

CITY of LAGUNA WOODS CITY COUNCIL AGENDA

Regular Meeting
Wednesday, September 18, 2024
2:00 p.m.

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

Noel Hatch
Mayor

Shari L. Horne
Mayor Pro Tem

Cynthia Conners
Councilmember



Annie McCary
Councilmember

Carol Moore
Councilmember

Welcome to a meeting of the Laguna Woods City Council!

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

Public Comments/Testimony: The City accepts public comments/testimony in-person and in writing. For more information, please refer to page three of this agenda.

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

REGULAR MEETING SCHEDULE

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

AGENDA POSTING AND AVAILABILITY

Regular and Adjourned Regular Meetings: Pursuant to California Government Code Section 54954.2 of the Ralph M. Brown Act, the City of Laguna Woods posts agendas at Laguna Woods City Hall, 24264 El Toro Road, Laguna Woods, California 92637; on the City’s website (www.cityoflagunawoods.org); and, at other locations designated by Resolution No. 24-08, at least 72 hours in advance of regular and adjourned regular meetings. Agendas and agenda materials are available at Laguna Woods City Hall during normal business hours and on the City’s website. Printed copies of agendas and agenda materials are provided at no charge in advance of meetings. After meetings have occurred, a per page fee is charged for printed copies.

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

AGENDA DISTRIBUTION LISTS

Electronic Distribution: The City of Laguna Woods provides notification of agenda posting and availability via email. To sign up for email notifications, please visit www.cityoflagunawoods.org/email-notifications, email cityhall@cityoflagunawoods.org, or contact the City Clerk’s Office at (949) 639-0500/TTY (949) 639-0535. Please note that the City is not responsible for, and makes no guaranties or warranties related to, the transmission or receipt of email notifications.

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FOR ADDITIONAL INFORMATION

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

AFFIDAVIT OF POSTING

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

I, Yolie Trippy, City Clerk, City of Laguna Woods, hereby certify under penalty of perjury that this agenda was posted at Laguna Woods City Hall, 24264 El Toro Road, Laguna Woods, California 92637; on the City’s website (www.cityoflagunawoods.org); and, at other locations designated by Resolution No. 24-08, pursuant to California Government Code Section 54954.2 of the Ralph M. Brown Act.

/s/ Yolie Trippy
YOLIE TRIPPY, CMC, City Clerk

9/13/24
Date

OPTIONS FOR PUBLIC COMMENTS/TESTIMONY

1. In Person

Members of the public wishing to address the City Council on items appearing on this agenda are advised to indicate their interest in doing so by submitting a speaker card to City staff or proceeding to the podium, one-by-one, at the time an item is considered.

Members of the public wishing to address the City Council on items *not* appearing on this agenda may do so during Item V.

Each speaker will have the opportunity to speak for up to three minutes once per agenda item, unless otherwise allowed by the City Council.

Speakers are requested, but not required, to identify themselves, either on speaker cards or in comments/testimony. Speakers are advised that their names and any information submitted on speaker cards or otherwise provided in writing to the City may be disclosed or become a matter of public record. No speaker should expect privacy of such information.

2. In Writing

Written public comments/testimony may be delivered to Laguna Woods City Hall (24264 El Toro Road, Laguna Woods, CA 92637) or sent via email (cityhall@cityoflagunawoods.org) provided that they are received by the City prior to 2:00 p.m. on the day of this meeting.

Written public comments/testimony will be provided to the City Council and included in the City Clerk's written record of this meeting.

Parties submitting written public comments/testimony are requested, but not required, to identify themselves. Parties are advised that their names, email addresses, and any information submitted in writing to the City may be disclosed or become a matter of public record. No party should expect privacy of such information.

REMOTE VIEWING AND/OR LISTENING

1. Zoom (on a computer)

The City plans to live stream this meeting on Zoom (audio and/or video). ***Please note that public comments/testimony will not be accepted via Zoom.***

- Visit www.zoom.us
- Click on "Join"
- Enter the following meeting ID: 864 8269 8047
- Open the Zoom application following the on-screen prompts
- Enter the following meeting password: 912636
- Enter a name and email address as required by Zoom

Please note that information you enter into Zoom may be publicly visible and/or visible to other persons. No party should expect privacy of such information.

2. Zoom (on a telephone)

The City plans to live stream this meeting on Zoom (audio and/or video). ***Please note that public comments/testimony will not be accepted via Zoom.***

- Call (669) 444-9171 or (719) 359-4580
- Follow the prompts and provide the information required by Zoom
- When prompted for a webinar ID enter: 864 8269 8047
- When prompted for a passcode enter: 912636

Please note that your telephone number and information you enter into Zoom may be publicly visible and/or visible to other persons. No party should expect privacy of such information.

3. YouTube

The City plans to live stream this meeting on YouTube (audio and/or video). ***Please note that public comments/testimony will not be accepted via YouTube.***

- Visit www.youtube.com/@cityoflagunawoods
- Click on the “Live” button
- Click on the “Laguna Woods Channel 3” button

Please note that information you enter into YouTube may be publicly visible and/or visible to other persons. No party should expect privacy of such information.

