidelines include, but are not limited to:

- The Pool shall have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations, or shall be insured by a municipal insurance corporation.
- The Pool marks to market weekly at a minimum.
- The Pool provides comprehensive, timely monthly reports which include detailed transaction listings, report realized and unrealized gains and losses, provide accurate market values for each security, provide quality rating for individual securities, take delivery DVP, provide third party safekeeping of all investments, and for whom an audit is conducted annually by an independent auditor with no relationship to the Pool.

Money Market Mutual Funds

Money market mutual funds provide another safe, liquid, and diversified investment option for the City's surplus capital. However, certain conditions need to be met both initially and on an ongoing basis. The money market may only invest in US Government securities permitted under this policy and under California Government Code Section 53601 *et seq*. withfinal stated maturities of one year or less "Government Money Market Funds."

In order to be an eligible money market investment under this section, the primary objective of the money market, as stated in the funds' prospectus, is to maintain a constant $1.00 Net Asset Value (NAV). The following additional guidelines include, but are not limited to:

- The money market only invests in US Government securities, and the weighted average maturity of the portfolio is less than 180 days.

- The fund shall be registered with the SEC.
- The money market shall have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations and shall maintain these ratings for the duration of the investment.

Maturity Limits

The longer the maturity of securities, the greater the market volatility. Therefore, the maximum maturity limit for any given security in the investment portfolio shall not exceed five (5) years.

It is also important to note that specific investments, detailed under the "Authorized and Suitable Investments" section, may be restricted to a shorter maturity.

The weighted average life of the portfolio may not exceed three (3) years in duration.

At a minimum, 10 percent of the portfolio shall remain liquid, accessible on demand by the City without restriction or penalty.

The investment portfolio shall be structured for liquidity purposes; therefore, 35 percent of the portfolio shall mature within 365-days.

Maturities will be selected based on a sufficiently detailed cash flow projection that facilitates selecting investment maturity dates to approximately match the projected dates of budgeted expenditures. Once cash flow needs are matched, maturities are selected based on a "laddering strategy" and the shape of the yield curve.

Extensions in the maximum maturity and average weighted life of the portfolio must be supported by detailed cash flow forecasts demonstrating the adequacy of cash from maturing assets to meet one hundred twenty-five percent (125%) of monthly expenditures for each prospective quarter, ending with the current maximum including capital expenditures funded on a pay-as-you-go basis. Recommendations to extend maturities must be reviewed and approved by the City Manager and City Council.

Qualifications for Financial Institutions and Broker/Dealer's

If the City does not utilize a SEC registered external investment advisor, the Treasurer will maintain a list of qualified financial institutions and broker/dealers authorized to transact business with the City and incorporate herein as Appendix "B".

If the City utilizes a SEC registered external investment advisor, the advisor shall maintain a list of authorized broker-dealers and complete the appropriate due diligence required by the SEC. The external investment advisor may use its own list of approved broker/dealers and financial institutions for investment purposes on behalf of the City. The investment advisor shall submit the list of approved broker/dealers to the Finance Director/City Treasurer on an annual basis. The Finance Director/City Treasurer may restrict the use of a broker/dealer which may be deemed unsuitable.

The financial entities eligible to transact investment business with the City are:

I. Federal Reserve Bank:

   Direct purchase of U.S. Treasury Bills, Notes, and Bonds using primary government dealers as designated by the Federal Reserve are exempt from quality requirements and are encouraged due to commission or mark-up discounts.

II. Nationally or State Chartered Banks, Savings and Loans, and Credit Unions:

The City may purchase investments offered from Banks, Savings and Loans, and Credit Unions provided the institutions are:

- Nationally or State Chartered Institutions.
- Registered as investment securities dealers.
- Ranked in the top 15 percent of institutions within their respective peer group.
- The signatures of two individuals shall be required for the opening and closing of any bank account (the Treasurer, City Manager, Mayor, or Mayor Pro Tem). The Accounting Officer, who is independent of the investment function, shall keep a record of all opened and closed accounts. On an annual basis, the Accounting Officer shall provide a list of accounts to the independent auditor.

III. Broker/Dealers:

The City will purchase investments from primary dealers whenever possible. However, if an investment deemed appropriate for the portfolio is not available through the primary market, then the Treasurer may use an authorized broker/dealer from the pre-approved list of broker/dealers on record.

For a broker/dealer to be considered for placement on the pre-approved list, they must comply with the following:

- Primary or Regional dealers that qualify for SEC Rule 15c3-1
- Provide audited financial statements from the two most frequent years
- A statement certifying that the institution has reviewed the City's Investment Policy and California Government Code Section 53600 *et seq*. and that all securities offered to the City shall comply fully with all provisions of the Policy and the California Government Code.
- The signatures of two individuals shall be required for the opening and closing of any broker/dealer account (the Treasurer, City Manager, Mayor or Mayor Pro Tem). The Accounting Officer, who is independent of the investment function, shall keep a record of all opened and closed accounts. On an annual basis, the Accounting Officer shall provide a list of accounts to the independent auditor.
- Settlement of securities traded through qualified broker/dealers shall occur trade date plus one or two days (depending upon security type), the current industry standard. New issue securities may have longer settlements, but none shall be greater than three weeks.

  The Treasurer is responsible for ensuring that settlement occurs in a timely matter and that execution confirmations reflect accurate trade data. In addition, investment transactions are required to be Delivery v. Payment (DVP).

Diversification Guidelines and Risks

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 or the Local Agency Investment Fund (LAIF), no more than 60 percent of the investment portfolio shall be invested in any single investment type or financial institution.

Safekeeping and Custody

All security transactions, including collateral for repurchase agreements and certificates of deposit, shall be transacted on a Delivery vs. Payment (DVP) basis. This means that the securities shall be delivered to the City or the City's designated custodian upon receipt of payment by the City.

All securities that may be purchased, including collateral, shall be held by a third-party custodian designated by the Treasurer whenever possible. These securities shall be held in the City's name and control, and the third-party custodian shall be evidenced by safekeeping receipts. The third-party custodian shall send the City, on a monthly basis, a summary of safekeeping assets, and this statement shall be reconciled to the City's records on a monthly basis. Securities held in custody for the City shall be independently audited on an annual basis to verify investment holdings.

Performance Standards and Evaluation

Investment performance is continually monitored and evaluated by the City Treasurer. Investment activity reports are generated on a monthly basis for presentation to the City Manager and City Council.

The weighted average maturity of the pooled portfolio shall not exceed three years and shall be designated to attain a market average rate of return. The market average rate of return will be determined by a custom benchmark that represents the prominent and persistent characteristicsof the portfolio.

An annual audit of the City's Investment Policy, practices, procedures, and portfolio status will be conducted by an independent auditor of all items including, but not limited to, items specified in the Audit Checklist provided in the City's Procedure Manual. The auditor will provide the City Manager and City Council with written observations and recommendations regarding the adequacy of investment controls.

Qualifications and Continuing Education

The City Treasurer shall be a City employee or contract employee. The Treasurer shall be selected on the basis of educational background and experience relevant to the Treasury function.

The City recognizes the need for and is committed to providing ongoing education specific to the investment function for the Treasurer and other City staff and officials involved in the investment process.

GLOSSARY OF TERMS

Accrued Interest - Interest earned but not yet received.

Active Deposits - Funds which are immediately required for disbursement.

Agencies - Federal agency securities and/or Government-sponsored enterprises.

Amortization - An accounting practice of gradually decreasing (increasing) an asset's book value by spreading its depreciation (accretion) over a period of time.

Asking Price - The price a broker/dealer offers to sell securities. See Offer

Bankers' Acceptance (BA) - A "draft" or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

Basis Point - One basis point is one hundredth of one percent (.01).

Bear Market - A period of generally pessimistic attitudes and declining market prices.

Bid - The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

Bond - A financial obligation for which the issuer promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

Book Value - The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or plus accretion of discount.

Broker - A broker brings buyers and sellers together for a commission.

Bull Market - A period of generally optimistic attitudes and increasing market prices.

Callables - Securities that the issuer has the right to redeem prior to maturity.

Certificate of Deposit - A time deposit with a specific maturity, evidenced by a certificate. Large-denomination CD's are typically negotiable. CD's may be eligible for FDIC insurance.

Collateral - Securities, evidence of deposit, or pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposit of public moneys.

Commercial Paper - Short-term, unsecured promissory notes issued by a corporation to raise working capital. These negotiable instruments are purchased at a discount to par value or at par value with interest bearing.

Comprehensive Annual Financial Report (CAFR) - The official annual financial report for the City. It includes government-wide and fund financial statements prepared in conformity with Generally Accepted Accounting Principals (GAAP).

Constant Maturity Treasury (CMT) - An average yield of a specific Treasury maturity sector for a specific time frame, or an index of the average yield on United States Treasury securities adjusted to a constant maturity. This is a market index for reference of past direction of interest rates for the given Treasury maturity range.

Coupon - The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

Credit Analysis - A critical review and appraisal of the economic and financial conditions or of the ability to meet debt obligations.

GLOSSARY OF TERMS (continued)

Current Yield - The interest paid on an investment expressed as a percentage of the current price of the security.

Custody - A banking service that provides safekeeping for the individual securities in a customer's investment portfolio under a written agreement which also calls for the bank to collect and pay out income, to buy, sell, receive, and deliver securities when ordered to do so by the principal.

Debenture - A bond secured only by the general credit of the issuer.

Delivery v. Payment (DVP) - Delivery of securities with a simultaneous exchange of payment for the securities.

Demand Deposit Account - Accounts whose balance is available to meet immediate cash needs (maturities up to 7 days).

Derivatives - (1) Financial instruments whose return profile is linked to, or derived from, the security and may include a leveraging factor, or (2) financial contracts based upon notional amount whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities, or commodities).

Discount - The difference between the cost of a security and its value at maturity when quoted at lower than face value.

Discount Securities - Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U. S. Treasury Bills.

Diversification - Dividing investment funds among a variety of securities offering independent return and risk profiles.

Duration - The weighted average maturity of a bond's cash flow stream, where the present value of the cash flows serves as the weights; the future point in time at which, on average, an investor has received exactly half of the original investment in present value terms; a bond's zero-coupon equivalent; the fulcrum of a bond's present value cash flow time line.

Fannie Mae - Trade name for the Federal National Mortgage Association (FNMA).

Federal Credit Agencies - Agencies of the Federal Government set up to supply credit to various classes of institutions and individuals, e.g., Savings and Loans, small business firms, students, farmers, farm cooperatives, and exporters.

Federal Deposit Insurance Corporation (FDIC) - Insurance provided to customers of a subscribing bank, which guarantees deposits to a set limit (currently $100,000) per account.

Federal Funds Rate - The rate of interest at which Federal funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

Federal Home Loan Banks (FHLB) – Government-sponsored wholesale banks which lend funds and provide correspondent banking services to member commercial banks, thrifty institutions, credit unions, and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

GLOSSARY OF TERMS (continued)

Federal Home Loan Mortgage Corporation (FHLMC) - The FHLMC was created under the Federal Home Loan Mortgage Act, Title III of the Emergency Home Finance Act of 1970 as a stockholder-owned government-sponsored enterprise. Freddie Mac, as the corporation is called, is charged with providing stability and assistance to the secondary home mortgage market by buying first mortgages and participation interests and reselling these securities in the form of guaranteed mortgage securities. Although agency obligations are not explicitly guaranteed by the federal government, the rating agencies believe that in the unlikely event of financial difficulties, the federal government will support the agency to the extent necessary to provide for full and timely payment on their securities.

Federal National Mortgage Association (FNMA) - FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

Federal Open Market Committee (FOMC) - Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

Federal Reserve System - The central bank of the U. S. which consists of a seven-member Board of Governors, 12 regional banks, and 5,700 commercial banks that are members.

Fed Wire - A wire transmission service established by the Federal Reserve Bank to facilitate the transfer of funds through debits and credits of funds between participants within the Fed system.

Freddie Mac - Trade name for the Federal Home Loan Mortgage Corporation (FHLMC).

Ginnie Mae - Trade name for the Government National Mortgage Association (GNMA).

Government National Mortgage Association (GNMA) - Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by the full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA, or FmHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

Inactive Deposits - Funds not immediately needed for disbursements.

Interest Rate - The annual yield earned on an investment, expressed as a percentage.

Investment Agreements - An agreement with a financial institution to borrow public funds subject to certain negotiated terms and conditions concerning collateral, liquidity, and interest rates.

GLOSSARY OF TERMS (continued)

LAIF (Local Agency Investment Fund) - 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 balance of $75,000,000 for any agency. It offers high liquidity because deposits can be converted to cash in 24 hours and no interest is lost. All interest is distributed to those agencies participating on a proportionate share basis determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly. California Government Code §16429.3 states, in part:

> "money placed with the State Treasurer for deposit in the Local Agency Investment Fund by cities, counties, or special districts shall not be subject to impoundment or seizure by any state official or state agency."

Liquidity - Refers to the ability to rapidly convert an investment into cash with minimal risk of losing some portion of principal and/or interest.

Local Government Investment Pool (LGIP) - The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

Market Value - The price at which a security is trading and could presumably be purchased or sold.

Master Repurchase Agreement - A written contract covering all future transactions between the parties to repurchase and/or reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

Maturity - The date upon which the principal or stated value of an investment becomes due and payable.

Medium Term Corporate Notes - 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 can be defined as extended maturity commercial paper. Local agencies are restricted by the Government Code to investments in corporations rated in the top three note categories by Moody's Investors Service, Inc., and/or Standard and Poor's Corporation. For medium term notes, eligible purchases consist of instruments that have a rating of "A" or better by both Moody's Investors Service, Inc., and Standard and Poor's Corporation.

Money Market - The market in which short-term debt instruments (bills, commercial paper, banker's acceptances, etc.) are issued and traded.

Negotiable Certificates of Deposit - Unsecured obligations of the financial institution, or bank, 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 would be considered for investment.

GLOSSARY OF TERMS (continued)

NRSRO - Nationally recognized statistical-rating organization

New Issue - Term used when a security is originally "brought" to market.

Offer - The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asking Price and Bid.

Open Market Operations - Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserve into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

Paper Gain or Loss - Term used for unrealized gain or loss on securities being held in a portfolio based on comparison of current market quotes and their original cost. This situation exists as long as the security is held while there is a difference between cost value (book value) and the market value.

Perfected Delivery - Refers to an investment where the actual security or collateral is held by an independent third party representing the purchasing entity.

Portfolio - Collection of securities held by an investor.

Primary Dealer - A group of government securities dealers that submit daily reports of market activity and security positions held to the Federal Reserve Bank of New York and are subject to its informal oversight.

Prudent Person Rule - An investment standard. In some states, the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state - the so-called legal list. In other states, the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

Purchase Date - The date in which a security is purchased for settlement on that or a later date.

Qualified Public Depositories - A financial institution that does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less approved by the Public Deposit Protection Commission to hold public deposits.

Rate of Return - The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Repurchase Agreement (RP or REPO) - A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money, or increasing bank reserves.

GLOSSARY OF TERMS (continued)

Reverse Repurchase Agreement (Reverse REPO) - A transaction where the seller (City) agrees to buy back from the buyer (bank) the securities at an agreed upon price after a stated period of time.

Risk - Degree of uncertainty of return on an asset.

Safekeeping - See Custody.

Secondary Market - A market made for the purchase and sale of outstanding issues following the initial distribution.

Securities and Exchange Commission - Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC Rule 15(C)3-1 - See Uniform Net Capital Rule.

Settlement Date - The date on which a trade is cleared by delivery of securities against funds.

Spread - a) The yield or price difference between the bid and offer on an issue; b) the yield or price difference between different issues.

Structured Notes - Notes issued by government-sponsored enterprises (FHLB, FNMA, etc.) and corporations that have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) in their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options, and shifts in the shape of the yield curve.

Supranational - A supranational entity is formed by two or more central governments with the purpose of promoting economic development for the member countries. Supranational institutions finance their activities by issuing debt, such as supranational bonds. The three U.S. based supranationals are International Bank for Reconstruction and Development, the International Finance Corporation, and the Inter-American Development Bank.

Swap - The sale of one issue and the simultaneous purchase of another for some perceived advantage.

Treasury Bills - A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

Treasury Bonds - Long-term coupon-bearing U. S. Treasury securities issued as direct obligations of the U. S. Government and having initial maturities of more than ten years.

Treasury Notes - Medium-term coupon-bearing U. S. Treasury securities issued as direct obligations of the U. S. Government and having initial maturities from two to ten years.

Uniform Net Capital Rule - Securities and Exchange Commission requirement that member firms, as well as nonmember broker-dealers in securities, maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

U.S. Government Agencies - Instruments issued by various U.S. Government Agencies, most of which are secured only by the credit worthiness of the particular agency.

Yield - The rate of annual income return on an investment, expressed as a percentage. It is obtained by dividing the current dollar income by the current market price of the security.

Yield to Maturity - The rate of income return on an investment, minus any premium or plus any discount, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond, expressed as a percentage.

QUALIFIED BROKER/DEALERS

The City uses a SEC registered external investment advisor and does not currently have a list of internal Qualified Broker/Dealers.

ADMINISTRATIVE POLICY

Investment Guidelines, Strategy, and Internal Control

City of Aliso Viejo

ADMINISTRATIVE POLICY

SUBJECT	APPROVED BY:	PROCEDURE NO.	EFF. DATE	PAGE
INVESTMENT GUIDELINES, STRATEGY AND INTERNAL CONTROL	Dave Doyle CITY MANAGER	**11**	**7/1/2015 Rev 7/1/2017 7/1/2023**	**1 of 4**

PURPOSE

The purpose of this policy is to establish a framework for the investment of surplus City funds within the established internal control procedures for treasury functions.

POLICY

INVESTMENT GUIDELINES AND STRATEGY

GUIDELINES

1. Investment Transaction - Every investment transaction must be authorized and reviewed by the Director of Finance/City Treasurer or his/her designee.

2. Pooled Cash - Whenever practical, local agency cash is consolidated into one bank account and invested on a pooled concept basis. Interest earnings are allocated monthly according to month-end cash and investment balances for each fund.

3. Competitive Bids - Purchases and sales of securities are made on the basis of competitive offers and bids.

4. Cash Forecast - The cash flow for the City is analyzed with the receipt of revenues and maturity of investments scheduled so that adequate cash will be available to meet disbursement requirements.

5. Investment Limitations - Security purchases and holdings are maintained within statutory limits imposed by the California Government Code.

6. Liquidity - The marketability of a security is considered at the time of purchase, as the security may have to be sold at a later date to meet unanticipated cash demands.

7. Diversification - The portfolio should consist of various types of securities, issuers, and maturities.

STRATEGY

1. Economic Forecasts - Economic Forecasts are obtained periodically from economists and financial experts through bankers and brokers to assist the Director of Finance/City Treasurer or his/her designee with the formulation of an investment strategy for the local agency.

2. Implementing Investment Strategy - Investment transactions are executed to conform to anticipated interest rate trends and the current investment strategy plan.

3. Rapport - A close working relationship is maintained with public works, city staff, and large vendors of the city. The objective is to pinpoint when large disbursements will clear the City's bank account. It is essential for good cash control that such large expenditures be anticipated, estimated as to dollar amount, and communicated to the Director of Finance/City Treasurer or his/her designee for liquidity planning purposes.

4. Preserve Portfolio Value - Field standards are developed in order to maintain earnings near the market and to preserve the value of the portfolio.

INTERNAL CONTROL

I. OBJECTIVES OF INTERNAL CONTROL

1. To effectively and efficiently conduct business, including adherence to financial and management policies.
2. Safeguarding its assets and prevention or detection of errors and fraud.
3. Timely preparation of accurate and reliable financial information.
4. Compliance with applicable laws and regulations.

II. COMPONENTS OF INTERNAL CONTROL

1. Control Environment - The control environment is the set of standards, processes, and structures that provides the basis for carrying out internal control across the organization. Management establishes the tone at the top regarding the importance of internal control, including expected standards of conduct, organizational structure, and assignment of authority and responsibility.

2. Risk Assessment - Risk assessment involves a dynamic process for identifying and analyzing risks in achieving the entity's objectives. Risk assessment requires management to consider the impact of possible changes in the internal and external environment that may render established internal controls ineffective.

3. Control Activities - Control activities are the actions established through policies and procedures to ensure that management's directives to mitigate risks are achieved. Segregation of duties is typically built into the development of control activities and may include authorizations, verifications, reconciliations, and reviews.

4. Communication - Communication occurs both internally and externally and provides the organization with the information needed to carry out day-to-day activities.

5. Audits – Audits are the process through which activities can be monitored and evaluated for any internal control deficiencies and communicated to management for taking corrective action.

III. ELEMENTS OF INTERNAL CONTROL

1. Organization - Responsibility for the performance of duties should be assigned and lines of authority and reporting clearly identified and delineated.

2. Segregation of functions - Segregation of functions reduces the risk for an individual to be able to perpetrate and conceal errors or commit fraud in the normal course of duty. If two parts of a transaction are handled by different individuals, collusion is necessary to conceal errors or commit fraud. Functions that should be considered when evaluating segregation of duties are authorization, execution, recording, custody of assets, and reconciliation.

3. Authorization - All transactions should be approved by an authorized individual. The responsibilities and limits of authorization should be clearly delineated. The individual or group authorizing a specific transaction or granting general authority for transactions should be in a position commensurate with the nature and significance of the transactions.

4. Controls over an accounting system - Controls over an accounting system include the procedures, both manual and computerized, carried out independently to ascertain that transactions are complete, valid, authorized, and properly recorded.

IV. LIMITATIONS OF INTERNAL CONTROL

Internal control, no matter how well-designed, implemented, and conducted, can only provide reasonable assurance to management of the achievement of an entity's objectives. Inherent limitations of internal control may include:

1. Recurring, rather than unusual, types of transactions.
2. Human error due to misunderstanding, carelessness, fatigue, or distraction.
3. Potential for collusion that circumvents controls defined by the segregation of functions.
4. Possibility of a management override of the system, despite an otherwise effective system of internal control.

City of Aliso Viejo

ADMINISTRATIVE POLICY

SUBJECT	APPROVED BY:	PROCEDURE NO.	EFF. DATE	PAGE
INVESTMENT GUIDELINES, STRATEGY AND INTERNAL CONTROL	Dave Doyle CITY MANAGER	**11**	**7/1/2015 Rev 7/1/2017 7/1/2023**	**4 of 4**

SEGREGATION OF RESPONSIBILITIES FOR TREASURY FUNCTIONS

Function	Responsibility
1. Formal investment policy should be	
* Prepared by	Director of Finance/City Treasurer
* Approved by	City Council
2. Develop Investment Strategy	Director of Finance/City Treasurer or Registered Investment Advisor
3. Receive quotes and recommend investments for purchase	Director of Finance/City Treasurer,
4. Approve investment transactions	Director of Finance/City Treasurer, City Manager
5. Execute investment transactions	Director of Finance/City Treasurer
6. Approve investment transactions for compliance with Investment policy and/or State Law	Director of Finance/City Treasurer or Registered Investment Advisor
7. Record investment transactions in the City's financials	Accountant
8. Verify investment i.e., match broker confirmation to City records	Director of Finance/City Treasurer Senior Accountant or Accountant
9. Confirm LAIF and Bank Wires	Director of Finance/City Treasurer Senior Accountant or Accountant
10. Safeguard assets and records:	
* Reconciliation of City's records to bank statements and safekeeping of records	Senior Accountant or Accountant
* Annual review of (a) financial institution's financial condition, and (b) safety, liquidity, and potential yields of investment instruments	Director of Finance/City Treasurer, City Manager
11. Annual review of investment portfolio	External Independent Auditors

The segregation of responsibilities as outlined herein is intended to enhance the City's internal controls over treasury functions. It should be noted that from time to time, due to the limited size of the Financial Services staff, segregation of responsibilities may be amended in order to fulfill the business needs of the organization.

CITY OF ALISO VIEJO
STATEMENT OF INVESTMENT POLICY
FOR FISCAL YEAR ~~2024-25~~2025-26

AS ADOPTED ~~July 17~~June 18, ~~2024~~2025

CITY COUNCIL

Mayor ~~Mike Munzing~~Tiffany Ackley

Mayor Pro Tem ~~Tiffany Ackley~~Max Duncan

Council Member Richard Hurt

Council Member ~~Ross Chun~~Mike Munzing

Council Member ~~Max Duncan~~Tim Zandbergen

~~**Council Member Richard Hurt**~~

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APPENDIX A: Glossary of Terms

APPENDIX B: Qualified Broker/Dealers

APPENDIX C: Administrative Policy: Investment Guidelines, Strategy, and Internal Control

Statement of Investment Policy

This Statement of Investment Policy ("Policy"), as set forth by the City of Aliso Viejo ("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.

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.

Credit Risk

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.

Interest Rate Risk

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. **Return or Yield** – attain a rate of return consistent with the primary objectives of safety and liquidity, throughout budgetary and economic cycles.

Scope of Funds

The investment policy applies to all financial assets and investment activities of the City, except for proceeds of debt issuance. Debt proceeds shall be invested in accordance with the "Permitted Investments" provisions for each specific bond indenture.

The Policy applies to the following funds and is accounted for in the City's annual audited financial statements.

A. General Fund
B. Special Revenue Funds
C. Debt Service Funds
D. Capital Improvement Funds
E. Enterprise Funds
F. Internal Service Funds
G. Agency Funds

Prudent Investor Standard

The standard to be used by investment officials shall be that of a "prudent person" and shall be applied in the context of managing all aspects of the City's investment portfolio

The Prudent Investor Standard:

Governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of sections 16429.1 and 53600 through 53684 of the California Government Code and considering individual investments as a part of an overall strategy, a trustee is authorized to acquire investments as authorized by law.

Investment Philosophy

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 such that investments are purchased to generally match expected future cash outflows and 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.

Delegation of Authority

The City's Resolution No. 2003-018 appoints the Director of Financial Services to also serve as City Treasurer. The Treasurer, or his or her designee, has the authority to manage the City's investment portfolio in accordance with California Government Code Sections 53600 and 53630 *et seq.* and all related State and Federal laws.

The Treasurer will provide prior written notification to the City Manager and City Council regarding the designation of responsibilities.

The Treasurer shall establish written procedures for the operation and management of the City's investment portfolio consistent with this investment policy. The procedures should include reference to safekeeping, repurchase agreements, wire transfer agreements, banking service contracts, collateral or depository agreements, competitive bid process, and due diligence. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction, except as provided under the terms of this policy and the investment procedures established by the Treasurer and approved by the City Manager.

The City may also engage Securities and Exchange Commission registered external investment advisor to manage the City's investment program.

Public Trust

All participants in the investment process shall act as custodians of public funds. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of public trust. In a diversified portfolio, it must be recognized that occasional measured losses are inevitable and must be considered in the context of the overall portfolio's investment return, provided that adequate diversification has been implemented.

Ethics and Conflicts of Interest

Elected officials and employees of the City 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 decisions under the Political Reform Act and Government Code Section 1090 *et seq.* Elected officials and employees shall disclose to the City Manager any material interests in financial institutions that conduct business with the City, and they shall further disclose any personal investment position or financial asset that could be related to the performance of the City's investment program. Elected officials and employees shall subordinate their personal investment transactions to those of the City particularly with regard to the time of purchases and sales.

Any firm proposing to provide any type of investment service to the City shall acknowledge their familiarity with the provisions of the Political Reform Act, Government Code Section 81000 *et seq.* and CA Code of Regulations 18110 *et seq.* and the provisions limiting contractual conflicts of interest under Government Code Section 1090 *et seq.* Any firm proposing to provide any type of investment service to the City shall also acknowledge their familiarity with and agree to abide by any Federal or State law, regulation, rule, or policy pertaining to or limiting campaign contributions by such firms, their employees, spouses, or agents.

All persons, firms, broker/dealers, financial institutions, and advisors providing investment services or bond issue assistance shall disclose to the City Manager and the Treasurer all fee sharing, fee-splitting, and commission arrangements with other entities or persons prior to the City agreeing to buy an investment or issue bonds.

Internal Investment Controls

The Treasurer will implement and maintain a system of internal investment controls and segregate responsibilities of investment functions in order to prevent fraud, theft, loss of principal, loss of control over funds, inaccurate reporting, and negligence.

The Treasurer will assign designee(s) to assist in carrying out these functions and will establish an Oversight Reviewer function that may be carried out by a designated member of staff, independent individuals, or independent expert contractor to perform specified tasks.

In addition to the specified requirements placed on investment types, quality, maturity, and diversification, further controls will include:

- **Safekeeping of Securities**

  To protect against losses caused by the collapse of individual securities dealers, all securities owned by the City are required to be held by a third-party safekeeping institution. Third-party safekeeping institutions may not act as custodians for any securities which that institution has issued or sold to the City.

  Collateral must be held at safekeeping, as defined in the Safekeeping and Custody section of the Policy.

  Payment procedures for all securities transactions will be Delivery v. Payment (DVP)

- **Competitive Bidding of Investments**

  The City's investment procedures require that approved broker/dealers compete for investment purchases and sales in order for the City to obtain the highest yield available in the market and to ensure that investment transactions are free from favoritism.

  Qualified Bids will be required for purchase of all investment transactions. The Treasurer shall select the best bid and is required to keep a record of each investment transaction. The Treasurer will rotate the purchase of investments among the pool of qualified broker/dealers.

  If the City utilizes an external investment advisor, the advisor shall send its approved list of broker/dealers to the City annually and follow its policies and procedures for competitive bidding.

- **Annual Management Review and Audit**

  An annual audit of the City's Investment Policy, practices, procedures, and portfolio status will be conducted by an independent auditor of all items including, but not limited to, items specified in the Audit Checklist provided in the City's Procedure Manual. The auditor will provide the City with written observations and recommendations regarding the adequacy of investment controls.

- **Segregated Investment Execution, Recordkeeping and Reporting**

  An independent member of City staff will record the Treasurer's investment records or confirmations to the City's general ledger. In addition, independent staff will

perform the monthly reconciliation of bank, broker/dealer, and safekeeping confirmations.

- **Secondary Approval Required**

  The City Manager will review and approve the establishment of investment accounts, broker/dealer, and financial institution relationships and any agreements or contracts related to investments or investment related activity.

- **Wire Transfer Controls**

  All City wire transfers will be executed in accordance with a written agreement specifying control procedures required for wire transfers of funds, including the establishment of repetitive wires to pay for securities transactions with approved securities dealers as well as any other routine money transfers. All other non-repetitive wires require City Manager approval prior to release.

Investment Policy Adoption

The City Council's primary responsibilities over the investment function includes establishing investment policies, annually reviewing such policies, appointing a City Treasurer, reviewing monthly investment reports issued by the Treasurer, authorizing bond documents and financing transactions, and adopting recommended changes to the City's Investment Policy as necessary.

The City's investment policy shall be adopted by resolution of the City Council. The policy shall be reviewed annually by the City Council and any modifications made thereto must be approved the City Council.

Indemnification of Investment Officials

Any investment officer exercising his/her authority with due diligence, prudence, and care and in accordance with the Investment Policy and all written procedures shall be relieved of personal responsibility and liability for an individual security's losses or losses incurred by the portfolio. However, any investment officer also bears the responsibility of reporting deviations from expectations in a timely manner to City Council and appropriate action is taken to control adverse developments and mitigate loss of principal.

Investment Portfolio Compliance

Should the portfolio, for any reason, fall out of compliance with this Investment Policy, immediate liquidation of securities in order to bring the portfolio back into compliance will not be required. However, the Treasurer must take action to bring the portfolio into compliance within 12 months from the date the portfolio was determined to be in non-compliance with the provisions of this Investment Policy. Additionally, adequate disclosure of all instances of noncompliance, and the efforts undertaken to bring the portfolio into compliance, must be made on the monthly Treasurer's Report.

Reporting

The Treasurer shall submit a "Monthly Treasurer's Report" to the City Manager and City Council within ~~45~~ 60 days following the last day of the month to be agendized for official action at a regular Council meeting thereafter. These reports shall disclose information relevant to the risk characteristics of the City's investment portfolio and shall include the following information:

Monthly Treasurer's Report

A. Cash receipts, disbursements, and balances in total.

B. A summary of the investment portfolio.

C. An asset list showing the issuer, type of investment, par value, maturity date, and interest rate.

D. Average rate of return on the City's investment portfolio.

E. Maturity aging grouped by type of investment.

F. Diversification of the investment portfolio.

G. A listing of individual investment transactions during the month, as required by Government Code section 53607.

H. A statement of ability to meet upcoming operating expenses and spending requirements for the next six months.

I. A statement of compliance with the Investment Policy, including a schedule of any transactions or holdings which do not comply with this policy or with the California Government Code, including a justification for their presence in the portfolio, and a timetable for resolution.

Annual Report

The annual report will be prepared by the City Treasurer and submitted to the City Manager each fiscal year to ensure consistency. The annual report will include an overall analysis of the portfolio and shall suggest policies and improvements to enhance the City's investment program. These enhancements will be annually considered by City Council and the authority to amend the Policy rests with City Council.

Authorized and Suitable Investments

Investment of City funds is governed by the California Government Code Sections 53600, 53601, 53601.5, 53601.6, 53635, and 53635.5 *et seq.* Within the context of the limitations, the following investments are authorized, as further limited herein:

Matrix of Suitable Investment Options and Restrictions				
Investment Type:	Maximum Maturity:	Maximum percentage of Portfolio:	Maximum Par Value per Issuer:	Credit Quality and Requirements:
U.S. Treasury Bills, Notes and Bonds	5 Years	100 percent	N/A	Explicit Full Faith and Credit Guarantee of United States Government
Federal Agency Obligations	5 Years	60 percent	35% per agency	Implied Guarantee of the United States Government
Bankers' Acceptances (BA's)	180 Days	20 percent	5% per issuer	Domestic banks only - deemed eligible for purchase by the Federal Reserve Bank
Certificates of Deposit or Time Deposits* (CD's)	5 Years	30 percent	5% per issuer	Senior debt only from top 15 percent of peer group rated banks, savings & loans and credit unions. Defined by Section 5102 of the Financial Code.
Negotiable Certificates of Deposit	5 Years	30 percent	$250,000	Brokered CD's insured by FDIC for a maximum of $250,000 per issuer.
Local Agency Investment Fund (LAIF)	N/A	100 percent	$75,000,000 (per entity)	Treasurer will review investment policies and practices to determine if consistent with the Policy
Commercial Paper	270 Days	20 percent	5% of portfolio	Highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO)
Money Market Mutual Funds	N/A	20 percent	20% per fund (SEC Registered) ($1.00 NAV)	Highest rating from NRSRO. Must also comply with Govt. Code 53601(l) and 53601.6 (b) and the weighted average to maturity is less than 180 days.
Repurchase Agreements*	92 Days	20 percent	20%	Signed security loan agreement on file. Underlying securities maintained at 102% of original value. Reverse repurchase agreements are specifically not authorized under the Policy.
Supranational Securities	5 Years	20 percent	10 % per issuer	United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance

				Corporation, or Inter-American Development Bank; rated AA or better by two NRSROs.
Medium Term Corporate Notes	5 Years	30 percent	5% of portfolio	Rated "A-" or better by a nationally recognized rating service. Code 53601 (k).

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

Ratings and Rating Agencies

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

Investment Type:	Standard & Poor's	Moody's
Banker's Acceptances	**A1**	**P1**
Commercial Paper	**A1**	**P1**
Certificates of Deposit	**AA-**	**Aa3**
Money Market Mutual Funds	**AAA**	**Aaa**
Medium Term Corporate Notes	**A-**	**A3**
Supranational Securities	**AA**	**Aa2**
Repurchase Agreement – Provider	**AA**	**Aa**

Prohibited Investments

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 Aliso Viejo City government is to be avoided.

Collateralization

Collateral for Certificates of Deposit (CD) and Negotiated Certificates of Deposit (NCD) must comply with Government Code, Chapter 4, Bank Deposit Law Section 16500 *et seq.* and the Savings and Loan and Credit Union Deposit Law Government Code Section 16600 *et seq.* In addition, if the CD is not FDIC insured or goes over the FDIC $250,000 limit, collateral is required equal to 100 percent of principal.

Collateral for Repurchase Agreements shall be 102 percent of market value of principal and accrued interest. Collateral can be either US Treasury securities or Federal Agency securities. This will provide an addition level of security due to inevitable changes in market conditions.

Collateral will always be held by an independent third party with whom the City has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. The right of collateral substitution is granted within the parameters and constraints of this Policy.

Investment Pools

Government sponsored investment pools (Pools) are permitted under California Government Code Section 53601 *et seq.* and are an excellent short-term investment option for cash management facilities. These pools can provide safety, liquidity, and yield in a single diversified investment. However, thoughtful investigation and due diligence are required both initially at time of purchase and on an ongoing basis with analysis to determine that the investment pool is being managed in a manner consistent with the objectives of the Policy. The following guidelines include, but are not limited to:

- The Pool shall have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations, or shall be insured by a municipal insurance corporation.
- The Pool marks to market weekly at a minimum.
- The Pool provides comprehensive, timely monthly reports which include detailed transaction listings, report realized and unrealized gains and losses, provide accurate market values for each security, provide quality rating for individual securities, take delivery DVP, provide third party safekeeping of all investments, and for whom an audit is conducted annually by an independent auditor with no relationship to the Pool.

Money Market Mutual Funds

Money market mutual funds provide another safe, liquid, and diversified investment option for the City's surplus capital. However, certain conditions need to be met both initially and on an ongoing basis. The money market may only invest in US Government securities permitted under this policy and under California Government Code Section 53601 *et seq.* withfinal stated maturities of one year or less "Government Money Market Funds."

In order to be an eligible money market investment under this section, the primary objective of the money market, as stated in the funds' prospectus, is to maintain a constant $1.00 Net Asset Value (NAV). The following additional guidelines include, but are not limited to:

- The money market only invests in US Government securities, and the weighted average maturity of the portfolio is less than 180 days.

- The fund shall be registered with the SEC.
- The money market shall have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations and shall maintain these ratings for the duration of the investment.

Maturity Limits

The longer the maturity of securities, the greater the market volatility. Therefore, the maximum maturity limit for any given security in the investment portfolio shall not exceed five (5) years.

It is also important to note that specific investments, detailed under the "Authorized and Suitable Investments" section, may be restricted to a shorter maturity.

The weighted average life of the portfolio may not exceed three (3) years in duration.

At a minimum, ~~15~~ 10 percent of the portfolio shall remain liquid, accessible on demand by the City without restriction or penalty.

The investment portfolio shall be structured for liquidity purposes; therefore, ~~40~~ 35 percent of the portfolio shall mature within 365-days.

Maturities will be selected based on a sufficiently detailed cash flow projection that facilitates selecting investment maturity dates to approximately match the projected dates of budgeted expenditures. Once cash flow needs are matched, maturities are selected based on a "laddering strategy" and the shape of the yield curve.

Extensions in the maximum maturity and average weighted life of the portfolio must be supported by detailed cash flow forecasts demonstrating the adequacy of cash from maturing assets to meet one hundred twenty-five percent (125%) of monthly expenditures for each prospective quarter, ending with the current maximum including capital expenditures funded on a pay-as-you-go basis. Recommendations to extend maturities must be reviewed and approved by the City Manager and City Council.

Qualifications for Financial Institutions and Broker/Dealer's

If the City does not utilize a SEC registered external investment advisor, ~~T~~the Treasurer will maintain a list of qualified financial institutions and broker/dealers authorized to transact business with the City~~,~~ and incorporate herein ~~as stated in~~as Appendix "B".

If the City utilizes a SEC registered external investment advisor, the advisor shall maintain a list of authorized broker-dealers and complete the appropriate due diligence required by the SEC. The external investment advisor may use its own list of approved broker/dealers and financial institutions for investment purposes on behalf of the City. The investment advisor shall submit the list of approved broker/dealers to the Finance Director/City Treasurer on an annual basis. The Finance Director/City Treasurer may restrict the use of a broker/dealer which may be deemed unsuitable.

The financial entities eligible to transact investment business with the City are:

I. Federal Reserve Bank:

Direct purchase of U.S. Treasury Bills, Notes, and Bonds using primary government dealers as designated by the Federal Reserve are exempt from quality requirements and are encouraged due to commission or mark-up discounts.

II. Nationally or State Chartered Banks, Savings and Loans, and Credit Unions:

The City may purchase investments offered from Banks, Savings and Loans, and Credit Unions provided the institutions are:

- Nationally or State Chartered Institutions.
- Registered as investment securities dealers.
- Ranked in the top 15 percent of institutions within their respective peer group.
- The signatures of two individuals shall be required for the opening and closing of any bank account (the Treasurer, City Manager, Mayor, or Mayor Pro Tem). The Accounting Officer, who is independent of the investment function, shall keep a record of all opened and closed accounts. On an annual basis, the Accounting Officer shall provide a list of accounts to the independent auditor.

III. Broker/Dealers:

The City will purchase investments from primary dealers whenever possible. However, if an investment deemed appropriate for the portfolio is not available through the primary market, then the Treasurer may use an authorized broker/dealer from the pre-approved list of broker/dealers on record.

For a broker/dealer to be considered for placement on the pre-approved list, they must comply with the following:

- Primary or Regional dealers that qualify for SEC Rule 15c3-1
- Provide audited financial statements from the two most frequent years
- A statement certifying that the institution has reviewed the City's Investment Policy and California Government Code Section 53600 *et seq.* and that all securities offered to the City shall comply fully with all provisions of the Policy and the California Government Code.
- The signatures of two individuals shall be required for the opening and closing of any broker/dealer account (the Treasurer, City Manager, Mayor or Mayor Pro Tem). The Accounting Officer, who is independent of the investment function, shall keep a record of all opened and closed accounts. On an annual basis, the Accounting Officer shall provide a list of accounts to the independent auditor.
- Settlement of securities traded through qualified broker/dealers shall occur trade date plus one or two days (depending upon security type), the current industry standard. New issue securities may have longer settlements, but none shall be greater than three weeks.

  The Treasurer is responsible for ensuring that settlement occurs in a timely matter and that execution confirmations reflect accurate trade data. In addition, investment transactions are required to be Delivery v. Payment (DVP).

Diversification Guidelines and Risks

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 or the Local Agency Investment Fund (LAIF), no more than 60 percent of the investment portfolio shall be invested in any single investment type or financial institution.

Safekeeping and Custody

All security transactions, including collateral for repurchase agreements and certificates of deposit, shall be transacted on a Delivery vs. Payment (DVP) basis. This means that the securities shall be delivered to the City or the City's designated custodian upon receipt of payment by the City.

All securities that may be purchased, including collateral, shall be held by a third-party custodian designated by the Treasurer whenever possible. These securities shall be held in the City's name and control, and the third-party custodian shall be evidenced by safekeeping receipts. The third-party custodian shall send the City, on a monthly basis, a summary of safekeeping assets, and this statement shall be reconciled to the City's records on a monthly basis. Securities held in custody for the City shall be independently audited on an annual basis to verify investment holdings.

Performance Standards and Evaluation

Investment performance is continually monitored and evaluated by the City Treasurer. Investment activity reports are generated on a monthly basis for presentation to the City Manager and City Council.

The weighted average maturity of the pooled portfolio shall not exceed three years and shall be designated to attain a market average rate of return. The market average rate of return will be determined by a custom benchmark that represents the prominent and persistent characteristicsof the portfolio.

An annual audit of the City's Investment Policy, practices, procedures, and portfolio status will be conducted by an independent auditor of all items including, but not limited to, items specified in the Audit Checklist provided in the City's Procedure Manual. The auditor will provide the City Manager and City Council with written observations and recommendations regarding the adequacy of investment controls.

Qualifications and Continuing Education

The City Treasurer shall be a City employee or contract employee. The Treasurer shall be selected on the basis of educational background and experience relevant to the Treasury function.

The City recognizes the need for and is committed to providing ongoing education specific to the investment function for the Treasurer and other City staff and officials involved in the investment process.

GLOSSARY OF TERMS

Accrued Interest - Interest earned but not yet received.

Active Deposits - Funds which are immediately required for disbursement.

Agencies - Federal agency securities and/or Government-sponsored enterprises.

Amortization - An accounting practice of gradually decreasing (increasing) an asset's book value by spreading its depreciation (accretion) over a period of time.

Asking Price - The price a broker/dealer offers to sell securities. See Offer

Bankers' Acceptance (BA) - A "draft" or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

Basis Point - One basis point is one hundredth of one percent (.01).

Bear Market - A period of generally pessimistic attitudes and declining market prices.

Bid - The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

Bond - A financial obligation for which the issuer promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

Book Value - The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or plus accretion of discount.

Broker - A broker brings buyers and sellers together for a commission.

Bull Market - A period of generally optimistic attitudes and increasing market prices.

Callables - Securities that the issuer has the right to redeem prior to maturity.

Certificate of Deposit - A time deposit with a specific maturity, evidenced by a certificate. Large-denomination CD's are typically negotiable. CD's may be eligible for FDIC insurance.

Collateral - Securities, evidence of deposit, or pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposit of public moneys.

Commercial Paper - Short-term, unsecured promissory notes issued by a corporation to raise working capital. These negotiable instruments are purchased at a discount to par value or at par value with interest bearing.

Comprehensive Annual Financial Report (CAFR) - The official annual financial report for the City. It includes government-wide and fund financial statements prepared in conformity with Generally Accepted Accounting Principals (GAAP).

Constant Maturity Treasury (CMT) - An average yield of a specific Treasury maturity sector for a specific time frame, or an index of the average yield on United States Treasury securities adjusted to a constant maturity. This is a market index for reference of past direction of interest rates for the given Treasury maturity range.

Coupon - The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

Credit Analysis - A critical review and appraisal of the economic and financial conditions or of the ability to meet debt obligations.

GLOSSARY OF TERMS (continued)

Current Yield - The interest paid on an investment expressed as a percentage of the current price of the security.

Custody - A banking service that provides safekeeping for the individual securities in a customer's investment portfolio under a written agreement which also calls for the bank to collect and pay out income, to buy, sell, receive, and deliver securities when ordered to do so by the principal.

Debenture - A bond secured only by the general credit of the issuer.

Delivery v. Payment (DVP) - Delivery of securities with a simultaneous exchange of payment for the securities.

Demand Deposit Account - Accounts whose balance is available to meet immediate cash needs (maturities up to 7 days).

Derivatives - (1) Financial instruments whose return profile is linked to, or derived from, the security and may include a leveraging factor, or (2) financial contracts based upon notional amount whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities, or commodities).

Discount - The difference between the cost of a security and its value at maturity when quoted at lower than face value.

Discount Securities - Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U. S. Treasury Bills.

Diversification - Dividing investment funds among a variety of securities offering independent return and risk profiles.

Duration - The weighted average maturity of a bond's cash flow stream, where the present value of the cash flows serves as the weights; the future point in time at which, on average, an investor has received exactly half of the original investment in present value terms; a bond's zero-coupon equivalent; the fulcrum of a bond's present value cash flow time line.