4. Cable Television

The City plans to broadcast this meeting on cable television Channel 3 within Laguna Woods Village (audio and/or video). ***Please note that public comments/testimony will not be accepted via cable television Channel 3.***

I. CALL TO ORDER

Introductory Notes:

Members of the public wishing to address the City Council on items appearing on this agenda are advised to indicate their interest in doing so by submitting a speaker card to City staff or proceeding to the podium, one-by-one, at the time an item is considered.

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Speakers are requested, but not required, to identify themselves, both on any

applicable speaker cards and in comments/testimony. Speakers are advised that their names and any information submitted on speaker cards or otherwise provided in writing to the City may be disclosed or become a matter of public record. No speaker should expect privacy of such information.

II. ROLL CALL

III. PLEDGE OF ALLEGIANCE

IV. PRESENTATIONS AND CEREMONIAL MATTERS

4.1 Hunger Action Month – September 2024

Recommendation: Approve and present the proclamation.

4.2 Fire Prevention Week – October 6-12, 2024

Recommendation: Approve and present the proclamation.

V. PUBLIC COMMENTS ON NON-AGENDA ITEMS

About Public Comments on Non-Agenda Items: This is the time and place for members of the public to address the City Council on items *not* appearing on this agenda. Pursuant to state law, the City Council is unable to take action on such items, but may ask clarifying questions of the speaker, engage in brief discussion, refer items to City staff, and/or schedule items for consideration at future meetings.

VI. CITY TREASURER’S REPORT

6.1 City Treasurer’s Report

Recommendation: Receive and file the City Treasurer’s Report for the month of August 2024.

VII. CONSENT CALENDAR

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

the Consent Calendar regardless of whether an item is removed for separate discussion and consideration of action.

7.1 City Council Minutes

Recommendation: Approve the City Council meeting minutes for the regular meeting on August 21, 2024.

7.2 Warrant Register

Recommendation: Approve the warrant register dated September 18, 2024 in the amount of \$1,138,117.90.

7.3 Investment of Financial Assets Policy

Recommendation: Adopt a resolution titled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, REVIEWING AND ADOPTING AN ANNUAL STATEMENT OF THE INVESTMENT POLICY, ADOPTING AN INVESTMENT POLICY, AND RENEWING THE CITY COUNCIL'S DELEGATION OF INVESTMENT AUTHORITY TO THE CITY TREASURER PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 53607

7.4 Conflict of Interest Code

Recommendation: Adopt a resolution titled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, DETERMINING THAT NO CHANGES IN THE CONFLICT OF INTEREST CODE ADOPTED BY RESOLUTION NO. 18-27 ARE NECESSARY FOLLOWING THE REVIEW REQUIRED BY CALIFORNIA GOVERNMENT CODE SECTION 87306.5

VIII. PUBLIC HEARINGS – None

IX. CITY COUNCIL BUSINESS

- 9.1 Laguna Woods General Plan and Zoning Code Update, State Clearinghouse Number 2022080022

Recommendation: Approve second reading and adopt an ordinance – read by title with further reading waived – titled:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING SECTION 13.04.020 OF CHAPTER 13.04 (ESTABLISHMENT OF ZONING DISTRICTS) OF TITLE 13 (ZONING) OF THE LAGUNA WOODS MUNICIPAL CODE AND ADDING SECTION 13.08.050 TO CHAPTER 13.08 (RESIDENTIAL DISTRICTS) OF TITLE 13 (ZONING) OF THE LAGUNA WOODS MUNICIPAL CODE PERTAINING TO THE ESTABLISHMENT OF NEW RESIDENTIAL OVERLAY ZONING DISTRICTS, AND DETERMINING AND CERTIFYING THAT SUCH ACTIONS ARE CONSISTENT WITH THE PROGRAM ENVIRONMENTAL IMPACT REPORT PREPARED FOR THE LAGUNA WOODS GENERAL PLAN AND ZONING CODE UPDATE, STATE CLEARINGHOUSE NUMBER 2022080022

- 9.2 Inclusionary Housing Regulations

Recommendation: Approve second reading and adopt an ordinance – read by title with further reading waived – titled:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING CHAPTER 13.25 OF TITLE 13 (ZONING) OF THE LAGUNA WOODS MUNICIPAL CODE PERTAINING TO INCLUSIONARY HOUSING REGULATIONS FOR CERTAIN NEW RESIDENTIAL DEVELOPMENT PROJECTS AND LAWFUL CONVERSION OF EXISTING RESIDENTIAL BUILDING PROJECTS (CONVERSIONS FROM APARTMENTS TO COMMON INTEREST OWNERSHIP), AND DETERMINING AND CERTIFYING

THAT THE ORDINANCE IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

9.3 Health and Sanitation Title of Laguna Woods Municipal Code

Recommendation: Approve second reading and adopt an ordinance – read by title with further reading waived – titled:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING CHAPTERS 4.10 AND 4.18 AND REPEALING CHAPTERS 4.02 AND 4.08 OF TITLE 4 (HEALTH AND SANITATION) OF THE LAGUNA WOODS MUNICIPAL CODE PERTAINING TO SOLID WASTE, WATER CONSERVATION, GEOTHERMAL HEAT EXCHANGE WELLS, WATER WELLS, CATHODIC PROTECTION WELLS, MONITORING WELLS, AMBULANCE SERVICES, AND TATTOOING ESTABLISHMENTS, AND DETERMINING AND CERTIFYING THAT THE ORDINANCE IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

9.4 Unfunded Retirement Liability

Recommendation: Adopt a resolution titled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING AND ADOPTING THE FISCAL YEARS 2023-25 BUDGET AND WORK PLAN FOR FISCAL YEAR 2023-24 COMMENCING JULY 1, 2023 AND ENDING JUNE 30, 2024, AND FISCAL YEAR 2024-25 COMMENCING JULY 1, 2024 AND ENDING JUNE 30, 2025, INCREASING GENERAL FUND APPROPRIATIONS FOR LUMP SUM PAYMENTS TO PAY OFF CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS) UNFUNDED ACCRUED LIABILITY, AND MAKING RELATED AUTHORIZATIONS

9.5 City Centre Park Capital Improvements

Recommendation: Approve a conceptual plan for the capital improvements that would be made to the remaining portion of City Centre Park if a new Orange County Fire Authority fire station were constructed on a portion of the City Centre Park property.

9.6 City Hall Building Signage

Recommendation: Provide direction to the City Manager regarding the installation of metal lettering reading “E Pluribus Unum” above the arch outside City Hall’s main entrance.

9.7 Irvine-Laguna Wildlife Corridor
(agendized by Councilmember McCary)

Recommendation: Approve the City becoming a signatory to the Irvine-Laguna Wildlife Corridor Partner Charter and authorize the Mayor to sign on behalf of the City.

X. CITY COUNCIL REPORTS AND COMMENTS

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

10.1 Coastal Greenbelt Authority
Councilmember McCary, First Alternate: Mayor Pro Tem Horne, Second Alternate: Councilmember Connors

10.2 Orange County Fire Authority
Mayor Hatch

10.3 Orange County Library Advisory Board
Councilmember Moore; Alternate: Councilmember McCary

10.4 Orange County Mosquito and Vector Control District
Mayor Pro Tem Horne

10.5 San Joaquin Hills Transportation Corridor Agency
Councilmember Conners; Alternate: Mayor Hatch

10.6 South Orange County Watershed Management Area
Councilmember Moore; Alternate: Mayor Pro Tem Horne

10.7 Liaisons to Community Bridge Builders
Mayor Pro Tem Horne and Councilmember McCary

10.8 Other Comments and Reports

- League of California Cities (Cal Cities), Quarterly Orange County Division Meeting – August 22, 2024 (Mayor Hatch)
- Other Comments and Reports

XI. CLOSED SESSION

Closed Session Note: While members of the public are not permitted to attend closed session, prior to convening in closed session, the City Council will accept public comments on items appearing on the closed session agenda.

XII. CLOSED SESSION REPORT

XIII. ADJOURNMENT

Next Adjourned Regular Meeting: Monday, October 14, 2024 at 2 p.m.
Laguna Woods City Hall
24264 El Toro Road, Laguna Woods, California 92637

Next Regular Meeting: Wednesday, November 20, 2024 at 2 p.m.
Laguna Woods City Hall
24264 El Toro Road, Laguna Woods, California 92637

4.1
HUNGER ACTION MONTH
– SEPTEMBER 2024

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Proclamation City of Laguna Woods Hunger Action Month September 2024

WHEREAS, food insecurity is a lack of access, at times, to enough food for an active, healthy life and limited or uncertain availability of nutritionally adequate foods; and

WHEREAS, food insecurity may result in trade-offs between important basic needs, such as housing or medical bills, and purchasing nutritionally adequate foods; and

WHEREAS, hunger, food and nutritional insecurity, and poverty, are issues of vital concern in Orange County where 330,460 people face food insecurity, according to Feeding America’s Map the Meal Gap Study for 2022; and

WHEREAS, individuals throughout Orange County rely on food and meal services provided by organizations including Abound Food Care, Age Well Senior Services, the Community Action Partnership of Orange County’s OC Food Bank, Second Harvest Food Bank, South County Outreach, and others; and

WHEREAS, the City operates an edible food recovery program that assists commercial food generators with recovering edible food that would otherwise be disposed.

NOW, THEREFORE, BE IT RESOLVED that the Laguna Woods City Council does hereby proclaim September 2024 as “Hunger Action Month” in the City of Laguna Woods and encourages its residents to consider donating, volunteering, or otherwise supporting the efforts of food banks, food recovery organizations, and meals on wheels programs.

Dated this 18th day of September, 2024

Noel Hatch
Mayor

Attest: Yolie Trippy, CMC
City Clerk

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4.2
FIRE PREVENTION WEEK
– OCTOBER 6-12, 2024

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**Proclamation
City of Laguna Woods
Fire Prevention Week
October 6-12, 2024**

WHEREAS, fire is a serious public safety concern both locally and nationally, and homes are where people are at greatest risk from fire; and

WHEREAS, in the United States last year, a home structure fire was reported every 88 seconds, a home fire death occurred every three hours and 14 minutes, and a home fire injury occurred every 53 minutes; and

WHEREAS, despite the United States Fire Administration’s recommendation to test smoke alarms monthly, only one in four Americans reports doing so; and

WHEREAS, 30% of Americans admit to causing a major fire hazard by disconnecting their smoke alarms (21%) or not having one altogether (9%); and

WHEREAS, the 2024 Fire Prevention Week theme, “*Smoke alarms: Make them work for you!*,” serves as a reminder that working smoke alarms in the home can reduce the risk of dying in a fire by more than half.