Fannie Mae - Trade name for the Federal National Mortgage Association (FNMA).

Federal Credit Agencies - Agencies of the Federal Government set up to supply credit to various classes of institutions and individuals, e.g., Savings and Loans, small business firms, students, farmers, farm cooperatives, and exporters.

Federal Deposit Insurance Corporation (FDIC) - Insurance provided to customers of a subscribing bank, which guarantees deposits to a set limit (currently $100,000) per account.

Federal Funds Rate - The rate of interest at which Federal funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

Federal Home Loan Banks (FHLB) – Government-sponsored wholesale banks which lend funds and provide correspondent banking services to member commercial banks, thrifty institutions, credit unions, and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

GLOSSARY OF TERMS (continued)

Federal Home Loan Mortgage Corporation (FHLMC) - The FHLMC was created under the Federal Home Loan Mortgage Act, Title III of the Emergency Home Finance Act of 1970 as a stockholder-owned government-sponsored enterprise. Freddie Mac, as the corporation is called, is charged with providing stability and assistance to the secondary home mortgage market by buying first mortgages and participation interests and reselling these securities in the form of guaranteed mortgage securities. Although agency obligations are not explicitly guaranteed by the federal government, the rating agencies believe that in the unlikely event of financial difficulties, the federal government will support the agency to the extent necessary to provide for full and timely payment on their securities.

Federal National Mortgage Association (FNMA) - FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

Federal Open Market Committee (FOMC) - Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

Federal Reserve System - The central bank of the U. S. which consists of a seven-member Board of Governors, 12 regional banks, and 5,700 commercial banks that are members.

Fed Wire - A wire transmission service established by the Federal Reserve Bank to facilitate the transfer of funds through debits and credits of funds between participants within the Fed system.

Freddie Mac - Trade name for the Federal Home Loan Mortgage Corporation (FHLMC).

Ginnie Mae - Trade name for the Government National Mortgage Association (GNMA).

Government National Mortgage Association (GNMA) - Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by the full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA, or FmHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

Inactive Deposits - Funds not immediately needed for disbursements.

Interest Rate - The annual yield earned on an investment, expressed as a percentage.

Investment Agreements - An agreement with a financial institution to borrow public funds subject to certain negotiated terms and conditions concerning collateral, liquidity, and interest rates.

GLOSSARY OF TERMS (continued)

LAIF (Local Agency Investment Fund) - 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 balance of $75,000,000 for any agency. It offers high liquidity because deposits can be converted to cash in 24 hours and no interest is lost. All interest is distributed to those agencies participating on a proportionate share basis determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly. California Government Code §16429.3 states, in part:

> "money placed with the State Treasurer for deposit in the Local Agency Investment Fund by cities, counties, or special districts shall not be subject to impoundment or seizure by any state official or state agency."

Liquidity - Refers to the ability to rapidly convert an investment into cash with minimal risk of losing some portion of principal and/or interest.

Local Government Investment Pool (LGIP) - The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

Market Value - The price at which a security is trading and could presumably be purchased or sold.

Master Repurchase Agreement - A written contract covering all future transactions between the parties to repurchase and/or reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

Maturity - The date upon which the principal or stated value of an investment becomes due and payable.

Medium Term Corporate Notes - 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 can be defined as extended maturity commercial paper. Local agencies are restricted by the Government Code to investments in corporations rated in the top three note categories by Moody's Investors Service, Inc., and/or Standard and Poor's Corporation. For medium term notes, eligible purchases consist of instruments that have a rating of "A" or better by both Moody's Investors Service, Inc., and Standard and Poor's Corporation.

Money Market - The market in which short-term debt instruments (bills, commercial paper, banker's acceptances, etc.) are issued and traded.

Negotiable Certificates of Deposit - Unsecured obligations of the financial institution, or bank, 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 would be considered for investment.

GLOSSARY OF TERMS (continued)

NRSRO - Nationally recognized statistical-rating organization

New Issue - Term used when a security is originally "brought" to market.

Offer - The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asking Price and Bid.

Open Market Operations - Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserve into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

Paper Gain or Loss - Term used for unrealized gain or loss on securities being held in a portfolio based on comparison of current market quotes and their original cost. This situation exists as long as the security is held while there is a difference between cost value (book value) and the market value.

Perfected Delivery - Refers to an investment where the actual security or collateral is held by an independent third party representing the purchasing entity.

Portfolio - Collection of securities held by an investor.

Primary Dealer - A group of government securities dealers that submit daily reports of market activity and security positions held to the Federal Reserve Bank of New York and are subject to its informal oversight.

Prudent Person Rule - An investment standard. In some states, the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state - the so-called legal list. In other states, the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

Purchase Date - The date in which a security is purchased for settlement on that or a later date.

Qualified Public Depositories - A financial institution that does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less approved by the Public Deposit Protection Commission to hold public deposits.

Rate of Return - The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Repurchase Agreement (RP or REPO) - A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money, or increasing bank reserves.

GLOSSARY OF TERMS (continued)

Reverse Repurchase Agreement (Reverse REPO) - A transaction where the seller (City) agrees to buy back from the buyer (bank) the securities at an agreed upon price after a stated period of time.

Risk - Degree of uncertainty of return on an asset.

Safekeeping - See Custody.

Secondary Market - A market made for the purchase and sale of outstanding issues following the initial distribution.

Securities and Exchange Commission - Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC Rule 15(C)3-1 - See Uniform Net Capital Rule.

Settlement Date - The date on which a trade is cleared by delivery of securities against funds.

Spread - a) The yield or price difference between the bid and offer on an issue; b) the yield or price difference between different issues.

Structured Notes - Notes issued by government-sponsored enterprises (FHLB, FNMA, etc.) and corporations that have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) in their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options, and shifts in the shape of the yield curve.

Supranational - A supranational entity is formed by two or more central governments with the purpose of promoting economic development for the member countries. Supranational institutions finance their activities by issuing debt, such as supranational bonds. The three U.S. based supranationals are International Bank for Reconstruction and Development, the International Finance Corporation, and the Inter-American Development Bank.

Swap - The sale of one issue and the simultaneous purchase of another for some perceived advantage.

Treasury Bills - A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

Treasury Bonds - Long-term coupon-bearing U. S. Treasury securities issued as direct obligations of the U. S. Government and having initial maturities of more than ten years.

Treasury Notes - Medium-term coupon-bearing U. S. Treasury securities issued as direct obligations of the U. S. Government and having initial maturities from two to ten years.

Uniform Net Capital Rule - Securities and Exchange Commission requirement that member firms, as well as nonmember broker-dealers in securities, maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

U.S. Government Agencies - Instruments issued by various U.S. Government Agencies, most of which are secured only by the credit worthiness of the particular agency.

Yield - The rate of annual income return on an investment, expressed as a percentage. It is obtained by dividing the current dollar income by the current market price of the security.

Yield to Maturity - The rate of income return on an investment, minus any premium or plus any discount, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond, expressed as a percentage.

QUALIFIED BROKER/DEALERS

The City uses a SEC registered external investment advisor and does not currently have a list of internal Qualified Broker/Dealers. ~~has qualified the following Broker/Dealer's:~~

- ~~Cantella & Co. Inc~~
- ~~Great Pacific Securities~~
- ~~Higgins Capital~~
- ~~Morgan Stanley~~
- ~~Multi-Bank Securities, Inc~~
- ~~Mutual Securities, Inc~~
- ~~Raymond James & Associates, Inc.~~
- ~~Time Value Investments~~
- ~~UBS Financial Services, Inc~~
- ~~Wedbush Securities~~

ADMINISTRATIVE POLICY

Investment Guidelines, Strategy, and Internal Control

RESOLUTION NO. 2024-23

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ALISO VIEJO, CALIFORNIA, REPEALING RESOLUTION NO. 2023-21, AND ADOPTING AN INVESTMENT POLICY FOR FISCAL YEAR 2024-25

WHEREAS, Government Code Section 53600 et seq. sets forth the State of California's policy with regard to the importance of the solvency and creditworthiness of each individual local agency and the protection thereof; and

WHEREAS, the City of Aliso Viejo is a local agency subject to the provisions of Government Code Section 53600 et seq.; and

WHEREAS, Government Code Section 53646 requires local agencies, such as the City of Aliso Viejo to consider annually a statement of investment policy, after review and consideration at a public meeting; and

WHEREAS, at a regular public meeting of the City Council the Council considered a statement of investment policy for the City, entitled *City of Aliso Viejo Statement of Investment Policy for Fiscal Year 2024-25* attached hereto as Exhibit "A" and incorporated herein;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ALISO VIEJO AS FOLLOWS:

Section 1. The statement of investment attached hereto as Exhibit "A" entitled *City of Aliso Viejo Statement of Investment Policy for Fiscal Year 2024-25* is adopted as the City's Investment Policy.

Section 2. Resolution No. 2023-21 is hereby repealed

Section 3. This Resolution shall be effective July 1, 2024.

Section 4. The City Clerk shall certify as to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this 17th day of July, 2024.

Mike Munzing
Mayor

APPROVED AS TO FORM:

Scott C. Smith, City Attorney

ATTEST:

Lauren Torres, Deputy City Clerk

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF ALISO VIEJO)

I, LAUREN TORRES, Deputy City Clerk of the City of Aliso Viejo, California, DO HEREBY CERTIFY that the foregoing is the original of Resolution No. 2024-23 duly passed and adopted by the City Council of the City of Aliso Viejo at their regular meeting held on the 17th day of July, 2024, by the following roll call vote, to wit:

AYES: Mayor Munzing, Mayor Pro Tem Ackley, Councilmembers Chun, Duncan and Hurt

NOES: None

ABSENT: None

LAUREN TORRES
DEPUTY CITY CLERK

(SEAL)

EXHIBIT "A"

CITY OF ALISO VIEJO
STATEMENT OF INVESTMENT POLICY
FOR FISCAL YEAR 2024-25

AS ADOPTED July 17, 2024

CITY COUNCIL

Mayor Mike Munzing
Mayor Pro Tem Tiffany Ackley
Council Member Ross Chun
Council Member Max Duncan
Council Member Richard Hurt

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APPENDIX A: Glossary of Terms

APPENDIX B: Qualified Broker/Dealers

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Statement of Investment Policy

This Statement of Investment Policy ("Policy"), as set forth by the City of Aliso Viejo ("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.

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.

Credit Risk

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.

Interest Rate Risk

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. **Return or Yield** – attain a rate of return consistent with the primary objectives of safety and liquidity, throughout budgetary and economic cycles.

Scope of Funds

The investment policy applies to all financial assets and investment activities of the City, except for proceeds of debt issuance. Debt proceeds shall be invested in accordance with the "Permitted Investments" provisions for each specific bond indenture.

The Policy applies to the following funds and is accounted for in the City's annual audited financial statements.

A. General Fund
B. Special Revenue Funds
C. Debt Service Funds
D. Capital Improvement Funds
E. Enterprise Funds
F. Internal Service Funds
G. Agency Funds

Prudent Investor Standard

The standard to be used by investment officials shall be that of a "prudent person" and shall be applied in the context of managing all aspects of the City's investment portfolio

The Prudent Investor Standard:

Governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of sections 16429.1 and 53600 through 53684 of the California Government Code and considering individual investments as a part of an overall strategy, a trustee is authorized to acquire investments as authorized by law.

Investment Philosophy

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 such that investments are purchased to generally match expected future cash outflows and 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.

Delegation of Authority

The City's Resolution No. 2003-018 appoints the Director of Financial Services to also serve as City Treasurer. The Treasurer, or his or her designee, has the authority to manage the City's investment portfolio in accordance with California Government Code Sections 53600 and 53630 *et seq.* and all related State and Federal laws.

The Treasurer will provide prior written notification to the City Manager and City Council regarding the designation of responsibilities.

The Treasurer shall establish written procedures for the operation and management of the City's investment portfolio consistent with this investment policy. The procedures should include reference to safekeeping, repurchase agreements, wire transfer agreements, banking service contracts, collateral or depository agreements, competitive bid process, and due diligence. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction, except as provided under the terms of this policy and the investment procedures established by the Treasurer and approved by the City Manager.

The City may also engage Securities and Exchange Commission registered external investment advisor to manage the City's investment program.

Public Trust

All participants in the investment process shall act as custodians of public funds. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of public trust. In a diversified portfolio, it must be recognized that occasional measured losses are inevitable and must be considered in the context of the overall portfolio's investment return, provided that adequate diversification has been implemented.

Ethics and Conflicts of Interest

Elected officials and employees of the City 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 decisions under the Political Reform Act and Government Code Section 1090 *et seq.* Elected officials and employees shall disclose to the City Manager any material interests in financial institutions that conduct business with the City, and they shall further disclose any personal investment position or financial asset that could be related to the performance of the City's investment program. Elected officials and employees shall subordinate their personal investment transactions to those of the City particularly with regard to the time of purchases and sales.

Any firm proposing to provide any type of investment service to the City shall acknowledge their familiarity with the provisions of the Political Reform Act, Government Code Section 81000 *et seq.* and CA Code of Regulations 18110 *et seq.* and the provisions limiting contractual conflicts of interest under Government Code Section 1090 *et seq.* Any firm proposing to provide any type of investment service to the City shall also acknowledge their familiarity with and agree to abide by any Federal or State law, regulation, rule, or policy pertaining to or limiting campaign contributions by such firms, their employees, spouses, or agents.

All persons, firms, broker/dealers, financial institutions, and advisors providing investment services or bond issue assistance shall disclose to the City Manager and the Treasurer all fee sharing, fee-splitting, and commission arrangements with other entities or persons prior to the City agreeing to buy an investment or issue bonds.

Internal Investment Controls

The Treasurer will implement and maintain a system of internal investment controls and segregate responsibilities of investment functions in order to prevent fraud, theft, loss of principal, loss of control over funds, inaccurate reporting, and negligence.

The Treasurer will assign designee(s) to assist in carrying out these functions and will establish an Oversight Reviewer function that may be carried out by a designated member of staff, independent individuals, or independent expert contractor to perform specified tasks.

In addition to the specified requirements placed on investment types, quality, maturity, and diversification, further controls will include:

- **Safekeeping of Securities**

  To protect against losses caused by the collapse of individual securities dealers, all securities owned by the City are required to be held by a third-party safekeeping institution. Third-party safekeeping institutions may not act as custodians for any securities which that institution has issued or sold to the City.

  Collateral must be held at safekeeping, as defined in the Safekeeping and Custody section of the Policy.

  Payment procedures for all securities transactions will be Delivery v. Payment (DVP)

- **Competitive Bidding of Investments**

  The City's investment procedures require that approved broker/dealers compete for investment purchases and sales in order for the City to obtain the highest yield available in the market and to ensure that investment transactions are free from favoritism.

  Qualified Bids will be required for purchase of all investment transactions. The Treasurer shall select the best bid and is required to keep a record of each investment transaction. The Treasurer will rotate the purchase of investments among the pool of qualified broker/dealers.

  If the City utilizes an external investment advisor, the advisor shall send its approved list of broker/dealers to the City annually and follow its policies and procedures for competitive bidding.

- **Annual Management Review and Audit**

  An annual audit of the City's Investment Policy, practices, procedures, and portfolio status will be conducted by an independent auditor of all items including, but not limited to, items specified in the Audit Checklist provided in the City's Procedure Manual. The auditor will provide the City with written observations and recommendations regarding the adequacy of investment controls.

- **Segregated Investment Execution, Recordkeeping and Reporting**

  An independent member of City staff will record the Treasurer's investment records or confirmations to the City's general ledger. In addition, independent staff will

perform the monthly reconciliation of bank, broker/dealer, and safekeeping confirmations.

- **Secondary Approval Required**

  The City Manager will review and approve the establishment of investment accounts, broker/dealer, and financial institution relationships and any agreements or contracts related to investments or investment related activity.

- **Wire Transfer Controls**

  All City wire transfers will be executed in accordance with a written agreement specifying control procedures required for wire transfers of funds, including the establishment of repetitive wires to pay for securities transactions with approved securities dealers as well as any other routine money transfers. All other non-repetitive wires require City Manager approval prior to release.

Investment Policy Adoption

The City Council's primary responsibilities over the investment function includes establishing investment policies, annually reviewing such policies, appointing a City Treasurer, reviewing monthly investment reports issued by the Treasurer, authorizing bond documents and financing transactions, and adopting recommended changes to the City's Investment Policy as necessary.

The City's investment policy shall be adopted by resolution of the City Council. The policy shall be reviewed annually by the City Council and any modifications made thereto must be approved the City Council.

Indemnification of Investment Officials

Any investment officer exercising his/her authority with due diligence, prudence, and care and in accordance with the Investment Policy and all written procedures shall be relieved of personal responsibility and liability for an individual security's losses or losses incurred by the portfolio. However, any investment officer also bears the responsibility of reporting deviations from expectations in a timely manner to City Council and appropriate action is taken to control adverse developments and mitigate loss of principal.

Investment Portfolio Compliance

Should the portfolio, for any reason, fall out of compliance with this Investment Policy, immediate liquidation of securities in order to bring the portfolio back into compliance will not be required. However, the Treasurer must take action to bring the portfolio into compliance within 12 months from the date the portfolio was determined to be in non-compliance with the provisions of this Investment Policy. Additionally, adequate disclosure of all instances of noncompliance, and the efforts undertaken to bring the portfolio into compliance, must be made on the monthly Treasurer's Report.

Reporting

The Treasurer shall submit a "Monthly Treasurer's Report" to the City Manager and City Council within 45 days following the last day of the month to be agendized for official action at a regular Council meeting thereafter. These reports shall disclose information relevant to the risk characteristics of the City's investment portfolio and shall include the following information:

Monthly Treasurer's Report

A. Cash receipts, disbursements, and balances in total.

B. A summary of the investment portfolio.

C. An asset list showing the issuer, type of investment, par value, maturity date, and interest rate.

D. Average rate of return on the City's investment portfolio.

E. Maturity aging grouped by type of investment.

F. Diversification of the investment portfolio.

G. A listing of individual investment transactions during the month, as required by Government Code section 53607.

H. A statement of ability to meet upcoming operating expenses and spending requirements for the next six months.

I. A statement of compliance with the Investment Policy, including a schedule of any transactions or holdings which do not comply with this policy or with the California Government Code, including a justification for their presence in the portfolio, and a timetable for resolution.

Annual Report

The annual report will be prepared by the City Treasurer and submitted to the City Manager each fiscal year to ensure consistency. The annual report will include an overall analysis of the portfolio and shall suggest policies and improvements to enhance the City's investment program. These enhancements will be annually considered by City Council and the authority to amend the Policy rests with City Council.

Authorized and Suitable Investments

Investment of City funds is governed by the California Government Code Sections 53600, 53601, 53601.5, 53601.6, 53635, and 53635.5 *et seq.* Within the context of the limitations, the following investments are authorized, as further limited herein:

Matrix of Suitable Investment Options and Restrictions				
Investment Type:	Maximum Maturity:	Maximum percentage of Portfolio:	Maximum Par Value per Issuer:	Credit Quality and Requirements:
U.S. Treasury Bills, Notes and Bonds	5 Years	100 percent	N/A	Explicit Full Faith and Credit Guarantee of United States Government
Federal Agency Obligations	5 Years	60 percent	35% per agency	Implied Guarantee of the United States Government
Bankers' Acceptances (BA's)	180 Days	20 percent	5% per issuer	Domestic banks only - deemed eligible for purchase by the Federal Reserve Bank
Certificates of Deposit or Time Deposits* (CD's)	5 Years	30 percent	5% per issuer	Senior debt only from top 15 percent of peer group rated banks, savings & loans and credit unions. Defined by Section 5102 of the Financial Code.
Negotiable Certificates of Deposit	5 Years	30 percent	$250,000	Brokered CD's insured by FDIC for a maximum of $250,000 per issuer.
Local Agency Investment Fund (LAIF)	N/A	100 percent	$75,000,000 (per entity)	Treasurer will review investment policies and practices to determine if consistent with the Policy
Commercial Paper	270 Days	20 percent	5% of portfolio	Highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO)
Money Market Mutual Funds	N/A	20 percent	20% per fund (SEC Registered) ($1.00 NAV)	Highest rating from NRSRO. Must also comply with Govt. Code 53601(l) and 53601.6 (b) and the weighted average to maturity is less than 180 days.
Repurchase Agreements*	92 Days	20 percent	20%	Signed security loan agreement on file. Underlying securities maintained at 102% of original value. Reverse repurchase agreements are specifically not authorized under the Policy.
Supranational Securities	5 Years	20 percent	10 % per issuer	United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance

				Corporation, or Inter-American Development Bank; rated AA or better by two NRSROs.
Medium Term Corporate Notes	5 Years	30 percent	5% of portfolio	Rated "A-" or better by a nationally recognized rating service. Code 53601 (k).

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

Ratings and Rating Agencies

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

Investment Type:	Standard & Poor's	Moody's
Banker's Acceptances	**A1**	**P1**
Commercial Paper	**A1**	**P1**
Certificates of Deposit	**AA-**	**Aa3**
Money Market Mutual Funds	**AAA**	**Aaa**
Medium Term Corporate Notes	**A-**	**A3**
Supranational Securities	**AA**	**Aa2**
Repurchase Agreement – Provider	**AA**	**Aa**

Prohibited Investments

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 Aliso Viejo City government is to be avoided.

Collateralization

Collateral for Certificates of Deposit (CD) and Negotiated Certificates of Deposit (NCD) must comply with Government Code, Chapter 4, Bank Deposit Law Section 16500 *et seq.* and the Savings and Loan and Credit Union Deposit Law Government Code Section 16600 *et seq.* In addition, if the CD is not FDIC insured or goes over the FDIC $250,000 limit, collateral is required equal to 100 percent of principal.

Collateral for Repurchase Agreements shall be 102 percent of market value of principal and accrued interest. Collateral can be either US Treasury securities or Federal Agency securities. This will provide an addition level of security due to inevitable changes in market conditions.

Collateral will always be held by an independent third party with whom the City has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. The right of collateral substitution is granted within the parameters and constraints of this Policy.

Investment Pools

Government sponsored investment pools (Pools) are permitted under California Government Code Section 53601 *et seq.* and are an excellent short-term investment option for cash management facilities. These pools can provide safety, liquidity, and yield in a single diversified investment. However, thoughtful investigation and due diligence are required both initially at time of purchase and on an ongoing basis with analysis to determine that the investment pool is being managed in a manner consistent with the objectives of the Policy. The following guidelines include, but are not limited to:

- The Pool shall have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations, or shall be insured by a municipal insurance corporation.
- The Pool marks to market weekly at a minimum.
- The Pool provides comprehensive, timely monthly reports which include detailed transaction listings, report realized and unrealized gains and losses, provide accurate market values for each security, provide quality rating for individual securities, take delivery DVP, provide third party safekeeping of all investments, and for whom an audit is conducted annually by an independent auditor with no relationship to the Pool.

Money Market Mutual Funds

Money market mutual funds provide another safe, liquid, and diversified investment option for the City's surplus capital. However, certain conditions need to be met both initially and on an ongoing basis. The money market may only invest in US Government securities permitted under this policy and under California Government Code Section 53601 *et seq.* withfinal stated maturities of one year or less "Government Money Market Funds."

In order to be an eligible money market investment under this section, the primary objective of the money market, as stated in the funds' prospectus, is to maintain a constant $1.00 Net Asset Value (NAV). The following additional guidelines include, but are not limited to:

- The money market only invests in US Government securities, and the weighted average maturity of the portfolio is less than 180 days.

- The fund shall be registered with the SEC.
- The money market shall have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations and shall maintain these ratings for the duration of the investment.

Maturity Limits

The longer the maturity of securities, the greater the market volatility. Therefore, the maximum maturity limit for any given security in the investment portfolio shall not exceed five (5) years.

It is also important to note that specific investments, detailed under the "Authorized and Suitable Investments" section, may be restricted to a shorter maturity.

The weighted average life of the portfolio may not exceed three (3) years in duration.

At a minimum, 15 percent of the portfolio shall remain liquid, accessible on demand by the City without restriction or penalty.

The investment portfolio shall be structured for liquidity purposes; therefore, 40 percent of the portfolio shall mature within 365-days.

Maturities will be selected based on a sufficiently detailed cash flow projection that facilitates selecting investment maturity dates to approximately match the projected dates of budgeted expenditures. Once cash flow needs are matched, maturities are selected based on a "laddering strategy" and the shape of the yield curve.

Extensions in the maximum maturity and average weighted life of the portfolio must be supported by detailed cash flow forecasts demonstrating the adequacy of cash from maturing assets to meet one hundred twenty-five percent (125%) of monthly expenditures for each prospective quarter, ending with the current maximum including capital expenditures funded on a pay-as-you-go basis. Recommendations to extend maturities must be reviewed and approved by the City Manager and City Council.

Qualifications for Financial Institutions and Broker/Dealer's

The Treasurer will maintain a list of qualified financial institutions and broker/dealers authorized to transact business with the City, as stated in Appendix "B".

If the City utilizes a SEC registered external investment advisor, the advisor shall maintain a list of authorized broker-dealers and complete the appropriate due diligence required by the SEC. The external investment advisor may use its own list of approved broker/dealers and financial institutions for investment purposes on behalf of the City. The investment advisor shall submit the list of approved broker/dealers to the Finance Director/City Treasurer on an annual basis. The Finance Director/City Treasurer may restrict the use of a broker/dealer which may be deemed unsuitable.

The financial entities eligible to transact investment business with the City are:

I. Federal Reserve Bank:

Direct purchase of U.S. Treasury Bills, Notes, and Bonds using primary government dealers as designated by the Federal Reserve are exempt from quality requirements and are encouraged due to commission or mark-up discounts.

II. Nationally or State Chartered Banks, Savings and Loans, and Credit Unions:

The City may purchase investments offered from Banks, Savings and Loans, and Credit

Unions provided the institutions are:

- Nationally or State Chartered Institutions.
- Registered as investment securities dealers.
- Ranked in the top 15 percent of institutions within their respective peer group.
- The signatures of two individuals shall be required for the opening and closing of any bank account (the Treasurer, City Manager, Mayor, or Mayor Pro Tem). The Accounting Officer, who is independent of the investment function, shall keep a record of all opened and closed accounts. On an annual basis, the Accounting Officer shall provide a list of accounts to the independent auditor.

III. Broker/Dealers:

The City will purchase investments from primary dealers whenever possible. However, if an investment deemed appropriate for the portfolio is not available through the primary market, then the Treasurer may use an authorized broker/dealer from the pre-approved list of broker/dealers on record.

For a broker/dealer to be considered for placement on the pre-approved list, they must comply with the following:

- Primary or Regional dealers that qualify for SEC Rule 15c3-1
- Provide audited financial statements from the two most frequent years
- A statement certifying that the institution has reviewed the City's Investment Policy and California Government Code Section 53600 *et seq.* and that all securities offered to the City shall comply fully with all provisions of the Policy and the California Government Code.
- The signatures of two individuals shall be required for the opening and closing of any broker/dealer account (the Treasurer, City Manager, Mayor or Mayor Pro Tem). The Accounting Officer, who is independent of the investment function, shall keep a record of all opened and closed accounts. On an annual basis, the Accounting Officer shall provide a list of accounts to the independent auditor.
- Settlement of securities traded through qualified broker/dealers shall occur trade date plus one or two days (depending upon security type), the current industry standard. New issue securities may have longer settlements, but none shall be greater than three weeks.

  The Treasurer is responsible for ensuring that settlement occurs in a timely matter and that execution confirmations reflect accurate trade data. In addition, investment transactions are required to be Delivery v. Payment (DVP).

Diversification Guidelines and Risks

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 or the Local Agency Investment Fund (LAIF), no more than 60 percent of the investment portfolio shall be invested in any single investment type or financial institution.

Safekeeping and Custody

All security transactions, including collateral for repurchase agreements and certificates of deposit, shall be transacted on a Delivery vs. Payment (DVP) basis. This means that the securities shall be delivered to the City or the City's designated custodian upon receipt of payment by the City.

All securities that may be purchased, including collateral, shall be held by a third-party custodian designated by the Treasurer whenever possible. These securities shall be held in the City's name and control, and the third-party custodian shall be evidenced by safekeeping receipts. The third-party custodian shall send the City, on a monthly basis, a summary of safekeeping assets, and this statement shall be reconciled to the City's records on a monthly basis. Securities held in custody for the City shall be independently audited on an annual basis to verify investment holdings.

Performance Standards and Evaluation

Investment performance is continually monitored and evaluated by the City Treasurer. Investment activity reports are generated on a monthly basis for presentation to the City Manager and City Council.

The weighted average maturity of the pooled portfolio shall not exceed three years and shall be designated to attain a market average rate of return. The market average rate of return will be determined by a custom benchmark that represents the prominent and persistent characteristicsof the portfolio.

An annual audit of the City's Investment Policy, practices, procedures, and portfolio status will be conducted by an independent auditor of all items including, but not limited to, items specified in the Audit Checklist provided in the City's Procedure Manual. The auditor will provide the City Manager and City Council with written observations and recommendations regarding the adequacy of investment controls.

Qualifications and Continuing Education

The City Treasurer shall be a City employee or contract employee. The Treasurer shall be selected on the basis of educational background and experience relevant to the Treasury function.

The City recognizes the need for and is committed to providing ongoing education specific to the investment function for the Treasurer and other City staff and officials involved in the investment process.

GLOSSARY OF TERMS

Accrued Interest - Interest earned but not yet received.

Active Deposits - Funds which are immediately required for disbursement.

Agencies - Federal agency securities and/or Government-sponsored enterprises.

Amortization - An accounting practice of gradually decreasing (increasing) an asset's book value by spreading its depreciation (accretion) over a period of time.

Asking Price - The price a broker/dealer offers to sell securities. See Offer

Bankers' Acceptance (BA) - A "draft" or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

Basis Point - One basis point is one hundredth of one percent (.01).

Bear Market - A period of generally pessimistic attitudes and declining market prices.

Bid - The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

Bond - A financial obligation for which the issuer promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

Book Value - The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or plus accretion of discount.

Broker - A broker brings buyers and sellers together for a commission.

Bull Market - A period of generally optimistic attitudes and increasing market prices.

Callables - Securities that the issuer has the right to redeem prior to maturity.

Certificate of Deposit - A time deposit with a specific maturity, evidenced by a certificate. Large-denomination CD's are typically negotiable. CD's may be eligible for FDIC insurance.

Collateral - Securities, evidence of deposit, or pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposit of public moneys.

Commercial Paper - Short-term, unsecured promissory notes issued by a corporation to raise working capital. These negotiable instruments are purchased at a discount to par value or at par value with interest bearing.

Comprehensive Annual Financial Report (CAFR) - The official annual financial report for the City. It includes government-wide and fund financial statements prepared in conformity with Generally Accepted Accounting Principals (GAAP).

Constant Maturity Treasury (CMT) - An average yield of a specific Treasury maturity sector for a specific time frame, or an index of the average yield on United States Treasury securities adjusted to a constant maturity. This is a market index for reference of past direction of interest rates for the given Treasury maturity range.

Coupon - The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

Credit Analysis - A critical review and appraisal of the economic and financial conditions or of the ability to meet debt obligations.

GLOSSARY OF TERMS (continued)

Current Yield - The interest paid on an investment expressed as a percentage of the current price of the security.

Custody - A banking service that provides safekeeping for the individual securities in a customer's investment portfolio under a written agreement which also calls for the bank to collect and pay out income, to buy, sell, receive, and deliver securities when ordered to do so by the principal.

Debenture - A bond secured only by the general credit of the issuer.

Delivery v. Payment (DVP) - Delivery of securities with a simultaneous exchange of payment for the securities.

Demand Deposit Account - Accounts whose balance is available to meet immediate cash needs (maturities up to 7 days).

Derivatives - (1) Financial instruments whose return profile is linked to, or derived from, the security and may include a leveraging factor, or (2) financial contracts based upon notional amount whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities, or commodities).

Discount - The difference between the cost of a security and its value at maturity when quoted at lower than face value.

Discount Securities - Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U. S. Treasury Bills.

Diversification - Dividing investment funds among a variety of securities offering independent return and risk profiles.

Duration - The weighted average maturity of a bond's cash flow stream, where the present value of the cash flows serves as the weights; the future point in time at which, on average, an investor has received exactly half of the original investment in present value terms; a bond's zero-coupon equivalent; the fulcrum of a bond's present value cash flow time line.

Fannie Mae - Trade name for the Federal National Mortgage Association (FNMA).

Federal Credit Agencies - Agencies of the Federal Government set up to supply credit to various classes of institutions and individuals, e.g., Savings and Loans, small business firms, students, farmers, farm cooperatives, and exporters.

Federal Deposit Insurance Corporation (FDIC) - Insurance provided to customers of a subscribing bank, which guarantees deposits to a set limit (currently $100,000) per account.

Federal Funds Rate - The rate of interest at which Federal funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

Federal Home Loan Banks (FHLB) – Government-sponsored wholesale banks which lend funds and provide correspondent banking services to member commercial banks, thrifty institutions, credit unions, and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

GLOSSARY OF TERMS (continued)

Federal Home Loan Mortgage Corporation (FHLMC) - The FHLMC was created under the Federal Home Loan Mortgage Act, Title III of the Emergency Home Finance Act of 1970 as a stockholder-owned government-sponsored enterprise. Freddie Mac, as the corporation is called, is charged with providing stability and assistance to the secondary home mortgage market by buying first mortgages and participation interests and reselling these securities in the form of guaranteed mortgage securities. Although agency obligations are not explicitly guaranteed by the federal government, the rating agencies believe that in the unlikely event of financial difficulties, the federal government will support the agency to the extent necessary to provide for full and timely payment on their securities.

Federal National Mortgage Association (FNMA) - FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

Federal Open Market Committee (FOMC) - Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

Federal Reserve System - The central bank of the U. S. which consists of a seven-member Board of Governors, 12 regional banks, and 5,700 commercial banks that are members.

Fed Wire - A wire transmission service established by the Federal Reserve Bank to facilitate the transfer of funds through debits and credits of funds between participants within the Fed system.

Freddie Mac - Trade name for the Federal Home Loan Mortgage Corporation (FHLMC).

Ginnie Mae - Trade name for the Government National Mortgage Association (GNMA).

Government National Mortgage Association (GNMA) - Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by the full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA, or FmHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

Inactive Deposits - Funds not immediately needed for disbursements.

Interest Rate - The annual yield earned on an investment, expressed as a percentage.

Investment Agreements - An agreement with a financial institution to borrow public funds subject to certain negotiated terms and conditions concerning collateral, liquidity, and interest rates.

GLOSSARY OF TERMS (continued)

LAIF (Local Agency Investment Fund) - 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 balance of $75,000,000 for any agency. It offers high liquidity because deposits can be converted to cash in 24 hours and no interest is lost. All interest is distributed to those agencies participating on a proportionate share basis determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly. California Government Code §16429.3 states, in part:

> "money placed with the State Treasurer for deposit in the Local Agency Investment Fund by cities, counties, or special districts shall not be subject to impoundment or seizure by any state official or state agency."

Liquidity - Refers to the ability to rapidly convert an investment into cash with minimal risk of losing some portion of principal and/or interest.

Local Government Investment Pool (LGIP) - The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

Market Value - The price at which a security is trading and could presumably be purchased or sold.

Master Repurchase Agreement - A written contract covering all future transactions between the parties to repurchase and/or reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

Maturity - The date upon which the principal or stated value of an investment becomes due and payable.

Medium Term Corporate Notes - 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 can be defined as extended maturity commercial paper. Local agencies are restricted by the Government Code to investments in corporations rated in the top three note categories by Moody's Investors Service, Inc., and/or Standard and Poor's Corporation. For medium term notes, eligible purchases consist of instruments that have a rating of "A" or better by both Moody's Investors Service, Inc., and Standard and Poor's Corporation.

Money Market - The market in which short-term debt instruments (bills, commercial paper, banker's acceptances, etc.) are issued and traded.

Negotiable Certificates of Deposit - Unsecured obligations of the financial institution, or bank, 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 would be considered for investment.

GLOSSARY OF TERMS (continued)

NRSRO - Nationally recognized statistical-rating organization

New Issue - Term used when a security is originally "brought" to market.

Offer - The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asking Price and Bid.

Open Market Operations - Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserve into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

Paper Gain or Loss - Term used for unrealized gain or loss on securities being held in a portfolio based on comparison of current market quotes and their original cost. This situation exists as long as the security is held while there is a difference between cost value (book value) and the market value.

Perfected Delivery - Refers to an investment where the actual security or collateral is held by an independent third party representing the purchasing entity.

Portfolio - Collection of securities held by an investor.

Primary Dealer - A group of government securities dealers that submit daily reports of market activity and security positions held to the Federal Reserve Bank of New York and are subject to its informal oversight.

Prudent Person Rule - An investment standard. In some states, the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state - the so-called legal list. In other states, the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

Purchase Date - The date in which a security is purchased for settlement on that or a later date.

Qualified Public Depositories - A financial institution that does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less approved by the Public Deposit Protection Commission to hold public deposits.

Rate of Return - The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Repurchase Agreement (RP or REPO) - A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money, or increasing bank reserves.

GLOSSARY OF TERMS (continued)

Reverse Repurchase Agreement (Reverse REPO) - A transaction where the seller (City) agrees to buy back from the buyer (bank) the securities at an agreed upon price after a stated period of time.

Risk - Degree of uncertainty of return on an asset.

Safekeeping - See Custody.

Secondary Market - A market made for the purchase and sale of outstanding issues following the initial distribution.

Securities and Exchange Commission - Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC Rule 15(C)3-1 - See Uniform Net Capital Rule.

Settlement Date - The date on which a trade is cleared by delivery of securities against funds.

Spread - a) The yield or price difference between the bid and offer on an issue; b) the yield or price difference between different issues.

Structured Notes - Notes issued by government-sponsored enterprises (FHLB, FNMA, etc.) and corporations that have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) in their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options, and shifts in the shape of the yield curve.

Supranational - A supranational entity is formed by two or more central governments with the purpose of promoting economic development for the member countries. Supranational institutions finance their activities by issuing debt, such as supranational bonds. The three U.S. based supranationals are International Bank for Reconstruction and Development, the International Finance Corporation, and the Inter-American Development Bank.

Swap - The sale of one issue and the simultaneous purchase of another for some perceived advantage.

Treasury Bills - A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

Treasury Bonds - Long-term coupon-bearing U. S. Treasury securities issued as direct obligations of the U. S. Government and having initial maturities of more than ten years.

Treasury Notes - Medium-term coupon-bearing U. S. Treasury securities issued as direct obligations of the U. S. Government and having initial maturities from two to ten years.

Uniform Net Capital Rule - Securities and Exchange Commission requirement that member firms, as well as nonmember broker-dealers in securities, maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

U.S. Government Agencies - Instruments issued by various U.S. Government Agencies, most of which are secured only by the credit worthiness of the particular agency.

Yield - The rate of annual income return on an investment, expressed as a percentage. It is obtained by dividing the current dollar income by the current market price of the security.

Yield to Maturity - The rate of income return on an investment, minus any premium or plus any discount, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond, expressed as a percentage.

QUALIFIED BROKER/DEALERS

The City has qualified the following Broker/Dealer's:

- Cantella & Co. Inc
- Great Pacific Securities
- Higgins Capital
- Morgan Stanley
- Multi-Bank Securities, Inc
- Mutual Securities, Inc
- Raymond James & Associates, Inc.
- Time Value Investments
- UBS Financial Services, Inc
- Wedbush Securities

ADMINISTRATIVE POLICY

Investment Guidelines, Strategy, and Internal Control

City of Aliso Viejo

ADMINISTRATIVE POLICY

SUBJECT	APPROVED BY:	PROCEDURE NO.	EFF. DATE	PAGE
INVESTMENT GUIDELINES, STRATEGY AND INTERNAL CONTROL	Dave Doyle CITY MANAGER	11	7/1/2015 Rev 7/1/2017 7/1/2023	1 of 4

PURPOSE

The purpose of this policy is to establish a framework for the investment of surplus City funds within the established internal control procedures for treasury functions.

POLICY

INVESTMENT GUIDELINES AND STRATEGY

GUIDELINES

1. Investment Transaction - Every investment transaction must be authorized and reviewed by the Director of Finance/City Treasurer or his/her designee.

2. Pooled Cash - Whenever practical, local agency cash is consolidated into one bank account and invested on a pooled concept basis. Interest earnings are allocated monthly according to month-end cash and investment balances for each fund.

3. Competitive Bids - Purchases and sales of securities are made on the basis of competitive offers and bids.

4. Cash Forecast - The cash flow for the City is analyzed with the receipt of revenues and maturity of investments scheduled so that adequate cash will be available to meet disbursement requirements.

5. Investment Limitations - Security purchases and holdings are maintained within statutory limits imposed by the California Government Code.

6. Liquidity - The marketability of a security is considered at the time of purchase, as the security may have to be sold at a later date to meet unanticipated cash demands.

7. Diversification - The portfolio should consist of various types of securities, issuers, and maturities.

STRATEGY

1. Economic Forecasts - Economic Forecasts are obtained periodically from economists and financial experts through bankers and brokers to assist the Director of Finance/City Treasurer or his/her designee with the formulation of an investment strategy for the local agency.

2. Implementing Investment Strategy - Investment transactions are executed to conform to anticipated interest rate trends and the current investment strategy plan.

3. Rapport - A close working relationship is maintained with public works, city staff, and large vendors of the city. The objective is to pinpoint when large disbursements will clear the City's bank account. It is essential for good cash control that such large expenditures be anticipated, estimated as to dollar amount, and communicated to the Director of Finance/City Treasurer or his/her designee for liquidity planning purposes.

4. Preserve Portfolio Value - Field standards are developed in order to maintain earnings near the market and to preserve the value of the portfolio.

INTERNAL CONTROL

I. OBJECTIVES OF INTERNAL CONTROL

1. To effectively and efficiently conduct business, including adherence to financial and management policies.
2. Safeguarding its assets and prevention or detection of errors and fraud.
3. Timely preparation of accurate and reliable financial information.
4. Compliance with applicable laws and regulations.

II. COMPONENTS OF INTERNAL CONTROL

1. Control Environment - The control environment is the set of standards, processes, and structures that provides the basis for carrying out internal control across the organization. Management establishes the tone at the top regarding the importance of internal control, including expected standards of conduct, organizational structure, and assignment of authority and responsibility.

2. Risk Assessment - Risk assessment involves a dynamic process for identifying and analyzing risks in achieving the entity's objectives. Risk assessment requires management to consider the impact of possible changes in the internal and external environment that may render established internal controls ineffective.

3. Control Activities - Control activities are the actions established through policies and procedures to ensure that management's directives to mitigate risks are achieved. Segregation of duties is typically built into the development of control activities and may include authorizations, verifications, reconciliations, and reviews.

4. Communication - Communication occurs both internally and externally and provides the organization with the information needed to carry out day-to-day activities.

5. Audits – Audits are the process through which activities can be monitored and evaluated for any internal control deficiencies and communicated to management for taking corrective action.

III. ELEMENTS OF INTERNAL CONTROL

1. Organization - Responsibility for the performance of duties should be assigned and lines of authority and reporting clearly identified and delineated.

2. Segregation of functions - Segregation of functions reduces the risk for an individual to be able to perpetrate and conceal errors or commit fraud in the normal course of duty. If two parts of a transaction are handled by different individuals, collusion is necessary to conceal errors or commit fraud. Functions that should be considered when evaluating segregation of duties are authorization, execution, recording, custody of assets, and reconciliation.

3. Authorization - All transactions should be approved by an authorized individual. The responsibilities and limits of authorization should be clearly delineated. The individual or group authorizing a specific transaction or granting general authority for transactions should be in a position commensurate with the nature and significance of the transactions.

4. Controls over an accounting system - Controls over an accounting system include the procedures, both manual and computerized, carried out independently to ascertain that transactions are complete, valid, authorized, and properly recorded.

IV. LIMITATIONS OF INTERNAL CONTROL

Internal control, no matter how well-designed, implemented, and conducted, can only provide reasonable assurance to management of the achievement of an entity's objectives. Inherent limitations of internal control may include:

1. Recurring, rather than unusual, types of transactions.
2. Human error due to misunderstanding, carelessness, fatigue, or distraction.
3. Potential for collusion that circumvents controls defined by the segregation of functions.
4. Possibility of a management override of the system, despite an otherwise effective system of internal control.

City of Aliso Viejo

ADMINISTRATIVE POLICY

SUBJECT	APPROVED BY:	PROCEDURE NO.	EFF. DATE	PAGE
INVESTMENT GUIDELINES, STRATEGY AND INTERNAL CONTROL	Dave Doyle CITY MANAGER	11	7/1/2015 Rev 7/1/2017 7/1/2023	4 of 4

SEGREGATION OF RESPONSIBILITIES FOR TREASURY FUNCTIONS

Function	Responsibility
1. Formal investment policy should be	
* Prepared by	Director of Finance/City Treasurer
* Approved by	City Council
2. Develop Investment Strategy	Director of Finance/City Treasurer or Registered Investment Advisor
3. Receive quotes and recommend investments for purchase	Director of Finance/City Treasurer,
4. Approve investment transactions	Director of Finance/City Treasurer, City Manager
5. Execute investment transactions	Director of Finance/City Treasurer
6. Approve investment transactions for compliance with Investment policy and/or State Law	Director of Finance/City Treasurer or Registered Investment Advisor
7. Record investment transactions in the City's financials	Accountant
8. Verify investment i.e., match broker confirmation to City records	Director of Finance/City Treasurer Senior Accountant or Accountant
9. Confirm LAIF and Bank Wires	Director of Finance/City Treasurer Senior Accountant or Accountant
10. Safeguard assets and records:	
* Reconciliation of City's records to bank statements and safekeeping of records	Senior Accountant or Accountant
* Annual review of (a) financial institution's financial condition, and (b) safety, liquidity, and potential yields of investment instruments	Director of Finance/City Treasurer, City Manager
11. Annual review of investment portfolio	External Independent Auditors

The segregation of responsibilities as outlined herein is intended to enhance the City's internal controls over treasury functions. It should be noted that from time to time, due to the limited size of the Financial Services staff, segregation of responsibilities may be amended in order to fulfill the business needs of the organization.

City of Aliso Viejo
AGENDA ITEM

DATE: June 18, 2025

TO: Mayor and City Council

FROM: Ann Eifert, Director of Financial Services/City Treasurer

SUBJECT: APPROPRIATIONS LIMIT – FISCAL YEAR 2025-26

Recommended Action:

Adopt a Resolution setting the Proposition 4 (GANN) Appropriations limit for Fiscal Year (FY) 2025-26 at $62,243,329.

Fiscal Impact:

None.

Background:

Pursuant to Article XIIIB of the California Constitution, the City must compute an annual appropriations limit (known as the Gann Limit), which places a ceiling on the total amount of tax revenues the City can appropriate annually. The limit is adjusted each year using the following factors: 1) the percentage change in California Per Capita Income, or the change in the City's Assessed Valuation due to new non-residential construction, whichever is greater; and 2) the percentage change in the Citywide, or Countywide population, whichever is greater. As required by Government Code Section 7910, the City Council is being asked to formally adopt by resolution the Appropriations Limit for FY 2025-26.

Discussion:

The California per capita personal income percentage change as provided by the Department of Finance is 6.44% for FY 2025-26. The percentage change in the local assessment roll from the preceding year for the City due to the addition of local non-residential new construction is 0.79%. Section 7901 of the Government Code allows entities to use either the population increase within the City or the increase within the County. This year the estimated population change for the City was –0.45% and the County was 0.17%.

It is recommended that the City Council adopt the percentage change in the County population and the percentage change in the California per capital personal income from the preceding year for use in the adjustment of the Appropriations Limit for Fiscal Year 2025-26. The appropriations limit for FY 2025-26 is $62,243,329 and the budget subject to the limit is $19,588,263; therefore, the City is in compliance with Government Code requirements. For FY 2025-26. The City will be utilizing 31.5% of its appropriations limit.

Attachments:

1. Resolution

2. GANN Limit Calculation

RESOLUTION NO. 2025-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ALISO VIEJO, CALIFORNIA, SETTING THE PROPOSITION 4 (GANN) APPROPRIATIONS LIMIT FOR FISCAL YEAR 2025-26 FOR THE CITY OF ALISO VIEJO

WHEREAS, Article X111B of the Constitution of the State of California (enacted with the passage of Proposition 4 in 1979 and modified with the passage of Proposition 111 in 1990), provides that the total annual appropriations limit of such entity for the prior year be adjusted for changes in the non-residential assessed valuation or the percentage change in the California Per Capita Income and population except as otherwise specifically provided for in said Article; and

WHEREAS, Section 7910 of the Government Code provides that each year the governing body of each local jurisdiction shall, by resolution, establish its appropriations limit for the following fiscal year pursuant to Article X111B at a regularly scheduled meeting or a noticed special meeting. Prior to such meeting, documentation used in the determination of the appropriation limit shall be available to the public; and

WHEREAS, Proposition 111 as approved by the voters of the State of California, revised the method for calculating the Gann Spending Limit. It also requires a recorded vote of the City Council regarding which of the annual adjustment factors have been selected each year; and

WHEREAS, the County of Orange, Local Agency Formation Commission (LAFCO), established the appropriations limit for the newly incorporated City; and

WHEREAS, the City Council of the City of Aliso Viejo wishes to establish the appropriation limit for Fiscal Year 2025-26 for the City of Aliso Viejo.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ALISO VIEJO AS FOLLOWS:

Section 1. That it is hereby found and determined that the documentation used in the determination of the appropriations limit for the City of Aliso Viejo for Fiscal Year 2025-2026 was available to the public in City offices of said City at least fifteen days prior to this date.

Section 2. That pursuant to the provisions of Section 56812(b) of the California Government Code, a measure concerning the establishment of the permanent appropriations limit for the City of Aliso Viejo was submitted and approved at the General Municipal election held in the City of Aliso Viejo on November 2, 2004.

Section 3. That the factors recommended are the percentage change in the Countywide population of 0.17% and the percentage change in the California per capital personal income from the preceding year of 6.44%.

Section 4. That the Appropriations Limit for the City of Aliso Viejo is established in accordance with the California Government Code and is $62,243,329.

Section 5. That the Mayor of the City of Aliso Viejo shall sign and the City Clerk shall certify to the passage and adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this 18th day of June 2025.

_____
Tiffany Ackley
Mayor

APPROVED AS TO FORM:

_____
Scott C. Smith, City Attorney

ATTEST:

_____
Janet Martinez, MMC, City Clerk

STATE OF CALIFORNIA)

COUNTY OF ORANGE) ss.
CITY OF ALISO VIEJO)

I, JANET MARTINEZ, City Clerk of the City of Aliso Viejo, California, DO HEREBY CERTIFY that the foregoing is the original of Resolution No. 2025-__ duly passed and adopted by the City Council of the City of Aliso Viejo at their regular meeting held on the 18th day of June, 2025, by the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

_____
JANET MARTINEZ
CITY CLERK

(SEAL)

CITY OF ALISO VIEJO

APPROPRIATIONS LIMIT WORK SHEET

CITYWIDE **POPULATION CALCULATION**
2025-26

California Per Capita Income % Change over Prior Year	6.44%	
Population Change % Change over Prior Year (City)	-0.45%	
Per Capita converted to a Ratio	1.064400	
Population converted to a Ratio	0.995500	
Calculation of Growth Factor	1.059610	
2024-25 Appropriations Limit	$ 58,378,143	
2025-26 Appropriations Limit	$ 61,858,076	(NOT RECOMMENDED)

CITY OF ALISO VIEJO

APPROPRIATIONS LIMIT WORK SHEET

COUNTYWIDE **POPULATION CALCULATION**
2025-26

California Per Capita Income % Change over Prior Year	6.44%	
Population Change % Change over Prior Year (County)	0.17%	
Per Capita converted to a Ratio	1.064400	
Population converted to a Ratio	1.001700	
Calculation of Growth Factor	1.066209	
2024-25 Appropriations Limit	$ 58,378,143	
2025-26 Appropriations Limit	$ 62,243,329	(RECOMMENDED)

CITY OF ALISO VIEJO

APPROPRIATIONS LIMIT WORK SHEET

NON-RESIDENTIAL NEW CONSTRUCTION CALCULATION

2025-26

Non-Residential New Construction % Change over Prior Year		0.79%
Population Change % Change over Prior Year (County)		0.17%
Non-Residential new construction converted to a Ratio		1.007900
Population converted to a Ratio		1.001700
Calculation of Growth Factor		1.009613
2024-25 Appropriations Limit	$ 58,378,143	
2025-26 Appropriations Limit	$ 58,939,357	(NOT RECOMMENDED)

CITY OF ALISO VIEJO

ANNUAL APPROPRIATIONS LIMIT

2025-26

Fiscal Year		Appropriations Limit	Percentage Change
2001-2002	Base Year	9,700,000	Base Yr.
2002-2003	Adjusted Base	9,774,092	0.76%
2003-2004	Adjusted Base	10,341,870	5.81%
2004-2005	Adjusted Base	10,910,727	5.50%
2004-2005	Actual	10,493,809	-3.82%
2005-2006	Adjusted Base	12,795,601	21.93%
2006-2007	Adjusted Base	13,334,344	4.21%
2007-2008	Adjusted Base	13,954,603	4.65%
2008-2009	Adjusted Base	14,985,870	7.39%
2009-2010	Actual	18,492,058	23.40%
2010-2011	Actual	18,215,199	-1.50%
2011-2012	Actual	18,870,328	3.60%
2012-2013	Actual	27,710,088	46.84%
2013-2014	Actual	29,396,830	6.09%
2014-2015	Actual	32,633,003	11.01%
2015-2016	Actual	34,245,483	4.94%
2016-2017	Actual	36,441,702	6.41%
2017-2018	Actual	38,047,127	4.41%
2018-2019	Actual	42,360,293	11.34%
2019-2020	Actual	44,118,739	4.15%
2020-2021	Actual	45,974,884	4.21%
2021-2022	Actual	48,200,927	4.84%
2022-2023	Actual	53,660,602	11.33%
2023-2024	Actual	56,164,572	4.67%
2024-2025	Actual	58,378,143	3.94%
2025-2026	Actual	62,243,329	6.62%

DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR

Gavin Newsom ▪ Governor
1021 O Street, Suite 3110 ▪ Sacramento CA 95814 ▪ www.dof.ca.gov

May 2025

Dear Fiscal Officer:

Subject: Price Factor and Population Information

Appropriations Limit
California Revenue and Taxation Code Section 2227 requires the Department of Finance to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2025, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2025-26. Attachment A provides the change in California's per capita personal income and an example for utilizing the price factor and population percentage change factor to calculate the 2025-26 appropriations limit. Attachment B provides the city and unincorporated county population percentage change along with the population percentage change for counties and their summed incorporated areas. The population percentage change data excludes federal and state institutionalized populations and military populations.

Population Percent Change for Special Districts
Some special districts must establish an annual appropriations limit. California Revenue and Taxation Code Section 2228 provides additional information regarding the appropriations limit. Article XIII B, Section 9(C) of the California Constitution exempts certain special districts from the appropriations limit calculation mandate. The code section and the California Constitution can be accessed at the following website: http://leginfo.legislature.ca.gov/faces/codes.xhtml.

Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this requirement should be directed to their county, district legal counsel, or the law itself. No state agency reviews the local appropriations limits.

Population Certification
The population certification program applies only to cities and counties. California Revenue and Taxation Code Section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **Finance will certify the higher estimate to the State Controller by June 1, 2025**.

Please Note: The prior year's city population estimates may be revised. The per capita personal income change is based on historical data.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.

JOE STEPHENSHAW
Director
By:

ERIKA LI
Chief Deputy Director

Attachment

A. **Price Factor**: Article XIII B specifies that local jurisdictions select their cost of living factor to compute their appropriation limit by a vote of their governing body. The cost of living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the fiscal year 2025-26 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2025-26	6.44

B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2025-26 appropriation limit.

2025-26:

Per Capita Cost of Living Change = 6.44 percent
Population Change = 0.28 percent

Per Capita Cost of Living converted to a ratio: $\frac{6.44 + 100}{100} = 1.0644$

Population converted to a ratio: $\frac{0.28 + 100}{100} = 1.0028$

Calculation of factor for FY 2025-26: 1.0644 x 1.0028 = 1.0674

California Department of Finance
Demographic Research Unit

Population Data for Price and Population Letter

Population and Excluded Population for January 1, 2024 and January 1, 2025

Released: May 1, 2025

Table of Contents (links to internal worksheets)

Population and Excluded Population 2024 and 2025

For more information:

https://dof.ca.gov/forecasting/demographics/estimates-e1/

Data Prepared by:

Demographic Research Unit
California Department of Finance
e-mail: ficalpop@dof.ca.gov
phone: 916-323-4086

FISCAL YEAR 2025-26
Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2024 to January 1, 2025 and Total Population January 1, 2025

About the Data

City	County	Percent Change 24-25	Population Minus Exclusions 1-1-24	Population Minus Exclusions 1-1-25	Total Population 1-1-25
Aliso Viejo City	Orange	-0.45	50,442	50,213	50,213
County Total	Orange	0.17	3,169,873	3,175,233	3,175,427

*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Assessor Department

Memo

April 15, 2025

To: **Andrew N. Hamilton** **Auditor-Controller**

From: **Claude Parrish** **Assessor**

Subject: **Proposition 111 Assessed Valuation Factor for GANN Limit: Nonresidential New Construction**

In response to your memo request of March 25, 2025, please find attached the 2025/26 Proposition 111 Report related to non-residential new construction data.

An addition to how the Gann spending limit (Proposition 111) may be calculated was passed by the voters in June of 1990 and it amended Article XIIIB of the California Constitution. It provides an alternate method for calculating the "Gann Limit" for each taxing jurisdiction. It changed the definition of "cost of living" in subdivision (e)(2) of Section 8 of Article XIII B to be either:

A) The percentage change in California per capita personal income from the preceding year, or

B) The percentage change in the local assessment roll from the preceding year for the jurisdiction due to the addition of local nonresidential new construction.

The information transmitted by this memorandum addresses the Assessor Department's assistance for item B.

Data is available and presented in this report for Roll years 2023/24 and 2024/25. We have generated by Tax Rate Area (TRA) the attached information for your use.

If you have questions, please call me or Mr. Neil Shah at (714) 834-2733.

CP:ks

Attachments: 2025/26 Proposition 111 Report, Roll Year Values and Calendar Year Nonresidential New Construction Data for Cities and County

ct: Salvador Lopez, Auditor-Controller's Office
Megan Vu, Auditor-Controller's Office
Margie Pham, Auditor-Controller's Office
Linda Delos Reyes, Auditor-Controller's Office
Mark Servino, County Counsel's Office
Neil Shah, Assessor's Office

Orange County Assessor

Proposition 111 Report

Prime TRA	Description	2023-24 Secured Roll Column A	2024-25 Secured Roll Column B	Non-Residential New Construction 1/1/22 - 12/31/22 Column C	Non-Residential New Construction 1/1/23 - 12/31/23 Column D
01	ANAHEIM	$ 63,474,935,830	$ 66,199,153,846	$ 259,058,748	$ 146,847,469
02	BREA	$ 13,106,954,263	$ 13,569,137,593	$ 38,322,389	$ 21,474,667
03	FULLERTON	$ 26,476,509,695	$ 27,799,278,032	$ 131,794,870	$ 69,711,596
04	HUNTINGTON BEACH	$ 50,979,944,810	$ 53,338,842,413	$ 10,200,206	$ 75,303,375
05	LAGUNA BEACH	$ 20,357,404,684	$ 21,366,671,577	$ 1,337,600	$ 3,127,582
06	LA HABRA	$ 8,842,171,469	$ 9,290,389,588	$ 5,077,798	$ 6,813,563
07	NEWPORT BEACH	$ 75,981,526,161	$ 80,179,070,636	$ 60,507,653	$ 46,155,557
08	ORANGE	$ 29,830,594,885	$ 31,167,744,444	$ 43,250,814	$ 76,934,579
09	PLACENTIA	$ 8,958,723,049	$ 9,451,976,249	$ 6,635,124	$ 11,885,843
10	SAN CLEMENTE	$ 21,902,194,580	$ 23,109,054,268	$ 6,924,300	$ 10,340,706
11	SANTA ANA	$ 36,418,980,983	$ 37,834,824,915	$ 56,784,204	$ 21,277,102
12	SEAL BEACH	$ 7,714,715,774	$ 8,069,882,799	$ 442,205	$ 1,756,879
13	TUSTIN	$ 17,397,318,365	$ 18,327,029,956	$ 48,021,584	$ 53,965,190
14	BUENA PARK	$ 13,416,123,091	$ 14,176,858,230	$ 24,610,421	$ 11,560,113
15	COSTA MESA	$ 26,312,866,738	$ 27,807,005,770	$ 94,381,244	$ 94,680,847
16	LA PALMA	$ 2,715,891,061	$ 2,843,241,213	$ 92,901	$ 20,318
17	STANTON	$ 4,072,362,911	$ 4,383,382,617	$ 9,206,667	$ 2,994,805
18	GARDEN GROVE	$ 21,595,866,958	$ 22,721,369,372	$ 35,607,278	$ 18,801,742
19	CYPRESS	$ 9,500,726,440	$ 10,039,401,962	$ 6,925,126	$ 10,650,502
20	WESTMINSTER	$ 12,221,231,228	$ 12,825,633,412	$ 1,455,704	$ 2,210,383
21	FOUNTAIN VALLEY	$ 12,392,359,045	$ 13,123,640,367	$ 6,878,602	$ 28,806,159
22	LOS ALAMITOS	$ 3,025,011,820	$ 3,139,353,134	$ 3,262,166	$ 2,686,052
23	SAN JUAN CAPISTRANO	$ 11,033,248,838	$ 11,764,525,275	$ 9,611,554	$ 19,662,911
24	VILLA PARK	$ 2,379,177,323	$ 2,524,353,354	$ -	$ -
25	YORBA LINDA	$ 19,946,345,684	$ 20,897,082,559	$ 8,216,790	$ 2,618,986
26	IRVINE	$107,929,734,967	$113,237,428,173	$ 344,493,138	$ 307,864,855
27	MISSION VIEJO	$ 21,965,625,420	$ 23,114,865,096	$ 11,465,378	$ 22,570,680
28	DANA POINT	$ 16,486,132,335	$ 17,445,561,117	$ 13,856,141	$ 8,943,800
29	LAGUNA NIGUEL	$ 19,900,036,322	$ 20,794,981,904	$ 13,439,705	$ 17,332,555
30	LAKE FOREST	$ 21,081,870,161	$ 22,322,271,984	$ 4,651,821	$ 23,038,975
31	LAGUNA HILLS	$ 8,797,715,032	$ 9,187,644,678	$ 3,378,910	$ 14,947,348
32	LAGUNA WOODS	$ 4,024,957,096	$ 4,231,100,127	$ 165,000	$ 1,110,000
33	RANCHO SANTA MARGARITA	$ 10,512,831,338	$ 10,979,020,951	$ 3,644,253	$ 3,634,076
34	ALISO VIEJO	$ 12,674,739,171	$ 13,199,257,874	$ 7,189,953	$ 4,144,400
52	ORANGE CO -ANAHEIM AREA	$ -	$ -	$ -	$ -
53	ORANGE CO - BREA OLINDA AREA	$ 291,734,291	$ 276,003,662	$ -	$ -
54	ORANGE CO -BUENA PARK	$ 51,025,023	$ 53,126,117	$ -	$ -
55	ORANGE CO. - NEWPORT MESA AREA	$ 256,514,580	$ 247,729,280	$ -	$ 559,000
61	ORANGE CO -FULLERTON AREA	$ -	$ -	$ -	$ -
62	ORANGE CO -GARDEN GROVE AREA	$ 190,019,418	$ 200,438,972	$ -	$ -
64	ORANGE CO - HUNTINGTON BEACH	$ 60,946,225	$ 62,045,633	$ -	$ -
66	ORANGE CO -LAGUNA BEACH AREA	$ 2,677,773,996	$ 2,854,344,948	$ -	$ -
67	ORANGE CO -LA HABRA AREA	$ -	$ -	$ -	$ -
68	ORANGE CO - LOS ALAMITOS AREA	$ 3,002,956,268	$ 3,165,890,670	$ 200,882	$ 126,000
70	ORANGE CO -LOWELL JOINT	$ -	$ -	$ -	$ -
71	ORANGE CO -MAGNOLIA	$ 913,462,567	$ 959,085,116	$ 200,000	$ -
73	ORANGE CO -OCEAN VIEW	$ 136,270,319	$ 140,109,491	$ -	$ -
76	ORANGE CO - ORANGE AREA	$ 2,286,113,611	$ 2,397,069,393	$ -	$ -
80	ORANGE CO - PLACENTIA AREA	$ 548,896,275	$ 580,225,802	$ -	$ -
81	ORANGE CO - IRVINE AREA	$ 56,677,096	$ 57,783,034	$ -	$ 26,850
82	ORANGE CO - CAPISTRANO AREA	$ 18,968,290,670	$ 20,226,100,145	$ 1,670,747	$ 3,486,661
83	ORANGE CO - SANTA ANA AREA	$ 229,356,317	$ 328,732,927	$ 106,074	$ -
84	ORANGE CO -SAVANNA	$ -	$ -	$ -	$ -
88	ORANGE CO - SADDLEBACK VALLEY	$ 684,973,124	$ 779,424,057	$ 12,800	$ -
89	ORANGE CO - TUSTIN AREA	$ 7,494,381,730	$ 7,870,325,478	$ 2,554,000	$ -
91	ORANGE CO - WESTMINSTER AREA	$ 787,844,678	$ 863,434,735	$ -	$ 380,000
	Unspecified	$ 133,300	$ -	$ -	$ -
COUNTY TOTALS		$782,064,197,015	$821,522,904,945	$ 1,275,634,750	$ 1,148,452,126

City of Aliso Viejo
AGENDA ITEM

DATE: June 18, 2025

TO: Mayor and City Council

FROM: Shaun Pelletier, Public Works Director / City Engineer

SUBJECT: FISCAL YEAR 2025-26 PROJECT LIST FOR ROAD MAINTENANCE AND REHABILITATION ACCOUNT FUNDING (SB 1)

Recommended Action:

Adopt a Resolution of the City Council of the City of Aliso Viejo which adopts a list of projects for fiscal year 2025-26 funded by SB 1: The Road Repair and Accountability Act of 2017.

Fiscal Impact:

SB 1 Road Maintenance and Rehabilitation Account (RMRA) funds are projected to be about $1,358,908 in FY 2025-26.

Background:

This Road Maintenance and Rehabilitation Account (RMRA) funding began being received in January 2018 with projected funds collected of around $7.3 million through the remainder of this year and about $1,300,000 next fiscal year.

Current year funds were to be applied toward Aliso Viejo Parkway (Enterprise to Aliso Creek Road) design, and Glenwood Drive (SR-73 to Aliso Creek Road) construction, which has been delayed until FY 2025-26.

Discussion:

Use of RMRA funds requires additional reporting through the California Transportation Commission (CTC). Each year the Council-approved projects proposed to utilize the funds must be submitted to the CTC for approval. Expenditure reports are subsequently due at the end of each year to account for the funds. The required resolution adopting the project list to be sent to CTC is attached for Council approval.

Projects utilizing SB 1 funds in FY 2025-26 may include the following:

Glenwood Drive (SR-73 to Aliso Creek Road) Rehabilitation (Construction)
Cedarbrook (Glenwood Drive to Aliso Viejo Parkway) Rehabilitation (Construction)
Aliso Viejo Parkway (Enterprise to Aliso Creek Road) Rehabilitation (Construction)
Slurry Seal Area 1 (Construction)
Columbia & Argonaut Rehabilitation (Design)

Staff respectfully recommends approval of the attached resolution.

Environmental:

Each proposed project will include required environmental actions prior to commencing construction.

Attachment:

1. Resolution

RESOLUTION NO. 2025-____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ALISO VIEJO, CALIFORNIA, ADOPTING A LIST OF PROJECTS FOR FISCAL YEAR 2025-26 FUNDED BY SB 1: THE ROAD REPAIR AND ACCOUNTABILITY ACT OF 2017

WHEREAS, Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017 (Chapter 5, Statutes of 2017) was passed by the Legislature and Signed into law by the Governor in April 2017 in order to address the significant multi-modal transportation funding shortfalls statewide; and

WHEREAS, SB 1 includes accountability and transparency provisions that will ensure the residents of the City of Aliso Viejo are aware of the projects proposed for funding in our community and which projects have been completed each fiscal year; and

WHEREAS, the City of Aliso Viejo must adopt by resolution a list of all projects proposed to receive funding from the Road Maintenance and Rehabilitation Account (RMRA), created by SB 1, which must include a description and the location of each proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvement; and

WHEREAS, the City of Aliso Viejo, will receive an estimated $1,358,908 in RMRA funding in Fiscal Year 2025-26 from SB 1; and

WHEREAS, this is the eighth year in which the City of Aliso Viejo is receiving SB 1 funding and will enable the City to continue essential road maintenance and rehabilitation projects, safety improvements, and increasing access and mobility options for the traveling public that would not have otherwise been possible without SB 1; and

WHEREAS, the City of Aliso Viejo used a Pavement Management System to develop the SB 1 project list to ensure revenues are being used on the most high-priority and cost-effective projects; and

WHEREAS, the funding from SB 1 will help the City of Aliso Viejo maintain and rehabilitate arterial, collector and/or local streets throughout the City this year as well as into the future; and

WHEREAS, the 2018 California Statewide Local Streets and Roads Needs Assessment found that the City of Aliso Viejo's streets are in a Good condition and this revenue will help us increase the overall quality of our road system and over the next decade will maintain our streets and roads in a Good condition; and

WHEREAS, the SB 1 project list and overall investment in our local streets and roads infrastructure with a focus on basic maintenance and safety, investing in complete

streets infrastructure, and using cutting-edge technology, materials and practices, will have significant positive co-benefits statewide.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ALISO VIEJO AS FOLLOWS:

1. The foregoing recitals are true and correct.

2. The fiscal year 2025-26 list of projects planned to be funded with Road Maintenance and Rehabilitation Account revenues include:

    1. Slurry Seal FY 25-26 – Area 1 (Construction)

    Description: Street patching, crack filling, slurry seal, pavement markings
    Estimated Construction Schedule: Start 03/26 – Completion 06/26
    Estimated Useful Life: 5-10 years

    2. Glenwood Drive Rehabilitation – SR-73 to Aliso Creek Road (Construction)

    Description: Prepare construction documents for street patching, asphalt milling, asphalt overlay, utility structure adjustments, sidewalk improvements, pavement markings
    Estimated Pre-Construction Schedule: Start 07/23 – Completion 05/25
    Estimated Construction Schedule: Start 07/25 – Completion 12/25
    Estimated Useful Life: 10-20 years

    3. Cedarbrook Rehabilitation – Glenwood Drive to Aliso Viejo Parkway (Construction)

    Description: Prepare construction documents for street patching, asphalt milling, asphalt overlay, utility structure adjustments, sidewalk improvements, pavement markings
    Estimated Pre-Construction Schedule: Start 07/25 – Completion 09/25
    Estimated Construction Schedule: Start 10/25 – Completion 12/25
    Estimated Useful Life: 10-20 years

    4. Aliso Viejo Parkway Rehabilitation – Enterprise to Aliso Creek Road (Construction)

    Description: Prepare construction documents for street patching, asphalt milling, asphalt overlay, utility structure adjustments, sidewalk improvements, pavement markings
    Estimated Pre-Construction Schedule: Start 07/24 – Completion 06/25
    Estimated Construction Schedule: Start 07/25 – Completion 12/26
    Estimated Useful Life: 10-20 years

5. Columbia and Argonaut Rehabilitation – Entire Streets (Design)

Description: Prepare construction documents for street patching, asphalt milling, asphalt overlay, utility structure adjustments, sidewalk improvements, pavement markings
Estimated Pre-Construction Schedule: Start 07/25 – Completion 06/26
Estimated Construction Schedule: Start 07/26 – Completion 12/26
Estimated Useful Life: 10-20 years

PASSED, APPROVED AND ADOPTED this 18th day of June, 2025.

_____
Tiffany Ackley
Mayor

APPROVED AS TO FORM:

_____
Scott C. Smith, City Attorney

ATTEST:

_____
Janet Martinez, City Clerk

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF ALISO VIEJO)

I, JANET MARTINEZ, City Clerk of the City of Aliso Viejo, California, DO HEREBY CERTIFY that the foregoing is the original of Resolution No. 2025-__ duly passed and adopted by the City Council of the City of Aliso Viejo at their regular meeting held on the ___ day of _____, 2025, by the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

_____
JANET MARTINEZ
CITY CLERK

(SEAL)

City of Aliso Viejo
AGENDA ITEM

DATE: June 18, 2025

TO: Mayor and City Council

FROM: Shaun Pelletier, City Engineer

SUBJECT: RENEWED MEASURE M ELIGIBILITY

Recommended Actions:

1. Adopt a 7-year Capital Improvements Program (CIP) for Street Projects; and

2. Adopt a Resolution of the City Council of the City of Aliso Viejo concerning the status of the Circulation Element and Mitigation Fee Program.

Fiscal Impact:

The City will receive approximately $7.2 million in FY 2025-26 through FY 2031-32 in Measure M2 Fair Share funds.

Background:

To maintain eligibility to receive Measure M2 sales tax revenue, the City is required to submit annual documentation on its transportation related programs to Orange County Transportation Authority (OCTA). Measure M2 Fair Share funds are made available to the City annually. Cities will be apportioned Measure M2 funds by applying a formula using population; miles of MPAH designated roadways, and taxable sales. The City has also applied for and received (or been awarded) about $2.3 million in competitive funds.

Every year, OCTA requires a submittal of the City's programs and projects affecting circulation and transportation to verify that these elements are in alignment with Measure M2 and countywide plans. This year's submittal requires the following documentation:

Measure M2 7-year Capital Improvement Program (7-year CIP)

The City's 7-year CIP is a transportation planning and fiscal forecasting document used to guide future programming for transportation CIP projects. The 7-year CIP is consistent with the proposed citywide CIP Budget for FY 2025-26. The submittal of the 7-year CIP does not commit the City to fund the identified improvements, but projects must be included in the 7-year CIP to be eligible to receive Measure M2 funding. This document

is updated every year to allow for changes based on maintenance needs or City Council priorities. The CIP emphasizes projects that improve circulation, mitigate traffic congestion, and maintain the City's investment in existing transportation infrastructure.

Orange County Master Plan of Arterial Highway (MPAH) Consistency

The OCTA MPAH was established to provide planning, development, and preservation of a coordinated regional arterial highway network to supplement the countywide freeway system. Measure M2 funding eligibility requires that the City must biennially adopt and maintain a Circulation Element that is consistent with the OCTA MPAH by maintaining an equivalent number of minimum through lanes on each arterial highway shown on the MPAH map.

Mitigation Fee Program

The Mitigation Fee Program is a locally established fee program, which assesses fees used to mitigate the effects of new development on transportation infrastructure. Biennially, the City must submit a City Council adopted resolution to OCTA certifying that the City has an existing mitigation fee program.

Discussion:

The proposed 7-year CIP for streets is attached. The 7-year CIP includes the City approved 5-year plan which emphasizes rehabilitation work such as slurry sealing and overlays to maintain the condition of the City's street network. The proposed projects have been assigned to each year based upon priority rankings. Since the exact amount of the funds are not known, it is possible that some projects may not be completed in a given year, but it is important to list them to ensure Measure M funds can be utilized where appropriate. If projects are delayed due to funding, it is staff's intention to still complete them in the priority ranking order.

The attached Council resolution states that the City's Circulation Element is in conformance with the County's MPAH and the resolution also reaffirms the City's existing Mitigation Fee Program. The City's mitigation fees are established development agreements and/or Conditions of Approval.

Environmental:

Each proposed project will include required environmental actions prior to commencing construction.

Attachments:

1. 7-Year CIP for Street Projects

2. Resolution

TIP ID CP-12600 **IMPLEMENTING AGENCY** Aliso Viejo, City of

Local Project Number:
Additional Project IDs:
Type of Work: Pedestrian
Type of Work Description: Pedestrian - Installation of ADA access ramps

Project Title
ADA Curb Ramp Project - CDBG
Project Description
Install New Curb Ramps

Limits
Citywide
Project Notes

FISCAL YEAR	FUND TYPE	ENG	ROW	CON/IMP	O&M	TOTAL	TOTAL ESCALATED
2026	Community Development Block Grant	$0	$0	$250,000	$0	$250,000	$256,250
2026	Measure M2 Local Fairshare	$0	$0	$65,000	$0	$65,000	$66,625
Totals:		**$0**	**$0**	**$315,000**	**$0**	**$315,000**	**$322,875**

Last Revised: 25-00 - In Progress **Total Programmed:** $315,000

TIP ID CP-12606 **IMPLEMENTING AGENCY** Aliso Viejo, City of

Local Project Number:
Additional Project IDs:
Type of Work: Traffic Signals
Type of Work Description: Traffic Signals - Install new traffic signals and equipment

Project Title
Accessible Pedestrian Signals (APS) Upgrade - CDBG
Project Description
Upgrading assessible pedestrian signals at various locations

Limits
Citywide
Project Notes

FISCAL YEAR	FUND TYPE	ENG	ROW	CON/IMP	O&M	TOTAL	TOTAL ESCALATED
2026	Measure M2 Local Fairshare	$0	$0	$10,000	$0	$10,000	$10,250
2026	Community Development Block Grant	$0	$0	$185,000	$0	$185,000	$189,625
Totals:		**$0**	**$0**	**$195,000**	**$0**	**$195,000**	**$199,875**

Last Revised: 25-00 - In Progress **Total Programmed:** $195,000

TIP ID CP-12392 **IMPLEMENTING AGENCY** Aliso Viejo, City of

Local Project Number:
Additional Project IDs:
Type of Work: Traffic Signals
Type of Work Description: Traffic Signals - Coordinate signals within project limits

Project Title
Alicia Parkway TSSP
Project Description
Aliso Viejo's portion of signal timing and equipment upgrades to Alicia Parkway

Limits
Alicia Parkway from North City Limits to South City Limits
Project Notes
Project approved during 2024 CTFP call for projects. Laguna Niguel will act as lead agency.

FISCAL YEAR	FUND TYPE	ENG	ROW	CON/IMP	O&M	TOTAL	TOTAL ESCALATED
2026	Traffic Signal Sync Program (TSSP)	$0	$0	$215,226	$0	$215,226	$220,607
2026	General Fund	$0	$0	$53,806	$0	$53,806	$55,151
Totals:		**$0**	**$0**	**$269,032**	**$0**	**$269,032**	**$275,758**

Last Revised: 25-00 - In Progress **Total Programmed:** $269,032

TIP ID CP-12383 **IMPLEMENTING AGENCY** Aliso Viejo, City of

Local Project Number:
Additional Project IDs:
Type of Work: Road Maintenance
Type of Work Description: Road Maintenance - Rehabilitation of roadway

Project Title
Aliso Viejo Parkway Rehabilitation from Enterprise to Aliso Creek Road
Project Description
Rehabilitation of roadway including full depth replacement of failed areas, pavement grinding, and asphalt overlay (3,300 lf)

Limits
Aliso Viejo Parkway from Enterprise to Aliso Creek Road
Project Notes

FISCAL YEAR	FUND TYPE	ENG	ROW	CON/IMP	O&M	TOTAL	TOTAL ESCALATED
2026	Local Streets and Roads apportionments	$0	$0	$1,990,000	$0	$1,990,000	$2,039,750
2026	Measure M2 Local Fairshare	$0	$0	$10,000	$0	$10,000	$10,250
Totals:		**$0**	**$0**	**$2,000,000**	**$0**	**$2,000,000**	**$2,050,000**

Last Revised: 25-00 - In Progress **Total Programmed:** $2,000

TIP ID CP-10003 **IMPLEMENTING AGENCY** Aliso Viejo, City of

Local Project Number:

Additional Project IDs:

Type of Work: Road Maintenance

Type of Work Description: Road Maintenance - Slurry seal of roadway

Limits

Citywide

Project Notes

Project Title

Annual Slurry Seal Program

Project Description

Annual program for slurry seal of roadways on residential streets. One fifth of the streets are sealed each year in accordance with the Pavement Management System.

FISCAL YEAR	FUND TYPE	ENG	ROW	CON/IMP	O&M	TOTAL	TOTAL ESCALATED
2026	Local Streets and Roads apportionments	$0	$0	$15,000	$0	$15,000	$15,375
2026	Measure M2 Local Fairshare	$10,000	$0	$725,000	$0	$735,000	$753,125
2027	Measure M2 Local Fairshare	$10,000	$0	$725,000	$0	$735,000	$771,703
2027	Local Streets and Roads apportionments	$0	$0	$15,000	$0	$15,000	$15,759
2028	Local Streets and Roads apportionments	$0	$0	$15,000	$0	$15,000	$16,153
2028	Measure M2 Local Fairshare	$10,000	$0	$725,000	$0	$735,000	$790,746
2029	Measure M2 Local Fairshare	$10,000	$0	$725,000	$0	$735,000	$810,264
2029	Local Streets and Roads apportionments	$0	$0	$15,000	$0	$15,000	$16,557
2030	Measure M2 Local Fairshare	$10,000	$0	$725,000	$0	$735,000	$830,271
2030	Local Streets and Roads apportionments	$0	$0	$15,000	$0	$15,000	$16,971
2031	Measure M2 Local Fairshare	$10,000	$0	$725,000	$0	$735,000	$850,778
2031	Local Streets and Roads apportionments	$0	$0	$15,000	$0	$15,000	$17,395
2032	Measure M2 Local Fairshare	$10,000	$0	$725,000	$0	$735,000	$871,797
2032	Local Streets and Roads apportionments	$0	$0	$15,000	$0	$15,000	$17,830
Totals:		**$70,000**	**$0**	**$5,180,000**	**$0**	**$5,250,000**	**$5,794,724**

Last Revised: 25-00 - In Progress

Total Programmed: $5,250,000

TIP ID CP-12384 **IMPLEMENTING AGENCY** Aliso Viejo, City of

Local Project Number:

Additional Project IDs:

Type of Work: Road Maintenance

Type of Work Description: Road Maintenance - Rehabilitation of roadway

Limits

Argonaut between Argonaut and Argonaut and Argonaut between Glenwood Drive and Aliso Creek Road

Project Notes

Project Title

Argonaut Rehabilitation

Project Description

Rehabilitation of roadway including full depth replacement of failed areas, pavement grinding, and asphalt overlay (3,300 lf)

FISCAL YEAR	FUND TYPE	ENG	ROW	CON/IMP	O&M	TOTAL	TOTAL ESCALATED
2026	Measure M2 Local Fairshare	$15,000	$0	$0	$0	$15,000	$15,000
2027	Measure M2 Local Fairshare	$0	$0	$40,000	$0	$40,000	$42,025
2027	Local Streets and Roads apportionments	$0	$0	$741,000	$0	$741,000	$778,513
Totals:		**$15,000**	**$0**	**$781,000**	**$0**	**$796,000**	**$835,538**

Last Revised: 25-00 - In Progress

Total Programmed: $796,000

TIP ID CP-12604 **IMPLEMENTING AGENCY** Aliso Viejo, City of

Local Project Number:

Additional Project IDs:

Type of Work: Road Maintenance

Type of Work Description: Road Maintenance - Rehabilitation of roadway

Limits

Citywide

Project Notes

STBG Grant currently being applied for this project

Project Title

Arterial Slurry Seal and Bike Lane Improvement Project

Project Description

Arterial Slurry Seal and Bike Lane Improvement Project

FISCAL YEAR	FUND TYPE	ENG	ROW	CON/IMP	O&M	TOTAL	TOTAL ESCALATED
2026	Measure M2 Local Fairshare	$90,000	$0	$0	$0	$90,000	$90,000
2026	Local Streets and Roads apportionments	$10,000	$0	$0	$0	$10,000	$10,000
2027	Measure M2 Local Fairshare	$0	$0	$2,440,000	$0	$2,440,000	$2,563,525
2027	Surface Transportation Block Grant (STBG)	$0	$0	$350,000	$0	$350,000	$367,719
Totals:		**$100,000**	**$0**	**$2,790,000**	**$0**	**$2,890,000**	**$3,031,244**

Last Revised: 25-00 - In Progress

Total Programmed: $2,890,000

TIP ID CP-12607 **IMPLEMENTING AGENCY** Aliso Viejo, City of

Local Project Number:
Additional Project IDs:
Type of Work: Bikeways
Type of Work Description: Bikeways - Reconstruction/rehabilitation of existing bike route

Project Title
Bike Lane Implementation
Project Description
Upgrade bike lane to incorporate buffered bike lanes and transition striping at conflict areas

Limits
Citywide
Project Notes
Projected funded with AQMD AB2766.

FISCAL YEAR	FUND TYPE	ENG	ROW	CON/IMP	O&M	TOTAL	TOTAL ESCALATED
2026	Measure M2 Local Fairshare	$0	$0	$10,000	$0	$10,000	$10,250
2026	Air Quality Management District	$50,000	$0	$1,250,000	$0	$1,300,000	$1,331,250
Totals:		**$50,000**	**$0**	**$1,260,000**	**$0**	**$1,310,000**	**$1,341,500**

Last Revised: 25-00 - In Progress **Total Programmed:** $1,310,000

TIP ID CP-12601 **IMPLEMENTING AGENCY** Aliso Viejo, City of

Local Project Number:
Additional Project IDs:
Type of Work: Road Maintenance
Type of Work Description: Road Maintenance - Rehabilitation of roadway

Project Title
Cedarbrook Rehabilitation Project between Glenwood and Aliso Viejo Parkway
Project Description
Rehabilitation of roadway including full depth replacement of failed areas, pavement grinding, and asphalt overlay (3,200 lf)

Limits
Cedarbrook between Glenwood and Aliso Viejo Parkway
Project Notes

FISCAL YEAR	FUND TYPE	ENG	ROW	CON/IMP	O&M	TOTAL	TOTAL ESCALATED
2026	Measure M2 Local Fairshare	$0	$0	$1,075,000	$0	$1,075,000	$1,101,875
2026	Local Streets and Roads apportionments	$0	$0	$10,000	$0	$10,000	$10,250
Totals:		**$0**	**$0**	**$1,085,000**	**$0**	**$1,085,000**	**$1,112,125**

Last Revised: 25-00 - In Progress **Total Programmed:** $1,085,000

TIP ID CP-12602 **IMPLEMENTING AGENCY** Aliso Viejo, City of

Local Project Number:
Additional Project IDs:
Type of Work: Bikeways
Type of Work Description: Bikeways - Planning

Project Title
Citywide Bike Lane Study
Project Description
Plan and design bicycle facilities throughout the City

Limits
Citywide
Project Notes
Other-SCAG grant being applied

FISCAL YEAR	FUND TYPE	ENG	ROW	CON/IMP	O&M	TOTAL	TOTAL ESCALATED
2026	Measure M2 Local Fairshare	$50,000	$0	$0	$0	$50,000	$50,000
2026	Other	$200,000	$0	$0	$0	$200,000	$200,000
Totals:		**$250,000**	**$0**	**$0**	**$0**	**$250,000**	**$250,000**

Last Revised: 25-00 - In Progress **Total Programmed:** $250,000

TIP ID CP-12385 **IMPLEMENTING AGENCY** Aliso Viejo, City of

Local Project Number:
Additional Project IDs:
Type of Work: Road Maintenance
Type of Work Description: Road Maintenance - Rehabilitation of roadway

Project Title
Columbia Street Rehabilitation
Project Description
Rehabilitation of roadway including full depth replacement of failed areas, pavement grinding, and asphalt overlay (3,600 lf)

Limits
Columbia between Columbia and Columbia and Columbia between Aliso Creek Road and Aliso Viejo Parkway
Project Notes

FISCAL YEAR	FUND TYPE	ENG	ROW	CON/IMP	O&M	TOTAL	TOTAL ESCALATED
2026	Measure M2 Local Fairshare	$15,000	$0	$0	$0	$15,000	$15,000
2027	Local Streets and Roads apportionments	$0	$0	$740,000	$0	$740,000	$777,462
2027	Measure M2 Local Fairshare	$0	$0	$10,000	$0	$10,000	$10,506
Totals:		**$15,000**	**$0**	**$750,000**	**$0**	**$765,000**	**$802,968**

Last Revised: 25-00 - In Progress **Total Programmed:** $765,000

TIP ID CP-10004 **IMPLEMENTING AGENCY** Aliso Viejo, City of

Local Project Number: 14-ALSO-ECP-3728
Additional Project IDs:
Type of Work: Environmental Cleanup
Type of Work Description: Environmental Cleanup - Constructed wetlands

Project Title
Dairy Fork Wetland
Project Description
Maintenance of wetland to improve water quality of Dairy Fork sub-watershed.

Limits
Dairy Fork Tributary Outfall

Project Notes

FISCAL YEAR	FUND TYPE	ENG	ROW	CON/IMP	O&M	TOTAL	TOTAL ESCALATED
2026	General Fund	$0	$0	$0	$10,000	$10,000	$10,000
2027	General Fund	$0	$0	$0	$10,000	$10,000	$10,000
2028	General Fund	$0	$0	$0	$10,000	$10,000	$10,000
2029	General Fund	$0	$0	$0	$10,000	$10,000	$10,000
2030	General Fund	$0	$0	$0	$10,000	$10,000	$10,000
2031	General Fund	$0	$0	$0	$10,000	$10,000	$10,000
2032	General Fund	$0	$0	$0	$10,000	$10,000	$10,000
Totals:		**$0**	**$0**	**$0**	**$70,000**	**$70,000**	**$70,000**

Last Revised: 25-00 - In Progress **Total Programmed:** $70,000

TIP ID CP-12603 **IMPLEMENTING AGENCY** Aliso Viejo, City of

Local Project Number:
Additional Project IDs:
Type of Work: Road Maintenance
Type of Work Description: Road Maintenance - Reconstruction of roadway

Project Title
Glenwood Rehab - SR73 to Aliso Creek Road
Project Description
Rehabilitation of roadway including full depth replacement of failed areas, pavement grinding, and asphalt overlay (2,700 lf)

Limits
Glenwood from 73 Freeway to Aliso Creek Road

Project Notes

FISCAL YEAR	FUND TYPE	ENG	ROW	CON/IMP	O&M	TOTAL	TOTAL ESCALATED
2026	Local Streets and Roads apportionments	$0	$0	$1,200,000	$0	$1,200,000	$1,230,000
2026	Measure M2 Local Fairshare	$0	$0	$330,000	$0	$330,000	$338,250
Totals:		**$0**	**$0**	**$1,530,000**	**$0**	**$1,530,000**	**$1,568,250**

Last Revised: 25-00 - In Progress **Total Programmed:** $1,530,000

TIP ID CP-12605 **IMPLEMENTING AGENCY** Aliso Viejo, City of

Local Project Number:
Additional Project IDs:
Type of Work: Road Maintenance
Type of Work Description: Road Maintenance - Reconstruction of roadway

Project Title
Glenwood and Pacific Park Street Rehabilitation Project
Project Description
Rehabilitation of roadway including full depth replacement of failed areas, pavement grinding, and asphalt overlay

Limits
Glenwood Drive between Aliso Creek Road and the East City Limit, and Pacific Park Drive between Peppertree/Chase and Aliso Viejo Parkway

Project Notes
STBG Grant currently being applied for on this project.

FISCAL YEAR	FUND TYPE	ENG	ROW	CON/IMP	O&M	TOTAL	TOTAL ESCALATED
2026	Local Streets and Roads apportionments	$10,000	$0	$0	$0	$10,000	$10,000
2026	Measure M2 Local Fairshare	$90,000	$0	$0	$0	$90,000	$90,000
2027	Surface Transportation Block Grant (STBG)	$0	$0	$4,440,000	$0	$4,440,000	$4,664,775
2027	Measure M2 Local Fairshare	$0	$0	$580,000	$0	$580,000	$609,362
Totals:		**$100,000**	**$0**	**$5,020,000**	**$0**	**$5,120,000**	**$5,374,137**

Last Revised: 25-00 - In Progress **Total Programmed:** $5,120,000

TIP ID CP-10014 **IMPLEMENTING AGENCY** Aliso Viejo, City of

Local Project Number: 16-ALSO-ECP-3844
Additional Project IDs:
Type of Work: Environmental Cleanup
Type of Work Description: Environmental Cleanup - Catchment Retrofit

Project Title
Stormwater Litter Control Project - Phase 4
Project Description
Storm Water Pollution Project - This project will include installation of Bio Clean High Capacity Filter Inserts on storm drain catch basins located on Public Streets within the City of Aliso Viejo. This is for maintenance of catch basin filters.

Limits
Various catch basins throughout the City

Project Notes

FISCAL YEAR	FUND TYPE	ENG	ROW	CON/IMP	O&M	TOTAL	TOTAL ESCALATED
2026	General Fund	$0	$0	$0	$11,100	$11,100	$11,100
Totals:		**$0**	**$0**	**$0**	**$11,100**	**$11,100**	**$11,100**

Last Revised: 25-00 - In Progress **Total Programmed:** $0

TIP ID CP-10015 **IMPLEMENTING AGENCY** Aliso Viejo, City of

Local Project Number: 17-ALSO-ECP-3878

Additional Project IDs:

Type of Work: Environmental Cleanup

Type of Work Description: Environmental Cleanup - Catchment Retrofit

Project Title

Stormwater Litter Control Project - Phase 5

Project Description

Storm Water Pollution Proj-This project will include installation of Bio Clean high Capacity Filter inserts on storm drain catch basins located on Public Streets. ECP funding approved in 2017. This is for maintenance of catch basin filters.