NOW, THEREFORE, BE IT RESOLVED that the Laguna Woods City Council does hereby proclaim October 6-12, 2024 as “Fire Prevention Week” in the City of Laguna Woods and urges its residents to install and maintain working smoke alarms in their homes. Residents are also urged to practice safe cooking habits, including staying in the kitchen while cooking and removing items from around the stove that can catch fire.

Dated this 18th day of September, 2024

Noel Hatch
Mayor

Attest: Yolie Trippy, CMC
City Clerk

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6.1
CITY TREASURER'S REPORT

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City Treasurer's Report Monthly Financial Snapshot

Financial Assets IN THE BANK as of August 31, 2024

BY FUND

General Fund (Operating) **\$7,390,397**

General Fund (Reserves) **\$3,753,700**

The General Fund is the City of Laguna Woods' primary operating fund and is used to account for the proceeds of revenue sources that are not legally restricted or committed to expenditures for specified purposes. Reserves for paid leave, self-insurance, and general contingencies are also included in the General Fund.

Special Revenue Funds **\$3,204,865**

These funds are used to account for the proceeds of revenue sources that are legally restricted or committed to expenditures for specified purposes. Most of these funds are legally restricted for public street purposes.

Total (All Funds) **\$14,348,962**

BY INVESTMENT TYPE

Cash and Cash Equivalents **\$1,011,073**
7.05% of portfolio

Pooled Money Investment Accounts **\$6,899,917**
48.08% of portfolio

This includes investments in state and county (local) government investment pools.

Investments - Earning **\$6,437,972**
44.87% of portfolio

This includes certificates of deposit.

Total (All Funds) **\$14,348,962**

Financial Assets HELD IN TRUST FUNDS as of August 31, 2024

California Employers' Pension Prefunding Trust Fund (CEPPT) **\$177,919**

• **New Contributions** **\$0**

• **Gain/(Loss) from Month Prior** **\$4,190**

The CEPPT is used to prefund employee pension obligations.

California Employers' Retiree Benefit Trust Fund (CERBT) **\$145,791**

• **New Contributions** **\$0**

• **Gain/(Loss) from Month Prior** **\$3,432**

The CERBT is used to prefund statutorily required retiree medical benefits.

Notes: The City of Laguna Woods uses a modified accrual basis of accounting, which generally means that revenues are recognized when a transaction occurs, and expenditures are recognized when obligations are created. As such, this monthly financial snapshot reflects only revenue known and expenditures paid for the month referenced as of the date prepared. In some cases, financial statements from financial dealers, depositories, and institutions may not have been received as of the date prepared and, therefore, some revenue and expenditures may not be reflected. Certificates of deposit may also have accrued interest that is not reflected because it is not yet vested. For more information on the specific information included in this monthly financial snapshot, please refer to the full City Treasurer's Report.

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City of Laguna Woods
City Treasurer's Report
For the Month Ended August 31, 2024

CASH AND INVESTMENTS

	Beginning Balances As of 7/31/24	Earnings & Receipts	Disbursements	Purchases, Transfers & Other Adjustments	Ending Balances As of 8/31/24	% of Total Cash & Investment Balances	Maximum % Allowed per Investment Policy
Cash and Cash Equivalents							
Analyzed Checking Account (Note 1)	\$ 800,017	\$ 534,535	\$ (1,138,118)	\$ 765,000	\$ 961,434	6.70%	
Money Market Funds, Multi-Bank Securities (MBS) Account (Note 4)	\$ 12,937	\$ 12,722	\$ (13,886)	\$ -	\$ 11,773	0.08%	
Earned Interest in Transit and Accrued Interest, MBS Account (Note 4)	\$ 27,850	\$ 20,274	\$ (12,722)	\$ -	\$ 35,402	0.25%	
Petty Cash	\$ 800	\$ -	\$ -	\$ -	\$ 800	0.01%	
Laguna Woods Civic Support Fund Checking Account	\$ 1,664	\$ -	\$ -	\$ -	\$ 1,664	0.01%	
Total Cash and Cash Equivalents	\$ 843,268	\$ 567,532	\$ (1,164,727)	\$ 765,000	\$ 1,011,073	7.05%	100.00%
Pooled Money Investment Accounts							
Local Agency Investment Fund (LAIF - fair value) (Notes 2 and 3)	\$ 838,889	\$ -	\$ -	\$ -	\$ 838,889	5.85%	
Orange County Investment Pool (OCIP - fair value) (Notes 2 and 3)	\$ 7,533,276	\$ 28,097	\$ (345)	\$ (1,500,000)	\$ 6,061,028	42.24%	
Total Pooled Money Investment Accounts	\$ 8,372,165	\$ 28,097	\$ (345)	\$ (1,500,000)	\$ 6,899,917	48.09%	90.00%
Investments - Interest and Income Bearing							
Certificates of Deposit - non-negotiable (fair value) (Note 2)	\$ 5,407,558	\$ -	\$ -	\$ 1,030,415	\$ 6,437,972	44.87%	
Total Investments - Interest and Income Bearing	\$ 5,407,558	\$ -	\$ -	\$ 1,030,415	\$ 6,437,972	44.87%	90.00%
TOTAL	\$ 14,622,991	\$ 595,629	\$ (1,165,072)	\$ 295,415	\$ 14,348,962	100.00%	