Limits

Various catch basins throughout the City

Project Notes

FISCAL YEAR	FUND TYPE	ENG	ROW	CON/IMP	O&M	TOTAL	TOTAL ESCALATED
2026	General Fund	$0	$0	$0	$7,000	$7,000	$7,000
2026	Gas Tax	$0	$0	$0	$23,000	$23,000	$23,000
2027	Gas Tax	$0	$0	$0	$23,000	$23,000	$23,000
2027	General Fund	$0	$0	$0	$7,000	$7,000	$7,000
Totals:		**$0**	**$0**	**$0**	**$60,000**	**$60,000**	**$60,000**

Last Revised: 25-00 - In Progress

Total Programmed: $60,000

TIP ID CP-10016 **IMPLEMENTING AGENCY** Aliso Viejo, City of

Local Project Number:

Additional Project IDs:

Type of Work: Environmental Cleanup

Type of Work Description: Environmental Cleanup - Constructed wetlands

Project Title

Wood Canyon Wetland

Project Description

Maintenance of wetland to improve water quality in the Wood Canyon Wetland

Limits

Wood Canyon Wetland

Project Notes

Project not funded through Project x. Includes roadway run-off treatment.

FISCAL YEAR	FUND TYPE	ENG	ROW	CON/IMP	O&M	TOTAL	TOTAL ESCALATED
2026	General Fund	$0	$0	$0	$10,000	$10,000	$10,000
2027	General Fund	$0	$0	$0	$10,000	$10,000	$10,000
2028	General Fund	$0	$0	$0	$10,000	$10,000	$10,000
2029	General Fund	$0	$0	$0	$10,000	$10,000	$10,000
2030	General Fund	$0	$0	$0	$10,000	$10,000	$10,000
2031	General Fund	$0	$0	$0	$10,000	$10,000	$10,000
2032	General Fund	$0	$0	$0	$10,000	$10,000	$10,000
Totals:		**$0**	**$0**	**$0**	**$70,000**	**$70,000**	**$70,000**

Last Revised: 25-00 - In Progress

Total Programmed: $70,000

RESOLUTION NO. 2025-____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ALISO VIEJO, CALIFORNIA, CONCERNING THE STATUS AND UPDATE OF THE CIRCULATION ELEMENT, AND MITIGATION FEE PROGRAM FOR THE MEASURE M (M2) PROGRAM

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

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

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

WHEREAS, the City is required to adopt a resolution biennially informing the Orange County Transportation Authority (OCTA) that the City's Circulation Element is in conformance with the MPAH and whether any changes to any arterial highways of said Circulation Element have been adopted by the City during Fiscal Years (FY) 2023-24 and FY 2024-25; and

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

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

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL FOR THE CITY OF ALISO VIEJO, DOES HEREBY INFORM OCTA THAT:

a) The arterial highway portion of the Circulation Element of the City is in conformance with the MPAH.
b) The City attests that no unilateral reduction in through lanes has been made on any MPAH arterials during FY 2023-24 and FY 2024-25.
c) The City affirms that it will bring forward requests to amend the MPAH, when necessary, in order to ensure that the MPAH and the General Plan Circulation Element remain consistent.
d) The City reaffirms that the existing Mitigation Fee Program is in effect.

PASSED, APPROVED AND ADOPTED this 18th day of June, 2025.

_____
Tiffany Ackley
Mayor

APPROVED AS TO FORM:

_____
Scott C. Smith, City Attorney

ATTEST:

_____
Janet Martinez, City Clerk

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF ALISO VIEJO)

I, JANET MARTINEZ, City Clerk of the City of Aliso Viejo, California, DO HEREBY CERTIFY that the foregoing is the original of Resolution No. 2025-__ duly passed and adopted by the City Council of the City of Aliso Viejo at their regular meeting held on the ___ day of _____, 2025, by the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

_____
JANET MARTINEZ
CITY CLERK

(SEAL)

City of Aliso Viejo
AGENDA ITEM

DATE: June 18, 2025

TO: Mayor and City Council

FROM: Shaun Pelletier, Public Works Director / City Engineer

SUBJECT: AGREEMENTS WITH RK ENGINEERING GROUP, INC. AND ADVANTEC CONSULTING ENGINEERS, INC. FOR ON-CALL TRAFFIC ENGINEERING SERVICES

Recommended Actions:

1. Approve an agreement with RK Engineering Group, Inc. to perform on-call traffic engineering services;
2. Approve an agreement with Advantec Consulting Engineers, Inc. to perform on-call traffic engineering services;
3. Authorize the City Manager to execute a professional services agreement with RK Engineering Group, Inc. for an amount not to exceed $225,000; and
4. Authorize the City Manager to execute a professional services agreement with Advantec Consulting Engineers, Inc. for an amount not to exceed $50,000.

Fiscal Impact:

The estimated cost for on-all traffic engineering services is $55,000 annually and funded with Special Revenue Funds, such as Gas Tax, Measure M, and SB1. An additional $60,000 in AQMD funds have also been included in the FY 2025-26 Capital Improvement Plan (CIP) budget for the design of bike lane improvements. The consultant fee for this work is budgeted in FY 2025-26 and will be included the FY 2026-27 and FY 2027-28 budgets accordingly. For development reviews, the developer will reimburse the City for actual time spent on each project.

Background:

The City utilizes the services of on-call traffic engineering consultants for several traffic engineering related services, such as review of traffic studies, traffic calming analysis and design, and traffic data collection.

An RFP for on-call traffic engineering services was released on March 17, 2025, and was due on April 16, 2025. Seven firms submitted proposals and were ranked by a panel as follows:

1. RK Engineering Group, Inc.
2. Advantec Consulting Engineers, Inc.
3. Hartzog and Crabill
4. Iteris
5. GTS
6. Minigar & Associates, Inc.
7. STC Traffic, Inc.

Staff reviewed the proposals for their ability to perform the service, ability to meet time requirements, reference checks, and reasonableness of cost.

Discussion:

Staff recommends approving two agreements for on-call traffic engineering services. Engaging two firms enhances competitive pricing for each task order, ensures timely submission of deliverables, especially during peak periods when one firm may be unavailable, and mitigates potential conflicts of interest if a firm is representing another developer or jurisdiction on a given project.

RK Engineering Group, Inc. has been providing on-call traffic engineering services for the City for the past 15 years and has successfully completed several traffic engineering task orders for the City, including the Citywide traffic flow map update, Wood Canyon Drive and Hummingbird Lane traffic calming review, Citywide speed surveys, and the preparation of formal traffic calming guidelines, which will be presented at a future Council meeting.

Advantec Consultant Engineers, Inc. has been providing on-call traffic engineering services for the City since 2020. They have provided technical support for bike lane improvements as well as grant writing assistance for the City.

Staff recommends RK Engineering Group, Inc. and Advantec Consultant Engineers, Inc. to perform on-call traffic engineering services for the City because of their current experience in providing such services for the City, as well as for several other cities in southern California including adjacent cities. RK Engineering Group, Inc. is currently on-call with the Cities of Laguna Niguel, Laguna Beach, Costa Mesa, Irvine, and Mission Viejo. Advantec Consultant Engineers, Inc. is currently on-call with the Cities of Mission Viejo, Huntington Beach, and Garden Grove.

The FY 2025-26 budget currently includes $35,000 to update the City's speed limits as well as $20,000 for miscellaneous traffic studies such as requests for traffic calming, stop signs, etc. Additionally, RK Engineering Group, Inc. has provided a proposal of $60,000 to design bike lane improvements throughout the City, which is included in the FY 2025-26 CIP budget.

The on-call agreements guarantee that qualified firms are readily available to deliver services as needed, minimizing delays in consultant procurement when a swift turnaround

is critical. Before any work commences, the City must authorize the project, confirm budget availability, and ensure that deposit accounts are appropriately funded. If development activity experiences a surge during the initial three-year term, additional appropriation requests will be submitted as needed. The initial term of the agreements will be from July 1, 2025, through June 30, 2028. The City has the option to renew the agreements for two (2) additional one-year terms.

Attachments:

1. Agreement with RK Engineering Group, Inc.
2. Agreement with Advantec Consulting Engineers, Inc.

CITY OF ALISO VIEJO
PROFESSIONAL SERVICES AGREEMENT
FOR
ON-CALL TRAFFIC ENGINEERING SERVICES

1. PARTIES AND DATE.

This Agreement is made and entered into this _____ day of _____, 2025, by and between the City of Aliso Viejo, a municipal corporation organized under the laws of the State of California with its principal place of business at 12 Journey, Suite 100, Aliso Viejo, California 92656 ("City") and **RK Engineering Group, Inc.** , a **corporation**, with its principal place of business at **1401 Dove Street, Suite 540, Newport Beach, CA 92660** ("Consultant"). City and Consultant are sometimes individually referred to herein as "Party" and collectively as "Parties."

2. RECITALS.

2.1 Consultant.

Consultant desires to perform and assume responsibility for the provision of professional consultant services required by the City on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing professional consultant services to public clients, is licensed in the State of California, and is familiar with the plans of City.

2.2 Project.

City desires to engage Consultant to render such services for **On-Call Traffic Engineering Services** ("Project") as set forth in this Agreement.

3. TERMS.

3.1 Scope of Services and Term.

3.1.1 General Scope of Services. Consultant promises and agrees to furnish to the City all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the professional consultant services necessary for the Project ("Services"). The Services are more particularly described in Exhibit "A" attached hereto and incorporated herein by reference. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations.

3.1.2 Term. The term of this Agreement shall be from **July 1, 2025** to **June 30, 2028**, unless earlier terminated as provided herein. The City Manager shall have the unilateral option, at its sole discretion, to renew this Agreement annually for no more than two additional one-year terms. Consultant shall complete the Services within the term of this Agreement, and shall meet any other established schedules and deadlines.

3.2 Responsibilities of Consultant.

3.2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. City retains Consultant on an independent contractor basis and not as an employee. Consultant shall complete, execute, and submit to City a Request for Taxpayer Identification Number and Certification (IRS FormW-9) prior to commencement of any Services under this Agreement. Neither City, nor any of its officials, officers, directors, employees or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of City and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.2.2 Schedule of Services.

3.2.2.1 Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the Schedule of Services set forth in Exhibit "B" attached hereto and incorporated herein by reference. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule, City shall respond to Consultant's submittals in a timely manner. Upon request of City, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2.2.2 Neither City nor Consultant shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the non-performing Party. For purposes of this Agreement, such circumstances include a Force Majeure Event. A Force Majeure Event shall mean an event that materially affects a Party's performance and is one or more of the following: (1) Acts of God or other natural disasters; (2) terrorism or other acts of a public enemy; (3) orders of governmental authorities (including, without limitation, unreasonable and unforeseeable delay in the issuance of permits or approvals by governmental authorities that are required for the Services); (4) strikes and other organized labor action occurring at the site and the effects thereof on the Services, only to the extent such strikes and other organized labor action are beyond the control of Consultant and its subcontractors, and to the extent the effects thereof cannot be avoided by use of replacement workers; and (5) pandemics, epidemics or quarantine restrictions. For purposes of this section, "orders of governmental authorities," includes ordinances, emergency proclamations and orders, rules to protect the public health, welfare and safety, and other actions of a public agency applicable to the Services and Agreement.

3.2.2.3 Should a Force Majeure Event occur, the non-performing Party shall, within a reasonable time of being prevented from performing, give written notice to the other Party describing the circumstances preventing continued performance and the efforts being

made to resume performance of this Agreement. Force Majeure Events and/or delays, regardless of the Party responsible for the delay, shall not entitle Consultant to any additional compensation. Notwithstanding the foregoing in this section, the City may still terminate this Agreement in accordance with the termination provisions of this Agreement.

3.2.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of City.

3.2.4 Substitution of Key Personnel. Consultant has represented to City that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of City. In the event that City and Consultant cannot agree as to the substitution of key personnel, City shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to the City, or who are determined by the City to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of the City. The key personnel for performance of this Agreement are as follows: **Rogier Goedeke**.

3.2.5 City's Representative. The City hereby designates the City Manager, or his or her designee, to act as its representative for the performance of this Agreement ("City's Representative"). City's Representative shall have the power to act on behalf of the City for all purposes under this Contract. The City Manager hereby designates **Public Works Director/City Engineer**, or his or her designee, as the City's contact for the implementation of the Services hereunder. Consultant shall not accept direction or orders from any person other than the City's Representative or his or her designee.

3.2.6 Consultant's Representative. Consultant hereby designates **Rogier Goedecke**, or his or her designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

3.2.7 Coordination of Services. Consultant agrees to work closely with City staff in the performance of Services and shall be available to City's staff, consultants and other staff at all reasonable times.

3.2.8 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subconsultants shall have sufficient skill and experience to perform the Services assigned to them. Consultant represents and maintains that all employees and subconsultants have

undergone workplace harassment training and completed criminal background checks with no felony or misdemeanor violations within 5 years prior to performance of the Services. Finally, Consultant represents that it, its employees and subconsultants have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from the City, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its sub-consultants who is determined by the City to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the City, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

3.2.9 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold City, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.2.10 Insurance.

3.2.10.1 Time for Compliance. Consultant shall not commence Work under this Agreement until it has provided evidence satisfactory to the City that it has secured all insurance required under this section. In addition, Consultant shall not allow any subconsultant to commence work on any subcontract until it has provided evidence satisfactory to the City that the subconsultant has secured all insurance required under this section.

3.2.10.2 Types of Insurance Required. As a condition precedent to the effectiveness of this Agreement for work to be performed hereunder and without limiting the indemnity provisions of the Agreement, the Consultant in partial performance of its obligations under such Agreement, shall procure and maintain in full force and effect during the term of the Agreement, the following policies of insurance. If the existing policies do not meet the Insurance Requirements set forth herein, Consultant agrees to amend, supplement or endorse the policies to do so.

(a) Commercial General Liability: Commercial General Liability Insurance which affords coverage at least as broad as Insurance Services Office "occurrence" form CG 0001, with minimum limits of at least $1,000,000 per occurrence, and if written with an

aggregate, the aggregate shall be double the per occurrence limit. Defense costs shall be paid in addition to the limits.

The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; or (3) contain any other exclusion contrary to the Agreement.

(b) Automobile Liability Insurance: Automobile Liability Insurance with coverage at least as broad as Insurance Services Office Form CA 0001 covering "Any Auto" (Symbol 1) with minimum limits of $1,000,000 each accident.

(c) Contractors Pollution Liability: (if necessary)

Contractors Pollution Liability Insurance covering all of the contractor's operations to include onsite and offsite coverage for bodily injury (including death and mental anguish), property damage, defense costs and cleanup costs with minimum limits of $5 million per loss and $10 million total all losses. The policy shall contain no endorsements or provisions limiting contractual liability or coverage for cross liability of claims or suits by one insured against another.

If coverage is written on a claims-made basis, the retroactive date shall precede the effective date of the initial Agreement and continuous coverage will be maintained or an extended reporting period will be exercised for a period of at least three (3) years from termination or expiration of this Agreement.

(d) Professional Liability: Professional Liability insurance with minimum limits of $1,000,000. Covered professional services shall specifically include all work to be performed under the Agreement and delete any exclusions that may potentially affect the work to be performed (for example, any exclusions relating to lead, asbestos, pollution, testing, underground storage tanks, laboratory analysis, soil work, etc.).

If coverage is written on a claims-made basis, the retroactive date shall precede the effective date of the initial Agreement and continuous coverage will be maintained or an extended reporting period will be exercised for a period of at least three (3) years from termination or expiration of this Agreement.

(e) Workers' Compensation: Workers' Compensation Insurance, as required by the State of California and Employer's Liability Insurance with a limit of not less than $1,000,000 per accident for bodily injury and disease.

3.2.10.3 Endorsements. Required insurance policies shall not be in compliance if they include any limiting provision or endorsement that has not been submitted to the City for approval.

(a) The policy or policies of insurance required by Section 3.2.10.2 (a) Commercial General Liability and (c) Contractor's Pollution Liability shall be endorsed to provide the following:

(1) Additional Insured: The City of Aliso Viejo, its officials, officers, employees, agents, and volunteers shall be additional insureds with regard to liability and defense of suits or claims arising out of the performance of the Agreement.

Additional Insured Endorsements shall not (1) be restricted to "ongoing operations"; (2) exclude "contractual liability"; (3) restrict coverage to "sole" liability of Consultant; or (4) contain any other exclusions contrary to the Agreement.

(2) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

(b) The policy or policies of insurance required by Section 3.2.10.2 (b) Automobile Liability and (d) Professional Liability shall be endorsed to provide the following:

(1) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

(c) The policy or policies of insurance required by Section 3.2.10.2 (e) Workers' Compensation shall be endorsed to provide the following:

(1) Waiver of Subrogation: A waiver of subrogation stating that the insurer waives all rights of subrogation against the indemnified parties.

(2) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

3.2.10.4 Primary and Non-Contributing Insurance. All insurance coverages shall be primary and any other insurance, deductible, or self-insurance maintained by the indemnified parties shall not contribute with this primary insurance. Policies shall contain or be endorsed to contain such provisions.

3.2.10.5 Waiver of Subrogation. Required insurance coverages shall not prohibit Consultant from waiving the right of subrogation prior to a loss. Consultant shall waive all subrogation rights against the indemnified parties. Policies shall contain or be endorsed to contain such provisions.

3.2.10.6 Deductible. Any deductible or self-insured retention must be approved in writing by the City and shall protect the indemnified parties in the same manner and to the same extent as they would have been protected had the policy or policies not contained a deductible or self-insured retention.

3.2.10.7 Evidence of Insurance. The Consultant, concurrently with the execution of the Agreement, and as a condition precedent to the effectiveness thereof, shall deliver either certified copies of the required policies, or original certificates and endorsements on forms approved by the City. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. At least fifteen (15 days) prior to the expiration of any such policy, evidence of insurance showing that such insurance coverage has been renewed or extended shall be filed with the City. If such coverage is cancelled or reduced, Consultant shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the City evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies.

3.2.10.8 Failure to Maintain Coverage. Consultant agrees to suspend and cease all operations hereunder during such period of time as the required insurance coverage is not in effect and evidence of insurance has not been furnished to the City. The City shall have the right to withhold any payment due Consultant until Consultant has fully complied with the insurance provisions of this Agreement.

In the event that the Consultant's operations are suspended for failure to maintain required insurance coverage, the Consultant shall not be entitled to an extension of time for completion of the Services because of production lost during suspension.

3.2.10.9 Acceptability of Insurers. Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A:VII and authorized to do business in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law.

3.2.10.10 Insurance for Subconsultants. All Subconsultants shall be included as additional insureds under the Consultant's policies, or the Consultant shall be responsible for causing Subconsultants to purchase the appropriate insurance in compliance with the terms of these Insurance Requirements, including adding the City as an Additional Insured to the Subconsultant's policies.

3.2.11 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions where applicable shall include, but shall not be limited to: (A) adequate life protection and life saving equipment and procedures; (B) instructions in accident prevention for all employees and subconsultants, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3.3 Fees and Payments.

3.3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "C" attached hereto and incorporated herein by reference. The total compensation shall not exceed **Two Hundred Twenty Five Thousand DOLLARS** (**$225,000.00**) ("Total Compensation") without written approval of City's **City Manager**. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

3.3.2 Payment of Compensation.

Consultant shall submit to City a monthly itemized statement which indicates work completed and hours of Services rendered by Consultant. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. City shall, within 45 days of receiving such statement, review the statement and pay all non-disputed and approved charges thereon.

3.3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by City.

3.3.4 Extra Work. At any time during the term of this Agreement, City may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by City to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from the City.

3.3.5 Prevailing Wages; DIR Registration.

3.3.5.1 Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects.

If the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is $1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. City shall provide Consultant with a copy of the prevailing rates of per diem wages in effect at the commencement of this Agreement. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Consultant's principal place of business and at the project site. It is the intent of the parties to effectuate the requirements of sections 1771, 1774, 1775, 1776, 1777.5, 1813, and 1815 of the Labor Code within this Agreement, and Consultant shall therefore comply with such Labor Code sections to the fullest extent required by law. Consultant shall defend, indemnify and hold the City, its elected officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

3.3.5.2 If the Services are being performed as part of an applicable "public works" or "maintenance" project, in addition to the foregoing, then pursuant to Labor Code sections 1725.5 and 1771.1, the Consultant and all subconsultants must be registered with the Department of Industrial Relations ("DIR"). Consultant shall maintain registration for the duration of the project and require the same of any subconsultants. This project may also be subject to compliance monitoring and enforcement by the DIR. It shall be Contractor's sole responsibility to comply with all applicable registration and labor compliance requirements, including the submission of payroll records directly to the DIR.

3.4 Accounting Records.

3.4.1 Maintenance and Inspection. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of City during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

3.5 General Provisions.

3.5.1 Termination of Agreement.

3.5.1.1 Grounds for Termination. City may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to City, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause. The rights and remedies of the City provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law, equity or under this Agreement.

3.5.1.2 Effect of Termination. If this Agreement is terminated as provided herein, City may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such document and other information within fifteen (15) days of the request.

3.5.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, City may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.5.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Consultant:

RK Engineering Group,
1401 Dove Street, Suite 540
Newport Beach, CA 92660

City:

City of Aliso Viejo
12 Journey, Suite 100
Aliso Viejo, CA 92656
Attn: **Shaun Pelletier, Public Works Department**

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.5.3 Ownership of Materials and Confidentiality.

3.5.3.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for City to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data"). Consultant shall require all subconsultants to agree in writing that City is granted a non-exclusive and perpetual license for any Documents & Data the subconsultant prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by the City. City shall not be limited in any way in its use of the Documents and Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at City's sole risk.

3.5.3.2 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents and Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of City, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use City's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of City.

3.5.3.3 Confidential Information. The City shall refrain from releasing Consultant's proprietary information ("Proprietary Information") unless the City's legal counsel determines that the release of the Proprietary Information is required by the California Public Records Act or other applicable state or federal law, or order of a court of competent jurisdiction, in which case the City shall notify Consultant of its intention to release Proprietary Information. Consultant shall have five (5) working days after receipt of the Release Notice to give City written notice of Consultant's objection to the City's release of Proprietary Information. Consultant shall indemnify, defend and hold harmless the City, and its officers, directors, employees, and agents from and against all liability, loss, cost or expense (including attorney's fees) arising out of a legal action brought to compel the release of Proprietary Information. City shall not release the Proprietary Information after receipt of the Objection Notice unless either: (1) Consultant fails to fully indemnify, defend (with City's choice of legal counsel), and hold City harmless from any legal action brought to compel such release; and/or (2) a final and non-appealable order by a court of competent jurisdiction requires that City release such information.

3.5.4 Fraud Policy. Consultant shall provide a copy of the City's Fraud Prevention Policy to each of its employees assigned to perform Services under this Agreement. Consultant shall submit to the City a statement signed by an authorized representative for Consultant certifying receipt of the City's Fraud Prevention Policy. A finding by the City that any of Consultant's employees have committed fraud against the City or have violated the City's Fraud Prevention Policy shall be grounds for appropriate discipline, up to and including such employee's removal from performance of this Agreement at City's request and/or termination of this Agreement. Consultant shall reimburse the City for any costs and expenses associated with fraud against the City.

3.5.5 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.5.6 Attorney's Fees. If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

3.5.7 Indemnification.

3.5.7.1 To the fullest extent permitted by law, Consultant shall defend (with counsel of City's choosing), indemnify and hold the City, its officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any alleged acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's Services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorneys fees and other related costs and expenses except such loss or damage caused by the sole negligence or willful misconduct of the City. Consultant's obligation to indemnify shall survive expiration or termination of this Agreement and shall not be restricted to insurance proceeds, if any, received by the Consultant or the City, its officials, officers, employees, agents or volunteers.

3.5.7.2 If Consultant's obligation to defend, indemnify, and/or hold harmless arises out of Consultant's performance as a "design professional" (as that term is defined under Civil Code section 2782.8), then, and only to the extent required by Civil Code section 2782.8, which is fully incorporated herein, Consultant's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon Consultant obtaining a final adjudication by a court of competent jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

3.5.8 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both parties.

3.5.9 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Orange County.

3.5.10 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.6 City's Right to Employ Other Consultants. City reserves right to employ other consultants in connection with this Project.

3.7 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties.

3.8 Assignment or Transfer. Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the City. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.9 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subconsultants of Consultant, except as otherwise specified in this Agreement. All references to City include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

3.10 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.11 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

3.12 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.13 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.14 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, City shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of City, during the term of his or her service with City, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.15 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Consultant shall also comply with all relevant provisions of City's Minority Business Enterprise program, Affirmative Action Plan or other related programs or guidelines currently in effect or hereinafter enacted.

3.16 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

3.17 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.18 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.19 Declaration of Political Contributions. Consultant shall, throughout the term of this Agreement, submit to City an annual statement in writing declaring any political contributions of money, in-kind services, or loan made to any member of the City Council within the previous twelve-month period by the Consultant and all of Consultant's employees, including any employee(s) that Consultant intends to assign to perform the Services described in this Agreement.

3.20 Subcontracting.

3.20.1 Prior Approval Required. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of City. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

[Signatures on following page.]

SIGNATURE PAGE TO PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF ALISO VIEJO AND RK ENGINEERING GROUP, Inc.

IN WITNESS WHEREOF, the parties have executed this Professional Services Agreement on this ____ day of _____, 2025.

CITY OF ALISO VIEJO

Approved:

By:_____
Mitzi Ortiz
City Manager

ATTEST:

By:_____
Janet Martinez
City Clerk

APPROVED AS TO FORM:

_____
Best Best & Krieger LLP
City Attorney

APPROVED AS TO COMPLIANCE WITH BUDGET

By:_____
Ann Eifert
Director of Financial Services

RK ENGINEERING GROUP, INC.

[If Corporation, TWO SIGNATURES, President OR Vice President AND Secretary OR Treasurer REQUIRED]

By:_____

Its:_____

Printed Name:_____

By:_____

Its:_____

Printed Name:_____

CITY OF ALISO VIEJO

DECLARATION OF POLITICAL CONTRIBUTIONS

Using the space provided below, please list any political contributions of money, in-kind services, or loans made to any member of the City Council within the last twelve (12) months by Consultant and all of Consultant's employees, including any employee(s) that applicant intends to assign to perform the work or services described in this Agreement:

_____

_____

_____

_____

_____

_____

_____

To the best of my knowledge, I declare under penalty of perjury that the foregoing is true and was executed at:

_____ _____

City/County/State Date

_____ _____

Name of Business Print Name

_____

Signature

NOTE: THIS DECLARATION IS INCLUDED AS PART OF THE AGREEMENT AND MUST BE SIGNED AND ATTACHED HERETO.

CITY OF ALISO VIEJO

ACKNOWLEDGMENT OF RECEIPT OF FRAUD POLICY

I hereby acknowledge that I have received a copy of the City's "Fraud Prevention Policy" dated October 1, 2008. I understand that I am to promptly read its contents and distribute copies to employees assigned to perform Services for the City of Aliso Viejo.

To the extent that provisions of this policy conflict with previously issued policies or practices, whether or not such policies and practices were contained in written policies, this policy shall prevail.

Name of Business	Print Name
Signature	
Date	

EXHIBIT "A"

SCOPE OF SERVICES

General On-Call Traffic Engineering Services

General On-Call Traffic Engineering Services tasks shall include, but are not limited to:

- Conduct or review traffic engineering studies, traffic operations analysis, traffic safety, and transportation planning studies or project specific traffic analyses;
- Develop alternative analysis and preliminary engineering design;
- Conduct traffic calming analysis and design;
- Provide traffic engineering data collection support – traffic counts, pedestrian counts, intersection turning movement counts, speed surveys, etc...
- Provide traffic control device studies and design (signs, signals, pavement markings, electronic speed feedback signs and pedestrian beacons);
- Perform technical studies to support Active Transportation Programs;
- Review subdivision or new development projects involving traffic impact analyses, parking studies, transportation modeling, VMT, and area-wide transportation studies;
    - Review time shall be within 2 weeks of initial submittal and within 1 week for subsequent submittals.
- Design traffic signal system including plans, specifications, engineer's cost estimate and contract bid documents for new permanent signal installation; modifications to existing signals, signal interconnect installation and support for potential Traffic Management Center (TMC);
- Design bike facilities and/or active transportation related projects;
- Prepare or review stage construction and worksite traffic control plans;
- Provide Construction management and inspection support for transportation projects;
- Assist and provide technical assistance in identification and preparation of various traffic and roadway improvement grant applications and management;
- Provide updates to the City's fiber master plan and local signal synchronization plan;
- Provide support for regional traffic signal synchronization projects;.
- Traffic engineering services not specifically identified in previous subtasks may be performed by the Consultant at the direction of the City Engineer.

EXHIBIT "B"

SCHEDULE OF SERVICES

In the event that this Agreement is renewed pursuant to Section 3.1.2, the first renewal period shall be from July 1, 2028 to June 30, 2029. The second renewal period shall be from July 1, 2029 to June 30, 2030.

EXHIBIT "C"

COMPENSATION

See attached

In the event that this Agreement is renewed pursuant to Section 3.1.2, the rates set forth above may be adjusted each year at the time of renewal described in Exhibit "B" in accordance with the annual average Consumer Price Index of the prior calendar year, All Urban Consumers, Los Angeles-Long Beach-Anaheim up to a maximum percentage of five percent (5%).

EXHIBIT A

Billing Rates for RK Engineering Group, Inc.

Position	Hourly Rate
Founding Principal	$200
President	$190
Principal	$190
Associate Principal	$180
Associate Engineer/Planner	$170
Senior Engineer/Planner	$150
Engineer/Planner V	$140
Engineer/Planner IV	$130
Engineer/Planner III	$120
Engineer/Planner II	$110
Engineer/Planner I	$100
Assistant Engineer/Planner	$90
Engineering Technician	$70
Engineering Aide	$50
Office Manager	$100
Executive Assistant	$80
Administrative Assistant	$60
Administrative Aide	$50

General

(1) Reimbursable direct costs, such as reproduction, supplies, delivery service, telephone, travel and traffic counts will be billed at cost plus ten (10) percent. PDF report copies included in fees, printed report copies charged at a minimum of $100 each.

(2) Hourly rates apply to work time, travel time and time spent at public hearings and meetings. For overtime work and expert witness work, the above rates may be increased 50 percent. Hourly rates for depositions and trials will be increased by 100%.

(3) Client payment for professional services is not contingent upon the client receiving payment from other parties.

(4) Billing statements for work will be submitted monthly. Statements are payable within thirty (30) days of statement date. Any statement unpaid after thirty (30) days shall be subject to interest at the maximum permitted by law.

(5) Rates are subject to change.

RK accepts checks, wire transfers and online payments. Contact us for details.

Rev. February 1, 2025

City of Aliso Viejo

COUNCIL POLICY

SUBJECT	RES. NO.	POLICY NO.	EFF. DATE	PAGE
FRAUD PREVENTION POLICY	**2005-056**	**400-15**	**10/01/2008**	**1 of 8**

PURPOSE

To establish Policy and procedures for the prevention and detection of fraud and other related dishonest activities against the City and, when appropriate, to pursue legal remedies available under the law.

This Policy has been established to ensure that elected officials, officers, employees, and members of advisory boards, commissions and committees of the City of Aliso Viejo are aware of the following:

1. Acts that are considered to be fraudulent;
2. Procedures for reporting suspected fraudulent acts;
3. Steps to be taken when fraud or other related dishonest activities are suspected; and
4. Consequences to expect when a dishonest act is reported.

Further, this Policy delineates management's responsibility for instituting and maintaining a system of internal control to prevent and detect fraud, misappropriations and other irregularities, and to be alert for any indications of such misconduct.

POLICY

1. GENERAL

The City of Aliso Viejo is committed to protecting its assets against the risk of loss or misuse. Accordingly, it is the policy of the City to identify and promptly investigate any possibility of fraudulent or related dishonest activities against the City and, when appropriate, to pursue legal remedies available under law.

2. DEFINITIONS

a. Fraud – Fraud and other similar irregularities including, but not limited to:

i. claim for reimbursement of expenses that are not job-related or authorized by current policy;

ii. forgery or unauthorized alteration of documents (checks, time sheets, independent contractor agreements, purchase orders, budgets, etc.);

iii. misappropriation of City assets (funds, securities, supplies, furniture, equipment, etc.);

iv. improprieties in the handling or reporting of money or financial transactions;

v. authorizing or receiving payment for goods not received or services not performed;

vi. computer-related activity involving unauthorized alteration, destruction, forgery, or manipulation of data or misappropriation of City-owned software;

vii. misrepresentation of information on documents;

viii. any violation of Federal, State, or Local laws related to dishonest activities or fraud;

ix. seeking or accepting anything of material value from those doing business with the City, including vendors, consultants, contractors, lessees, applicants, and grantees. Materiality is determined by the City's Conflict of Interest Code, which incorporates the Fair Political Practices Commission's regulations;

x. obtaining profit or personal gain as a result of "insider" knowledge of City activities;

xi. disclosing confidential and proprietary information to outside parties; or

xii. Intentional, false representation or concealment of material fact for the purpose of personal gain.

b. Employee – Any individual or group of individuals who receive compensation, either full or part-time, from the City of Aliso Viejo for employment or providing services. The term also includes any volunteer who provides services to the City through an official arrangement with the City or a City organization, as well as consultants, vendors, contractors, outside agencies and/or any other parties with a business relationship with the City of Aliso Viejo.

c. Official - Elected officials, officers, and members of advisory or appointed boards, commissions and committees.

d. Management – Any administrator, manager, director, supervisor, or other individual who manages or supervises funds or other resources, including human resources.

e. Internal Auditor – Any person or persons assigned by the City Manager to investigate any fraud or similar activity.

f. External Auditor – Independent audit professionals who perform annual audits of the City's financial statements.

3. INVESTIGATION

a. It is the City's intent to fully investigate any suspected acts of fraud. An objective and impartial investigation will be conducted regardless of the position, title, length of service or relationship with the City of any party who might be or become involved in or becomes the subject of such investigation.

b. Each department of the City is responsible for instituting and maintaining a system of internal control to provide reasonable assurance for the prevention and detection of fraud. Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.

c. The Internal Auditor, in conjunction with the City Attorney, has the primary responsibility for the investigation of fraud.

d. Throughout the investigation, the Internal Auditor will inform the City Manager of pertinent investigative findings.

e. Employees will be granted "whistle-blower protection," as described below when acting in accordance with this Policy. When informed of suspected fraud, neither the City nor any person acting on behalf of the City shall:

   i. dismiss or threaten to dismiss the Employee reporting the suspected fraud;

   ii. discipline, suspend, or threaten to discipline or suspend the Employee reporting the suspected fraud;

   iii. impose any penalty upon the Employee reporting the suspected fraud, or;

   iv. intimidate or coerce the Employee reporting the suspected fraud.

Violations of these "whistle-blower protections" may result in discipline up to and including dismissal.

f. Upon conclusion of the investigation, the results will be reported to the City Manager.

g. The City Manager, following review of investigation results, will take appropriate disciplinary action regarding Employee misconduct. Disciplinary action can include termination of employment or a contract, and referral of the case to the District Attorney's Office for possible prosecution.

h. The City will pursue every reasonable effort, including court ordered restitution, to obtain recovery of City losses from the offender, or other appropriate sources.

PROCEDURE

1. RESPONSIBILITIES OF OFFICIALS

a. If an Official has reason to suspect that a fraud has occurred, he or she shall immediately contact the City Manager.

b. An Official shall not attempt to investigate the suspected fraud or discuss the matter with anyone other than the City Manager.

c. The alleged fraud or audit investigation shall not be discussed with the media by any person other than through the City Manager in consultation with the City Attorney and the Internal Auditor.

2. MANAGEMENT RESPONSIBILITIES

a. Management is responsible for detecting, preventing and reporting fraud in their areas of responsibility.

b. Each manager should be familiar with the types of fraud that might occur in his or her area and be alert for any indication that fraud is or was in existence in his or her area.

c. When fraud is detected or suspected, Management should determine whether an error or mistake has occurred or if there may be dishonest or fraudulent activity.

d. If Management determines a suspected activity may involve fraud, they should contact their immediate supervisor. In the event the activity involves the immediate supervisor, the activity should be reported to the Department Director.

e. Upon being notified of suspected fraud, Department Directors shall inform the City Manager.

f. Management should not attempt to conduct individual investigations, interviews, or interrogations. However, Management is responsible for taking appropriate corrective actions to ensure adequate controls exist to prevent reoccurrences of fraud.

g. Management shall cooperate fully with the Internal Auditor, other involved departments, and law enforcement agencies in the detection, reporting, and investigation of fraud, including the prosecution of offenders.

h. Management will have full and unrestricted access to all necessary records and personnel. All City furniture and contents, including desks and computers, are open to inspection at any time. There is no assumption of privacy.

i. In dealing with suspected fraud, great care must be taken. Management should not:

   i. make accusations;

   ii. alert individuals suspected of committing fraud that an investigation is underway;

   iii. treat individuals suspected of committing fraud unfairly, or;

   iv. make statements that could lead to claims of false accusations or other offenses.

j. In handling suspected fraud activities, Management has the responsibility to:

   i. make no contact (unless requested) with the individual suspected of committing fraud to determine facts or demand restitution. Under no circumstances should there be any reference to “what you did”, “the crime”, “the fraud”, “the misappropriation”, etc.;

   ii. avoid discussing the case, facts, suspicions, or allegations with anyone outside the City, unless specifically directed to do so by the City Attorney;

iii. avoid discussing the case with anyone inside the City other than the City Manager, Internal Auditor, or City Attorney or law enforcement personnel;

iv. direct all inquiries from the individual suspected of committing fraud, or his or her representative, to the City Manager or City Attorney. All inquiries by an attorney representing the individual suspected of committing fraud should be directed to the City Attorney. All inquiries from the media should be directed to the City Manager, and;

v. take appropriate corrective and disciplinary action, up to and including dismissal, if authorized by and in conformance with the City's personnel policies.

3. EMPLOYEE RESPONSIBILITIES

a. Employees should report detected or suspected fraud to the Employee's supervisor.

b. In the event the suspected fraud involves the Employee's immediate supervisor, the Employee shall make the report directly to the next higher level of Management and/or the City Manager.

c. The reporting Employee shall refrain from further investigation of the incident, confrontation with the alleged violator, or further discussion of the incident with anyone, unless requested by the City Manager, Internal Auditor, City Attorney, or law enforcement personnel.

4. INTERNAL AUDITOR RESPONSIBILITIES

a. Upon assignment by the City Manager, the Internal Auditor will promptly investigate the fraud.

b. In all circumstances where there appears to be reasonable grounds for suspecting that a fraud has taken place, the Internal Auditor, in consultation with the City Attorney, will contact appropriate law enforcement personnel.

c. The Internal Auditor shall be available and receptive to receiving relevant, confidential information to the extent allowed by law.

d. If evidence is uncovered showing possible fraud, the Internal Auditor will proceed as follows:

i. discuss the findings with Management and the City Manager to determine if disciplinary actions should be taken;

ii. report to the External Auditor such activities in order to assess the effect of the fraud activity on the City's financial statements;

iii. coordinate with Management regarding notification to insurers and filing of insurance claims;

iv. take immediate action, in consultation with the City Attorney, to prevent the theft, alteration, or destruction of evidentiary records. Such action shall include, but is not limited to:

(A) removing the records and placing them in a secure location, or limiting access to the location where the records currently exist, and;

(B) preventing the individual suspected of committing the fraud from having access to the records.

e. In consultation with the City Attorney and appropriate law enforcement personnel, the Internal Auditor may disclose particulars of the investigation with potential witnesses if such disclosure would further the investigation.

f. If the Internal Auditor is contacted by the media regarding an alleged fraud or investigation, the Internal Auditor will direct all inquiries to the City Manager.

g. At the conclusion of the investigation, the Internal Auditor will document the results in a confidential memorandum report to the City Manager and the City Attorney. If the report concludes that the allegations are supported by evidence, the report will be forwarded to appropriate law enforcement personnel.

h. Unless exceptional circumstances exist, a person under investigation for fraud is to be given notice in writing of essential particulars of the allegations following the conclusion of the investigation. Where notice is given, the person against whom allegations are being made may submit a written explanation to the Internal Auditor no later than seven (7) calendar days after notice is received.

i. The Internal Auditor shall make recommendations to the appropriate department for

assistance in the prevention of future similar occurrences.

j. Upon completion of the investigation, including all legal and personnel actions, all records, documents, and other evidentiary material, obtained from the department under investigation will be returned by the Internal Auditor to that department.

DISCIPLINARY ACTIONS

Any Employee found to be responsible for fraud or who knowingly makes false allegations in violation of this Policy shall be subject to appropriate disciplinary action, up to and including termination of employment and/or termination of the contract. The severity of the disciplinary action will be based upon the circumstances of the violation and in accordance with the City's personnel policies. The City will assess any remedial measures necessary to address and correct the circumstance and prevent reoccurrence in the future. Remedial measures may include, but are not limited to, disciplinary action, reorganization of personnel, training and education, counseling and/or other employee assistance.

EXCEPTIONS

There will be no exceptions to this Policy unless provided and approved by the City Manager and the City Attorney.

CITY OF ALISO VIEJO

ACKNOWLEDGMENT OF RECEIPT OF FRAUD POLICY

I hereby acknowledge that I have received a copy of the City's "Fraud Prevention Policy" dated October 1, 2008. I understand that I am to promptly read its contents and distribute copies to employees assigned to perform Services for the City of Aliso Viejo.

To the extent that provisions of this policy conflict with previously issued policies or practices, whether or not such policies and practices were contained in written policies, this policy shall prevail.

_____ _____

Name of Business Print Name

_____

Signature

_____

Date

CITY OF ALISO VIEJO
PROFESSIONAL SERVICES AGREEMENT
FOR
ON-CALL TRAFFIC ENGINEERING SERVICES

1. PARTIES AND DATE.

This Agreement is made and entered into this _____ day of _____, 2025, by and between the City of Aliso Viejo, a municipal corporation organized under the laws of the State of California with its principal place of business at 12 Journey, Suite 100, Aliso Viejo, California 92656 ("City") and **Advantec Consulting Engineers, Inc.** a **corporation**, with its principal place of business at **1200 Roosevelt, Irvine, CA 92620** ("Consultant"). City and Consultant are sometimes individually referred to herein as "Party" and collectively as "Parties."

2. RECITALS.

2.1 Consultant.

Consultant desires to perform and assume responsibility for the provision of professional consultant services required by the City on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing professional consultant services to public clients, is licensed in the State of California, and is familiar with the plans of City.

2.2 Project.

City desires to engage Consultant to render such services for **On-Call Traffic Engineering Services** ("Project") as set forth in this Agreement.

3. TERMS.

3.1 Scope of Services and Term.

3.1.1 General Scope of Services. Consultant promises and agrees to furnish to the City all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the professional consultant services necessary for the Project ("Services"). The Services are more particularly described in Exhibit "A" attached hereto and incorporated herein by reference. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations.

3.1.2 Term. The term of this Agreement shall be from **July 1, 2025** to **June 30, 2028**, unless earlier terminated as provided herein. The City Manager shall have the unilateral option, at its sole discretion, to renew this Agreement annually for no more than two additional one-year terms. Consultant shall complete the Services within the term of this Agreement, and shall meet any other established schedules and deadlines.

3.2 Responsibilities of Consultant.

3.2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. City retains Consultant on an independent contractor basis and not as an employee. Consultant shall complete, execute, and submit to City a Request for Taxpayer Identification Number and Certification (IRS FormW-9) prior to commencement of any Services under this Agreement. Neither City, nor any of its officials, officers, directors, employees or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of City and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.2.2 Schedule of Services.

3.2.2.1 Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the Schedule of Services set forth in Exhibit "B" attached hereto and incorporated herein by reference. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule, City shall respond to Consultant's submittals in a timely manner. Upon request of City, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2.2.2 Neither City nor Consultant shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the non-performing Party. For purposes of this Agreement, such circumstances include a Force Majeure Event. A Force Majeure Event shall mean an event that materially affects a Party's performance and is one or more of the following: (1) Acts of God or other natural disasters; (2) terrorism or other acts of a public enemy; (3) orders of governmental authorities (including, without limitation, unreasonable and unforeseeable delay in the issuance of permits or approvals by governmental authorities that are required for the Services); (4) strikes and other organized labor action occurring at the site and the effects thereof on the Services, only to the extent such strikes and other organized labor action are beyond the control of Consultant and its subcontractors, and to the extent the effects thereof cannot be avoided by use of replacement workers; and (5) pandemics, epidemics or quarantine restrictions. For purposes of this section, "orders of governmental authorities," includes ordinances, emergency proclamations and orders, rules to protect the public health, welfare and safety, and other actions of a public agency applicable to the Services and Agreement.

3.2.2.3 Should a Force Majeure Event occur, the non-performing Party shall, within a reasonable time of being prevented from performing, give written notice to the other Party describing the circumstances preventing continued performance and the efforts being

made to resume performance of this Agreement. Force Majeure Events and/or delays, regardless of the Party responsible for the delay, shall not entitle Consultant to any additional compensation. Notwithstanding the foregoing in this section, the City may still terminate this Agreement in accordance with the termination provisions of this Agreement.

3.2.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of City.

3.2.4 Substitution of Key Personnel. Consultant has represented to City that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of City. In the event that City and Consultant cannot agree as to the substitution of key personnel, City shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to the City, or who are determined by the City to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of the City. The key personnel for performance of this Agreement are as follows: **Carlos Ortiz**.

3.2.5 City's Representative. The City hereby designates the City Manager, or his or her designee, to act as its representative for the performance of this Agreement ("City's Representative"). City's Representative shall have the power to act on behalf of the City for all purposes under this Contract. The City Manager hereby designates **Public Works Director/City Engineer**, or his or her designee, as the City's contact for the implementation of the Services hereunder. Consultant shall not accept direction or orders from any person other than the City's Representative or his or her designee.

3.2.6 Consultant's Representative. Consultant hereby designates **Carlos Ortiz**, or his or her designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

3.2.7 Coordination of Services. Consultant agrees to work closely with City staff in the performance of Services and shall be available to City's staff, consultants and other staff at all reasonable times.

3.2.8 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subconsultants shall have sufficient skill and experience to perform the Services assigned to them. Consultant represents and maintains that all employees and subconsultants have

undergone workplace harassment training and completed criminal background checks with no felony or misdemeanor violations within 5 years prior to performance of the Services. Finally, Consultant represents that it, its employees and subconsultants have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from the City, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its sub-consultants who is determined by the City to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the City, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

3.2.9 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold City, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.2.10 Insurance.

3.2.10.1 Time for Compliance. Consultant shall not commence Work under this Agreement until it has provided evidence satisfactory to the City that it has secured all insurance required under this section. In addition, Consultant shall not allow any subconsultant to commence work on any subcontract until it has provided evidence satisfactory to the City that the subconsultant has secured all insurance required under this section.

3.2.10.2 Types of Insurance Required. As a condition precedent to the effectiveness of this Agreement for work to be performed hereunder and without limiting the indemnity provisions of the Agreement, the Consultant in partial performance of its obligations under such Agreement, shall procure and maintain in full force and effect during the term of the Agreement, the following policies of insurance. If the existing policies do not meet the Insurance Requirements set forth herein, Consultant agrees to amend, supplement or endorse the policies to do so.

(a) Commercial General Liability: Commercial General Liability Insurance which affords coverage at least as broad as Insurance Services Office "occurrence" form CG 0001, with minimum limits of at least $1,000,000 per occurrence, and if written with an

aggregate, the aggregate shall be double the per occurrence limit. Defense costs shall be paid in addition to the limits.

The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; or (3) contain any other exclusion contrary to the Agreement.

(b) Automobile Liability Insurance: Automobile Liability Insurance with coverage at least as broad as Insurance Services Office Form CA 0001 covering "Any Auto" (Symbol 1) with minimum limits of $1,000,000 each accident.

(c) Contractors Pollution Liability: (if necessary)

Contractors Pollution Liability Insurance covering all of the contractor's operations to include onsite and offsite coverage for bodily injury (including death and mental anguish), property damage, defense costs and cleanup costs with minimum limits of $5 million per loss and $10 million total all losses. The policy shall contain no endorsements or provisions limiting contractual liability or coverage for cross liability of claims or suits by one insured against another.

If coverage is written on a claims-made basis, the retroactive date shall precede the effective date of the initial Agreement and continuous coverage will be maintained or an extended reporting period will be exercised for a period of at least three (3) years from termination or expiration of this Agreement.

(d) Professional Liability: Professional Liability insurance with minimum limits of $1,000,000. Covered professional services shall specifically include all work to be performed under the Agreement and delete any exclusions that may potentially affect the work to be performed (for example, any exclusions relating to lead, asbestos, pollution, testing, underground storage tanks, laboratory analysis, soil work, etc.).

If coverage is written on a claims-made basis, the retroactive date shall precede the effective date of the initial Agreement and continuous coverage will be maintained or an extended reporting period will be exercised for a period of at least three (3) years from termination or expiration of this Agreement.

(e) Workers' Compensation: Workers' Compensation Insurance, as required by the State of California and Employer's Liability Insurance with a limit of not less than $1,000,000 per accident for bodily injury and disease.

3.2.10.3 Endorsements. Required insurance policies shall not be in compliance if they include any limiting provision or endorsement that has not been submitted to the City for approval.

(a) The policy or policies of insurance required by Section 3.2.10.2 (a) Commercial General Liability and (c) Contractor's Pollution Liability shall be endorsed to provide the following:

(1) Additional Insured: The City of Aliso Viejo, its officials, officers, employees, agents, and volunteers shall be additional insureds with regard to liability and defense of suits or claims arising out of the performance of the Agreement.

Additional Insured Endorsements shall not (1) be restricted to "ongoing operations"; (2) exclude "contractual liability"; (3) restrict coverage to "sole" liability of Consultant; or (4) contain any other exclusions contrary to the Agreement.

(2) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

(b) The policy or policies of insurance required by Section 3.2.10.2 (b) Automobile Liability and (d) Professional Liability shall be endorsed to provide the following:

(1) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

(c) The policy or policies of insurance required by Section 3.2.10.2 (e) Workers' Compensation shall be endorsed to provide the following:

(1) Waiver of Subrogation: A waiver of subrogation stating that the insurer waives all rights of subrogation against the indemnified parties.

(2) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

3.2.10.4 Primary and Non-Contributing Insurance. All insurance coverages shall be primary and any other insurance, deductible, or self-insurance maintained by the indemnified parties shall not contribute with this primary insurance. Policies shall contain or be endorsed to contain such provisions.

3.2.10.5 Waiver of Subrogation. Required insurance coverages shall not prohibit Consultant from waiving the right of subrogation prior to a loss. Consultant shall waive all subrogation rights against the indemnified parties. Policies shall contain or be endorsed to contain such provisions.

3.2.10.6 Deductible. Any deductible or self-insured retention must be approved in writing by the City and shall protect the indemnified parties in the same manner and to the same extent as they would have been protected had the policy or policies not contained a deductible or self-insured retention.

3.2.10.7 Evidence of Insurance. The Consultant, concurrently with the execution of the Agreement, and as a condition precedent to the effectiveness thereof, shall deliver either certified copies of the required policies, or original certificates and endorsements on forms approved by the City. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. At least fifteen (15 days) prior to the expiration of any such policy, evidence of insurance showing that such insurance coverage has been renewed or extended shall be filed with the City. If such coverage is cancelled or reduced, Consultant shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the City evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies.

3.2.10.8 Failure to Maintain Coverage. Consultant agrees to suspend and cease all operations hereunder during such period of time as the required insurance coverage is not in effect and evidence of insurance has not been furnished to the City. The City shall have the right to withhold any payment due Consultant until Consultant has fully complied with the insurance provisions of this Agreement.

In the event that the Consultant's operations are suspended for failure to maintain required insurance coverage, the Consultant shall not be entitled to an extension of time for completion of the Services because of production lost during suspension.

3.2.10.9 Acceptability of Insurers. Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A:VII and authorized to do business in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law.

3.2.10.10 Insurance for Subconsultants. All Subconsultants shall be included as additional insureds under the Consultant's policies, or the Consultant shall be responsible for causing Subconsultants to purchase the appropriate insurance in compliance with the terms of these Insurance Requirements, including adding the City as an Additional Insured to the Subconsultant's policies.

3.2.11 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions where applicable shall include, but shall not be limited to: (A) adequate life protection and life saving equipment and procedures; (B) instructions in accident prevention for all employees and subconsultants, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3.3 Fees and Payments.

3.3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "C" attached hereto and incorporated herein by reference. The total compensation shall not exceed **Fifty Thousand DOLLARS** (**$50,000.00**) ("Total Compensation") without written approval of City's **City Manager**. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

3.3.2 Payment of Compensation.

Consultant shall submit to City a monthly itemized statement which indicates work completed and hours of Services rendered by Consultant. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. City shall, within 45 days of receiving such statement, review the statement and pay all non-disputed and approved charges thereon.

3.3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by City.

3.3.4 Extra Work. At any time during the term of this Agreement, City may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by City to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from the City.

3.3.5 Prevailing Wages; DIR Registration.

3.3.5.1 Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects. If the Services are being performed as part of an applicable "public works" or "maintenance"

project, as defined by the Prevailing Wage Laws, and if the total compensation is $1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. City shall provide Consultant with a copy of the prevailing rates of per diem wages in effect at the commencement of this Agreement. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Consultant's principal place of business and at the project site. It is the intent of the parties to effectuate the requirements of sections 1771, 1774, 1775, 1776, 1777.5, 1813, and 1815 of the Labor Code within this Agreement, and Consultant shall therefore comply with such Labor Code sections to the fullest extent required by law. Consultant shall defend, indemnify and hold the City, its elected officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

3.3.5.2 If the Services are being performed as part of an applicable "public works" or "maintenance" project, in addition to the foregoing, then pursuant to Labor Code sections 1725.5 and 1771.1, the Consultant and all subconsultants must be registered with the Department of Industrial Relations ("DIR"). Consultant shall maintain registration for the duration of the project and require the same of any subconsultants. This project may also be subject to compliance monitoring and enforcement by the DIR. It shall be Contractor's sole responsibility to comply with all applicable registration and labor compliance requirements, including the submission of payroll records directly to the DIR.

3.4 Accounting Records.

3.4.1 Maintenance and Inspection. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of City during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

3.5 General Provisions.

3.5.1 Termination of Agreement.

3.5.1.1 Grounds for Termination. City may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to City, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause. The rights and remedies of the City provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law, equity or under this Agreement.

3.5.1.2 Effect of Termination. If this Agreement is terminated as provided herein, City may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such document and other information within fifteen (15) days of the request.

3.5.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, City may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.5.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Consultant:

Advantec Consulting Engineers, Inc.
1200 Roosevelt,
Irvine, CA 92620

City:

City of Aliso Viejo
12 Journey, Suite 100
Aliso Viejo, CA 92656
Attn: **Shaun Pelletier, Public Works Department**

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.5.3 Ownership of Materials and Confidentiality.

3.5.3.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for City to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data"). Consultant shall require all subconsultants to agree in writing that City is granted a non-exclusive and perpetual license for any Documents & Data the subconsultant prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by the City. City shall not be limited in any way in its use of the Documents and Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at City's sole risk.

3.5.3.2 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents and Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of City, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use City's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of City.

3.5.3.3 Confidential Information. The City shall refrain from releasing Consultant's proprietary information ("Proprietary Information") unless the City's legal counsel determines that the release of the Proprietary Information is required by the California Public Records Act or other applicable state or federal law, or order of a court of competent jurisdiction, in which case the City shall notify Consultant of its intention to release Proprietary Information. Consultant shall have five (5) working days after receipt of the Release Notice to give City written notice of Consultant's objection to the City's release of Proprietary Information. Consultant shall indemnify, defend and hold harmless the City, and its officers, directors, employees, and agents from and against all liability, loss, cost or expense (including attorney's fees) arising out of a legal action brought to compel the release of Proprietary Information. City shall not release the Proprietary Information after receipt of the Objection Notice unless either: (1) Consultant fails to fully indemnify, defend (with City's choice of legal counsel), and hold City harmless from any legal action brought to compel such release; and/or (2) a final and non-appealable order by a court of competent jurisdiction requires that City release such information.

3.5.4 Fraud Policy. Consultant shall provide a copy of the City's Fraud Prevention Policy to each of its employees assigned to perform Services under this Agreement. Consultant shall submit to the City a statement signed by an authorized representative for Consultant certifying receipt of the City's Fraud Prevention Policy. A finding by the City that any of Consultant's employees have committed fraud against the City or have violated the City's Fraud Prevention Policy shall be grounds for appropriate discipline, up to and including such employee's removal from performance of this Agreement at City's request and/or termination of this Agreement. Consultant shall reimburse the City for any costs and expenses associated with fraud against the City.

3.5.5 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.5.6 Attorney's Fees. If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

3.5.7 Indemnification.

3.5.7.1 To the fullest extent permitted by law, Consultant shall defend (with counsel of City's choosing), indemnify and hold the City, its officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any alleged acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's Services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorneys fees and other related costs and expenses except such loss or damage caused by the sole negligence or willful misconduct of the City. Consultant's obligation to indemnify shall survive expiration or termination of this Agreement and shall not be restricted to insurance proceeds, if any, received by the Consultant or the City, its officials, officers, employees, agents or volunteers.

3.5.7.2 If Consultant's obligation to defend, indemnify, and/or hold harmless arises out of Consultant's performance as a "design professional" (as that term is defined under Civil Code section 2782.8), then, and only to the extent required by Civil Code section 2782.8, which is fully incorporated herein, Consultant's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon Consultant obtaining a final adjudication by a court of competent jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

3.5.8 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both parties.

3.5.9 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Orange County.

3.5.10 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.6 City's Right to Employ Other Consultants. City reserves right to employ other consultants in connection with this Project.

3.7 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties.

3.8 Assignment or Transfer. Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the City. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.9 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subconsultants of Consultant, except as otherwise specified in this Agreement. All references to City include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

3.10 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.11 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

3.12 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.13 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.14 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, City shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of City, during the term of his or her service with City, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.15 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Consultant shall also comply with all relevant provisions of City's Minority Business Enterprise program, Affirmative Action Plan or other related programs or guidelines currently in effect or hereinafter enacted.

3.16 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

3.17 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.18 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.19 Declaration of Political Contributions. Consultant shall, throughout the term of this Agreement, submit to City an annual statement in writing declaring any political contributions of money, in-kind services, or loan made to any member of the City Council within the previous twelve-month period by the Consultant and all of Consultant's employees, including any employee(s) that Consultant intends to assign to perform the Services described in this Agreement.

3.20 Subcontracting.

3.20.1 Prior Approval Required. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of City. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

[Signatures on following page.]

SIGNATURE PAGE TO PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF ALISO VIEJO AND ADVANTEC CONSULTING ENGINEERS, INC.

IN WITNESS WHEREOF, the parties have executed this Professional Services Agreement on this ____ day of _____, 2025.

CITY OF ALISO VIEJO

Approved:

By:_____
Mitzi Ortiz
City Manager

ATTEST:

By:_____
Janet Martinez
City Clerk

APPROVED AS TO FORM:

_____
Best Best & Krieger LLP
City Attorney

APPROVED AS TO COMPLIANCE WITH BUDGET

By:_____
Ann Eifert
Director of Financial Services

ADVANTEC CONSULTING ENGINEERS, INC.

[If Corporation, TWO SIGNATURES, President OR Vice President AND Secretary OR Treasurer REQUIRED]

By:_____

Its:_____

Printed Name:_____

By:_____

Its:_____

Printed Name:_____

CITY OF ALISO VIEJO

DECLARATION OF POLITICAL CONTRIBUTIONS

Using the space provided below, please list any political contributions of money, in-kind services, or loans made to any member of the City Council within the last twelve (12) months by Consultant and all of Consultant's employees, including any employee(s) that applicant intends to assign to perform the work or services described in this Agreement:

_____

_____

_____

_____

_____

_____

_____

To the best of my knowledge, I declare under penalty of perjury that the foregoing is true and was executed at:

_____ _____

City/County/State Date

_____ _____

Name of Business Print Name

_____

Signature

NOTE: THIS DECLARATION IS INCLUDED AS PART OF THE AGREEMENT AND MUST BE SIGNED AND ATTACHED HERETO.

CITY OF ALISO VIEJO

ACKNOWLEDGMENT OF RECEIPT OF FRAUD POLICY

I hereby acknowledge that I have received a copy of the City's "Fraud Prevention Policy" dated October 1, 2008. I understand that I am to promptly read its contents and distribute copies to employees assigned to perform Services for the City of Aliso Viejo.

To the extent that provisions of this policy conflict with previously issued policies or practices, whether or not such policies and practices were contained in written policies, this policy shall prevail.

Name of Business	Print Name
Signature	
Date	

EXHIBIT "A"

SCOPE OF SERVICES

General On-Call Traffic Engineering Services

General On-Call Traffic Engineering Services tasks shall include, but are not limited to:

- Conduct or review traffic engineering studies, traffic operations analysis, traffic safety, and transportation planning studies or project specific traffic analyses;
- Develop alternative analysis and preliminary engineering design;
- Conduct traffic calming analysis and design;
- Provide traffic engineering data collection support – traffic counts, pedestrian counts, intersection turning movement counts, speed surveys, etc...
- Provide traffic control device studies and design (signs, signals, pavement markings, electronic speed feedback signs and pedestrian beacons);
- Perform technical studies to support Active Transportation Programs;
- Review subdivision or new development projects involving traffic impact analyses, parking studies, transportation modeling, VMT, and area-wide transportation studies;
    - Review time shall be within 2 weeks of initial submittal and within 1 week for subsequent submittals.
- Design traffic signal system including plans, specifications, engineer's cost estimate and contract bid documents for new permanent signal installation; modifications to existing signals, signal interconnect installation and support for potential Traffic Management Center (TMC);
- Design bike facilities and/or active transportation related projects;
- Prepare or review stage construction and worksite traffic control plans;
- Provide Construction management and inspection support for transportation projects;
- Assist and provide technical assistance in identification and preparation of various traffic and roadway improvement grant applications and management;
- Provide updates to the City's fiber master plan and local signal synchronization plan;
- Provide support for regional traffic signal synchronization projects;.
- Traffic engineering services not specifically identified in previous subtasks may be performed by the Consultant at the direction of the City Engineer.

EXHIBIT "B"

SCHEDULE OF SERVICES

In the event that this Agreement is renewed pursuant to Section 3.1.2, the first renewal period shall be from July 1, 2028 to June 30, 2029. The second renewal period shall be from July 1, 2029 to June 30, 2030.

EXHIBIT "C"

COMPENSATION

See attached.

In the event that this Agreement is renewed pursuant to Section 3.1.2, the rates set forth above may be adjusted each year at the time of renewal described in Exhibit "B" in accordance with the annual average Consumer Price Index of the prior calendar year, All Urban Consumers, Los Angeles-Long Beach-Anaheim up to a maximum percentage of five percent (5%).

Hourly Rates

Effective January 2025

Classification	Rate
Principal	$390 / hour
Senior Project Manager/Senior Engineer VIII	$330 / hour
Senior Project Manager/ Senior Engineer VII	$270 / hour
Project Manager/ Senior Engineer VI	$230 / hour
Project Manager/ Engineer V-3	$210 / hour
Project Manager/ Engineer V-2	$190 / hour
Project Manager/ Engineer V-1	$170 / hour
Associate Engineer IV	$150 / hour
Associate Engineer III	$140 / hour
Assistant Engineer II	$130 / hour
Assistant Engineer I	$115 / hour
Administrative III	$150 / hour
Administrative II	$125 / hour
Administrative I	$105 / hour

Direct Costs

Effective January 2025

Mileage	Current Rate per IRS
In House Plotting (Mylar)	$20.00 per D-size sheet
In House Plotting (Bond)	$10.00 per D-size sheet
Other Direct Costs	At Cost + 10% admin

1200 Roosevelt | Irvine | CA 92620
T 949.861.4999 F 949.502.5522 www.advantec-usa.com

City of Aliso Viejo

COUNCIL POLICY

SUBJECT	RES. NO.	POLICY NO.	EFF. DATE	PAGE
FRAUD PREVENTION POLICY	**2005-056**	**400-15**	**10/01/2008**	**1 of 8**

PURPOSE

To establish Policy and procedures for the prevention and detection of fraud and other related dishonest activities against the City and, when appropriate, to pursue legal remedies available under the law.

This Policy has been established to ensure that elected officials, officers, employees, and members of advisory boards, commissions and committees of the City of Aliso Viejo are aware of the following:

1. Acts that are considered to be fraudulent;
2. Procedures for reporting suspected fraudulent acts;
3. Steps to be taken when fraud or other related dishonest activities are suspected; and
4. Consequences to expect when a dishonest act is reported.

Further, this Policy delineates management's responsibility for instituting and maintaining a system of internal control to prevent and detect fraud, misappropriations and other irregularities, and to be alert for any indications of such misconduct.

POLICY

1. GENERAL

The City of Aliso Viejo is committed to protecting its assets against the risk of loss or misuse. Accordingly, it is the policy of the City to identify and promptly investigate any possibility of fraudulent or related dishonest activities against the City and, when appropriate, to pursue legal remedies available under law.

2. DEFINITIONS

a. Fraud – Fraud and other similar irregularities including, but not limited to:

i. claim for reimbursement of expenses that are not job-related or authorized by current policy;

ii. forgery or unauthorized alteration of documents (checks, time sheets, independent contractor agreements, purchase orders, budgets, etc.);

iii. misappropriation of City assets (funds, securities, supplies, furniture, equipment, etc.);

iv. improprieties in the handling or reporting of money or financial transactions;

v. authorizing or receiving payment for goods not received or services not performed;

vi. computer-related activity involving unauthorized alteration, destruction, forgery, or manipulation of data or misappropriation of City-owned software;

vii. misrepresentation of information on documents;

viii. any violation of Federal, State, or Local laws related to dishonest activities or fraud;

ix. seeking or accepting anything of material value from those doing business with the City, including vendors, consultants, contractors, lessees, applicants, and grantees. Materiality is determined by the City's Conflict of Interest Code, which incorporates the Fair Political Practices Commission's regulations;

x. obtaining profit or personal gain as a result of "insider" knowledge of City activities;

xi. disclosing confidential and proprietary information to outside parties; or

xii. Intentional, false representation or concealment of material fact for the purpose of personal gain.

b. Employee – Any individual or group of individuals who receive compensation, either full or part-time, from the City of Aliso Viejo for employment or providing services. The term also includes any volunteer who provides services to the City through an official arrangement with the City or a City organization, as well as consultants, vendors, contractors, outside agencies and/or any other parties with a business relationship with the City of Aliso Viejo.

c. Official - Elected officials, officers, and members of advisory or appointed boards, commissions and committees.

d. Management – Any administrator, manager, director, supervisor, or other individual who manages or supervises funds or other resources, including human resources.

e. Internal Auditor – Any person or persons assigned by the City Manager to investigate any fraud or similar activity.

f. External Auditor – Independent audit professionals who perform annual audits of the City's financial statements.

3. INVESTIGATION

a. It is the City's intent to fully investigate any suspected acts of fraud. An objective and impartial investigation will be conducted regardless of the position, title, length of service or relationship with the City of any party who might be or become involved in or becomes the subject of such investigation.

b. Each department of the City is responsible for instituting and maintaining a system of internal control to provide reasonable assurance for the prevention and detection of fraud. Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.

c. The Internal Auditor, in conjunction with the City Attorney, has the primary responsibility for the investigation of fraud.

d. Throughout the investigation, the Internal Auditor will inform the City Manager of pertinent investigative findings.

e. Employees will be granted "whistle-blower protection," as described below when acting in accordance with this Policy. When informed of suspected fraud, neither the City nor any person acting on behalf of the City shall:

   i. dismiss or threaten to dismiss the Employee reporting the suspected fraud;

   ii. discipline, suspend, or threaten to discipline or suspend the Employee reporting the suspected fraud;

   iii. impose any penalty upon the Employee reporting the suspected fraud, or;

   iv. intimidate or coerce the Employee reporting the suspected fraud.

Violations of these "whistle-blower protections" may result in discipline up to and including dismissal.

f. Upon conclusion of the investigation, the results will be reported to the City Manager.

g. The City Manager, following review of investigation results, will take appropriate disciplinary action regarding Employee misconduct. Disciplinary action can include termination of employment or a contract, and referral of the case to the District Attorney's Office for possible prosecution.

h. The City will pursue every reasonable effort, including court ordered restitution, to obtain recovery of City losses from the offender, or other appropriate sources.

PROCEDURE

1. RESPONSIBILITIES OF OFFICIALS

a. If an Official has reason to suspect that a fraud has occurred, he or she shall immediately contact the City Manager.

b. An Official shall not attempt to investigate the suspected fraud or discuss the matter with anyone other than the City Manager.

c. The alleged fraud or audit investigation shall not be discussed with the media by any person other than through the City Manager in consultation with the City Attorney and the Internal Auditor.

2. MANAGEMENT RESPONSIBILITIES

a. Management is responsible for detecting, preventing and reporting fraud in their areas of responsibility.

b. Each manager should be familiar with the types of fraud that might occur in his or her area and be alert for any indication that fraud is or was in existence in his or her area.

c. When fraud is detected or suspected, Management should determine whether an error or mistake has occurred or if there may be dishonest or fraudulent activity.

d. If Management determines a suspected activity may involve fraud, they should contact their immediate supervisor. In the event the activity involves the immediate supervisor, the activity should be reported to the Department Director.

e. Upon being notified of suspected fraud, Department Directors shall inform the City Manager.

f. Management should not attempt to conduct individual investigations, interviews, or interrogations. However, Management is responsible for taking appropriate corrective actions to ensure adequate controls exist to prevent reoccurrences of fraud.

g. Management shall cooperate fully with the Internal Auditor, other involved departments, and law enforcement agencies in the detection, reporting, and investigation of fraud, including the prosecution of offenders.

h. Management will have full and unrestricted access to all necessary records and personnel. All City furniture and contents, including desks and computers, are open to inspection at any time. There is no assumption of privacy.

i. In dealing with suspected fraud, great care must be taken. Management should not:

   i. make accusations;

   ii. alert individuals suspected of committing fraud that an investigation is underway;

   iii. treat individuals suspected of committing fraud unfairly, or;

   iv. make statements that could lead to claims of false accusations or other offenses.

j. In handling suspected fraud activities, Management has the responsibility to:

   i. make no contact (unless requested) with the individual suspected of committing fraud to determine facts or demand restitution. Under no circumstances should there be any reference to “what you did”, “the crime”, “the fraud”, “the misappropriation”, etc.;

   ii. avoid discussing the case, facts, suspicions, or allegations with anyone outside the City, unless specifically directed to do so by the City Attorney;

iii. avoid discussing the case with anyone inside the City other than the City Manager, Internal Auditor, or City Attorney or law enforcement personnel;

iv. direct all inquiries from the individual suspected of committing fraud, or his or her representative, to the City Manager or City Attorney. All inquiries by an attorney representing the individual suspected of committing fraud should be directed to the City Attorney. All inquiries from the media should be directed to the City Manager, and;

v. take appropriate corrective and disciplinary action, up to and including dismissal, if authorized by and in conformance with the City's personnel policies.

3. EMPLOYEE RESPONSIBILITIES

a. Employees should report detected or suspected fraud to the Employee's supervisor.

b. In the event the suspected fraud involves the Employee's immediate supervisor, the Employee shall make the report directly to the next higher level of Management and/or the City Manager.

c. The reporting Employee shall refrain from further investigation of the incident, confrontation with the alleged violator, or further discussion of the incident with anyone, unless requested by the City Manager, Internal Auditor, City Attorney, or law enforcement personnel.

4. INTERNAL AUDITOR RESPONSIBILITIES

a. Upon assignment by the City Manager, the Internal Auditor will promptly investigate the fraud.

b. In all circumstances where there appears to be reasonable grounds for suspecting that a fraud has taken place, the Internal Auditor, in consultation with the City Attorney, will contact appropriate law enforcement personnel.

c. The Internal Auditor shall be available and receptive to receiving relevant, confidential information to the extent allowed by law.

d. If evidence is uncovered showing possible fraud, the Internal Auditor will proceed as follows:

i. discuss the findings with Management and the City Manager to determine if disciplinary actions should be taken;

ii. report to the External Auditor such activities in order to assess the effect of the fraud activity on the City's financial statements;

iii. coordinate with Management regarding notification to insurers and filing of insurance claims;

iv. take immediate action, in consultation with the City Attorney, to prevent the theft, alteration, or destruction of evidentiary records. Such action shall include, but is not limited to:

(A) removing the records and placing them in a secure location, or limiting access to the location where the records currently exist, and;

(B) preventing the individual suspected of committing the fraud from having access to the records.

e. In consultation with the City Attorney and appropriate law enforcement personnel, the Internal Auditor may disclose particulars of the investigation with potential witnesses if such disclosure would further the investigation.

f. If the Internal Auditor is contacted by the media regarding an alleged fraud or investigation, the Internal Auditor will direct all inquiries to the City Manager.

g. At the conclusion of the investigation, the Internal Auditor will document the results in a confidential memorandum report to the City Manager and the City Attorney. If the report concludes that the allegations are supported by evidence, the report will be forwarded to appropriate law enforcement personnel.

h. Unless exceptional circumstances exist, a person under investigation for fraud is to be given notice in writing of essential particulars of the allegations following the conclusion of the investigation. Where notice is given, the person against whom allegations are being made may submit a written explanation to the Internal Auditor no later than seven (7) calendar days after notice is received.

i. The Internal Auditor shall make recommendations to the appropriate department for

assistance in the prevention of future similar occurrences.

j. Upon completion of the investigation, including all legal and personnel actions, all records, documents, and other evidentiary material, obtained from the department under investigation will be returned by the Internal Auditor to that department.

DISCIPLINARY ACTIONS

Any Employee found to be responsible for fraud or who knowingly makes false allegations in violation of this Policy shall be subject to appropriate disciplinary action, up to and including termination of employment and/or termination of the contract. The severity of the disciplinary action will be based upon the circumstances of the violation and in accordance with the City's personnel policies. The City will assess any remedial measures necessary to address and correct the circumstance and prevent reoccurrence in the future. Remedial measures may include, but are not limited to, disciplinary action, reorganization of personnel, training and education, counseling and/or other employee assistance.

EXCEPTIONS

There will be no exceptions to this Policy unless provided and approved by the City Manager and the City Attorney.

CITY OF ALISO VIEJO

ACKNOWLEDGMENT OF RECEIPT OF FRAUD POLICY

I hereby acknowledge that I have received a copy of the City's "Fraud Prevention Policy" dated October 1, 2008. I understand that I am to promptly read its contents and distribute copies to employees assigned to perform Services for the City of Aliso Viejo.

To the extent that provisions of this policy conflict with previously issued policies or practices, whether or not such policies and practices were contained in written policies, this policy shall prevail.

_____ _____

Name of Business Print Name

_____

Signature

_____

Date

City of Aliso Viejo
AGENDA ITEM

DATE: June 18, 2025

TO: Mayor and City Council

FROM: Shaun Pelletier, Public Works Director / City Engineer

SUBJECT: AGREEMENT WITH ITERIS, INC. ON-CALL TRAFFIC ENGINEERING SERVICES FOR TRAFFIC SIGNAL OPERATIONS

Recommended Actions:

1. Approve an agreement with Iteris, Inc. to perform on-call traffic engineering services for traffic signal operations; and

2. Authorize the City Manager to execute a professional services agreement with Iteris, Inc. for an amount not to exceed $200,000.

Fiscal Impact:

The cost of the requested work is expected to be $50,000 a year for the initial 3-year term to perform traffic signal operations services. This is budgeted in the FY 2025-26 budget. Within the initial three-year term, the City has applied for and anticipates being awarded funding for two synchronization projects through OCTA. The anticipated consultant fee for those services is expected to be up to $50,000 and will be included in future CIP budgets, if awarded.

Background:

The City utilizes the services of on-call traffic engineering consultants for traffic signal operations services to monitor the City's traffic signal system. This service differs from the broader on-call traffic engineering scope in that it requires specialized experience in working with traffic signal systems.

The City currently maintains and operates 48 signalized intersections. The City utilizes traffic signal controllers that are capable of being monitored offsite through a phone modem and fiber network. Also, some traffic signals are synchronized to improve the flow of traffic through the City's arterial roadways.

An RFP for on-call traffic engineering services was released on March 17, 2025 and was due on April 16, 2025. Four firms submitted proposals for this service and were ranked by a panel as follows:

1. Iteris, Inc.
2. Advantec Consultant Engineers, Inc.
3. Hartzog and Crabill
4. STC, Inc.

Staff reviewed the proposals for their ability to perform the service, ability to meet time requirements, reference checks, and reasonableness of cost.

Discussion:

Staff recommends Iteris, Inc. for on-call traffic engineering services for the City's traffic signal operations due to their extensive experience providing similar services to multiple cities in Southern California, including neighboring communities. Iteris, Inc. is currently on-call with the Cities of Lake Forest and Laguna Woods. Given that traffic signal systems require coordination across multiple jurisdictions, their experience working with adjacent agencies and OCTA is essential for ensuring regional project integration. The City's current agreement for on-call traffic engineering services for traffic signal operations is with Hartzog and Crabill.

The City anticipates being awarded funding through OCTA for the Alicia Parkway Regional Traffic Signal Synchronization Project and La Paz Road Regional Traffic Signal Synchronization Project during fiscal years 2025-26 through 2027-28. If awarded, it is estimated that project specific traffic signal operations services in the amount of $50,000 would be required for these projects, which is outside the scope of daily traffic signal operation services. Construction funds will be appropriated at the time the grant is awarded.

The initial term of the agreement will be from July 1, 2025 through June 30, 2028. The City has the option to renew the agreement for two (2) additional one-year terms.

Attachment:

1. Agreement

CITY OF ALISO VIEJO
PROFESSIONAL SERVICES AGREEMENT
FOR
ON-CALL TRAFFIC ENGINEERING SERVICES FOR TRAFFIC SIGNAL OPERATIONS

1. PARTIES AND DATE.

This Agreement is made and entered into this _____ day of _____, 2025, by and between the City of Aliso Viejo, a municipal corporation organized under the laws of the State of California with its principal place of business at 12 Journey, Suite 100, Aliso Viejo, California 92656 ("City") and **Iteris, Inc.** a **corporation**, with its principal place of business at **1700 Carnegie Avenue, Suite 100 Santa Ana CA 92705** ("Consultant"). City and Consultant are sometimes individually referred to herein as "Party" and collectively as "Parties."

2. RECITALS.

2.1 Consultant.

Consultant desires to perform and assume responsibility for the provision of professional consultant services required by the City on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing professional consultant services to public clients, is licensed in the State of California, and is familiar with the plans of City.

2.2 Project.

City desires to engage Consultant to render such services for **On-Call Traffic Engineering Services for Traffic Signal Operations** ("Project") as set forth in this Agreement.

3. TERMS.

3.1 Scope of Services and Term.

3.1.1 General Scope of Services. Consultant promises and agrees to furnish to the City all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the professional consultant services necessary for the Project ("Services"). The Services are more particularly described in Exhibit "A" attached hereto and incorporated herein by reference. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations.

3.1.2 Term. The term of this Agreement shall be from **July 1, 2025** to **June 30, 2028**, unless earlier terminated as provided herein. The City Manager shall have the unilateral option, at its sole discretion, to renew this Agreement annually for no more than two additional one-year terms. Consultant shall complete the Services within the term of this Agreement, and shall meet any other established schedules and deadlines.

3.2 Responsibilities of Consultant.

3.2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. City retains Consultant on an independent contractor basis and not as an employee. Consultant shall complete, execute, and submit to City a Request for Taxpayer Identification Number and Certification (IRS FormW-9) prior to commencement of any Services under this Agreement. Neither City, nor any of its officials, officers, directors, employees or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of City and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.2.2 Schedule of Services.

3.2.2.1 Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the Schedule of Services set forth in Exhibit "B" attached hereto and incorporated herein by reference. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule, City shall respond to Consultant's submittals in a timely manner. Upon request of City, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2.2.2 Neither City nor Consultant shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the non-performing Party. For purposes of this Agreement, such circumstances include a Force Majeure Event. A Force Majeure Event shall mean an event that materially affects a Party's performance and is one or more of the following: (1) Acts of God or other natural disasters; (2) terrorism or other acts of a public enemy; (3) orders of governmental authorities (including, without limitation, unreasonable and unforeseeable delay in the issuance of permits or approvals by governmental authorities that are required for the Services); (4) strikes and other organized labor action occurring at the site and the effects thereof on the Services, only to the extent such strikes and other organized labor action are beyond the control of Consultant and its subcontractors, and to the extent the effects thereof cannot be avoided by use of replacement workers; and (5) pandemics, epidemics or quarantine restrictions. For purposes of this section, "orders of governmental authorities," includes ordinances, emergency proclamations and orders, rules to protect the public health, welfare and safety, and other actions of a public agency applicable to the Services and Agreement.

3.2.2.3 Should a Force Majeure Event occur, the non-performing Party shall, within a reasonable time of being prevented from performing, give written notice to the other Party describing the circumstances preventing continued performance and the efforts being

made to resume performance of this Agreement. Force Majeure Events and/or delays, regardless of the Party responsible for the delay, shall not entitle Consultant to any additional compensation. Notwithstanding the foregoing in this section, the City may still terminate this Agreement in accordance with the termination provisions of this Agreement.

3.2.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of City.

3.2.4 Substitution of Key Personnel. Consultant has represented to City that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of City. In the event that City and Consultant cannot agree as to the substitution of key personnel, City shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to the City, or who are determined by the City to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of the City. The key personnel for performance of this Agreement are as follows: **Steven Bradley**.

3.2.5 City's Representative. The City hereby designates the City Manager, or his or her designee, to act as its representative for the performance of this Agreement ("City's Representative"). City's Representative shall have the power to act on behalf of the City for all purposes under this Contract. The City Manager hereby designates **Public Works Director/City Engineer**, or his or her designee, as the City's contact for the implementation of the Services hereunder. Consultant shall not accept direction or orders from any person other than the City's Representative or his or her designee.

3.2.6 Consultant's Representative. Consultant hereby designates **Steven Bradley**, or his or her designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

3.2.7 Coordination of Services. Consultant agrees to work closely with City staff in the performance of Services and shall be available to City's staff, consultants and other staff at all reasonable times.

3.2.8 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subconsultants shall have sufficient skill and experience to perform the Services assigned to them. Consultant represents and maintains that all employees and subconsultants have

undergone workplace harassment training and completed criminal background checks with no felony or misdemeanor violations within 5 years prior to performance of the Services. Finally, Consultant represents that it, its employees and subconsultants have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from the City, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its sub-consultants who is determined by the City to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the City, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

3.2.9 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold City, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.2.10 Insurance.

3.2.10.1 Time for Compliance. Consultant shall not commence Work under this Agreement until it has provided evidence satisfactory to the City that it has secured all insurance required under this section. In addition, Consultant shall not allow any subconsultant to commence work on any subcontract until it has provided evidence satisfactory to the City that the subconsultant has secured all insurance required under this section.

3.2.10.2 Types of Insurance Required. As a condition precedent to the effectiveness of this Agreement for work to be performed hereunder and without limiting the indemnity provisions of the Agreement, the Consultant in partial performance of its obligations under such Agreement, shall procure and maintain in full force and effect during the term of the Agreement, the following policies of insurance. If the existing policies do not meet the Insurance Requirements set forth herein, Consultant agrees to amend, supplement or endorse the policies to do so.

(a) Commercial General Liability: Commercial General Liability Insurance which affords coverage at least as broad as Insurance Services Office "occurrence" form CG 0001, with minimum limits of at least $1,000,000 per occurrence, and if written with an

aggregate, the aggregate shall be double the per occurrence limit. Defense costs shall be paid in addition to the limits.

The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; or (3) contain any other exclusion contrary to the Agreement.

(b) Automobile Liability Insurance: Automobile Liability Insurance with coverage at least as broad as Insurance Services Office Form CA 0001 covering "Any Auto" (Symbol 1) with minimum limits of $1,000,000 each accident.

(c) Contractors Pollution Liability: (if necessary)

Contractors Pollution Liability Insurance covering all of the contractor's operations to include onsite and offsite coverage for bodily injury (including death and mental anguish), property damage, defense costs and cleanup costs with minimum limits of $5 million per loss and $10 million total all losses. The policy shall contain no endorsements or provisions limiting contractual liability or coverage for cross liability of claims or suits by one insured against another.

If coverage is written on a claims-made basis, the retroactive date shall precede the effective date of the initial Agreement and continuous coverage will be maintained or an extended reporting period will be exercised for a period of at least three (3) years from termination or expiration of this Agreement.

(d) Professional Liability: Professional Liability insurance with minimum limits of $1,000,000. Covered professional services shall specifically include all work to be performed under the Agreement and delete any exclusions that may potentially affect the work to be performed (for example, any exclusions relating to lead, asbestos, pollution, testing, underground storage tanks, laboratory analysis, soil work, etc.).

If coverage is written on a claims-made basis, the retroactive date shall precede the effective date of the initial Agreement and continuous coverage will be maintained or an extended reporting period will be exercised for a period of at least three (3) years from termination or expiration of this Agreement.

(e) Workers' Compensation: Workers' Compensation Insurance, as required by the State of California and Employer's Liability Insurance with a limit of not less than $1,000,000 per accident for bodily injury and disease.

3.2.10.3 Endorsements. Required insurance policies shall not be in compliance if they include any limiting provision or endorsement that has not been submitted to the City for approval.

(a) The policy or policies of insurance required by Section 3.2.10.2 (a) Commercial General Liability and (c) Contractor's Pollution Liability shall be endorsed to provide the following:

(1) Additional Insured: The City of Aliso Viejo, its officials, officers, employees, agents, and volunteers shall be additional insureds with regard to liability and defense of suits or claims arising out of the performance of the Agreement.

Additional Insured Endorsements shall not (1) be restricted to "ongoing operations"; (2) exclude "contractual liability"; (3) restrict coverage to "sole" liability of Consultant; or (4) contain any other exclusions contrary to the Agreement.

(2) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

(b) The policy or policies of insurance required by Section 3.2.10.2 (b) Automobile Liability and (d) Professional Liability shall be endorsed to provide the following:

(1) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

(c) The policy or policies of insurance required by Section 3.2.10.2 (e) Workers' Compensation shall be endorsed to provide the following:

(1) Waiver of Subrogation: A waiver of subrogation stating that the insurer waives all rights of subrogation against the indemnified parties.

(2) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

3.2.10.4 Primary and Non-Contributing Insurance. All insurance coverages shall be primary and any other insurance, deductible, or self-insurance maintained by the indemnified parties shall not contribute with this primary insurance. Policies shall contain or be endorsed to contain such provisions.

3.2.10.5 Waiver of Subrogation. Required insurance coverages shall not prohibit Consultant from waiving the right of subrogation prior to a loss. Consultant shall waive all subrogation rights against the indemnified parties. Policies shall contain or be endorsed to contain such provisions.

3.2.10.6 Deductible. Any deductible or self-insured retention must be approved in writing by the City and shall protect the indemnified parties in the same manner and to the same extent as they would have been protected had the policy or policies not contained a deductible or self-insured retention.

3.2.10.7 Evidence of Insurance. The Consultant, concurrently with the execution of the Agreement, and as a condition precedent to the effectiveness thereof, shall deliver either certified copies of the required policies, or original certificates and endorsements on forms approved by the City. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. At least fifteen (15 days) prior to the expiration of any such policy, evidence of insurance showing that such insurance coverage has been renewed or extended shall be filed with the City. If such coverage is cancelled or reduced, Consultant shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the City evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies.

3.2.10.8 Failure to Maintain Coverage. Consultant agrees to suspend and cease all operations hereunder during such period of time as the required insurance coverage is not in effect and evidence of insurance has not been furnished to the City. The City shall have the right to withhold any payment due Consultant until Consultant has fully complied with the insurance provisions of this Agreement.

In the event that the Consultant's operations are suspended for failure to maintain required insurance coverage, the Consultant shall not be entitled to an extension of time for completion of the Services because of production lost during suspension.

3.2.10.9 Acceptability of Insurers. Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A:VII and authorized to do business in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law.

3.2.10.10 Insurance for Subconsultants. All Subconsultants shall be included as additional insureds under the Consultant's policies, or the Consultant shall be responsible for causing Subconsultants to purchase the appropriate insurance in compliance with the terms of these Insurance Requirements, including adding the City as an Additional Insured to the Subconsultant's policies.

3.2.11 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions where applicable shall include, but shall not be limited to: (A) adequate life protection and life saving equipment and procedures; (B) instructions in accident prevention for all employees and subconsultants, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3.3 Fees and Payments.

3.3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "C" attached hereto and incorporated herein by reference. The total compensation shall not exceed **Two Hundred Thousand DOLLARS** (**$200,000.00**) ("Total Compensation") without written approval of City's **City Manager**. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

3.3.2 Payment of Compensation.

Consultant shall submit to City a monthly itemized statement which indicates work completed and hours of Services rendered by Consultant. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. City shall, within 45 days of receiving such statement, review the statement and pay all non-disputed and approved charges thereon.

3.3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by City.

3.3.4 Extra Work. At any time during the term of this Agreement, City may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by City to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from the City.

3.3.5 Prevailing Wages; DIR Registration.

3.3.5.1 Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects.

If the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is $1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. City shall provide Consultant with a copy of the prevailing rates of per diem wages in effect at the commencement of this Agreement. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Consultant's principal place of business and at the project site. It is the intent of the parties to effectuate the requirements of sections 1771, 1774, 1775, 1776, 1777.5, 1813, and 1815 of the Labor Code within this Agreement, and Consultant shall therefore comply with such Labor Code sections to the fullest extent required by law. Consultant shall defend, indemnify and hold the City, its elected officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

3.3.5.2 If the Services are being performed as part of an applicable "public works" or "maintenance" project, in addition to the foregoing, then pursuant to Labor Code sections 1725.5 and 1771.1, the Consultant and all subconsultants must be registered with the Department of Industrial Relations ("DIR"). Consultant shall maintain registration for the duration of the project and require the same of any subconsultants. This project may also be subject to compliance monitoring and enforcement by the DIR. It shall be Contractor's sole responsibility to comply with all applicable registration and labor compliance requirements, including the submission of payroll records directly to the DIR.

3.4 Accounting Records.

3.4.1 Maintenance and Inspection. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of City during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

3.5 General Provisions.

3.5.1 Termination of Agreement.

3.5.1.1 Grounds for Termination. City may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to City, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause. The rights and remedies of the City provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law, equity or under this Agreement.

3.5.1.2 Effect of Termination. If this Agreement is terminated as provided herein, City may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such document and other information within fifteen (15) days of the request.

3.5.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, City may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.5.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Consultant:

Iteris, Inc.
1700 Carnegie Avenue, Suite 100
Santa Ana, CA 92705

City:

City of Aliso Viejo
12 Journey, Suite 100
Aliso Viejo, CA 92656
Attn: **Shaun Pelletier, Public Works Department**

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.5.3 Ownership of Materials and Confidentiality.

3.5.3.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for City to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data"). Consultant shall require all subconsultants to agree in writing that City is granted a non-exclusive and perpetual license for any Documents & Data the subconsultant prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by the City. City shall not be limited in any way in its use of the Documents and Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at City's sole risk.

3.5.3.2 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents and Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of City, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use City's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of City.

3.5.3.3 Confidential Information. The City shall refrain from releasing Consultant's proprietary information ("Proprietary Information") unless the City's legal counsel determines that the release of the Proprietary Information is required by the California Public Records Act or other applicable state or federal law, or order of a court of competent jurisdiction, in which case the City shall notify Consultant of its intention to release Proprietary Information. Consultant shall have five (5) working days after receipt of the Release Notice to give City written notice of Consultant's objection to the City's release of Proprietary Information. Consultant shall indemnify, defend and hold harmless the City, and its officers, directors, employees, and agents from and against all liability, loss, cost or expense (including attorney's fees) arising out of a legal action brought to compel the release of Proprietary Information. City shall not release the Proprietary Information after receipt of the Objection Notice unless either: (1) Consultant fails to fully indemnify, defend (with City's choice of legal counsel), and hold City harmless from any legal action brought to compel such release; and/or (2) a final and non-appealable order by a court of competent jurisdiction requires that City release such information.

3.5.4 Fraud Policy. Consultant shall provide a copy of the City's Fraud Prevention Policy to each of its employees assigned to perform Services under this Agreement. Consultant shall submit to the City a statement signed by an authorized representative for Consultant certifying receipt of the City's Fraud Prevention Policy. A finding by the City that any of Consultant's employees have committed fraud against the City or have violated the City's Fraud Prevention Policy shall be grounds for appropriate discipline, up to and including such employee's removal from performance of this Agreement at City's request and/or termination of this Agreement. Consultant shall reimburse the City for any costs and expenses associated with fraud against the City.

3.5.5 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.5.6 Attorney's Fees. If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

3.5.7 Indemnification.

3.5.7.1 To the fullest extent permitted by law, Consultant shall defend (with counsel of City's choosing), indemnify and hold the City, its officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any alleged acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's Services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorneys fees and other related costs and expenses except such loss or damage caused by the sole negligence or willful misconduct of the City. Consultant's obligation to indemnify shall survive expiration or termination of this Agreement and shall not be restricted to insurance proceeds, if any, received by the Consultant or the City, its officials, officers, employees, agents or volunteers.