Summary of Total Cash, Cash Equivalents, and Investments:

	General Fund	Special Revenue Funds	Totals
Analyzed Checking Account	\$ (2,277,767)	\$ 3,239,201	\$ 961,434
Money Market Funds, MBS Account	\$ 11,773	\$ -	\$ 11,773
Earned Interest in Transit and Accrued Interest, MBS Account	\$ 35,402	\$ -	\$ 35,402
Petty Cash	\$ 800	\$ -	\$ 800
LAIF	\$ 838,889	\$ -	\$ 838,889
OCIP	\$ 6,061,028	\$ -	\$ 6,061,028
Certificates of Deposit	\$ 6,437,972	\$ -	\$ 6,437,972
Laguna Woods Civic Support Fund Checking Account	\$ -	\$ 1,664	\$ 1,664
Totals	\$ 11,108,097	\$ 3,240,865	\$ 14,348,962

(See **NOTES** on Page 4 of 4)



City of Laguna Woods
City Treasurer's Report
For the Month Ended August 31, 2024

CASH AND INVESTMENTS

CUSIP	Investment #	Issuer	Term	Purchase Date	Settlement Date	Par Value	Market Value	Book Value	Stated Rate (Note 4)	Coupon Type	1st Coupon Date	Rating or Rank (*)	Yield to Maturity 365 Days	Maturity Date
Certificate of Deposits (CDs, Federal Deposit Insurance Corporation [FDIC] Insured)														
89841MAV9	2023-11	TRUSTONE FINL CR UN	12 months	12/05/23	12/13/23	245,000	245,174	245,000	5.350	Monthly	01/13/24	Green***	5.350	12/12/24
98138MB7	2022-8	WORKERS FED CR UN	24 months	12/09/22	12/16/22	245,000	245,002	245,000	4.950	Monthly	01/16/23	Yellow**	4.950	12/16/24
75472RBB6	2020-1	RAYMOND JAMES BK NATL ASSN	60 months	02/06/20	02/14/20	245,000	241,663	245,000	1.750	Semi-Annual	08/14/20	Green***	1.750	02/14/25
219873AB2	2024-3	CORPORATE AMERICA FAMILY CR UN	12 months	03/14/24	03/27/24	245,000	245,684	245,000	5.250	Monthly	04/27/24	Green***	5.250	03/27/25
59013KGJ9	2020-2	MERRICK BANK	60 months	03/24/20	03/31/20	100,000	98,355	100,000	1.800	Monthly	05/01/20	Green***	1.800	03/31/25
14042TGG6	2022-1	CAPITAL ONE BK USA NATL ASSN	36 months	05/24/22	05/25/22	245,000	242,168	245,000	3.100	Semi-Annual	11/25/22	Green*	3.100	05/27/25
75102EAP3	2023-6	RAIZ FED CR UN	24 months	05/17/23	05/24/23	245,000	245,684	245,000	5.050	Monthly	06/24/23	Yellow**	5.050	05/27/25
37424PAG9	2023-9	GESA CR UN	24 months	07/19/23	07/31/23	245,000	247,227	245,000	5.500	Monthly	08/31/23	Green***	5.500	07/31/25
02616ACQ0	2024-5	AMERICAN FIRST CR UN	12 months	08/13/24	08/20/24	245,000	245,064	245,000	4.450	Monthly	09/20/24	Green***	4.450	08/20/25
68584JBB4	2024-6	OREGON COMMUNITY CR UN	12 months	08/13/24	08/21/24	245,000	245,071	245,000	4.450	Monthly	09/21/24	Green***	4.450	08/21/25
130162BJ8	2023-12	CALIFORNIA CR UN	24 months	12/06/23	12/15/23	245,000	247,550	245,000	5.150	Semi-Annual	06/15/24	Green***	5.150	12/15/25
00782JAD4	2023-13	ADVIA CR UN	24 months	12/22/23	12/29/23	245,000	246,583	245,000	4.800	Semi-Annual	06/29/24	Green***	4.800	12/29/25
59524LAA4	2023-1	MID CAROLINA CR UN	36 months	03/07/23	03/13/23	200,000	202,374	200,000	4.850	Monthly	04/13/23	Green***	4.850	03/13/26
23204HNV6	2023-4	CUSTOMERS BK	36 months	03/30/23	03/31/23	245,000	247,999	245,000	5.000	Semi-Annual	09/30/23	Green**	5.000	03/31/26
87868YAQ6	2023-7	TECHNOLOGY CR UN	36 months	05/19/23	05/30/23	245,000	248,697	245,000	5.000	Monthly	07/01/23	Green***	5.000	05/29/26
32022RRG4	2022-4	1ST FINL BK USA	48 months	06/15/22	06/24/22	245,000	241,011	245,000	3.150	Monthly	07/24/22	Green*	3.150	06/24/26
2546733P9	2023-5	DISCOVER BK	48 months	03/30/23	04/05/23	245,000	250,040	245,000	4.800	Semi-Annual	10/05/23	Green***	4.800	04/05/27
50625LBN2	2022-3	LAFAYETTE FED CR	60 months	05/24/22	06/15/22	245,000	240,629	245,000	3.250	Monthly	07/15/22	Green***	3.250	06/15/27
33715LFS4	2024-7	FIRST TECHNOLOGY FED CR UN	36 months	08/13/24	08/21/24	245,000	246,350	245,000	4.100	Monthly	09/21/24	Green***	4.100	08/21/27
14042RUX7	2022-5	CAPITAL ONE NATL ASSN	60 months	10/06/22	10/13/22	245,000	249,224	245,000	4.500	Semi-Annual	04/13/23	Green*	4.500	10/13/27
22282XAB6	2024-1	COVANTAGE CR UN	48 months	01/12/24	01/24/24	245,000	246,264	245,000	4.050	Quarterly	04/24/24	Green***	4.050	01/24/28
90355GCE4	2023-2	UBS BANK USA	60 months	03/07/23	03/08/23	200,000	204,752	200,000	4.600	Monthly	04/08/23	Green*	4.600	03/08/28
89854LAD5	2023-8	TTCU FED CR UN	60 months	07/19/23	07/26/23	245,000	255,131	245,000	5.000	Monthly	08/26/23	Green***	5.000	07/26/28
01882MAH5	2023-10	ALLIANT CR UN	60 months	11/07/23	11/15/23	245,000	259,347	245,000	5.350	Monthly	12/15/23	Green***	5.350	11/15/28
61690DMB1	2024-2	MORGAN STANLEY BANK NA	60 months	03/14/24	03/18/24	245,000	249,738	245,000	4.300	Semi-Annual	09/13/24	Green***	4.300	03/13/29
89235MPP0	2024-4	TOYOTA FINL SVGS BK	60 months	06/04/24	06/13/24	245,000	253,874	245,000	4.650	Semi-Annual	12/13/24	Green*	4.650	06/13/29
52171MAN5	2024-8	LEADERS CR UN	60 months	08/13/24	08/30/24	245,000	247,318	245,000	4.000	Monthly	09/30/24	Green***	4.000	08/30/29
Accrued Interest - Month End													35,402	
Total CDs						6,380,000	6,473,374	6,380,000						