3.5.7.2 If Consultant's obligation to defend, indemnify, and/or hold harmless arises out of Consultant's performance as a "design professional" (as that term is defined under Civil Code section 2782.8), then, and only to the extent required by Civil Code section 2782.8, which is fully incorporated herein, Consultant's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon Consultant obtaining a final adjudication by a court of competent jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

3.5.8 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both parties.

3.5.9 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Orange County.

3.5.10 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.6 City's Right to Employ Other Consultants. City reserves right to employ other consultants in connection with this Project.

3.7 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties.

3.8 Assignment or Transfer. Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the City. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.9 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subconsultants of Consultant, except as otherwise specified in this Agreement. All references to City include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

3.10 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.11 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

3.12 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.13 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.14 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, City shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of City, during the term of his or her service with City, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.15 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Consultant shall also comply with all relevant provisions of City's Minority Business Enterprise program, Affirmative Action Plan or other related programs or guidelines currently in effect or hereinafter enacted.

3.16 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

3.17 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.18 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.19 Declaration of Political Contributions. Consultant shall, throughout the term of this Agreement, submit to City an annual statement in writing declaring any political contributions of money, in-kind services, or loan made to any member of the City Council within the previous twelve-month period by the Consultant and all of Consultant's employees, including any employee(s) that Consultant intends to assign to perform the Services described in this Agreement.

3.20 Subcontracting.

3.20.1 Prior Approval Required. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of City. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

[Signatures on following page.]

SIGNATURE PAGE TO PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF ALISO VIEJO AND ITERIS, INC.

IN WITNESS WHEREOF, the parties have executed this Professional Services Agreement on this ____ day of _____, 2025.

CITY OF ALISO VIEJO

Approved:

By:_____
Mitzi Ortiz
City Manager

ATTEST:

By:_____
Janet Martinez
City Clerk

APPROVED AS TO FORM:

_____
Best Best & Krieger LLP
City Attorney

APPROVED AS TO COMPLIANCE WITH BUDGET

By:_____
Ann Eifert
Director of Financial Services

ITERIS, INC.

[If Corporation, TWO SIGNATURES, President OR Vice President AND Secretary OR Treasurer REQUIRED]

By:_____

Its:_____

Printed Name:_____

By:_____

Its:_____

Printed Name:_____

CITY OF ALISO VIEJO

DECLARATION OF POLITICAL CONTRIBUTIONS

Using the space provided below, please list any political contributions of money, in-kind services, or loans made to any member of the City Council within the last twelve (12) months by Consultant and all of Consultant's employees, including any employee(s) that applicant intends to assign to perform the work or services described in this Agreement:

_____

_____

_____

_____

_____

_____

_____

To the best of my knowledge, I declare under penalty of perjury that the foregoing is true and was executed at:

_____ _____

City/County/State Date

_____ _____

Name of Business Print Name

_____

Signature

NOTE: THIS DECLARATION IS INCLUDED AS PART OF THE AGREEMENT AND MUST BE SIGNED AND ATTACHED HERETO.

CITY OF ALISO VIEJO

ACKNOWLEDGMENT OF RECEIPT OF FRAUD POLICY

I hereby acknowledge that I have received a copy of the City's "Fraud Prevention Policy" dated October 1, 2008. I understand that I am to promptly read its contents and distribute copies to employees assigned to perform Services for the City of Aliso Viejo.

To the extent that provisions of this policy conflict with previously issued policies or practices, whether or not such policies and practices were contained in written policies, this policy shall prevail.

Name of Business	Print Name
Signature	
Date	

EXHIBIT "A"

SCOPE OF SERVICES

Traffic Engineering Services for Traffic Signal Operations

The scope of the work includes the review of scheduled traffic signal operations in the Aries and/or Centracs software, continuous monitoring of traffic signals using Econolite Aries and/or Centracs traffic control software, reporting problems of traffic signal operations, maintenance of traffic signal coordination system, responding to traffic signal complaints, plan checking, and preparing recommendations and other contract documents as required for public works construction projects.

Task 1. Set-up.

a. Review 'Scheduled Operations' on Aries and/or Centracs specifically for the City's system to automatically perform a variety of maintenance tasks.
b. Provide recommendations for communications between the City and the on-street master controllers.
c. Provide recommendations for any traffic signal equipment upgrades.

Task 2. Monitor traffic signal operations. Using Aries and Centracs software to monitor all traffic signal operations daily. Provide maintenance support on all traffic signals in the City. Daily tasks include:

a. Operations. Verify daily that all traffic signals are in good working order.
b. Scheduled Operations. Automatically gather and store historical data and real-time information of traffic signal operations
c. Historical Data. Verify historical data to identify traffic volumes and patterns to assist in determining adjustments to signal timing.
d. Verify Timing. Verify timing is programmed correctly in each master and local controller.

Task 3. Reporting.

a. Report traffic signal problems and malfunctions to the City's traffic signal maintenance contractor within 24 hours.
b. Coordinate and verify all requested maintenance work is properly completed by the traffic signal maintenance contractor.
c. Provide to the City a monthly report of problems with the traffic signal equipment.

Task 4. Traffic signal coordination. Maintain and make adjustments to the traffic signal coordination system by performing the following activities.

a. Assist the City in resolving traffic signal control complaints. Assistance may include contacting the complainant directly.
b. Investigate and make recommendations to the City on identified traffic signal improvements such as any new coordinated signal control system, more

efficient signal phasing, equipment upgrade, and significant timing adjustments.

c. Update traffic counts if necessary.

Task 5. Plan Checking and Report Reviews.

a. The traffic signal plan checker will be responsible for checking traffic signal plans for public and private development projects in conformance with City and accepted traffic engineering practices.

Task 6. Prepare Design Recommendations and Other Contract Documents

a. Prepare design recommendations, specifications, plans and other contract documents as required for traffic signal related public works construction projects.

Task 7. Traffic Signal Synchronization Program Support

a. Provide support for Traffic Signal Synchronization Projects.

EXHIBIT "B"

SCHEDULE OF SERVICES

In the event that this Agreement is renewed pursuant to Section 3.1.2, the first renewal period shall be from July 1, 2028 to June 30, 2029. The second renewal period shall be from July 1, 2029 to June 30, 2030.

EXHIBIT "C"

COMPENSATION

See attached.

In the event that this Agreement is renewed pursuant to Section 3.1.2, the rates set forth above may be adjusted each year at the time of renewal described in Exhibit "B" in accordance with the annual average Consumer Price Index of the prior calendar year, All Urban Consumers, Los Angeles-Long Beach-Anaheim up to a maximum percentage of five percent (5%).

Tasks		Alex Ingoglia Senior Engineer I	Michelle Haas Engineer	Delbert Smith-Lavezzari Associate Engineer	LABOR HOURS	COST
Staff Rates		$ 236.00	$ 200.00	$ 176.00		
Task 1	Traffic Operations	9	4	4	17	$3,628
Monthly Hours Labor		**9**	**4**	**4**	**17**	**$3,628**
Total Hours Labor		**108**	**48**	**48**	**204**	**$43,536**
					Monthly Labor	**$3,628**
					Yearly Labor	**$43,536**
					Contingency	10%
					Yearly Project Fee	**$47,890**

iteris®

949.270.9400
iteris.com

1700 Carnegie Avenue, Suite 100
Santa Ana, CA 92705

COST PROPOSAL

April 16, 2025

Quang Le
Associate Engineer
City of Aliso Viejo
12 Journey, Suite 100
Aliso Viejo, CA 92656

Re: Cost Proposal for City of Aliso Viejo, On-Call Traffic Engineering Services

11477-320.25

Dear Mr. Le:

Iteris, Inc. (Iteris) submits our fee proposal to provide services for On-Call Traffic Engineering Services.

Table 1 – Hourly Rates

Rates Effective Through 6/30/2026	
STAFF CLASSIFICATION	**Max**
Support Staff I	$130
Support Staff II	$213
Assistant Engineer/Planner	$133
Associate Engineer/Planner	$176
Engineer/Planner	$200
Senior Engineer/Planner/Manager I	$236
Senior Engineer/Planner/Manager II	$254
Lead Engineer/Senior Manager	$302
Associate Vice President/Principal/Director	$335
Vice President/Chief Scientist	$435

Default Standard Terms and Conditions

- *Rates subject to annual adjustments.*
- *Subconsultant, Subcontractor and Equipment expenses to be billed at negotiated cost plus markup.*
- *Other direct expenses to be billed at cost, unless otherwise negotiated.*
- *Mileage rates will be based upon current IRS standard rates.*

Thank you for the opportunity to submit our proposal. Iteris acknowledges receipt of Q&A response published via email on 4/9/2025. This proposal is submitted subject to the successful negotiation of a mutually agreeable contract between Iteris and the City. Iteris will not take any exceptions to the RFP or Professional Services Agreement. The cost proposal will remain valid for a period of at least 180 days. **Iteris confirms there are sufficient financial resources needed to perform services**. Iteris looks forward to assisting the City on this important project. Please contact me at (949) 270-9647 or sdb@iteris.com, or the designated Project Manager (PM), Mr. Ingoglia, at (949) 543-0914 or aingoglia@iteris.com, should you have any questions.

Sincerely,
Iteris, Inc.

Steven Bradley, PE
Senior Vice President | Mobility Consulting Services, West

Steven Bradley, PE is authorized to execute legal documents on behalf of Iteris.

City of Aliso Viejo

COUNCIL POLICY

SUBJECT	RES. NO.	POLICY NO.	EFF. DATE	PAGE
FRAUD PREVENTION POLICY	**2005-056**	**400-15**	**10/01/2008**	**1 of 8**

PURPOSE

To establish Policy and procedures for the prevention and detection of fraud and other related dishonest activities against the City and, when appropriate, to pursue legal remedies available under the law.

This Policy has been established to ensure that elected officials, officers, employees, and members of advisory boards, commissions and committees of the City of Aliso Viejo are aware of the following:

1. Acts that are considered to be fraudulent;
2. Procedures for reporting suspected fraudulent acts;
3. Steps to be taken when fraud or other related dishonest activities are suspected; and
4. Consequences to expect when a dishonest act is reported.

Further, this Policy delineates management's responsibility for instituting and maintaining a system of internal control to prevent and detect fraud, misappropriations and other irregularities, and to be alert for any indications of such misconduct.

POLICY

1. GENERAL

The City of Aliso Viejo is committed to protecting its assets against the risk of loss or misuse. Accordingly, it is the policy of the City to identify and promptly investigate any possibility of fraudulent or related dishonest activities against the City and, when appropriate, to pursue legal remedies available under law.

2. DEFINITIONS

a. Fraud – Fraud and other similar irregularities including, but not limited to:

i. claim for reimbursement of expenses that are not job-related or authorized by current policy;

ii. forgery or unauthorized alteration of documents (checks, time sheets, independent contractor agreements, purchase orders, budgets, etc.);

iii. misappropriation of City assets (funds, securities, supplies, furniture, equipment, etc.);

iv. improprieties in the handling or reporting of money or financial transactions;

v. authorizing or receiving payment for goods not received or services not performed;

vi. computer-related activity involving unauthorized alteration, destruction, forgery, or manipulation of data or misappropriation of City-owned software;

vii. misrepresentation of information on documents;

viii. any violation of Federal, State, or Local laws related to dishonest activities or fraud;

ix. seeking or accepting anything of material value from those doing business with the City, including vendors, consultants, contractors, lessees, applicants, and grantees. Materiality is determined by the City's Conflict of Interest Code, which incorporates the Fair Political Practices Commission's regulations;

x. obtaining profit or personal gain as a result of "insider" knowledge of City activities;

xi. disclosing confidential and proprietary information to outside parties; or

xii. Intentional, false representation or concealment of material fact for the purpose of personal gain.

b. Employee – Any individual or group of individuals who receive compensation, either full or part-time, from the City of Aliso Viejo for employment or providing services. The term also includes any volunteer who provides services to the City through an official arrangement with the City or a City organization, as well as consultants, vendors, contractors, outside agencies and/or any other parties with a business relationship with the City of Aliso Viejo.

c. Official - Elected officials, officers, and members of advisory or appointed boards, commissions and committees.

d. Management – Any administrator, manager, director, supervisor, or other individual who manages or supervises funds or other resources, including human resources.

e. Internal Auditor – Any person or persons assigned by the City Manager to investigate any fraud or similar activity.

f. External Auditor – Independent audit professionals who perform annual audits of the City's financial statements.

3. INVESTIGATION

a. It is the City's intent to fully investigate any suspected acts of fraud. An objective and impartial investigation will be conducted regardless of the position, title, length of service or relationship with the City of any party who might be or become involved in or becomes the subject of such investigation.

b. Each department of the City is responsible for instituting and maintaining a system of internal control to provide reasonable assurance for the prevention and detection of fraud. Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.

c. The Internal Auditor, in conjunction with the City Attorney, has the primary responsibility for the investigation of fraud.

d. Throughout the investigation, the Internal Auditor will inform the City Manager of pertinent investigative findings.

e. Employees will be granted "whistle-blower protection," as described below when acting in accordance with this Policy. When informed of suspected fraud, neither the City nor any person acting on behalf of the City shall:

   i. dismiss or threaten to dismiss the Employee reporting the suspected fraud;

   ii. discipline, suspend, or threaten to discipline or suspend the Employee reporting the suspected fraud;

   iii. impose any penalty upon the Employee reporting the suspected fraud, or;

   iv. intimidate or coerce the Employee reporting the suspected fraud.

Violations of these "whistle-blower protections" may result in discipline up to and including dismissal.

f. Upon conclusion of the investigation, the results will be reported to the City Manager.

g. The City Manager, following review of investigation results, will take appropriate disciplinary action regarding Employee misconduct. Disciplinary action can include termination of employment or a contract, and referral of the case to the District Attorney's Office for possible prosecution.

h. The City will pursue every reasonable effort, including court ordered restitution, to obtain recovery of City losses from the offender, or other appropriate sources.

PROCEDURE

1. RESPONSIBILITIES OF OFFICIALS

a. If an Official has reason to suspect that a fraud has occurred, he or she shall immediately contact the City Manager.

b. An Official shall not attempt to investigate the suspected fraud or discuss the matter with anyone other than the City Manager.

c. The alleged fraud or audit investigation shall not be discussed with the media by any person other than through the City Manager in consultation with the City Attorney and the Internal Auditor.

2. MANAGEMENT RESPONSIBILITIES

a. Management is responsible for detecting, preventing and reporting fraud in their areas of responsibility.

b. Each manager should be familiar with the types of fraud that might occur in his or her area and be alert for any indication that fraud is or was in existence in his or her area.

c. When fraud is detected or suspected, Management should determine whether an error or mistake has occurred or if there may be dishonest or fraudulent activity.

d. If Management determines a suspected activity may involve fraud, they should contact their immediate supervisor. In the event the activity involves the immediate supervisor, the activity should be reported to the Department Director.

e. Upon being notified of suspected fraud, Department Directors shall inform the City Manager.

f. Management should not attempt to conduct individual investigations, interviews, or interrogations. However, Management is responsible for taking appropriate corrective actions to ensure adequate controls exist to prevent reoccurrences of fraud.

g. Management shall cooperate fully with the Internal Auditor, other involved departments, and law enforcement agencies in the detection, reporting, and investigation of fraud, including the prosecution of offenders.

h. Management will have full and unrestricted access to all necessary records and personnel. All City furniture and contents, including desks and computers, are open to inspection at any time. There is no assumption of privacy.

i. In dealing with suspected fraud, great care must be taken. Management should not:

   i. make accusations;

   ii. alert individuals suspected of committing fraud that an investigation is underway;

   iii. treat individuals suspected of committing fraud unfairly, or;

   iv. make statements that could lead to claims of false accusations or other offenses.

j. In handling suspected fraud activities, Management has the responsibility to:

   i. make no contact (unless requested) with the individual suspected of committing fraud to determine facts or demand restitution. Under no circumstances should there be any reference to “what you did”, “the crime”, “the fraud”, “the misappropriation”, etc.;

   ii. avoid discussing the case, facts, suspicions, or allegations with anyone outside the City, unless specifically directed to do so by the City Attorney;

iii. avoid discussing the case with anyone inside the City other than the City Manager, Internal Auditor, or City Attorney or law enforcement personnel;

iv. direct all inquiries from the individual suspected of committing fraud, or his or her representative, to the City Manager or City Attorney. All inquiries by an attorney representing the individual suspected of committing fraud should be directed to the City Attorney. All inquiries from the media should be directed to the City Manager, and;

v. take appropriate corrective and disciplinary action, up to and including dismissal, if authorized by and in conformance with the City's personnel policies.

3. EMPLOYEE RESPONSIBILITIES

a. Employees should report detected or suspected fraud to the Employee's supervisor.

b. In the event the suspected fraud involves the Employee's immediate supervisor, the Employee shall make the report directly to the next higher level of Management and/or the City Manager.

c. The reporting Employee shall refrain from further investigation of the incident, confrontation with the alleged violator, or further discussion of the incident with anyone, unless requested by the City Manager, Internal Auditor, City Attorney, or law enforcement personnel.

4. INTERNAL AUDITOR RESPONSIBILITIES

a. Upon assignment by the City Manager, the Internal Auditor will promptly investigate the fraud.

b. In all circumstances where there appears to be reasonable grounds for suspecting that a fraud has taken place, the Internal Auditor, in consultation with the City Attorney, will contact appropriate law enforcement personnel.

c. The Internal Auditor shall be available and receptive to receiving relevant, confidential information to the extent allowed by law.

d. If evidence is uncovered showing possible fraud, the Internal Auditor will proceed as follows:

i. discuss the findings with Management and the City Manager to determine if disciplinary actions should be taken;

ii. report to the External Auditor such activities in order to assess the effect of the fraud activity on the City's financial statements;

iii. coordinate with Management regarding notification to insurers and filing of insurance claims;

iv. take immediate action, in consultation with the City Attorney, to prevent the theft, alteration, or destruction of evidentiary records. Such action shall include, but is not limited to:

(A) removing the records and placing them in a secure location, or limiting access to the location where the records currently exist, and;

(B) preventing the individual suspected of committing the fraud from having access to the records.

e. In consultation with the City Attorney and appropriate law enforcement personnel, the Internal Auditor may disclose particulars of the investigation with potential witnesses if such disclosure would further the investigation.

f. If the Internal Auditor is contacted by the media regarding an alleged fraud or investigation, the Internal Auditor will direct all inquiries to the City Manager.

g. At the conclusion of the investigation, the Internal Auditor will document the results in a confidential memorandum report to the City Manager and the City Attorney. If the report concludes that the allegations are supported by evidence, the report will be forwarded to appropriate law enforcement personnel.

h. Unless exceptional circumstances exist, a person under investigation for fraud is to be given notice in writing of essential particulars of the allegations following the conclusion of the investigation. Where notice is given, the person against whom allegations are being made may submit a written explanation to the Internal Auditor no later than seven (7) calendar days after notice is received.

i. The Internal Auditor shall make recommendations to the appropriate department for

assistance in the prevention of future similar occurrences.

j. Upon completion of the investigation, including all legal and personnel actions, all records, documents, and other evidentiary material, obtained from the department under investigation will be returned by the Internal Auditor to that department.

DISCIPLINARY ACTIONS

Any Employee found to be responsible for fraud or who knowingly makes false allegations in violation of this Policy shall be subject to appropriate disciplinary action, up to and including termination of employment and/or termination of the contract. The severity of the disciplinary action will be based upon the circumstances of the violation and in accordance with the City's personnel policies. The City will assess any remedial measures necessary to address and correct the circumstance and prevent reoccurrence in the future. Remedial measures may include, but are not limited to, disciplinary action, reorganization of personnel, training and education, counseling and/or other employee assistance.

EXCEPTIONS

There will be no exceptions to this Policy unless provided and approved by the City Manager and the City Attorney.

CITY OF ALISO VIEJO

ACKNOWLEDGMENT OF RECEIPT OF FRAUD POLICY

I hereby acknowledge that I have received a copy of the City's "Fraud Prevention Policy" dated October 1, 2008. I understand that I am to promptly read its contents and distribute copies to employees assigned to perform Services for the City of Aliso Viejo.

To the extent that provisions of this policy conflict with previously issued policies or practices, whether or not such policies and practices were contained in written policies, this policy shall prevail.

_____ _____

Name of Business Print Name

_____

Signature

_____

Date

City of Aliso Viejo
AGENDA ITEM

DATE: June 18, 2025

TO: Mayor and City Council

FROM: Shaun Pelletier, Public Works Director / City Engineer

SUBJECT: AGREEMENT WITH GMU ENGINEERS AND GEOLOGISTS FOR PAVEMENT MANAGEMENT PLAN UPDATE SERVICES

Recommended Actions:

1. Approve an agreement with GMU Engineers and Geologists to perform pavement management plan update services; and
2. Authorize the City Manager to execute a professional services agreement with GMU Engineers and Geologists for an amount not to exceed $74,970.

Fiscal Impact:

The pavement management program (PMP) services are proposed to be $37,485 in FY 2025-26. FY 2025-26 budget includes funds for the PMP services through gas tax.

Background:

Measure M2 funds are available through both competitive programs and the Local Fair Share program. To qualify for these funds, the Orange County Transportation Authority (OCTA) must certify that local jurisdictions comply with all Renewed Measure M funding requirements. As part of the eligibility process, jurisdictions must submit an eligibility package, which includes the annual adoption of a 7-year Capital Improvement Program (CIP) for streets. Additionally, in even-numbered years, jurisdictions must provide PMP certification, updating the condition ratings of arterial streets at least every two years and all other streets every six years. These ratings play a crucial role in shaping the 7-year CIP. The City's next pavement management plan update is due to OCTA by June 30, 2026.

An RFP to update the City's current pavement management plan was released on March 17, 2025, and was due on April 16, 2025. Three firms submitted proposals and were ranked by a panel as follows:

1. GMU Engineers and Geologists
2. Nichols Consulting Engineers, CHTD
3. Tiger Eye Engineering

Staff reviewed the proposals for their ability to perform the service, ability to meet time requirements, reference checks, and reasonableness of cost.

Discussion:

Staff recommends retaining GMU Engineers and Geologists to update the City's Pavement Management Plan in 2026, given their extensive experience with OCTA requirements and their ability to ensure compliance with Measure M2 eligibility guidelines. GMU is currently contracted to update pavement management plans for the Cities of Laguna Niguel and Newport Beach in 2026. Their proven track record with the City of Aliso Viejo includes successfully completing a citywide pavement evaluation of residential streets, providing expert recommendations for arterial roadway rehabilitation projects, and conducting material testing and inspections to support these initiatives.

The fee proposal is in line with other submissions and remains consistent with pricing for previous pavement management plan updates. The initial agreement term will run from July 1, 2025, through June 30, 2028, with the City retaining the option to renew the agreement for two additional one-year terms. During the initial term, two cycles of the pavement management plan update will be completed at a cost of $37,485, with a third update scheduled for the fifth year. This amount does not include contingencies. Should OCTA revise its requirements for pavement management plan submissions, the agreement will be amended accordingly to incorporate the necessary services for compliance.

Attachment:

1. Agreement

CITY OF ALISO VIEJO
PROFESSIONAL SERVICES AGREEMENT
FOR
PAVEMENT MANAGEMENT PLAN UPDATE

1. PARTIES AND DATE.

This Agreement is made and entered into this _____ day of _____, 20___, by and between the City of Aliso Viejo, a municipal corporation organized under the laws of the State of California with its principal place of business at 12 Journey, Suite 100, Aliso Viejo, California 92656 ("City") and **GMU Engineers and Geologists**, a corporation, with its principal place of business at **30336 Esperanza, Rancho Santa Margarita, CA 92688** ("Consultant"). City and Consultant are sometimes individually referred to herein as "Party" and collectively as "Parties."

2. RECITALS.

2.1 Consultant.

Consultant desires to perform and assume responsibility for the provision of professional consultant services required by the City on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing professional consultant services to public clients, is licensed in the State of California, and is familiar with the plans of City.

2.2 Project.

City desires to engage Consultant to render such services for **Pavement Management Plan Update** ("Project") as set forth in this Agreement.

3. TERMS.

3.1 Scope of Services and Term.

3.1.1 General Scope of Services. Consultant promises and agrees to furnish to the City all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the professional consultant services necessary for the Project ("Services"). The Services are more particularly described in Exhibit "A" attached hereto and incorporated herein by reference. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations.

3.1.2 Term. The term of this Agreement shall be from **July 1, 2025** to **June 30, 2028**, unless earlier terminated as provided herein. The City Manager shall have the unilateral option, at its sole discretion, to renew this Agreement annually for no more than two additional one-year terms. Consultant shall complete the Services within the term of this Agreement, and shall meet any other established schedules and deadlines.

3.2 Responsibilities of Consultant.

3.2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. City retains Consultant on an independent contractor basis and not as an employee. Consultant shall complete, execute, and submit to City a Request for Taxpayer Identification Number and Certification (IRS FormW-9) prior to commencement of any Services under this Agreement. Neither City, nor any of its officials, officers, directors, employees or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of City and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.2.2 Schedule of Services.

3.2.2.1 Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the Schedule of Services set forth in Exhibit "B" attached hereto and incorporated herein by reference. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule, City shall respond to Consultant's submittals in a timely manner. Upon request of City, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2.2.2 Neither City nor Consultant shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the non-performing Party. For purposes of this Agreement, such circumstances include a Force Majeure Event. A Force Majeure Event shall mean an event that materially affects a Party's performance and is one or more of the following: (1) Acts of God or other natural disasters; (2) terrorism or other acts of a public enemy; (3) orders of governmental authorities (including, without limitation, unreasonable and unforeseeable delay in the issuance of permits or approvals by governmental authorities that are required for the Services); (4) strikes and other organized labor action occurring at the site and the effects thereof on the Services, only to the extent such strikes and other organized labor action are beyond the control of Consultant and its subcontractors, and to the extent the effects thereof cannot be avoided by use of replacement workers; and (5) pandemics, epidemics or quarantine restrictions. For purposes of this section, "orders of governmental authorities," includes ordinances, emergency proclamations and orders, rules to protect the public health, welfare and safety, and other actions of a public agency applicable to the Services and Agreement.

3.2.2.3 Should a Force Majeure Event occur, the non-performing Party shall, within a reasonable time of being prevented from performing, give written notice to the other Party describing the circumstances preventing continued performance and the efforts being

made to resume performance of this Agreement. Force Majeure Events and/or delays, regardless of the Party responsible for the delay, shall not entitle Consultant to any additional compensation. Notwithstanding the foregoing in this section, the City may still terminate this Agreement in accordance with the termination provisions of this Agreement.

3.2.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of City.

3.2.4 Substitution of Key Personnel. Consultant has represented to City that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of City. In the event that City and Consultant cannot agree as to the substitution of key personnel, City shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to the City, or who are determined by the City to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of the City. The key personnel for performance of this Agreement are as follows: **Roger Schlierkamp**.

3.2.5 City's Representative. The City hereby designates the City Manager, or his or her designee, to act as its representative for the performance of this Agreement ("City's Representative"). City's Representative shall have the power to act on behalf of the City for all purposes under this Contract. The City Manager hereby designates **Public Works Director/City Engineer**, or his or her designee, as the City's contact for the implementation of the Services hereunder. Consultant shall not accept direction or orders from any person other than the City's Representative or his or her designee.

3.2.6 Consultant's Representative. Consultant hereby designates **Roger Schlierkamp**, or his or her designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

3.2.7 Coordination of Services. Consultant agrees to work closely with City staff in the performance of Services and shall be available to City's staff, consultants and other staff at all reasonable times.

3.2.8 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subconsultants shall have sufficient skill and experience to perform the Services assigned to them. Consultant represents and maintains that all employees and subconsultants have

undergone workplace harassment training and completed criminal background checks with no felony or misdemeanor violations within 5 years prior to performance of the Services. Finally, Consultant represents that it, its employees and subconsultants have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from the City, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its sub-consultants who is determined by the City to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the City, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

3.2.9 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold City, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.2.10 Insurance.

3.2.10.1 Time for Compliance. Consultant shall not commence Work under this Agreement until it has provided evidence satisfactory to the City that it has secured all insurance required under this section. In addition, Consultant shall not allow any subconsultant to commence work on any subcontract until it has provided evidence satisfactory to the City that the subconsultant has secured all insurance required under this section.

3.2.10.2 Types of Insurance Required. As a condition precedent to the effectiveness of this Agreement for work to be performed hereunder and without limiting the indemnity provisions of the Agreement, the Consultant in partial performance of its obligations under such Agreement, shall procure and maintain in full force and effect during the term of the Agreement, the following policies of insurance. If the existing policies do not meet the Insurance Requirements set forth herein, Consultant agrees to amend, supplement or endorse the policies to do so.

(a) Commercial General Liability: Commercial General Liability Insurance which affords coverage at least as broad as Insurance Services Office "occurrence" form CG 0001, with minimum limits of at least $1,000,000 per occurrence, and if written with an

aggregate, the aggregate shall be double the per occurrence limit. Defense costs shall be paid in addition to the limits.

The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; or (3) contain any other exclusion contrary to the Agreement.

(b) Automobile Liability Insurance: Automobile Liability Insurance with coverage at least as broad as Insurance Services Office Form CA 0001 covering "Any Auto" (Symbol 1) with minimum limits of $1,000,000 each accident.

(c) Contractors Pollution Liability: (if necessary)

Contractors Pollution Liability Insurance covering all of the contractor's operations to include onsite and offsite coverage for bodily injury (including death and mental anguish), property damage, defense costs and cleanup costs with minimum limits of $5 million per loss and $10 million total all losses. The policy shall contain no endorsements or provisions limiting contractual liability or coverage for cross liability of claims or suits by one insured against another.

If coverage is written on a claims-made basis, the retroactive date shall precede the effective date of the initial Agreement and continuous coverage will be maintained or an extended reporting period will be exercised for a period of at least three (3) years from termination or expiration of this Agreement.

(d) Professional Liability: Professional Liability insurance with minimum limits of $1,000,000. Covered professional services shall specifically include all work to be performed under the Agreement and delete any exclusions that may potentially affect the work to be performed (for example, any exclusions relating to lead, asbestos, pollution, testing, underground storage tanks, laboratory analysis, soil work, etc.).

If coverage is written on a claims-made basis, the retroactive date shall precede the effective date of the initial Agreement and continuous coverage will be maintained or an extended reporting period will be exercised for a period of at least three (3) years from termination or expiration of this Agreement.

(e) Workers' Compensation: Workers' Compensation Insurance, as required by the State of California and Employer's Liability Insurance with a limit of not less than $1,000,000 per accident for bodily injury and disease.

3.2.10.3 Endorsements. Required insurance policies shall not be in compliance if they include any limiting provision or endorsement that has not been submitted to the City for approval.

(a) The policy or policies of insurance required by Section 3.2.10.2 (a) Commercial General Liability and (c) Contractor's Pollution Liability shall be endorsed to provide the following:

(1) Additional Insured: The City of Aliso Viejo, its officials, officers, employees, agents, and volunteers shall be additional insureds with regard to liability and defense of suits or claims arising out of the performance of the Agreement.

Additional Insured Endorsements shall not (1) be restricted to "ongoing operations"; (2) exclude "contractual liability"; (3) restrict coverage to "sole" liability of Consultant; or (4) contain any other exclusions contrary to the Agreement.

(2) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

(b) The policy or policies of insurance required by Section 3.2.10.2 (b) Automobile Liability and (d) Professional Liability shall be endorsed to provide the following:

(1) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

(c) The policy or policies of insurance required by Section 3.2.10.2 (e) Workers' Compensation shall be endorsed to provide the following:

(1) Waiver of Subrogation: A waiver of subrogation stating that the insurer waives all rights of subrogation against the indemnified parties.

(2) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

3.2.10.4 Primary and Non-Contributing Insurance. All insurance coverages shall be primary and any other insurance, deductible, or self-insurance maintained by the indemnified parties shall not contribute with this primary insurance. Policies shall contain or be endorsed to contain such provisions.

3.2.10.5 Waiver of Subrogation. Required insurance coverages shall not prohibit Consultant from waiving the right of subrogation prior to a loss. Consultant shall waive all subrogation rights against the indemnified parties. Policies shall contain or be endorsed to contain such provisions.

3.2.10.6 Deductible. Any deductible or self-insured retention must be approved in writing by the City and shall protect the indemnified parties in the same manner and to the same extent as they would have been protected had the policy or policies not contained a deductible or self-insured retention.

3.2.10.7 Evidence of Insurance. The Consultant, concurrently with the execution of the Agreement, and as a condition precedent to the effectiveness thereof, shall deliver either certified copies of the required policies, or original certificates and endorsements on forms approved by the City. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. At least fifteen (15 days) prior to the expiration of any such policy, evidence of insurance showing that such insurance coverage has been renewed or extended shall be filed with the City. If such coverage is cancelled or reduced, Consultant shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the City evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies.

3.2.10.8 Failure to Maintain Coverage. Consultant agrees to suspend and cease all operations hereunder during such period of time as the required insurance coverage is not in effect and evidence of insurance has not been furnished to the City. The City shall have the right to withhold any payment due Consultant until Consultant has fully complied with the insurance provisions of this Agreement.

In the event that the Consultant's operations are suspended for failure to maintain required insurance coverage, the Consultant shall not be entitled to an extension of time for completion of the Services because of production lost during suspension.

3.2.10.9 Acceptability of Insurers. Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A:VII and authorized to do business in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law.

3.2.10.10 Insurance for Subconsultants. All Subconsultants shall be included as additional insureds under the Consultant's policies, or the Consultant shall be responsible for causing Subconsultants to purchase the appropriate insurance in compliance with the terms of these Insurance Requirements, including adding the City as an Additional Insured to the Subconsultant's policies.

3.2.11 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions where applicable shall include, but shall not be limited to: (A) adequate life protection and life saving equipment and procedures; (B) instructions in accident prevention for all employees and subconsultants, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3.3 Fees and Payments.

3.3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "C" attached hereto and incorporated herein by reference. The total compensation shall not exceed **Seventy Four Thousand, Nine Hundred Seventy** DOLLARS **($74,970.00)** ("Total Compensation") without written approval of City's **City Manager**. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

3.3.2 Payment of Compensation.

Consultant shall submit to City a monthly itemized statement which indicates work completed and hours of Services rendered by Consultant. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. City shall, within 45 days of receiving such statement, review the statement and pay all non-disputed and approved charges thereon.

3.3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by City.

3.3.4 Extra Work. At any time during the term of this Agreement, City may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by City to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from the City.

3.3.5 Prevailing Wages; DIR Registration.

3.3.5.1 Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects.

If the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is $1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. City shall provide Consultant with a copy of the prevailing rates of per diem wages in effect at the commencement of this Agreement. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Consultant's principal place of business and at the project site. It is the intent of the parties to effectuate the requirements of sections 1771, 1774, 1775, 1776, 1777.5, 1813, and 1815 of the Labor Code within this Agreement, and Consultant shall therefore comply with such Labor Code sections to the fullest extent required by law. Consultant shall defend, indemnify and hold the City, its elected officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

3.3.5.2 If the Services are being performed as part of an applicable "public works" or "maintenance" project, in addition to the foregoing, then pursuant to Labor Code sections 1725.5 and 1771.1, the Consultant and all subconsultants must be registered with the Department of Industrial Relations ("DIR"). Consultant shall maintain registration for the duration of the project and require the same of any subconsultants. This project may also be subject to compliance monitoring and enforcement by the DIR. It shall be Contractor's sole responsibility to comply with all applicable registration and labor compliance requirements, including the submission of payroll records directly to the DIR.

3.4 Accounting Records.

3.4.1 Maintenance and Inspection. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of City during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

3.5 General Provisions.

3.5.1 Termination of Agreement.

3.5.1.1 Grounds for Termination. City may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to City, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause. The rights and remedies of the City provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law, equity or under this Agreement.

3.5.1.2 Effect of Termination. If this Agreement is terminated as provided herein, City may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such document and other information within fifteen (15) days of the request.

3.5.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, City may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.5.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Consultant:

GMU Engineers and Geologists
30336 Esperanza
Rancho Santa Margarita, CA 92688

City:

City of Aliso Viejo
12 Journey, Suite 100
Aliso Viejo, CA 92656
Attn: **Shaun Pelletier, Public Works Department**

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.5.3 Ownership of Materials and Confidentiality.

3.5.3.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for City to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data"). Consultant shall require all subconsultants to agree in writing that City is granted a non-exclusive and perpetual license for any Documents & Data the subconsultant prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by the City. City shall not be limited in any way in its use of the Documents and Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at City's sole risk.

3.5.3.2 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents and Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of City, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use City's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of City.

3.5.3.3 Confidential Information. The City shall refrain from releasing Consultant's proprietary information ("Proprietary Information") unless the City's legal counsel determines that the release of the Proprietary Information is required by the California Public Records Act or other applicable state or federal law, or order of a court of competent jurisdiction, in which case the City shall notify Consultant of its intention to release Proprietary Information. Consultant shall have five (5) working days after receipt of the Release Notice to give City written notice of Consultant's objection to the City's release of Proprietary Information. Consultant shall indemnify, defend and hold harmless the City, and its officers, directors, employees, and agents from and against all liability, loss, cost or expense (including attorney's fees) arising out of a legal action brought to compel the release of Proprietary Information. City shall not release the Proprietary Information after receipt of the Objection Notice unless either: (1) Consultant fails to fully indemnify, defend (with City's choice of legal counsel), and hold City harmless from any legal action brought to compel such release; and/or (2) a final and non-appealable order by a court of competent jurisdiction requires that City release such information.

3.5.4 Fraud Policy. Consultant shall provide a copy of the City's Fraud Prevention Policy to each of its employees assigned to perform Services under this Agreement. Consultant shall submit to the City a statement signed by an authorized representative for Consultant certifying receipt of the City's Fraud Prevention Policy. A finding by the City that any of Consultant's employees have committed fraud against the City or have violated the City's Fraud Prevention Policy shall be grounds for appropriate discipline, up to and including such employee's removal from performance of this Agreement at City's request and/or termination of this Agreement. Consultant shall reimburse the City for any costs and expenses associated with fraud against the City.

3.5.5 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.5.6 Attorney's Fees. If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

3.5.7 Indemnification.

3.5.7.1 To the fullest extent permitted by law, Consultant shall defend (with counsel of City's choosing), indemnify and hold the City, its officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any alleged acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's Services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorneys fees and other related costs and expenses except such loss or damage caused by the sole negligence or willful misconduct of the City. Consultant's obligation to indemnify shall survive expiration or termination of this Agreement and shall not be restricted to insurance proceeds, if any, received by the Consultant or the City, its officials, officers, employees, agents or volunteers.

3.5.7.2 If Consultant's obligation to defend, indemnify, and/or hold harmless arises out of Consultant's performance as a "design professional" (as that term is defined under Civil Code section 2782.8), then, and only to the extent required by Civil Code section 2782.8, which is fully incorporated herein, Consultant's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon Consultant obtaining a final adjudication by a court of competent jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

3.5.8 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both parties.

3.5.9 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Orange County.

3.5.10 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.6 City's Right to Employ Other Consultants. City reserves right to employ other consultants in connection with this Project.

3.7 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties.

3.8 Assignment or Transfer. Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the City. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.9 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subconsultants of Consultant, except as otherwise specified in this Agreement. All references to City include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

3.10 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.11 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

3.12 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.13 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.14 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, City shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of City, during the term of his or her service with City, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.15 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Consultant shall also comply with all relevant provisions of City's Minority Business Enterprise program, Affirmative Action Plan or other related programs or guidelines currently in effect or hereinafter enacted.

3.16 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

3.17 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.18 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.19 Declaration of Political Contributions. Consultant shall, throughout the term of this Agreement, submit to City an annual statement in writing declaring any political contributions of money, in-kind services, or loan made to any member of the City Council within the previous twelve-month period by the Consultant and all of Consultant's employees, including any employee(s) that Consultant intends to assign to perform the Services described in this Agreement.

3.20 Subcontracting.

3.20.1 Prior Approval Required. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of City. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

[Signatures on following page.]

SIGNATURE PAGE TO PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF ALISO VIEJO AND GMU ENGINEERS AND GEOLOGISTS

IN WITNESS WHEREOF, the parties have executed this Professional Services Agreement on this ____ day of _____, 2025.

CITY OF ALISO VIEJO

Approved:

By:_____
Mitzi Ortiz
City Manager

ATTEST:

By:_____
Janet Martinez
City Clerk

APPROVED AS TO FORM:

_____
Best Best & Krieger LLP
City Attorney

APPROVED AS TO COMPLIANCE WITH BUDGET

By:_____
Ann Eifert
Director of Financial Services

GMU ENGINEERS AND GEOLOGISTS

[If Corporation, TWO SIGNATURES, President OR Vice President AND Secretary OR Treasurer REQUIRED]

By:_____

Its:_____

Printed Name:_____

By:_____

Its:_____

Printed Name:_____

CITY OF ALISO VIEJO

DECLARATION OF POLITICAL CONTRIBUTIONS

Using the space provided below, please list any political contributions of money, in-kind services, or loans made to any member of the City Council within the last twelve (12) months by Consultant and all of Consultant's employees, including any employee(s) that applicant intends to assign to perform the work or services described in this Agreement:

_____

_____

_____

_____

_____

_____

_____

To the best of my knowledge, I declare under penalty of perjury that the foregoing is true and was executed at:

_____ _____

City/County/State Date

_____ _____

Name of Business Print Name

_____

Signature

NOTE: THIS DECLARATION IS INCLUDED AS PART OF THE AGREEMENT AND MUST BE SIGNED AND ATTACHED HERETO.

CITY OF ALISO VIEJO

ACKNOWLEDGMENT OF RECEIPT OF FRAUD POLICY

I hereby acknowledge that I have received a copy of the City's "Fraud Prevention Policy" dated October 1, 2008. I understand that I am to promptly read its contents and distribute copies to employees assigned to perform Services for the City of Aliso Viejo.

To the extent that provisions of this policy conflict with previously issued policies or practices, whether or not such policies and practices were contained in written policies, this policy shall prevail.

Name of Business	Print Name
Signature	
Date	

EXHIBIT "A"

SCOPE OF SERVICES

The following scope of work is anticipated to be performed by the Pavement Management Program Consultant, hereafter referred to as "Consultant".

1) **Pavement Condition Inspections:** The City of Aliso Viejo maintains a public street system that is made up of approximately 73 centerline miles of paved roadway. The system consists of 27 arterial centerline miles, 45 centerline miles of local roads totaling about 15,800,000 square feet of pavement. The Consultant will be expected to perform pavement condition inspections of City-owned streets. The Consultant will utilize the City's existing pavement database, as provided by the City. Specific distresses shall be recorded based upon actual surface conditions, physical characteristics of the segment, and be in compliance with the latest version of the Orange County Transportation Authority (OCTA) Countywide Pavement Management Program Guidelines. The survey shall be performed by a team of experienced and trained personnel using laser-based road survey testing equipment. The Consultant will input all data collected during the field survey into the MicroPAVER database provided by the City. Information collected during the survey shall include, but not be limited to, the following:

Attribute Data – Currently exists in the database but should be verified

A. Name of street
B. From/to, indicating the assigned limits of the section and direction
C. Street classification indicating function, such as local, arterial, collector, etc.
D. Number of travel lanes
E. Segment quantities indicating the length, ROW, width, and total area of the section
F. Surface type: AC, PCC, gravel, dirt

•

Condition Characteristics

A. Pavement distresses by type of distress severity and area (i.e. alligator, block, transverse, edge cracking, etc.) The specific types of distresses to be measured shall be in compliance with the latest version of the Orange County Transportation Authority (OCTA) Countywide Pavement Management Program Guidelines.
B. Pavement Condition Index (PCI) taking into account the surface condition and level of distress to provide an overall condition assessment. The numbering system typically ranges between 0-100, with 100 indicating new pavement (twenty-year life expectancy without preventative maintenance).
C. Ride quality, indicating the range of "perfectly smooth" ride to one which is very rough and may pose a safety hazard.
D. Surface conditions will be evaluated, and each segment rated with an overall score, taking into account general surface characteristics, weathering, etc.

Inspection Staff Requirements

A. Inspectors shall comply with the latest testing and certification requirements set forth by the Orange County Transportation Authority (OCTA) Countywide Pavement Management Program Guidelines. The Consultant shall provide sufficient evidence they have complied with this requirement.

The Consultant shall submit the updated MicroPAVER database to the City that corresponds with Pavement Management Program final report.

2) Pavement Management Program Report: The Consultant shall prepare a comprehensive pavement management program report with a summary of the findings from the pavement condition survey with the corresponding recommendations for the implementation of the most cost-effective maintenance program. The report shall include, at a minimum, the following:

A. Average PCI for:
   I. Entire Pavement Network
   II. MPAH Roadways
   III. Local Streets
B. Projected PCI under existing funding levels over the next seven years for:
   I. Entire Pavement Network
   II. MPAH Roadways
   III. Local Streets
C. Seven-year plan for road maintenance and rehabilitation, identifying street sections selected for treatment, based on the existing budget. Specific data to be submitted are:
   I. Street name
   II. Limits of work
   III. Lengths, widths and pavement areas
   IV. Functional classification
   V. PCI and most recent date of inspection
   VI. Type of treatment
   VII. Cost of treatment
D. Alternative funding levels required to:
   I. Maintain the existing average network PCI
   II. To improve average network PCI
E. Backlog by year of unfunded pavement rehabilitation, restoration, and reconstruction needs.
F. Pavement Management Program Certification.
G. Updated GIS shapefile of the current PCI ratings.
H. Any other requirements necessary for Measure M compliance based on the Orange County Transportation Authority Guidelines for Pavement Management Plans.

I. The 2024 Countywide Pavement Management Plan Guidelines is provided for reference; however, the updated pavement management plan shall be consistent with the latest OCTA requirements on the year the PMP submittal is due.

A draft report shall be submitted to the City for review and quality control prior to submitting the final report. Any errors and/or omissions in the draft report shall be corrected by the Consultant, at no additional charge to the City.

One (1) hard copy and one (1) digital copy of the final report along with the updated MicroPAVER database and GIS shapefile shall be submitted to the City.

The final pavement management program report shall be completed by May 1 each year it is required for the City's annual Renewed Measure M submittal. The City's next Pavement Management Plan Update is due to OCTA by June 30, 2026 and must be updated each even year.

EXHIBIT "B"

SCHEDULE OF SERVICES

In the event that this Agreement is renewed pursuant to Section 3.1.2, the first renewal period shall be from July 1, 2028 to June 30, 2029. The second renewal period shall be from July 1, 2029 to June 30, 2030.

EXHIBIT "C"

COMPENSATION

See attached.