(*) CDs are ranked using the Veribanc Rating System, a two-part color code and star classification system which tests the present standing and future outlook by reviewing an institution's capital strength, asset quality, management ability, earnings sufficiency, liquidity, and sensitivity to market risk. The table below summarizes the Veribanc color rankings. Veribanc star ratings of one to three, with three being best, are used to help review a possible future trend of an institutions health based on metrics from ten prior quarters. A rating of one, two, or three, are not necessarily an indicator of risk or an undesirable investment. The City reviews other rating systems and issuer financials before choosing any investment.

Veribanc Rating System	
Veribanc Rank	Color Meaning
Green	Highest rating, exceeds qualifications in equity and income tests
Yellow	Merits attention, meets minimal qualifications in equity and income tests
Red	Merits close attention, does not meet minimal qualifications for equity and has incurred significant losses

Government Pooled Money Investment Accounts (PMIA) (Notes 2 and 3)

N/A	N/A	Local Agency Investment Fund (LAIF)	N/A	Various	Various	841,956	838,889	841,956	Note 3	Quarterly	N/A	N/A	N/A	N/A
N/A	N/A	Orange County Investment Pool (OCIP)	N/A	Various	Various	6,108,945	6,061,028	6,108,945	Note 3	Monthly	N/A	N/A	N/A	N/A
Total PMIA						6,950,901	6,899,917	6,950,901						

(See NOTES on Page 4 of 4)



City of Laguna Woods
City Treasurer's Report
For the Month Ended August 31, 2024

ITEM 6.1

CASH AND INVESTMENTS

	Beginning Balances As of 7/31/24	Contributions / (Withdrawals)	Administrative Fees & Investment Expense	Unrealized Gain / (Loss)	Ending Balances As of 8/31/24
Other Post-Employment Benefits (OPEB) Trust					
CalPERS California Employers' Retiree Benefit Trust (CERBT) (Note 2) (CERBT holds all assets and administers the OPEB Trust)	\$ 142,358	\$ -	\$ (10)	\$ 3,443	\$ 145,791
Employer Pension Contributions Trust					
CalPERS California Employers' Pension Prefunding Trust (CEPPT) (Note 2) (CEPPT holds all assets and administers the Employer Pension Contributions Trust)	<u>\$ 173,729</u>	<u>\$ -</u>	<u>\$ (34)</u>	<u>\$ 4,224</u>	<u>\$ 177,919</u>
Total Other Funds - Held in Trust	<u>\$ 316,087</u>	<u>\$ -</u>	<u>\$ (45)</u>	<u>\$ 7,667</u>	<u>\$ 323,710</u>

(See **NOTES** on Page 4 of 4)



City of Laguna Woods

City Treasurer's Report

For the Month Ended August 31, 2024

CASH AND INVESTMENTS

Notes:

Note 1 - Analyzed Checking Account / Monthly activity reported does not reflect August 2024 vendor invoicing processed after the date of this report.

Note 2 - During August 2024, transaction activity in pooled money investment accounts, investment accounts and fiduciary trusts included:

LAIF / The City made no deposits to or withdrawals from the LAIF account. The balance includes an adjustment in the amount of (\$3,067.13) to reflect fair market value of the investment at June 30, 2024.

OCIP / The City made no deposits to the OCIP account and withdrew \$1,500,000, which was deposited in the City's checking account for cash flow purposes and for the purchase of Certificates of Deposit. The balance includes an adjustment in the amount of (\$47,917.30) to reflect fair market value of the investment at June 30, 2024.

Investments / There were no maturities of investments. The City invested \$980,000 cash balance in four Certificates of Deposit: \$245,000 each in an American First Credit Union Certificate of Deposit for a 12-month term at a 4.450% yield rate, a First Technology Federal Credit Union Certificate of Deposit for a 36-month term at a 4.100% yield rate, a Leaders Credit Union Certificate of Deposit for a 60-month term at a 4.000% yield term, and an Oregon Community Credit Union Certificate of Deposit for a 12-month term at a 4.450% yield rate. Investments were adjusted in the amount of \$39,861.65 to report balances at fair market value as of August 31, 2024.

OPEB Trust / The City made no contributions to or withdrawals from the OPEB Trust. The OPEB Trust experienced a net gain of \$3,432.45 in August 2024.

Employer Pension Contributions Trust / The City made no contributions to or withdrawals from the CEPPT account. The Trust experienced a net gain of \$4,189.95 in August 2024.

Note 3 - Investment earnings on pooled money investment accounts deposited and reported in August 2024 net of related fees were:

Pool	Earnings Post	Prior Period Earnings Deposited	Deposit for Period Ended	Current Month / Quarter Gross Yield	Current Month / Quarter Earnings Will Post	Notes
LAIF	Quarterly	\$0.00	See Notes	See Notes	October 2024	Total pool interest yield for August 2024 was 4.579% and the City's yield will be slightly lower based on allocation ratios and administrative fees to be deducted.
OCIP	Monthly	\$28,096.92	May 2024	See Notes	November 2024	Interest is posted three months in arrears and fees are posted monthly. Accrued interest pending payment at August 31, 2024 was \$87,497.75. At August 31, 2024, the interest rate was 4.382% and fees were 0.050%, for a net yield of 4.332%.

Note 4 - CDs / The stated earnings rate for CDs is a fixed rate for the full term. The City earned interest of \$12,722.48 and transferred out \$13,886.16 in Money Market Funds balances to the City's checking account in August 2024. Money Market Funds to be invested or paid out are classified separately on page 1 of 4. The Money Market Funds 30-day yield at August 31, 2024 was 4.33%. The City's portfolio also has \$35,401.69 in accrued interest, not yet vested.

City Treasurer's Certification

I, Elizabeth Torres, City Treasurer, do hereby certify:

- That all investment actions executed since the last report have been made in full compliance with the City's Investment of Financial Assets Policy; and
- That the City is able to meet all cash flow needs which might reasonably be anticipated for the next 12 months.

Digitally signed by
 Elizabeth Torres
 Date: 2024.09.12
 17:45:48 -07'00'

Elizabeth Torres, City Treasurer

7.0
CONSENT CALENDAR SUMMARY

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City of Laguna Woods

Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Christopher Macon, City Manager

FOR: September 18, 2024 Regular Meeting

SUBJECT: Consent Calendar Summary

Recommendation

Approve all proposed actions on the September 18, 2024 Consent Calendar by single motion and City Council action.

Background

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

Summary

The September 18, 2024 Consent Calendar contains the following items:

- 7.1 Approval of the City Council meeting minutes for the regular meeting on August 21, 2024.
- 7.2 Approval of the warrant register dated September 18, 2024 in the amount of \$1,138,117.90. A list of warrants is included in the agenda packet; detailed information about individual warrants is available at or from City Hall.
- 7.3 Adoption of a resolution reviewing and adopting an annual statement of the investment policy, adopting an investment policy, and renewing the City

Council's delegation of investment authority to the City Treasurer pursuant to California Government Code Section 53607. An agenda report is included with additional information.

- 7.4 Adoption of a resolution determining that no changes in the conflict of interest code adopted by Resolution No. 18-27 are necessary following the review required by California Government Code Section 87306.5. The City is required to review conflict of interest codes at least every even-numbered year and identify whether any changes in conflict of interest codes are necessitated by changed circumstances by October 1 of the same year. Staff has reviewed the existing conflict of interest code (Attachment B) and determined that there are no changed conditions that necessitate changes. Staff recommends that the City Council review the existing conflict of interest code and, if no changed circumstances are identified that necessitate changes, adopt the proposed resolution (Attachment A).