In the event that this Agreement is renewed pursuant to Section 3.1.2, the rates set forth above may be adjusted each year at the time of renewal described in Exhibit "B" in accordance with the annual average Consumer Price Index of the prior calendar year, All Urban Consumers, Los Angeles-Long Beach-Anaheim up to a maximum percentage of five percent (5%).

PROPOSED FEE

Pavement Management Program (2026)

City of Aliso Viejo

Proposal No.: P-25100

Fee Schedule: 2025

	Staff Engineer or Geologist	Senior Staff Engineer or Geologist	Project Engineer or Geologist	Senior Engineer or Geologist	Associate Engineer or Geologist	Principal/Director	CAD/GIS	Document Prep	Staff Engineering Technician	Senior Engineering Technician
Rate (per hr unless otherwise noted)	**$175**	**$192**	**$215**	**$255**	**$272**	**$295**	**$132**	**$110**	**$110**	**$130**
Task - 1: Pavement Condition Inspections										
Task - 1.1	**Review and Update of Roadway Network Inventory (Database)**									
QA/QC of the existing MicroPAVER Database	6			6		1				
Meetings with the City Staff (assuming a total of 2 meetings)				2		2				
Project Management	2			2						
M&R history Update	8			2						
Document Review				2						
Subtotal (by category)	$2,800			$3,570		$885				
Task Subtotal	$7,255									
Task - 1.2	**Field Pavement Surveys**									
Survey (MPAH & Local Streets)	88			4						
Subtotal (by category)	$15,400			$1,020						
Task Subtotal	$16,420									
Task - 2: Pavement Management Program Report										
Task - 2.1	**Pavement Condition Index (PCI) Analysis**									
Pavement Condition Index (PCI) Analysis	3			4						
Quality Control Procedures	4			3						
Subtotal (by category)	$1,225			$1,785						
Task Subtotal	$3,010									
Task - 2.2	**Unit Cost Update**									
Unit Cost Update				4						
Subtotal (by category)				$1,020						
Task Subtotal	$1,020									
Task - 2.3	**Budgetary Analysis**									
Budget Scenario Analysis	10			12		2				
Subtotal (by category)	$1,750			$3,060		$590				
Task Subtotal	$5,400									
Task - 2.4	**Prepare Report**									
Draft Report and Appendices	8			6		1				
Final Reports after City Review	2			2		1				
Subtotal (by category)	$1,750			$2,040		$590				
Task Subtotal	$4,380									
ESTIMATED TOTAL	**$37,485**									

City of Aliso Viejo

COUNCIL POLICY

SUBJECT	RES. NO.	POLICY NO.	EFF. DATE	PAGE
FRAUD PREVENTION POLICY	**2005-056**	**400-15**	**10/01/2008**	**1 of 8**

PURPOSE

To establish Policy and procedures for the prevention and detection of fraud and other related dishonest activities against the City and, when appropriate, to pursue legal remedies available under the law.

This Policy has been established to ensure that elected officials, officers, employees, and members of advisory boards, commissions and committees of the City of Aliso Viejo are aware of the following:

1. Acts that are considered to be fraudulent;
2. Procedures for reporting suspected fraudulent acts;
3. Steps to be taken when fraud or other related dishonest activities are suspected; and
4. Consequences to expect when a dishonest act is reported.

Further, this Policy delineates management's responsibility for instituting and maintaining a system of internal control to prevent and detect fraud, misappropriations and other irregularities, and to be alert for any indications of such misconduct.

POLICY

1. GENERAL

The City of Aliso Viejo is committed to protecting its assets against the risk of loss or misuse. Accordingly, it is the policy of the City to identify and promptly investigate any possibility of fraudulent or related dishonest activities against the City and, when appropriate, to pursue legal remedies available under law.

2. DEFINITIONS

a. Fraud – Fraud and other similar irregularities including, but not limited to:

i. claim for reimbursement of expenses that are not job-related or authorized by current policy;

ii. forgery or unauthorized alteration of documents (checks, time sheets, independent contractor agreements, purchase orders, budgets, etc.);

iii. misappropriation of City assets (funds, securities, supplies, furniture, equipment, etc.);

iv. improprieties in the handling or reporting of money or financial transactions;

v. authorizing or receiving payment for goods not received or services not performed;

vi. computer-related activity involving unauthorized alteration, destruction, forgery, or manipulation of data or misappropriation of City-owned software;

vii. misrepresentation of information on documents;

viii. any violation of Federal, State, or Local laws related to dishonest activities or fraud;

ix. seeking or accepting anything of material value from those doing business with the City, including vendors, consultants, contractors, lessees, applicants, and grantees. Materiality is determined by the City's Conflict of Interest Code, which incorporates the Fair Political Practices Commission's regulations;

x. obtaining profit or personal gain as a result of "insider" knowledge of City activities;

xi. disclosing confidential and proprietary information to outside parties; or

xii. Intentional, false representation or concealment of material fact for the purpose of personal gain.

b. Employee – Any individual or group of individuals who receive compensation, either full or part-time, from the City of Aliso Viejo for employment or providing services. The term also includes any volunteer who provides services to the City through an official arrangement with the City or a City organization, as well as consultants, vendors, contractors, outside agencies and/or any other parties with a business relationship with the City of Aliso Viejo.

c. Official - Elected officials, officers, and members of advisory or appointed boards, commissions and committees.

d. Management – Any administrator, manager, director, supervisor, or other individual who manages or supervises funds or other resources, including human resources.

e. Internal Auditor – Any person or persons assigned by the City Manager to investigate any fraud or similar activity.

f. External Auditor – Independent audit professionals who perform annual audits of the City's financial statements.

3. INVESTIGATION

a. It is the City's intent to fully investigate any suspected acts of fraud. An objective and impartial investigation will be conducted regardless of the position, title, length of service or relationship with the City of any party who might be or become involved in or becomes the subject of such investigation.

b. Each department of the City is responsible for instituting and maintaining a system of internal control to provide reasonable assurance for the prevention and detection of fraud. Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.

c. The Internal Auditor, in conjunction with the City Attorney, has the primary responsibility for the investigation of fraud.

d. Throughout the investigation, the Internal Auditor will inform the City Manager of pertinent investigative findings.

e. Employees will be granted "whistle-blower protection," as described below when acting in accordance with this Policy. When informed of suspected fraud, neither the City nor any person acting on behalf of the City shall:

   i. dismiss or threaten to dismiss the Employee reporting the suspected fraud;

   ii. discipline, suspend, or threaten to discipline or suspend the Employee reporting the suspected fraud;

   iii. impose any penalty upon the Employee reporting the suspected fraud, or;

   iv. intimidate or coerce the Employee reporting the suspected fraud.

Violations of these "whistle-blower protections" may result in discipline up to and including dismissal.

f. Upon conclusion of the investigation, the results will be reported to the City Manager.

g. The City Manager, following review of investigation results, will take appropriate disciplinary action regarding Employee misconduct. Disciplinary action can include termination of employment or a contract, and referral of the case to the District Attorney's Office for possible prosecution.

h. The City will pursue every reasonable effort, including court ordered restitution, to obtain recovery of City losses from the offender, or other appropriate sources.

PROCEDURE

1. RESPONSIBILITIES OF OFFICIALS

a. If an Official has reason to suspect that a fraud has occurred, he or she shall immediately contact the City Manager.

b. An Official shall not attempt to investigate the suspected fraud or discuss the matter with anyone other than the City Manager.

c. The alleged fraud or audit investigation shall not be discussed with the media by any person other than through the City Manager in consultation with the City Attorney and the Internal Auditor.

2. MANAGEMENT RESPONSIBILITIES

a. Management is responsible for detecting, preventing and reporting fraud in their areas of responsibility.

b. Each manager should be familiar with the types of fraud that might occur in his or her area and be alert for any indication that fraud is or was in existence in his or her area.

c. When fraud is detected or suspected, Management should determine whether an error or mistake has occurred or if there may be dishonest or fraudulent activity.

d. If Management determines a suspected activity may involve fraud, they should contact their immediate supervisor. In the event the activity involves the immediate supervisor, the activity should be reported to the Department Director.

e. Upon being notified of suspected fraud, Department Directors shall inform the City Manager.

f. Management should not attempt to conduct individual investigations, interviews, or interrogations. However, Management is responsible for taking appropriate corrective actions to ensure adequate controls exist to prevent reoccurrences of fraud.

g. Management shall cooperate fully with the Internal Auditor, other involved departments, and law enforcement agencies in the detection, reporting, and investigation of fraud, including the prosecution of offenders.

h. Management will have full and unrestricted access to all necessary records and personnel. All City furniture and contents, including desks and computers, are open to inspection at any time. There is no assumption of privacy.

i. In dealing with suspected fraud, great care must be taken. Management should not:

   i. make accusations;

   ii. alert individuals suspected of committing fraud that an investigation is underway;

   iii. treat individuals suspected of committing fraud unfairly, or;

   iv. make statements that could lead to claims of false accusations or other offenses.

j. In handling suspected fraud activities, Management has the responsibility to:

   i. make no contact (unless requested) with the individual suspected of committing fraud to determine facts or demand restitution. Under no circumstances should there be any reference to “what you did”, “the crime”, “the fraud”, “the misappropriation”, etc.;

   ii. avoid discussing the case, facts, suspicions, or allegations with anyone outside the City, unless specifically directed to do so by the City Attorney;

iii. avoid discussing the case with anyone inside the City other than the City Manager, Internal Auditor, or City Attorney or law enforcement personnel;

iv. direct all inquiries from the individual suspected of committing fraud, or his or her representative, to the City Manager or City Attorney. All inquiries by an attorney representing the individual suspected of committing fraud should be directed to the City Attorney. All inquiries from the media should be directed to the City Manager, and;

v. take appropriate corrective and disciplinary action, up to and including dismissal, if authorized by and in conformance with the City's personnel policies.

3. EMPLOYEE RESPONSIBILITIES

a. Employees should report detected or suspected fraud to the Employee's supervisor.

b. In the event the suspected fraud involves the Employee's immediate supervisor, the Employee shall make the report directly to the next higher level of Management and/or the City Manager.

c. The reporting Employee shall refrain from further investigation of the incident, confrontation with the alleged violator, or further discussion of the incident with anyone, unless requested by the City Manager, Internal Auditor, City Attorney, or law enforcement personnel.

4. INTERNAL AUDITOR RESPONSIBILITIES

a. Upon assignment by the City Manager, the Internal Auditor will promptly investigate the fraud.

b. In all circumstances where there appears to be reasonable grounds for suspecting that a fraud has taken place, the Internal Auditor, in consultation with the City Attorney, will contact appropriate law enforcement personnel.

c. The Internal Auditor shall be available and receptive to receiving relevant, confidential information to the extent allowed by law.

d. If evidence is uncovered showing possible fraud, the Internal Auditor will proceed as follows:

i. discuss the findings with Management and the City Manager to determine if disciplinary actions should be taken;

ii. report to the External Auditor such activities in order to assess the effect of the fraud activity on the City's financial statements;

iii. coordinate with Management regarding notification to insurers and filing of insurance claims;

iv. take immediate action, in consultation with the City Attorney, to prevent the theft, alteration, or destruction of evidentiary records. Such action shall include, but is not limited to:

(A) removing the records and placing them in a secure location, or limiting access to the location where the records currently exist, and;

(B) preventing the individual suspected of committing the fraud from having access to the records.

e. In consultation with the City Attorney and appropriate law enforcement personnel, the Internal Auditor may disclose particulars of the investigation with potential witnesses if such disclosure would further the investigation.

f. If the Internal Auditor is contacted by the media regarding an alleged fraud or investigation, the Internal Auditor will direct all inquiries to the City Manager.

g. At the conclusion of the investigation, the Internal Auditor will document the results in a confidential memorandum report to the City Manager and the City Attorney. If the report concludes that the allegations are supported by evidence, the report will be forwarded to appropriate law enforcement personnel.

h. Unless exceptional circumstances exist, a person under investigation for fraud is to be given notice in writing of essential particulars of the allegations following the conclusion of the investigation. Where notice is given, the person against whom allegations are being made may submit a written explanation to the Internal Auditor no later than seven (7) calendar days after notice is received.

i. The Internal Auditor shall make recommendations to the appropriate department for

assistance in the prevention of future similar occurrences.

j. Upon completion of the investigation, including all legal and personnel actions, all records, documents, and other evidentiary material, obtained from the department under investigation will be returned by the Internal Auditor to that department.

DISCIPLINARY ACTIONS

Any Employee found to be responsible for fraud or who knowingly makes false allegations in violation of this Policy shall be subject to appropriate disciplinary action, up to and including termination of employment and/or termination of the contract. The severity of the disciplinary action will be based upon the circumstances of the violation and in accordance with the City's personnel policies. The City will assess any remedial measures necessary to address and correct the circumstance and prevent reoccurrence in the future. Remedial measures may include, but are not limited to, disciplinary action, reorganization of personnel, training and education, counseling and/or other employee assistance.

EXCEPTIONS

There will be no exceptions to this Policy unless provided and approved by the City Manager and the City Attorney.

CITY OF ALISO VIEJO

ACKNOWLEDGMENT OF RECEIPT OF FRAUD POLICY

I hereby acknowledge that I have received a copy of the City's "Fraud Prevention Policy" dated October 1, 2008. I understand that I am to promptly read its contents and distribute copies to employees assigned to perform Services for the City of Aliso Viejo.

To the extent that provisions of this policy conflict with previously issued policies or practices, whether or not such policies and practices were contained in written policies, this policy shall prevail.

_____ _____

Name of Business Print Name

_____

Signature

_____

Date

City of Aliso Viejo
AGENDA ITEM

DATE: June 18, 2025

TO: Mayor and City Council

FROM: Shaun Pelletier, Public Works Director / City Engineer

SUBJECT: SECOND AMENDMENT TO THE AGREEMENT WITH NIEVES LANDSCAPE, INC. FOR LANDSCAPE MAINTENANCE SERVICES

Recommended Actions:

1. Approve a second amendment to the agreement with Nieves Landscape, Inc. to perform landscape maintenance services that renews the agreement for an additional one-year term and increases the total compensation under the agreement by $200,000 for a total amount of $1,090,000; and

2. Authorize the City Manager to execute the second amendment to the agreement.

Fiscal Impact:

The contractor fee for this work is estimated at approximately $190,000 for FY 2025-26. An additional $10,000 is budgeted for extra work. Landscape maintenance is funded through the General Fund and Gas Tax funds. Sufficient funding was included in the FY 2025-26 Budget.

Background:

The City of Aliso Viejo maintains landscaping at six City-owned facilities: City Hall, Iglesia Park Community Center, Aliso Viejo Center, Aquatic Center, Vista Park, and Aliso Viejo Ranch. The City also maintains the street medians in Aliso Creek Road, Pacific Park Drive, and Calle Cortez.

Amenities at the various facilities to be maintained include tot lots and play equipment, sport courts and ball fields, parking lots, walkways and passive park areas, and picnic areas. Landscape features to be maintained include turf areas, shrubs and planters, and a variety of trees. The maintenance of the irrigation systems, rodent control, and pest control is also necessary. The general performance criteria are as follows:

- Turf areas shall be mowed, edged, watered, weeded, fertilized, with rodents and pests controlled to provide a healthy appearance.

- Groundcover areas shall be watered, weeded, fertilized, with rodents and pests controlled to provide a healthy appearance.
- Shrubs and trees under 15 feet in height within the City Facilities shall be maintained to promote healthy growth to include but not limited to fertilization, trimming, and thinning.
- The tot lots (including play equipment) and sports areas within the City Facilities shall be maintained in a clean and safe manner.
- Walkways and parking lots shall be kept free of trash, landscape debris and leaves.

Discussion:

A request for proposal (RFP) was issued for landscape maintenance services and advertised on the City website and was awarded to Nieves Landscape, Inc. on May 5, 2021 for an initial term of three years from July 1, 2021 through June 30, 2024. The first agreement amendment increased the total compensation under the agreement by $200,000 for a total amount of $890,000. This second agreement amendment will increase the total compensation under the agreement by $200,000 for a total amount of $1,090,000.The contractor compensation rates for FY 2025-26 are included in Exhibit B of the agreement amendment and include a 3.3% increase from the previous contractor compensation rates. The current year CPI is 3.3%. A new RFP will be issued for this service prior to June 30, 2026.

Attachment:

1. Agreement Amendment

CITY OF ALISO VIEJO

SECOND AMENDMENT TO
LANDSCAPE MAINTENANCE SERVICES

1. PARTIES AND DATE.

This Second Amendment to the **Professional Services Agreement for Landscape Maintenance Services** ("Second Amendment") is entered into on the ____ day of _____, 2025, by and between the City of Aliso Viejo (hereinafter referred to as the "City") and **Nieves Landscape, Inc.** (hereinafter referred to as the "Contractor"). City and Contractor are sometimes collectively referred to herein as the "Parties."

2. RECITALS.

2.1 Agreement. The Parties entered into an agreement entitled Professional Services Agreement for Landscape Maintenance Services dated May 5, 2021 ("Agreement").

2.2 First Amendment. The Parties amended the Agreement in order to renew the Agreement for an additional one-year term and to increase the total compensation under the Agreement by Two Hundred Thousand Dollars ($200,000.00).

2.3 Second Amendment. The Parties now desire to amend the Agreement in order to renew the Agreement for an additional one-year term and to increase the total compensation under the Agreement by Two Hundred Thousand Dollars ($200,000.00).

3. TERMS.

3.1 Term.

Pursuant to Section 3.1.2 of the Agreement, the City hereby exercises the option to renew the Agreement and extend the term of the Agreement for one year from July 1, 2025 to June 30, 2026, unless earlier terminated as provided in the Agreement.

3.2 Compensation.

The total compensation for the Services provided pursuant to the Agreement, the First Amendment, and this Second Amendment shall not exceed **One Million Ninety Thousand Dollars ($1,090,000.00)** without written approval of the City Manager. Contractor shall receive compensation, including authorized reimbursements, for all Services rendered under this Second Amendment at the rates set forth in Exhibit "B" attached hereto.

3.3 Declaration of Political Contributions. Prior to the City's approval of this Amendment, Contractor shall submit to City a statement in writing declaring any political contributions of money, in-kind services, or loan made to any member of the City Council within the previous twelve-month period by the Contractor and all of their employees, including any employee(s) that Contractor intends to assign to perform the Services described in this Second Amendment.

3.4 Continuing Effect of Agreement. Except as otherwise specifically set forth in this Second Amendment, the remaining provisions of the Agreement shall remain in full force and effect. From and after the date of this Second Amendment, whenever the term "Agreement" appears in the Agreement, it shall mean the Agreement as amended by this Second Amendment.

3.5 Adequate Consideration. The Parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this Second Amendment.

3.6 Counterparts. This Second Amendment may be executed in duplicate originals, each of which is deemed to be an original, but when taken together shall constitute but one and the same instrument.

SIGNATURE PAGE FOR SECOND AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT FOR LANDSCAPE MAINTENANCE SERVICES BETWEEN THE CITY OF ALISO VIEJO AND NIEVES LANDSCAPE, INC.

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Agreement on this ____ day of _____, 2025.

CITY OF ALISO VIEJO

Approved:

By:_____
Mitzi Ortiz, MMC
City Manager

ATTEST:

By:_____
Janet Martinez
City Clerk

APPROVED AS TO FORM:

_____
Best Best & Krieger LLP
City Attorney

APPROVED AS TO COMPLIANCE WITH BUDGET

By:_____
Ann Eifert
Director of Financial Services

NIEVES LANDSCAPE, INC.

[If Corporation, TWO SIGNATURES, President OR Vice President AND Secretary OR Treasurer REQUIRED]

By:_____

Its:_____

Printed Name:_____

By:_____

Its:_____

Printed Name:_____

CITY OF ALISO VIEJO

DECLARATION OF POLITICAL CONTRIBUTIONS

Using the space provided below, please list any political contributions of money, in-kind services, or loans made to any member of the City Council within the last twelve (12) months by Consultant and all of Consultant's employees, including any employee(s) that applicant intends to assign to perform the work or services described in this Agreement:

_____

_____

_____

_____

_____

_____

_____

To the best of my knowledge, I declare under penalty of perjury that the foregoing is true and was executed at:

City/County/State	Date
Name of Business	Print Name
Signature	

NOTE: THIS DECLARATION IS INCLUDED AS PART OF THE AGREEMENT AND MUST BE SIGNED AND ATTACHED HERETO.

CITY OF ALISO VIEJO

ACKNOWLEDGMENT OF RECEIPT OF FRAUD POLICY

I hereby acknowledge that I have received a copy of the City's "Fraud Prevention Policy" dated October 1, 2008. I understand that I am to promptly read its contents and distribute copies to employees assigned to perform Services for the City of Aliso Viejo.

To the extent that provisions of this policy conflict with previously issued policies or practices, whether or not such policies and practices were contained in written policies, this policy shall prevail.

Name of Business	Print Name
Signature	
Date	

EXHIBIT "A"
TO SECOND AMENDMENT TO
PROFESSIONAL SERVICES AGREEMENT FOR LANDSCAPE MAINTENANCE SERVICES

SCOPE OF SERVICES

The scope of services is to remain unchanged from the original Professional Services Agreement for Landscape Maintenance Services, dated May 5, 2021.

EXHIBIT "B"
TO SECOND AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT FOR LANDSCAPE MAINTENANCE SERVICES

COMPENSATION

See attached.

NIEVES
LANDSCAPE LLC

Quang Le
Associate Engineer
City of Aliso Viejo
12 Journey, Suite 100
Aliso Viejo, CA 92656

February 21, 2025

Re: Landscape Maintenance Services Agreement FY 2025-2026

Dear Quang,

Thank you for the opportunity to continue working with you and the City of Aliso Viejo. Nieves Landscape, Inc. is committed to consistently earning your business and providing high-quality service.

As the current term of our landscape maintenance services agreement is set to expire at the end of June 2025, Nieves Landscape would like to continue offering our services to the City of Aliso Viejo.

In recent years, we've seen significant increases in the costs of insurance, worker's compensation, fuel, materials, equipment, and wages. These rising costs have directly impacted our operating expenses, and as a result, we find it necessary to request an adjustment in the landscape maintenance contract.

Nieves Landscape is proposing a 3.3% CPI increase adjustment to be applied to the next option year (Fiscal Year 2025-2026), effective July 1st. This adjustment would result in a total monthly increase of $505,95, or $6,071.41 annually. Please find the CPI report for January 2025 (released February 12, 2025) attached, which shows a 3.3% increase for All Urban Consumers (CPI-U) in the Los Angeles-Long Beach-Anaheim, CA area.

Contract Price:
Current: FY 2024-2025: $15,331.89 per month
Proposed: FY 2025-2026: $15,837.84 per month

We value the opportunity to work with the City of Aliso Viejo and look forward to continuing our successful partnership. If you have any questions or need further details, please don't hesitate to contact us.

Thank you for your understanding and continued trust in Nieves Landscape, Inc.

Respectfully Submitted,

NIEVES LANDSCAPE, INC.

Joshua Cho
Business Development

City of Aliso Viejo
AGENDA ITEM

DATE: June 18, 2025

TO: Mayor and City Council

FROM: Shaun Pelletier, Public Works Director / City Engineer

SUBJECT: SECOND AMENDMENT TO THE AGREEMENT WITH GMU ENGINEERS AND GEOLOGISTS FOR ON-CALL GEOTECHNICAL AND MATERIAL TESTING SERVICES

Recommended Actions:

1. Approve a second amendment to the agreement with GMU Engineers and Geologists to perform geotechnical and materials testing services that renews the agreement for an additional one-year term and increases the total compensation under the agreement by $50,000 for a total agreement amount of $300,000; and

2. Authorize the City Manager to execute the second amendment to the agreement.

Fiscal Impact:

Fiscal impact for these services will be included within the budget of the capital improvement project (CIP) or paid by developers for plan review and/or inspection.

Background:

The City continues to implement its Capital Improvement Program to maintain its streets at the approved Pavement Condition Index (PCI) rating of 80 as approved by Council in March 2002. Geotechnical or materials testing reports may be necessary for some of these projects during construction. In addition, the City adopted a Quality Assurance Program (QAP) approved by Caltrans that will be utilized for any state or federally funded project. The QAP outlines when testing is required. In FY 2025-26, GMU Engineers and Geologists will provide material testing for street rehabilitation projects on Glenwood Drive between SR-73 and Aliso Creek Road, Cedarbrook Drive, between Glenwood Drive and Aliso Viejo Parkway, and Aliso Viejo Parkway between Enterprise and Aliso Creek Road.

Discussion:

A request for proposals (RFP) was issued for on-call geotechnical and materials testing services on March 24, 2021 and was advertised on the City website and was awarded to GMU Geotechnical on June 2, 2021 for an initial term of three years. The first agreement

amendment increased the total compensation under the agreement by $50,000 for a total amount of $250,000. This second agreement amendment will increase the total compensation under the agreement by $50,000 for a total amount of $300,000. This is the final renewal under the current agreement. This amendment will also accommodate the consultants name change request from “GMU Geotechnical” to “GMU Engineers and Geologists”. A new request for proposal for this service will be issued before June 30, 2026.

Attachment:

1. Agreement Amendment

CITY OF ALISO VIEJO

SECOND AMENDMENT TO
ON-CALL GEOTECHNICAL AND MATERIAL TESTING SERVICES

1. PARTIES AND DATE.

This Second Amendment to the **Professional Services Agreement for On-Call Geotechnical and Material Testing Services** ("Second Amendment") is entered into on the ____ day of _____, 2024, by and between the City of Aliso Viejo (hereinafter referred to as the "City") and **GMU Engineers and Geologists** (hereinafter referred to as the "Consultant"). City and Consultant are sometimes collectively referred to herein as the "Parties."

2. RECITALS.

2.1 Agreement. The Parties entered into an agreement entitled Professional Services Agreement for On-Call Geotechnical and Material Testing Services dated June 2, 2021 ("Agreement").

2.2 First Amendment. The Parties amended the Agreement in order to renew the Agreement for an additional one-year term and to increase the total compensation under the Agreement by Fifty Thousand Dollars ($50,000.00).

2.3 Second Amendment. The Parties now desire to amend the Agreement in order to accommodate the Consultant's firm name change from "GMU Geotechnical" to "GMU Engineers and Geologists" and to renew the Agreement for an additional one-year term and to increase the total compensation under the Agreement by Fifty Thousand Dollars ($50,000.00).

3. TERMS.

3.1 Term.

Pursuant to Section 3.1.2 of the Agreement, the City hereby exercises the option to renew the Agreement and extend the term of the Agreement for one year from July 1, 2025 to June 30, 2026, unless earlier terminated as provided in the Agreement.

3.2 Compensation.

The total compensation for the Services provided pursuant to the Agreement, the First Amendment and this Second Amendment shall not exceed **Three Hundred Thousand Dollars ($300,000.00)** without written approval of the City Manager. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under Second Amendment at the rates set forth in Exhibit "B" attached hereto.

3.3 Declaration of Political Contributions. Prior to the City's approval of this Amendment, Consultant shall submit to City a statement in writing declaring any political contributions of money, in-kind services, or loan made to any member of the City Council within the previous twelve-month period by the Consultant and all of their employees, including any

employee(s) that Consultant intends to assign to perform the Services described in this Second Amendment.

3.4 Continuing Effect of Agreement. Except as otherwise specifically set forth in this Second Amendment, the remaining provisions of the Agreement shall remain in full force and effect. From and after the date of this Second Amendment, whenever the term "Agreement" appears in the Agreement, it shall mean the Agreement as amended by this Second Amendment.

3.5 Adequate Consideration. The Parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this Second Amendment.

3.6 Counterparts. This Second Amendment may be executed in duplicate originals, each of which is deemed to be an original, but when taken together shall constitute but one and the same instrument.

SIGNATURE PAGE FOR SECOND AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT FOR ON-CALL GEOTECHNICAL AND MATERIAL TESTING SERVICES BETWEEN THE CITY OF ALISO VIEJO AND GMU ENGINEERS AND GEOLOGISTS

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Agreement on this ____ day of _____, 2025.

CITY OF ALISO VIEJO

Approved:

By:_____
Mitzi Ortiz, MMC
City Manager

ATTEST:

By:_____
Janet Martinez
Deputy City Clerk

APPROVED AS TO FORM:

_____
Best Best & Krieger LLP
City Attorney

APPROVED AS TO COMPLIANCE WITH BUDGET

By:_____
Ann Eifert
Director of Financial Services

GMU ENGINEERS AND GEOLOGISTS

[If Corporation, TWO SIGNATURES, President OR Vice President AND Secretary OR Treasurer REQUIRED]

By:_____

Its:_____

Printed Name:_____

By:_____

Its:_____

Printed Name:_____

CITY OF ALISO VIEJO

DECLARATION OF POLITICAL CONTRIBUTIONS

Using the space provided below, please list any political contributions of money, in-kind services, or loans made to any member of the City Council within the last twelve (12) months by Consultant and all of Consultant's employees, including any employee(s) that applicant intends to assign to perform the work or services described in this Agreement:

_____

_____

_____

_____

_____

_____

_____

To the best of my knowledge, I declare under penalty of perjury that the foregoing is true and was executed at:

City/County/State	Date
Name of Business	Print Name
Signature	

NOTE: THIS DECLARATION IS INCLUDED AS PART OF THE AGREEMENT AND MUST BE SIGNED AND ATTACHED HERETO.

CITY OF ALISO VIEJO

ACKNOWLEDGMENT OF RECEIPT OF FRAUD POLICY

I hereby acknowledge that I have received a copy of the City's "Fraud Prevention Policy" dated October 1, 2008. I understand that I am to promptly read its contents and distribute copies to employees assigned to perform Services for the City of Aliso Viejo.

To the extent that provisions of this policy conflict with previously issued policies or practices, whether or not such policies and practices were contained in written policies, this policy shall prevail.

Name of Business	Print Name
Signature	
Date	

EXHIBIT "A"
TO SECOND AMENDMENT TO
PROFESSIONAL SERVICES AGREEMENT FOR ON-CALL GEOTECHNICAL AND MATERIAL TESTING SERVICES

SCOPE OF SERVICES

The scope of services is to remain unchanged from the original Professional Services Agreement for On-Call Geotechnical and Material Testing Services, dated June 2, 2021.

EXHIBIT "B"
TO SECOND AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT FOR ON-CALL GEOTECHNICAL AND MATERIAL TESTING SERVICES

COMPENSATION

See attached.

Rate Schedule for 2025-26
City of Aliso Viejo

PROFESSIONAL SERVICES

Document Preparation and Project Services	$ 103.17/hour
CAD, GIS, and Geo-BIM Design	$ 128.39/hour
Staff Engineer or Geologist	$ 143.30/hour
Senior Staff Engineer or Geologist	$ 194.89/hour
Project Engineer or Geologist	$ 217.82/hour
Senior Engineer or Geologist	$ 246.69/hour
Associate Engineer or Geologist	$ 257.94/hour
Principal/Director	$ 292.33/hour

FIELD INSPECTION & TESTING SERVICES

Staff Engineering Technician — $ 116.93/hour*
- Services provided under direct supervision of a Senior Engineering Technician

Senior Engineering Technician — $ 128.39/hour*
- Inspections for soils/grading, asphalt, concrete, batch plants, piles/caissons, etc.
- Certifications by ACI, ICC, Caltrans, local jurisdictions, etc.

Registered Special Inspector (*No 4 hour minimum*) — $ 128.39/hour*
- Certifications by ACI, ICC, Caltrans, local jurisdictions, etc.
- Reinforced concrete, Post-Tension, Masonry, Welding, Bolting, Fireproofing

Instrumentation Engineer — $ 194.89/hour
- Slope inclinometer and Piezometer monitoring
- Manometer for floor-level surveys
- Stormwater Turbidity & pH meter
- Groundwater Monitoring - pressure transducer, datalogger, water chemistry meter, etc.
- Pipeline video camera for drains, wells, etc.

Engineering Seismological Technician (includes 3-channel seismograph) — $ 171.96/hour
- Blast vibration monitoring
- Construction vibration & noise monitoring (pile driving, drilling, demolition, etc.)

***Notes:**
(1) Rates include vehicle, nuclear density gauge, and equipment for testing, inspection, and sampling.
(2) No 4-hour minimum charges apply.
(3) Overtime is charged at 1.5 times the base rate. Overtime is defined as time worked on the project in excess of 8 hours per day and all time on Saturdays, Sundays, and holidays.
(4) Prevailing Wage hourly surcharge for Technicians and Inspectors per California Labor Code §1720, et seq. — $ 23.52/hour

LABORATORY TESTING SERVICES

Laboratory Testing — $ 129.09/hour
(For special materials testing and laboratory costs on a per-test basis, see GMU's Laboratory Fee Schedule)

OTHER CHARGES

Outside Services	Cost + 15%
Reimbursables & Reprographics	Cost

City of Aliso Viejo
AGENDA ITEM

DATE: June 18, 2025

TO: Mayor and City Council

FROM: So Kim, Community Development Director
Rose Rivera, Senior Planner

SUBJECT: SECOND AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH MIKE LINARES, INC. FOR COMMUNITY DEVELOPMENT BLOCK GRANT ("CDBG") ADMINISTRATIVE SERVICES

Recommended Action:

Approve and authorize the City Manager to execute a Second Amendment to the professional services agreement with Mike Linares, Inc. for CDBG Consultant Services to increase the compensation amount by $31,500 for a total of $144,000 and extending the term to June 30, 2026.

Fiscal Impact:

The CDBG program allows a maximum of 20 percent of the annual grant to be used for program administrative costs, including City Staff and consultant time. The consultant is paid based on actual hours of performing services. Total cost of services for FY 2025-26 is $31,500. Services are paid for by the General Fund and reimbursed by U.S. Department of Housing and Urban Development (HUD).

Background:

On June 15, 2022, the City Council approved a professional services agreement with Mike Linares, Inc. ("Consultant") for a three-year term (July 1,2022 through June 30, 2025) to provide CDBG administrative services in the amount not to exceed $27,500 per year for a total of $82,500. On July 19, 2023, the City Council approved a First Amendment to increase the compensation by $30,000 (total $112,500) for the cost of preparing the one-time, 5-year Consolidated Plan.

Discussion:

The City's Community Development Block Grant (CDBG) program has been administered by Mike Linares since 2017. When his five-year agreement concluded in June 2022, staff

issued a Request for Proposal (RFP) to three prospective firms. Only one proposal was received, from Mike Linares, Inc. (“Consultant”).

The Consultant has over 30 years of CDBG experience working with various municipal agencies, including Laguna Niguel, Lake Forest, Mission Viejo, Rancho Santa Margarita, and San Clemente. Throughout this time, the Consultant has built strong working relationships with HUD representatives and local public service providers. The Consultant has a proven track record of successfully preparing and securing approval for all required HUD documents, including Consolidation Plans, Annual Action Plans, CAPERs, and NEPA reviews.

Given the limited availability of consultants offering similar services and the staff's positive experience with Mike Linares, retaining his services is the most efficient way to administer the CDBG grant. Mike Linares has extensive experience with the City's Community Development Block Grant (CDBG) program. This approach will streamline the process and leverage his familiarity with the City's program.

The 2022 agreement was set at an annual amount of $27,500, with provisions allowing for an increase of up to 5% based on the Consumer Price Index (“CPI”) at the time of renewal, rather than on an annual basis. The proposed agreement amendment for this year reflects an increase to $31,500, calculated at an hourly rate of $117.50. This rate is based on a three-year average from the CPI inflation calculator and remains lower than the hourly rates in other consultant contracts executed with the department.

Attachment:

1. Agreement Amendment

CITY OF ALISO VIEJO

SECOND AMENDMENT TO COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ADMINISTRATIVE SERVICES AGREEMENT

1. PARTIES AND DATE.

This Second Amendment to the COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ADMINISTRATIVE SERVICES AGREEMENT ("Second Amendment") is entered into on the ____day of ____,2025, by and between the City of Aliso Viejo (hereinafter referred to as the "City") and MIKE LINARES, INC., a CALIFORNIA CORPORATION, (hereinafter referred to as the "Consultant"). City and Consultant are sometimes collectively referred to herein as the "Parties."

2. RECITALS.

2.1 Agreement. The Parties entered into an agreement entitled COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ADMINISTRATIVE SERVICES AGREEMENT dated JUNE 15, 2022 for a total compensation amount of Eighty-Two Thousand Five Hundred Dollars ($82,500) ("Agreement").

2.2 First Amendment. The Parties amended the Agreement to increase the total compensation under the Agreement by Thirty Thousand Dollars ($30,000) cover the preparation cost of the 5-year Consolidated Plan as required by HUD. The Parties have heretofore entered into that First Amendment dated July 19, 2023.

2.3 Second Amendment. The Parties now desire to amend the Agreement in order to renew the Agreement for an additional one-year term and to increase the total compensation under the Agreement by Thirty-One Thousand Five Hundred Dollars ($31,500.00).

3. TERMS.

3.1 Term. Section 3.1.2 of the Agreement is hereby amended to read as follows: "The term of this Agreement shall be from **July 1, 2025 to June 30, 2026**, unless earlier terminated as provided herein. The City Manager shall have the unilateral option, at its sole discretion, to renew this Agreement annually for no more than one additional one-year term. Consultant shall complete the Services within the term of this Agreement, and shall meet any other established schedules and deadlines.

3.2 Scope of Services. The Agreement is hereby amended to include the scope of services set forth in Exhibit "A," attached hereto and incorporated herein by reference.

3.3 Compensation. The total compensation for the Services provided pursuant to the Agreement and this Second Amendment shall not exceed **ONE HUNDRED FORTY-FOUR THOUSAND DOLLARS ($144,000)** without written approval of the City Manager. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered and at rates

set forth under this Second Amendment as set forth in Exhibit "A" and incorporated herein by reference.

3.4 Declaration of Political Contributions. Prior to the City's approval of this Amendment, Consultant shall submit to City a statement in writing declaring any political contributions of money, in-kind services, or loan made to any member of the City Council within the previous twelve-month period by the Consultant and all of their employees, including any employee(s) that Consultant intends to assign to perform the Services described in this Second Amendment.

3.5 Continuing Effect of Agreement. Except as otherwise specifically set forth in this Second Amendment, the remaining provisions of the Agreement shall remain in full force and effect. From and after the date of this Second Amendment, whenever the term "Agreement" appears in the Agreement, it shall mean the Agreement as amended by this Second Amendment.

3.6 Adequate Consideration. The Parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this Second Amendment.

3.7 Counterparts. This Second Amendment may be executed in duplicate originals, each of which is deemed to be an original, but when taken together shall constitute but one and the same instrument.

SIGNATURE PAGE FOR SECOND AMENDMENT TO COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ADMINISTRATIVE SERVICES AGREEMENT BETWEEN THE CITY OF ALISO VIEJO AND MIKE LINARES, INC.

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Agreement on this ____day of _____, 202__.

CITY OF ALISO VIEJO

Approved:

By:_____
Mitzi Ortiz
City Manager

ATTEST:

By:_____
Janet Martinez
City Clerk

APPROVED AS TO FORM:

_____
Best Best & Krieger LLP
City Attorney

APPROVED AS TO COMPLIANCE WITH BUDGET

By:_____
Ann Eifert
Director of Financial Services

MIKE LINARES, INC.

[If Corporation, TWO SIGNATURES, President OR Vice President AND Secretary OR Treasurer REQUIRED]

By:_____

Its:_____

Printed Name:_____

By:_____

Its:_____

Printed Name:_____

CITY OF ALISO VIEJO

DECLARATION OF POLITICAL CONTRIBUTIONS

Using the space provided below, please list any political contributions of money, in-kind services, or loans made to any member of the City Council within the last twelve (12) months by Consultant and all of Consultant's employees, including any employee(s) that applicant intends to assign to perform the work or services described in this Agreement:

_____

_____

_____

_____

_____

_____

_____

To the best of my knowledge, I declare under penalty of perjury that the foregoing is true and was executed at:

City/County/State	Date
Name of Business	Print Name
Signature	

NOTE: THIS DECLARATION IS INCLUDED AS PART OF THE AGREEMENT AND MUST BE SIGNED AND ATTACHED HERETO.

CITY OF ALISO VIEJO

ACKNOWLEDGMENT OF RECEIPT OF FRAUD POLICY

I hereby acknowledge that I have received a copy of the City's "Fraud Prevention Policy" dated October 1, 2008. I understand that I am to promptly read its contents and distribute copies to employees assigned to perform Services for the City of Aliso Viejo.

To the extent that provisions of this policy conflict with previously issued policies or practices, whether or not such policies and practices were contained in written policies, this policy shall prevail.

Name of Business	Print Name
Signature	
Date	

EXHIBIT "A"
TO SECOND AMENDMENT TO
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ADMINISTRATIVE SERVICES AGREEMENT

April 29, 2025

Ms. Rose Rivera
Senior Planner
City of Aliso Viejo
12 Journey, Suite 100
Aliso Viejo, CA 92656

Dear Ms. Rivera:

I am pleased to submit this proposal in response to the City's request for U.S. Department of Housing and Urban Development ("HUD") program consulting services. Consulting services will support City staff with various administrative tasks related to the management of HUD's Community Development Block Grant ("CDBG") program funds. These items include the following:

- Preparation of, or assistance with preparing, the City's Comprehensive Annual Performance and Evaluation Report ("CAPER"), including:
  - Update Integrated Disbursement and Information System ("IDIS") with all relevant year-end data
  - Prepare IDIS reports for public review and submission to HUD
  - Prepare CAPER according to HUD's direction
  - Other tasks related to the preparation, submission, and approval of the CAPER

- Preparation of, or assistance with preparing, the City's Annual Action Plan, a component of the Consolidated Plan, including:
  - Soliciting and evaluating applications for public service grant funds
  - Prepare required narratives and tables for annual submission of the Action Plan
  - Input proposed project/program data in HUD's eCon Plan Suite
  - Other tasks related to the preparation, submission, and approval of the Action Plan

- Updating and coordinating IDIS activities; tasks include, but may not be limited to, the following:
  - Update/maintain the City's CDBG program data in IDIS
  - Assist and coordinate IDIS activities with the City's Budget/Finance personnel to ensure timely reimbursement to the City for CDBG-eligible outlays and to help reconcile records between the City's accounting system and IDIS

- Assist City personnel with CDBG program administration
- Other HUD/CDBG-related reports, analyses, and administrative tasks as needed

Proposed services also include assisting the City with the administration of the CDBG-Coronavirus ("CDBG-CV") funds. While this grant is in the final stages of implementation, additional tasks that may require administrative action include preparing potential amendments for the use of funds, preparing applicable grant agreements, monitoring activities, reporting year-end accomplishments, and grant closeout.

With respect to costs, professional services will be billed at a rate of $117.50/hour, not to exceed an annual amount of $31,500 (average of 5.5 hours per week). This amount includes a flat rate to prepare the Annual Action Plan ($7,500) and the CAPER ($8,500). This rate is subject to an annual revision (at a time fitting for the City's budget preparation process). The adjustment will be based on the Consumer Price Index (CPI) published by the U.S. Bureau of Labor Statistics.

This proposed contract amount is subject to mutual agreement. If you have questions regarding this proposal, please do not hesitate to contact me. I may be reached by telephone at (714) 608-7263 or via email at mike@mlinaresinc.com.

I appreciate your consideration of this proposal. I look forward to the opportunity to assist you and the residents of Aliso Viejo.

Sincerely,

Mike Linares

City of Aliso Viejo
AGENDA ITEM

DATE: June 18, 2025

TO: Mayor and City Council

FROM: So Kim, Community Development Director

SUBJECT: FIRST AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT WITH ATLAS PLANNING SOLUTIONS TO UPDATE THE SAFETY ELEMENT

Recommended Action:

Approve and authorize the City Manager to execute the First Amendment to the professional services agreement with Atlas Planning Solutions for the Safety Element update, increasing compensation by $28,515 for a total of $69,350, and extending the agreement term to June 30, 2026.

Fiscal Impact:

The cost for the additional services with Atlas Planning Solutions is $28,515. Funds for this project are available in the FY 2025-26 budget.

Background:

In May 2024, the City issued an informal Request for Proposals and executed a professional services agreement with Atlas Planning Solutions ("Atlas") to update the Safety Element. The agreement amount is $40,835, with the term ending on June 30, 2025.

Discussion:

State law mandates that the Safety Element be updated whenever the Housing Element is revised. Since the City's Housing Element was updated in 2024, the City issued a Request for Proposals and selected Atlas Planning Solutions ("Atlas") to update the Safety Element. Assembly Bill No. 747 requires the Safety Element to address evacuation routes related to identified fire and geologic hazards. Previously, if a local jurisdiction adopted a local hazard mitigation plan, an evacuation assessment would not have been required in the Safety Element. However, recent policy changes by the California State Board of Forestry and Fire Protection now mandate an evacuation assessment. This new policy change requires Atlas to expand its original scope of work to include evacuation

route and evacuation center identification, as well as an evacuation capacity assessment in the Safety Element.

Atlas has prepared Safety Elements for 46 jurisdictions, including evacuation assessments for 21 of them. Additionally, Atlas has developed the City's Local Hazard Mitigation Plan (LHMP) and has already prepared hazard assessments and mitigation measures for the City. This prior work enabled Atlas to submit a significantly lower initial proposal compared to other firms, as the LHMP data could be utilized for the Safety Element. Consequently, the City selected Atlas to prepare the Safety Element. With Atlas nearing completion of the Safety Element update, it would be most efficient to continue with the same consultant for the expanded scope of work, thereby saving time and leveraging their expertise.

As such, Staff recommends that the City Council approve the agreement amendment, increasing compensation by $28,515 for a total of $69,350 and extending the term to June 30, 2026. This will allow Atlas to prepare the evacuation assessment and complete the Safety Element update. Funds for the evacuation assessment are available in the FY 2025-26 budget.

Attachments:

1. First Amendment with Atlas

2. Original Professional Services Agreement with Atlas

CITY OF ALISO VIEJO

FIRST AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT

FOR THE SAFETY ELEMENT UPDATE

1. PARTIES AND DATE.

This First Amendment to the professional services agreement for the Safety Element update ("First Amendment") is entered into on the ____ day of _____, 2025, by and between the City of Aliso Viejo (hereinafter referred to as the "City") and **Atlas Planning Solutions** (hereinafter referred to as the "Consultant"). City and Consultant are sometimes collectively referred to herein as the "Parties."

2. RECITALS.

2.1 Agreement. The Parties entered into an agreement entitled **Safety Element Update** dated **May 2, 2024** ("Agreement").

2.2 First Amendment. The Parties now desire to amend the Agreement in order to renew the Agreement for an additional one-year term and to increase the total compensation under the Agreement by Twenty-Eight Thousand Five Hundred and Fifteen Dollars ($28,515).

3. TERMS.

3.1 Term.

Section 3.1.2 of the Agreement is hereby amended to read as follows: "The term of this Agreement shall be from **July 1, 2025** to **June 30, 2026**, unless earlier terminated as provided herein. The City Manager shall have the unilateral option, at its sole discretion, to renew this Agreement annually for no more than two additional one-year terms. Consultant shall complete the Services within the term of this Agreement, and shall meet any other established schedules and deadlines.

3.2 Scope of Services. The Agreement is hereby amended to include the scope of services set forth in Exhibit "A," attached hereto and incorporated herein by reference.

3.3 Compensation.

The total compensation for the Services provided pursuant to the Agreement and this First Amendment shall not exceed **SIXTY-NINE THOUSAND THREE HUNDRED FIFTY DOLLARS ($69,350)** without written approval of the City Manager. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered and at rates set forth under this First Amendment as set forth in Exhibit "A" and incorporated herein by reference.

3.4 Declaration of Political Contributions. Prior to the City's approval of this Amendment, Consultant shall submit to City a statement in writing declaring any political contributions of money, in-kind services, or loan made to any member of the City Council within

the previous twelve-month period by the Consultant and all of their employees, including any employee(s) that Consultant intends to assign to perform the Services described in this First Amendment.

3.5 Continuing Effect of Agreement. Except as otherwise specifically set forth in this First Amendment, the remaining provisions of the Agreement shall remain in full force and effect. From and after the date of this First Amendment, whenever the term "Agreement" appears in the Agreement, it shall mean the Agreement as amended by this First Amendment.

3.6 Adequate Consideration. The Parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this First Amendment.

3.7 Counterparts. This First Amendment may be executed in duplicate originals, each of which is deemed to be an original, but when taken together shall constitute but one and the same instrument.

SIGNATURE PAGE FOR FIRST AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT FOR THE SAFETY ELEMENT UPDATE BETWEEN THE CITY OF ALISO VIEJO AND ATLAS PLANNING SOLUTIONS.

IN WITNESS WHEREOF, the parties have executed this First Amendment to Agreement on this ____ day of _____, 2025.

CITY OF ALISO VIEJO

Approved:

By:_____
Mitzi Ortiz
City Manager

ATTEST:

By:_____
Janet Martinez
City Clerk

APPROVED AS TO FORM:

_____
Best Best & Krieger LLP
City Attorney

APPROVED AS TO COMPLIANCE WITH BUDGET

By:_____
Ann Eifert
Director of Financial Services

ATLAS PLANNING SOLUTIONS

[If Corporation, TWO SIGNATURES, President OR Vice President AND Secretary OR Treasurer REQUIRED]

By:_____

Its:_____

Printed Name:_____

By:_____

Its:_____

Printed Name:_____

CITY OF ALISO VIEJO

DECLARATION OF POLITICAL CONTRIBUTIONS

Using the space provided below, please list any political contributions of money, in-kind services, or loans made to any member of the City Council within the last twelve (12) months by Consultant and all of Consultant's employees, including any employee(s) that applicant intends to assign to perform the work or services described in this Agreement:

_____

_____

_____

_____

_____

_____

_____

To the best of my knowledge, I declare under penalty of perjury that the foregoing is true and was executed at:

City/County/State	Date
Name of Business	Print Name
Signature	

NOTE: THIS DECLARATION IS INCLUDED AS PART OF THE AGREEMENT AND MUST BE SIGNED AND ATTACHED HERETO.

CITY OF ALISO VIEJO

ACKNOWLEDGMENT OF RECEIPT OF FRAUD POLICY

I hereby acknowledge that I have received a copy of the City's "Fraud Prevention Policy" dated October 1, 2008. I understand that I am to promptly read its contents and distribute copies to employees assigned to perform Services for the City of Aliso Viejo.

To the extent that provisions of this policy conflict with previously issued policies or practices, whether or not such policies and practices were contained in written policies, this policy shall prevail.

Name of Business	Print Name
Signature	
Date	

EXHIBIT "A"
TO FIRST AMENDMENT TO
PROFESSIONAL SERVICES AGREEMENT FOR THE SAFETY ELEMENT UPDATE

Aliso Viejo Safety Element Update
Evacuation Assessment Proposal

DATE: May 9, 2025
TO: So Kim, Community Development Director
City of Aliso Viejo

FROM: Aaron Pfannenstiel, AICP
Atlas Planning Solutions

To better address Safety Element Update requirements and recent policy changes from the Board of Forestry, Atlas Planning Solutions has provided the following scope of work and budget to prepare an AB 747 compliant Evacuation Assessment:

Scope of Work

A. Evacuation Route and Evacuation Center Identification (AB 1409). The Atlas/F&P team will meet with City staff to identify critical evacuation routes that are sensitive to key hazard areas in the City of Aliso Viejo, and that are identified as being most important for the evacuation of the evacuation zones. Atlas/F&P staff will meet with City staff, including emergency responder personnel and the City Engineer/Traffic Engineer. This scope anticipates that up to ten key roadway segments will be identified as critical evacuation routes. F&P will also identify emergency evacuation centers consistent with the requirements in AB 1409.

B. Evacuation Capacity Assessment (AB 747).

F&P will assess Citywide evacuation capacity and develop evacuation time estimates for up to two likely emergency events, consistent with AB 747. Given the wide range of scenarios that could occur, F&P will work with the City, emergency operations staff, and the Fire Department to assess key considerations for up to two likely evacuation events. These events could include wildfire, earthquakes, flooding, landslides and/or significant infrastructure failure. This scope of work assumes the following analysis methodologies:

- Attribute information (number of travel lanes, roadway classifications, land use assumptions, etc.) from The Orange County Transportation Analysis Model (OCTAM) will be referenced to inform the capacity assessment
    - OCTAM land use data will be referenced to determine the household and population that may need to be evacuated from key zones
- This assessment will apply the volume-to-capacity approach to analysis
    - If more advanced microsimulation or dynamic traffic assignment procedures are required, the additional work associated can be scoped under an additional services request
- This task assumes the Aliso Viejo Local Hazard Mitigation Plan (LHMP) will provide the latest hazard maps for us to reference.

The results of this analysis will be used to test their scalability in the area (i.e., how is evacuation time affected by multiple zones requiring evacuations) but also test potential evacuation scenarios that could occur in the City.

C. Recommendations. The Atlas/F&P team will use the two likely evacuation events to develop recommendations that focus on demand, supply and information during emergencies. Recommendations will focus on potential circulation constraints and capacity issues. This could include improved emergency response time, increased notifications, evacuation drills for residents, and/or improved infrastructure or transportation management to assist with evacuation (e.g., improved roadway network connectivity in some areas, contra-flow lanes, and/or staging areas to connect with multi-modal routes). These recommendations will be discussed with City staff, and the Atlas/F&P team will update the recommendations, if needed, based on one round of compiled comments.

Key deliverables. The Atlas/F&P team will summarize emergency evacuation assessment in a technical memorandum for review and comment by City. We will respond to one round of consolidated comments from the City and
submit final version of the memorandum.

Budget

Evacuation Route and Evacuation Center Identification (AB 1409)	$ 8,430
Evacuation Capacity Assessment (AB 747).	$ 11,535
Recommendations.	$ 8,550
Total	**$ 28,515**

CITY OF ALISO VIEJO
PROFESSIONAL SERVICES AGREEMENT
FOR
SAFETY ELEMENT UPDATE

1. PARTIES AND DATE.

This Agreement is made and entered into this 2 day of May, 2024, by and between the City of Aliso Viejo, a municipal corporation organized under the laws of the State of California with its principal place of business at 12 Journey, Suite 100, Aliso Viejo, California 92656 ("City") and **Atlas Planning Solutions**, a **Corporation**, with its principal place of business at **6578 Barranca Drive** ("Consultant"). City and Consultant are sometimes individually referred to herein as "Party" and collectively as "Parties."

2. RECITALS.

2.1 Consultant.

Consultant desires to perform and assume responsibility for the provision of professional **Safety Element Update** consultant services required by the City on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing professional **Safety Element Update** consultant services to public clients, is licensed in the State of California, and is familiar with the plans of City.

2.2 Project.

City desires to engage Consultant to render such services for the **Safety Element Update** project ("Project") as set forth in this Agreement.

3. TERMS.

3.1 Scope of Services and Term.

3.1.1 General Scope of Services. Consultant promises and agrees to furnish to the City all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the professional **Safety Element Update** consultant services necessary for the Project ("Services"). The Services are more particularly described in Exhibit "A" attached hereto and incorporated herein by reference. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations.

3.1.2 Term. The term of this Agreement shall be from **June 1, 2024** to **June 30, 2025**, unless earlier terminated as provided herein. The City Manager shall have the unilateral option, at its sole discretion, to renew this Agreement annually for no more than two additional one-year terms. Consultant shall complete the Services within the term of this Agreement, and shall meet any other established schedules and deadlines.

3.2 Responsibilities of Consultant.

3.2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. City retains Consultant on an independent contractor basis and not as an employee. Consultant shall complete, execute, and submit to City a Request for Taxpayer Identification Number and Certification (IRS FormW-9) prior to commencement of any Services under this Agreement. Neither City, nor any of its officials, officers, directors, employees or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of City and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.2.2 Schedule of Services.

3.2.2.1 Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the Schedule of Services set forth in Exhibit "B" attached hereto and incorporated herein by reference. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule, City shall respond to Consultant's submittals in a timely manner. Upon request of City, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2.2.2 Neither City nor Consultant shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the non-performing Party. For purposes of this Agreement, such circumstances include a Force Majeure Event. A Force Majeure Event shall mean an event that materially affects a Party's performance and is one or more of the following: (1) Acts of God or other natural disasters; (2) terrorism or other acts of a public enemy; (3) orders of governmental authorities (including, without limitation, unreasonable and unforeseeable delay in the issuance of permits or approvals by governmental authorities that are required for the Services); (4) strikes and other organized labor action occurring at the site and the effects thereof on the Services, only to the extent such strikes and other organized labor action are beyond the control of Consultant and its subcontractors, and to the extent the effects thereof cannot be avoided by use of replacement workers; and (5) pandemics, epidemics or quarantine restrictions. For purposes of this section, "orders of governmental authorities," includes ordinances, emergency proclamations and orders, rules to protect the public health, welfare and safety, and other actions of a public agency applicable to the Services and Agreement.

3.2.2.3 Should a Force Majeure Event occur, the non-performing Party shall, within a reasonable time of being prevented from performing, give written notice to the other Party describing the circumstances preventing continued performance and the efforts being made to resume performance of this Agreement. Force Majeure Events and/or delays, regardless of the Party responsible for the delay, shall not entitle Consultant to any additional compensation. Notwithstanding the foregoing in this section, the City may still terminate this Agreement in accordance with the termination provisions of this Agreement.

3.2.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of City.

3.2.4 Substitution of Key Personnel. Consultant has represented to City that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of City. In the event that City and Consultant cannot agree as to the substitution of key personnel, City shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to the City, or who are determined by the City to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of the City. The key personnel for performance of this Agreement are as follows: **Aaron Pfannenstiel, Suzanne Murray, Dennis Larson, Crystal Stueve, and Robert Jackson**.

3.2.5 City's Representative. The City hereby designates the City Manager, or his or her designee, to act as its representative for the performance of this Agreement ("City's Representative"). City's Representative shall have the power to act on behalf of the City for all purposes under this Contract. The City Manager hereby designates the **Community Development Director**, or her designee, as the City's contact for the implementation of the Services hereunder. Consultant shall not accept direction or orders from any person other than the City's Representative or his or her designee.

3.2.6 Consultant's Representative. Consultant hereby designates **Aaron Pfannenstiel**, or his or her designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

3.2.7 Coordination of Services. Consultant agrees to work closely with City staff in the performance of Services and shall be available to City's staff, consultants and other staff at all reasonable times.

3.2.8 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling

necessary to perform the Services. Consultant warrants that all employees and subconsultants shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subconsultants have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from the City, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its sub-consultants who is determined by the City to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the City, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

3.2.9 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold City, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.2.10 Insurance.

3.2.10.1 Time for Compliance. Consultant shall not commence Work under this Agreement until it has provided evidence satisfactory to the City that it has secured all insurance required under this section. In addition, Consultant shall not allow any subconsultant to commence work on any subcontract until it has provided evidence satisfactory to the City that the subconsultant has secured all insurance required under this section.

3.2.10.2 Types of Insurance Required. As a condition precedent to the effectiveness of this Agreement for work to be performed hereunder and without limiting the indemnity provisions of the Agreement, the Consultant in partial performance of its obligations under such Agreement, shall procure and maintain in full force and effect during the term of the Agreement, the following policies of insurance. If the existing policies do not meet the Insurance Requirements set forth herein, Consultant agrees to amend, supplement or endorse the policies to do so.

(a) Commercial General Liability: Commercial General Liability Insurance which affords coverage at least as broad as Insurance Services Office "occurrence" form CG 0001, with minimum limits of at least $1,000,000 per occurrence, and if written with an

aggregate, the aggregate shall be double the per occurrence limit. Defense costs shall be paid in addition to the limits.

The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; or (3) contain any other exclusion contrary to the Agreement.

(b) Automobile Liability Insurance: Automobile Liability Insurance with coverage at least as broad as Insurance Services Office Form CA 0001 covering "Any Auto" (Symbol 1) with minimum limits of $1,000,000 each accident.

(c) Professional Liability: Professional Liability insurance with minimum limits of $1,000,000. Covered professional services shall specifically include all work to be performed under the Agreement and delete any exclusions that may potentially affect the work to be performed (for example, any exclusions relating to lead, asbestos, pollution, testing, underground storage tanks, laboratory analysis, soil work, etc.).

If coverage is written on a claims-made basis, the retroactive date shall precede the effective date of the initial Agreement and continuous coverage will be maintained or an extended reporting period will be exercised for a period of at least three (3) years from termination or expiration of this Agreement.

(d) Workers' Compensation: Workers' Compensation Insurance, as required by the State of California and Employer's Liability Insurance with a limit of not less than $1,000,000 per accident for bodily injury and disease.

3.2.10.3 Endorsements. Required insurance policies shall not be in compliance if they include any limiting provision or endorsement that has not been submitted to the City for approval.

(a) The policy or policies of insurance required by Section 3.2.10.2 (a) Commercial General Liability and (c) Contractor's Pollution Liability shall be endorsed to provide the following:

(1) Additional Insured: The City of Aliso Viejo, its officials, officers, employees, agents, and volunteers shall be additional insureds with regard to liability and defense of suits or claims arising out of the performance of the Agreement.

Additional Insured Endorsements shall not (1) be restricted to "ongoing operations"; (2) exclude "contractual liability";

(3) restrict coverage to "sole" liability of Consultant; or (4) contain any other exclusions contrary to the Agreement.

(2) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

(b) The policy or policies of insurance required by Section 3.2.10.2 (b) Automobile Liability and (d) Professional Liability shall be endorsed to provide the following:

(1) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

(c) The policy or policies of insurance required by Section 3.2.10.2 (e) Workers' Compensation shall be endorsed to provide the following:

(1) Waiver of Subrogation: A waiver of subrogation stating that the insurer waives all rights of subrogation against the indemnified parties.

(2) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

3.2.10.4 Primary and Non-Contributing Insurance. All insurance coverages shall be primary and any other insurance, deductible, or self-insurance maintained by the indemnified parties shall not contribute with this primary insurance. Policies shall contain or be endorsed to contain such provisions.

3.2.10.5 Waiver of Subrogation. Required insurance coverages shall not prohibit Consultant from waiving the right of subrogation prior to a loss. Consultant shall waive all subrogation rights against the indemnified parties. Policies shall contain or be endorsed to contain such provisions.

3.2.10.6 Deductible. Any deductible or self-insured retention must be approved in writing by the City and shall protect the indemnified parties in the same manner and to the same extent as they would have been protected had the policy or policies not contained a deductible or self-insured retention.

3.2.10.7 Evidence of Insurance. The Consultant, concurrently with the execution of the Agreement, and as a condition precedent to the effectiveness thereof, shall deliver either certified copies of the required policies, or original certificates and endorsements on forms approved by the City. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. At least fifteen (15 days) prior to the expiration of any such policy, evidence of insurance showing that such insurance coverage has been renewed or extended shall be filed with the City. If such coverage is cancelled or reduced, Consultant shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the City evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies.

3.2.10.8 Failure to Maintain Coverage. Consultant agrees to suspend and cease all operations hereunder during such period of time as the required insurance coverage is not in effect and evidence of insurance has not been furnished to the City. The City shall have the right to withhold any payment due Consultant until Consultant has fully complied with the insurance provisions of this Agreement.

In the event that the Consultant's operations are suspended for failure to maintain required insurance coverage, the Consultant shall not be entitled to an extension of time for completion of the Services because of production lost during suspension.

3.2.10.9 Acceptability of Insurers. Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A:VII and authorized to do business in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law.

3.2.10.10 Insurance for Subconsultants. All Subconsultants shall be included as additional insureds under the Consultant's policies, or the Consultant shall be responsible for causing Subconsultants to purchase the appropriate insurance in compliance with the terms of these Insurance Requirements, including adding the City as an Additional Insured to the Subconsultant's policies.

3.2.11 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions where applicable shall include, but shall not be limited to: (A) adequate life protection and life saving equipment and procedures; (B) instructions in accident prevention for all employees and subconsultants, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3.3 Fees and Payments.

3.3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "C" attached hereto and incorporated herein by reference. The total compensation shall not exceed **Forty Thousand Eight Hundred and Thirty Five** DOLLARS (**$40,835**) ("Total Compensation") without written approval of City's **City Manager**. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

3.3.2 Payment of Compensation.

Consultant shall submit to City a monthly itemized statement which indicates work completed and hours of Services rendered by Consultant. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. City shall, within 45 days of receiving such statement, review the statement and pay all non-disputed and approved charges thereon.

3.3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by City.

3.3.4 Extra Work. At any time during the term of this Agreement, City may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by City to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from the City.

3.4 Accounting Records.

3.4.1 Maintenance and Inspection. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of City during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

3.5 General Provisions.

3.5.1 Termination of Agreement.

3.5.1.1 Grounds for Termination. City may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to City, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause. The rights and remedies of the City provided in this section shall not

be exclusive and are in addition to any other rights and remedies provided by law, equity or under this Agreement.

3.5.1.2 Effect of Termination. If this Agreement is terminated as provided herein, City may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such document and other information within fifteen (15) days of the request.

3.5.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, City may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.5.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Consultant:

Atlas Planning Solutions
6578 Barranca Drive
Riverside, CA 92506
Attn: **Aaron Pfannenstiel**

City:

City of Aliso Viejo
12 Journey, Suite 100
Aliso Viejo, CA 92656
Attn: **So Kim, Community Development Department**

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.5.3 Ownership of Materials and Confidentiality.

3.5.3.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for City to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data"). Consultant shall require all subconsultants to agree in writing that City is granted a non-exclusive and perpetual license for any Documents & Data the subconsultant prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data.

Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by the City. City shall not be limited in any way in its use of the Documents and Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at City's sole risk.

3.5.3.2 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents and Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of City, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use City's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of City.

3.5.3.3 Confidential Information. The City shall refrain from releasing Consultant's proprietary information ("Proprietary Information") unless the City's legal counsel determines that the release of the Proprietary Information is required by the California Public Records Act or other applicable state or federal law, or order of a court of competent jurisdiction, in which case the City shall notify Consultant of its intention to release Proprietary Information. Consultant shall have five (5) working days after receipt of the Release Notice to give City written notice of Consultant's objection to the City's release of Proprietary Information. Consultant shall indemnify, defend and hold harmless the City, and its officers, directors, employees, and agents from and against all liability, loss, cost or expense (including attorney's fees) arising out of a legal action brought to compel the release of Proprietary Information. City shall not release the Proprietary Information after receipt of the Objection Notice unless either: (1) Consultant fails to fully indemnify, defend (with City's choice of legal counsel), and hold City harmless from any legal action brought to compel such release; and/or (2) a final and non-appealable order by a court of competent jurisdiction requires that City release such information.

3.5.4 Fraud Policy. Consultant shall provide a copy of the City's Fraud Prevention Policy to each of its employees assigned to perform Services under this Agreement. Consultant shall submit to the City a statement signed by an authorized representative for Consultant certifying receipt of the City's Fraud Prevention Policy. A finding by the City that any of Consultant's employees have committed fraud against the City or have violated the City's Fraud Prevention Policy shall be grounds for appropriate discipline, up to and including such employee's removal from performance of this Agreement at City's request and/or termination of this Agreement. Consultant shall reimburse the City for any costs and expenses associated with fraud against the City.

3.5.5 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.5.6 Attorney's Fees. If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

3.5.7 Indemnification.

3.5.7.1 To the fullest extent permitted by law, Consultant shall defend (with counsel of City's choosing), indemnify and hold the City, its officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any alleged acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's Services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorneys fees and other related costs and expenses except such loss or damage caused by the sole negligence or willful misconduct of the City. Consultant's obligation to indemnify shall survive expiration or termination of this Agreement and shall not be restricted to insurance proceeds, if any, received by the Consultant or the City, its officials, officers, employees, agents or volunteers.

3.5.7.2 If Consultant's obligation to defend, indemnify, and/or hold harmless arises out of Consultant's performance as a "design professional" (as that term is defined under Civil Code section 2782.8), then, and only to the extent required by Civil Code section 2782.8, which is fully incorporated herein, Consultant's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon Consultant obtaining a final adjudication by a court of competent jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

3.5.8 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both parties.

3.5.9 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Orange County.

3.5.10 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.6 City's Right to Employ Other Consultants. City reserves right to employ other consultants in connection with this Project.

3.7 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties.

3.8 Assignment or Transfer. Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the City. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.9 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subconsultants of Consultant, except as otherwise specified in this Agreement. All references to City include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

3.10 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.11 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

3.12 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.13 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.14 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, City shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of City, during the term of his or her service with City, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.15 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to

initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Consultant shall also comply with all relevant provisions of City's Minority Business Enterprise program, Affirmative Action Plan or other related programs or guidelines currently in effect or hereinafter enacted.

3.16 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

3.17 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.18 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.19 Declaration of Political Contributions. Consultant shall, throughout the term of this Agreement, submit to City an annual statement in writing declaring any political contributions of money, in-kind services, or loan made to any member of the City Council within the previous twelve-month period by the Consultant and all of Consultant's employees, including any employee(s) that Consultant intends to assign to perform the Services described in this Agreement.

3.20 Subcontracting.

3.20.1 Prior Approval Required. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of City. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

[Signatures on following page.]

SIGNATURE PAGE TO PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF ALISO VIEJO AND ATLAS PLANNING SOLUTIONS

IN WITNESS WHEREOF, the parties have executed this Professional Services Agreement on this ____ day of _____, 2024.

CITY OF ALISO VIEJO

Approved:

By: _____
Mitzi Ortiz
Acting City Manager

ATTEST:

By: _____
Lauren Torres,
Management Analyst

APPROVED AS TO FORM:

_____ for Scott Smith
Best Best & Krieger LLP
City Attorney

APPROVED AS TO COMPLIANCE WITH BUDGET

By: _____
Ann Eifert
Director of Financial Services

ATLAS PLANNING SOLUTIONS

[If Corporation, TWO SIGNATURES, President OR Vice President AND Secretary OR Treasurer REQUIRED]

By: Suzanne Murray

Its: President

Printed Name: Suzanne Murray

By: _____

Its: Secretary

Printed Name: Aaron Pfannenstiel

CITY OF ALISO VIEJO

DECLARATION OF POLITICAL CONTRIBUTIONS

Using the space provided below, please list any political contributions of money, in-kind services, or loans made to any member of the City Council within the last twelve (12) months by the applicant and all of applicants' employees, including any employee(s) that applicant intends to assign to perform the work or services described in Agreement dated _____. If none, please state so:

Atlas Planning Solutions has not made any political contributions to Aliso Viejo elected officials or any other elected officials in any other jurisdiction.

To the best of my knowledge, I declare under penalty of perjury that the foregoing is true and was executed at:

Riverside, CA	4-5-2024
City, State	Date
Atlas Planning Solutions	Aaron Pfannenstiel
Name of Business	Print Name
Signature	

This executed form must be submitted with the Proposal.

CITY OF ALISO VIEJO

ACKNOWLEDGMENT OF RECEIPT OF FRAUD POLICY

I hereby acknowledge that I have received a copy of the City's "Fraud Prevention Policy" dated October 1, 2008. I understand that I am to promptly read its contents and distribute copies to employees assigned to perform Services for the City of Aliso Viejo.

To the extent that provisions of this policy conflict with previously issued policies or practices, whether such policies and practices were contained in written policies, this policy shall prevail.

Atlas Planning Solutions
Name of Business

Aaron Pfannenstiel
Print Name

Signature

4-5-2024
Date

This executed form must be submitted with the Proposal.

EXHIBIT "A"

SCOPE OF SERVICES

[SEE ATTACHED]

VI. Scope of Work

The following scope of work is intended to ensure the City's updated General Plan Safety Element meets the latest requirements under California Government Code § 65302 (g). Two optional tasks have been identified at the end of the scope of work that provides the City with additional choices regarding how best to comply with these latest requirements.

Task 1: Safety Element Coordination/Management

To support the coordination and management of the safety element update process, the APS Team will conduct the following efforts:

Project Kick-Off Meeting

APS will participate in a virtual project kick-off meeting and work with the project team to identify the data needs and existing documentation for review as part of the Safety Element Update. This task will establish the project schedule, identifying protocols for communication and coordination with state agencies (Cal FIRE, California Geological Survey, etc.).

Data Collection and Review

Based on the project kick-off meeting discussion, the APS Team will identify key data needs and review existing data and information currently available, as well as data developed as part of the recent completion of the LHMP. Based on this review, the APS Team will identify the information/data needed from the City.

Community Engagement Strategy/Content

In preparation for outreach and engagement activities, the APS Team will prepare a memorandum to the City describing the community engagement strategy in terms of groups to be contacted, methods for information sharing during meetings, and methods of advertising the events. As part of this task, the APS Team will coordinate with City staff to update the contacts list based on the prior work completed during the LHMP project. Upon completing the engagement memorandum, the APS Team develops materials to advertise the project and alert residents and businesses about the planning process and the importance of the Safety Element. A flyer for website posting, social media blasts, and print advertisements will be prepared for the community engagement opportunities identified in the memo.

Public Workshop

As part of the element update, the APS Team recommends a Public Workshop during the public review period. This workshop should provide both decision-makers and the public with the necessary information to understand the safety element's importance and opportunities to answer questions and provide a forum for feedback and input. The APS Team will prepare a presentation for this meeting and attend the meeting to facilitate the discussion on behalf of the City.

Task 2: Policy Crosswalk Analysis

The APS Team will conduct a background review of the existing General Plan Safety Element and other key elements of the General Plan that may play a role in the update. This review will identify the applicable hazards that affect the City and emerging issues of concern in the future. A key component of this analysis includes the review of the existing policy framework to determine relevancy to the issues of today and adherence to current state requirements. This also includes an evaluation of the Safety Elements' compliance with California Government Code sections

65302(g) 1-9. This review will also provide an overview of the Cal Fire review criteria used to assess the element required by the California Board of Forestry and Fire Protection.

As part of the Safety Element review process, the APS Team recommends reviewing other General Plan Elements to ensure the Safety Element recommendations do not conflict with goals and policies in other elements. Completing this review will highlight other goals and policies that may address new Safety Element requirements and key areas for future updates within these other elements. We have found this helpful in assisting City staff with a better understanding of potential opportunities and constraints within the General Plan.

Task 3: Safety Element Technical Analysis

Climate Adaptation Vulnerability Assessment Summary

Building on the recent completion of the City's LHMP, the APS Team will prepare a Climate Adaptation Vulnerability Assessment Summary that includes the basic components necessary to comply with Government Code Section 65302(g) 3, also known as SB 379. The intent of this summary is to rely on the content and analysis in the LHMP that address climate-related impacts and provide a foundation for key goals, policies, and implementation actions. This task intends to provide the City with a simple way of addressing these requirements and relying on the LHMP for most of the analysis. However, if this City would prefer an assessment that includes a more detailed analysis and key adaptation strategies independent of the LHMP, please refer to Optional Task – Expanded Vulnerability Assessment.

SB 99 Evacuation Analysis

In accordance with SB 99, the APS Team will conduct an analysis of single ingress/egress conditions within residential neighborhoods in the City. These locations may highlight potential areas where evacuation may be challenged due to limited roads or where the City may require additional attention and pre-planning. As part of this analysis, the APS Team will highlight cul-de-sacs and other potential constraints and map these conditions to the various mapped hazards to identify converging issues. Based on the analysis, the APS Team will identify recommended policies and implementation actions for incorporation into the updated General Plan Safety Element.

Task 4: Safety Element Preparation

Administrative Draft Safety Element

The APS Team will prepare an Administrative Draft Safety Element update in compliance with Government Code Section 65302 (g). Based on a review of the existing element and our understanding of the conditions within the City and vicinity, APS anticipates that seismic/geologic hazards, wildfire, severe weather, flooding, and emerging hazards will be focus areas as well as address how those hazards could be exacerbated by climate change. Relying on the recently completed LHMP and work products in Task 3, the APS team will develop an updated element that complies with the latest requirements associated with climate adaptation (SB 379) and evacuation (SB 99). The updated element will also ensure compliance with SB 1241, which requires identifying and assessing wildfire hazards for communities with Very High Fire Hazard Severity Zones. As part of this compliance, the updated element will require review and approval by Cal Fire and the California Board of Forestry and Fire Protection. Based on our assessment conducted in Task 2, APS will establish comprehensive goals and policies to protect the community from the unreasonable risk of natural and human-caused hazards of concern.

Public Review Draft Safety Element

Upon completing the City's review of the Administrative Draft Safety Element, APS will prepare a Public Review Draft Safety Element to be released for public comment. We anticipate this draft will be released for 30 days for public review; however, this timeframe is typically based on the required review associated with the CEQA process conducted. Since we recommend an exemption be used for CEQA compliance, no public review period is necessary. Refer to Task 6 for additional information.

Cal Fire Review Draft Safety Element

Upon completing the Public Review Draft, the APS team will share the document with Cal FIRE staff, initiating the required SB 1241 review. Typically, this review should be initiated 90 days before the final adoption of the Safety Element by the City Council. Through this process, the APS Team will receive comments or recommendations for inclusion in the element to comply with SB 1241 requirements. Once comments are received from Cal FIRE, the APS Team will conduct a coordination call with the Cal Fire reviewer to discuss potential revisions and provide those revisions to City staff for review and approval. Upon approval, the Revised Element will be submitted for final review by Cal Fire in preparation for transmittal to the Board of Forestry. Once the Board of Forestry approves the element, the City will have met its required obligation and can adopt the element.

Final Draft Safety Element

Upon conclusion of both the public and Cal FIRE review processes, the APS Team will support City staff with the final approval process. As part of this process, the APS Team will prepare the Final Safety Element based on feedback and comments received during the public hearings process. It is anticipated that revisions during this phase will be minor and require minimal staff time.

Task 5: Cal Fire/BOF Review Process

Once the Cal Fire Review Draft is complete and transmitted to Cal Fire staff for review, the APS Team will coordinate with staff to ensure a timely review. This coordination will involve regular calls/emails and other interactions during the review to minimize delay and expedite the comments and revisions process.

Task 6: CEQA Assistance

The APS Team recommends using a CEQA exemption as part of the Safety Element update. We have used this type of compliance in the past, and it has helped expedite the schedule and reduce potential delays during the CEQA process. The types of exemptions we have relied upon include those under Sections 15060(c)(2) and 15061(b)(3) in that the proposed amendments, which are primarily limited to policy modifications and updates in compliance with Government Code Section 65302, are not anticipated to result in a direct or reasonably foreseeable indirect physical change in the environment, nor will the proposed changes have the potential for causing significant effect on the environment. Under State CEQA Guidelines Section 15382, "significant effect on the environment" means "a substantial, or potentially substantial, adverse change in any of the physical conditions within the area affected by the project including land, air, water, minerals, flora, fauna, ambient noise, and objects of historic or aesthetic significance. An economic or social change by itself shall not be considered a significant effect on the environment. A social or economic change related to a physical change may be considered in determining whether the physical change is significant." The proposed updates follow current State General Plan

requirements and will not substantially affect, potentially substantially affect, or change the City's land, air, water, minerals, flora, fauna, ambient noise, and objects of historical or aesthetic resources as all potential changes have been thoroughly considered, and will act to protect the environment and upon implementation would result in better conditions than those that exist within the City today.

While this is a simpler and more straight forward approach, if for some reason this approach is not preferred, the APS team would be happy to assist the City with expanded CEQA compliance and would engage one of our subconsultants that provide CEQA services beyond our capabilities. If the City desires expanded CEQA services, they can be provided under a separate scope and fee.

Task 7: Safety Element Adoption

Upon completion of the final Safety Element, the APS team will support City staff during the adoption process by attending the following meetings:

California Board of Forestry Hearing (1)

APS staff will attend the virtual California Board of Forestry and Fire Protection hearing to support the City and Cal Fire staff during this approval process. As part of these hearings, Board members typically have questions for Cal Fire staff that often require support from the City/Consultant. Attendance at this meeting is advised to ensure a smooth process and reduce potential questions or concerns.

City Council Meeting (1)

APS staff will support City staff during the final adoption of the Safety Element. This task includes in-person attendance, preparation of a presentation for use at the meeting, and information and materials preparation for inclusion in the staff report and adoption materials.

Optional Task - AB 747 Emergency Evacuation Assessment

A. Evacuation Route and Evacuation Center Identification. The APS team will meet with City staff to identify critical evacuation routes sensitive to key hazard areas in the City of Aliso Viejo and those identified as being most important for the evacuation of the evacuation zones. In addition to APS staff attendance, this meeting will include City staff who address emergency situations (first responder personnel) and traffic and circulation issues. This scope anticipates that up to ten key roadway segments will be identified as critical evacuation routes. The APS team will also identify emergency evacuation centers consistent with the requirements in AB 1409.

B. Zone Scenario Testing and Development. The APS team will work with the City on an analysis methodology to identify the likely amount of time required for each area with limited accessibility (identified in the previous subtasks) to evacuate. To assist with the evacuation time estimates, we anticipate using the attribute information (number of travel lanes, roadway classifications, etc.) from the Orange County Transportation Analysis Model (OCTAM) to inform the capacity assessment. We also anticipate using OCTAM land use data to determine the households and populations that may need to be evacuated from key zones. The results of this analysis will be used to test their scalability in the area (i.e., how evacuation time is affected by multiple zones requiring evacuations) and to test potential evacuation scenarios that could occur in the city. Given the wide range of scenarios that could occur, the APS team will work with the City to assess key considerations for up to two likely evacuation events. These events could include wildfire, earthquakes, flooding, landslides and/or significant infrastructure failure.

C. Recommendations. The APS team will use the two likely evacuation events to develop recommendations focusing on potential circulation constraints and capacity issues. This could include improved emergency response time, increased notifications, evacuation drills for residents, and/or improved infrastructure or transportation management to assist with evacuation (e.g., improved roadway network connectivity in some areas, contra-flow lanes, and/or staging areas to connect with multimodal routes). These recommendations will be discussed with City staff, and APS will update the recommendations, if needed, based on one round of compiled comments.

Completing this task will include a summarized emergency evacuation assessment in a technical memorandum for review and comment by the City. We will respond to one round of consolidated comments from the City and submit the final version of the memorandum.

Optional Task - Expanded Vulnerability Assessment

Task 3 identifies a Climate Adaptation Vulnerability Assessment summary that relies on the existing LHMP. If the City desires to expand the work effort identified in Task 3, APS recommends the following optional task of preparing an Expanded Climate Adaptation Vulnerability Assessment. This proposed optional tasks will consist of two elements: the climate vulnerability assessment and corresponding climate adaptation measures (or strategies). The climate vulnerability assessment and development of adaptation measures follow a two-step approach consistent with climate adaptation frameworks recommended by the California Governor's Office of Emergency Services (CalOES) 2020 California Adaptation Planning Guide (APG), meet the requirements of SB 379, and afford the City additional flexibility in how they address climate change/adaptation above and beyond the minimum requirements defined by the State.

Step one is the development of a climate vulnerability assessment to identify the city and community assets and populations that may be affected by climate hazards. The second step is identifying and prioritizing corresponding climate adaptation measures intended to reduce the impact on vulnerable communities or assets as identified in the vulnerability assessment. Both steps are informed by a regulatory framework and guided by national and statewide climate assessments, plans, and relevant efforts, including, but not limited to:

- California Governor's Office of Emergency Services 2020 California Adaptation Planning Guide
- State of California's Principles for Aligned State Action (2021)
- California Governor's Office of Planning and Research Integrated Climate Adaptation and Resiliency Program
- Center for Disease Control's Building Resilience Against Climate Effects (BRACE) framework
- United States Climate Resilience Toolkit
- State of California's Sea-Level Rise Guidance (2018)
- California Coastal Commission's Sea Level Rise Policy Guidance (2018)
- National Integrated Heat Health Information System

The regulatory framework and current guidance will be documented within this effort. The vulnerability assessment and adaptation measures will also use the information available at the city, region, and state levels to create an assessment focusing on climate resiliency in Aliso Viejo.

A. Perform Climate Vulnerability Assessment

The climate vulnerability assessment aims to identify the city's exposure to the effects and impacts of climate change. More specifically, the primary effects caused by the initial impacts of increased GHG emissions (e.g., average temperature and annual precipitation amounts) and the secondary effects (e.g., drought, heatwaves, flooding) that result from the primary effects). To perform the climate vulnerability assessment, the Project team will characterize the climate hazards and other climate effects that are anticipated to affect the city.

The climate vulnerability assessment methodology is consistent with the APG framework and takes into consideration the City of Aliso Viejos' existing safety, hazard, and emergency planning policies, plans, and programs. The three analytical phases we recommend are:

- **Exposure**: The purpose of this phase is to understand existing hazards in the community and how they may change up until the year 2045. The Project team will use Cal-Adapt and other readily available statewide tools to describe how climate hazards and other climate-change-related effects are projected to change. Consistent with APG guidance, the Project team will describe historical events and map climate change-related effects in GIS, where possible.
- **Sensitivity and Potential Impacts**: This phase compiles a list of population groups and community assets that are sensitive to localized climate change effects. The analysis will address any disproportional impacts climate change may have on vulnerable communities across the City (e.g., seniors, children, low-income, persons with disabilities, etc.). Using vulnerable communities' data, the Project team will fill in data gaps with research from regional and state reports on climate impacts and stakeholder input.
- **Adaptive Capacity**: The intent of this phase is to evaluate the City's current ability to cope with climate impacts. The ability to adapt is determined through two methods: First, a review of existing plans (specifically the LHMP and General Plan Safety Element) policies and programs relevant to climate, hazards, emergency operations, or public safety.

The output of the climate vulnerability assessment is intended to inform the city and community about which climate vulnerabilities are of the greatest concern and inform the development of adaptation measures development and implementation.

B. Identify Climate Adaptation Measures

The adaptation planning process aims to identify measures for preparing the community for the potential impacts of climate change through 2045, consistent with the outcomes of the climate vulnerability assessment. The Project team will identify adaptation measures for each hazard risk based on the severity level (low-risk, medium-risk, and high-risk). These measures will be organized into whole community actions and actions specific to government operations.

C. Develop Goals for Adaptation

In collaboration with City staff and stakeholders, adaptation goals will be developed to provide direction for achieving resiliency and act as guideposts throughout the planning process and implementation. Establishing resilience goals builds transparency into the process, clarifies shared outcomes, provides the foundation for future project decisions, and informs tracking and evaluation metrics development. The City may choose to develop new goals or refer to existing ones within the general plan or LHMP.

D. Prepare Adaptation Measures

The Project team will collaborate with City staff and stakeholders to prepare adaptation measures after reviewing vulnerabilities and confirming the City's vision and goals for adaptation and resilience. We will develop the adaptation measures consistent with the City's existing or proposed policy framework (i.e., General Plan, 2024 LHMP) so the adaptation measures are aligned with the expected outcomes and the terminology is consistent. Each goal drafted should have a set of measures to support its achievement.

Adaptation measures may be general statements of policy preference or desired direction, and others are highly detailed and contain specific implementation direction. The Project team recommends categorizing strategies to provide direction for implementation. Examples include:

- **Programmatic**. Measures to expand or create new programs, activities, and initiatives.
- **Plans, regulations, and policy development**. Measures to develop or revise policies, plans, regulations, and guidelines.
- **Capital improvement/infrastructure projects**. Measures designed to address physical and functional deficiencies and needs in the built and natural environment.
- **Education/outreach/coordination.** Measures related to initiating or expanding partnerships and relationships, communicating and sharing information, and expanding awareness.

City Staff Requirements

The APS Team anticipates City staff will support the proposed scope of work in the following ways:

- Review task deliverables and provide one set of consolidated comments and feedback on each deliverable.
- Transmittal of outreach content and materials using standard City protocols and methods.
- Posting meeting notices and outreach information in City-approved locations (both physically and virtually).
- Arranging meeting locations and logistics.
- Coordinating with City Departments and Contracting Agencies to ensure internal consistency in project feedback.

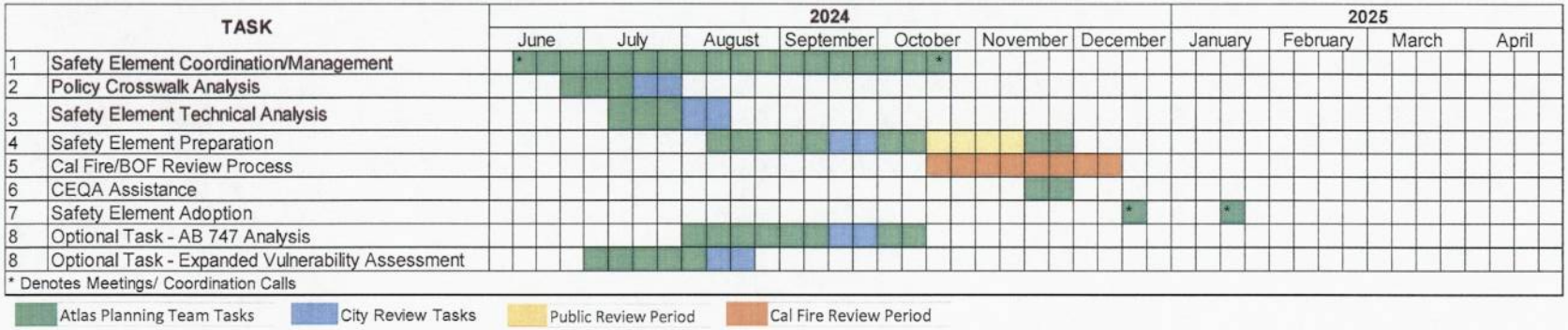
EXHIBIT "B"

SCHEDULE OF SERVICES

[SEE ATTACHED]

Proposed Schedule

The schedule provided assumes an efficient planning process and discrete timeframes for the internal and external outreach and coordination. Based on the proposed schedule, the APS Team anticipates an 8-month schedule to complete this project.



Staff Hours Allocation

The following table provides a summary of staff hours by Task. Additional detailed information by task is provided in the Cost Proposal Section of this proposal.

Task Name	Aaron Pfannenstiel	Suzanne Murray	Dennis Larson	Crystal Stueve	Robert Jackson	Paul Herrmann	Transportation Planner
Task 1: Safety Element Coordination/Management	10	2	7	3	14	2	2
Task 2: Policy Crosswalk Analysis	4	0	4	8	16	0	0
Task 3: Safety Element Technical Analysis	8	0	28	4	16	0	0
Task 4: Safety Element Preparation	12	8	12	14	36	0	0
Task 5: Cal Fire/BOF Review Process	4	0	0	2	4	0	0
Task 6: CEQA Assistance	4	0	4	8	0	0	0
Task 7: Safety Element Adoption	6	0	0	2	0	0	0
Optional Task - AB 747 Evacuation Assessment	4	2	0	0	0	45	90
Optional Task - Expanded Vulnerability Assessment	8	4	40	12	20	0	0

EXHIBIT "C"

COMPENSATION

[SEE ATTACHED]

IX. Cost Proposal

Atlas Planning Solutions has provided a cost proposal based on the scope of work provided, which relies on the following assumptions:

- Plan preparation will rely on readily available information from existing City plans, relevant plans, and information from County and State sources.
- No issues are anticipated with the City's typical payment procedures and timeframes.
- No additional fees are anticipated beyond those identified in the proposed cost proposal.
- The proposed fee is our best estimation based on our assessment of the City's needs. If any assumptions are incorrect or require refinement, the APS Team will happily work with the City to refine this estimate.
- APS proposes a project contingency budget of 10% of the proposed fee. This amount is identified for unanticipated needs or additional work the City desires. Use of this budget would only occur with prior approval by the LHMP Project Manager.

Task Name	Aaron Pfannenstiel	Suzanne Murray	Dennis Larson	Crystal Stueve	Robert Jackson	Paul Hermann	Transportation Planner	Total Fees
	$ 250	$ 150	$ 175	$ 150	$ 125	$ 225	$ 180	
Task 1: Safety Element Coordination/Management	10	2	7	3	14	2	2	$7,035
Project Kick-Off Meeting	2		2			2		$1,300
Data Collection and Review	2		2	2	2		2	$1,760
Community Engagement Strategy/Content	2	2	1	1	8			$2,125
Public Workshop	4		2		4			$1,850
Task 2: Policy Crosswalk Analysis	4	0	4	8	16	0	0	$4,900
Review of Safety Element Goals and Policies	4		4	8	16			$4,900
Task 3: Safety Element Technical Analysis	8	0	28	4	16	0	0	$9,500
Climate Adaptation Vulnerability Assessment Summary	4		24	4				$5,800
SB 99 Evacuation Analysis	4		4		16			$3,700
Task 4: Safety Element Preparation	12	8	12	14	36	0	0	$12,900
Administrative Draft Safety Element	4	4	8	4	16			$5,600
Public Review Draft Safety Element	4	2	2	4	8			$3,250
Cal Fire Review Draft Safety Element	2	2	2	4	8			$2,750
Final Draft Safety Element	2			2	4			$1,300
Task 5: Cal Fire/BOF Review Process	4	0	0	2	4	0	0	$1,800
Cal Fire/BOF Coordination	4			2	4			$1,800
Task 6: CEQA Assistance	4	0	4	8	0	0	0	$2,900
CEQA Exemption Assistance	4		4	8				$2,900
Task 7: Safety Element Adoption	6	0	0	2	0	0	0	$1,800
California Board of Forestry Hearing (1)	2							$500
City Council Meeting (1)	4			2				$1,300
Grand Total	**48**	**10**	**55**	**41**	**86**	**2**	**2**	**$40,835**

Optional Tasks								
AB 747 Emergency Evacuation Assessment	4	2				45	90	$27,625
Expanded Vulnerability Assessment	8	4	40	12	20			$13,900
Grand Total (with Optional Tasks)	**60**	**16**	**95**	**53**	**106**	**47**	**92**	**$82,360**