7.1
CITY COUNCIL MINUTES

**For additional information on this item,
please refer to Item 7.0 (Consent Calendar Summary).**

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**CITY OF LAGUNA WOODS CALIFORNIA
CITY COUNCIL MINUTES
REGULAR MEETING
August 21, 2024
2:00 P.M.
Laguna Woods City Hall
24264 El Toro Road
Laguna Woods, California 92637**

I. CALL TO ORDER

Mayor Hatch called the Regular Meeting of the City Council of the City of Laguna Woods to order at 2:02 p.m. and made introductory comments.

II. ROLL CALL

COUNCILMEMBER: PRESENT: Conners, McCary, Moore, Horne, Hatch
 ABSENT: -

All councilmembers participated in-person at the meeting location.

STAFF PRESENT: City Manager Macon, City Attorney Patterson, Administrative Services Director/City Treasurer Torres, Assistant to the City Manager Haston, City Clerk Trippy

All staff participated in-person at the meeting location.

III. PLEDGE OF ALLEGIANCE

Jonathan Adler, resident, led the pledge of allegiance.

IV. PRESENTATIONS AND CEREMONIAL MATTERS

4.1 Continuing Support of Fair, Free, and Open Elections
(agendized by Councilmember Moore)

Councilmember Moore introduced the item.

City Clerk Trippy read the proclamation.

Jonathan Adler, resident, made comments.

Kathryn Freshley, resident, made comments.

City Manager Macon briefly responded to Ms. Freshley's comments.

Rona Henry, resident, made comments.

Cheryl Frink, resident, made comments.

Pat Micone, resident, made comments.

Jonathan Adler, resident, made comments.

City Manager Macon noted that the following individuals submitted written public comments in advance of the meeting (written public comments were provided to the City Council and are available from the City Clerk's Office):

1. Susan Dearing, resident, in opposition to the proposed proclamation
2. Pat Micone, resident, re-submitted the United Sovereign Americans resolution

Councilmembers discussed the item.

Moved by Councilmember Moore and seconded by Mayor Hatch to approve the proclamation. The motion died with the passing of a second motion that superseded it.

Moved by Councilmember McCary, seconded by Mayor Pro Tem Horne, and carried on a 4-1 vote with Councilmember Moore voting no, to table the proclamation permanently.

V. PUBLIC COMMENTS ON NON-AGENDA ITEMS

The following representatives of United Sovereign Americans expressed concern regarding voting data from the 2022 general election and requested the City Council pass a resolution for a legally valid 2024 election:

1. Linda P., member of the public
2. Michele, member of the public
3. Lisa, member of the public
4. Linda M., member of the public
5. George, member of the public

Jonathan Adler, resident, made comments regarding the United Sovereign Americans group and election matters.

Cheryl Frink, resident, made comments regarding election matters.

Robert Henry, resident, made comments encouraging the City Council to only vote on matters within its jurisdiction.

VI. CITY TREASURER'S REPORT

6.1 City Treasurer Report

Administrative Services Director/City Treasurer Torres made a presentation.

Councilmember Moore left the meeting at 3:05 p.m.

Councilmembers discussed the item and staff answered related questions.

Moved by Councilmember Conners, seconded by Councilmember McCary, and carried on a 4-0 vote with Councilmember Moore absent, to receive and file the City Treasurer's Report for the month of July 2024.

Councilmember Moore returned to the meeting at 3:08 p.m.

6.2 Quarterly Financial Report

Administrative Services Director/City Treasurer Torres made a presentation.

Councilmembers discussed the item.

Moved by Councilmember Conners, seconded by Mayor Pro Tem Horne, and carried unanimously on a 5-0 vote, to receive and file the Quarterly Financial Report for the fourth quarter of Fiscal Year 2023-24.

VII. CONSENT CALENDAR

Moved by Councilmember Moore, seconded by Mayor Pro Tem Horne, and carried unanimously on a 5-0 vote, to approve Consent Calendar items 7.1-7.6.

7.1 City Council Minutes

Approved the City Council meeting minutes for the regular meeting on July 17, 2024.

7.2 Warrant Register

Approved the warrant register dated August 21, 2024, in the amount of \$986,814.40.

7.3 Fiscal Years 2023-25 Budget Adjustments

Adopted a resolution titled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, ADJUSTING THE ASSIGNED RESERVE BALANCES FOR THE PAID LEAVE CONTINGENCY RESERVE AND THE GENERAL FUND CONTINGENCY RESERVE FOR FISCAL YEAR 2024-25

7.4 Landscape Maintenance Services

Approved an agreement with BrightView Landscape Services, Inc. for landscape maintenance services and authorized the City Manager to execute the agreement, subject to approval as to form by the City Attorney.

7.5 Deed of Easement

Accepted a quitclaim deed dated July 19, 2024 from Golden Rain Foundation conveying to the City the interest in real property described thereon and authorized the Mayor to execute a certificate of acceptance, subject to approval as for form by the City Attorney. The real property subject to this action is a portion of a sewer easement at the City-owned property commonly known as City Centre Park (24121 Moulton Parkway, Laguna Woods, CA 92637; Assessor's Parcel Number: 616-012-18).

7.6 City Hall Safety and Refurbishment Project: Phase 4

Rejected all bids received for the "City Hall Safety and Refurbishment Project: Phase 4" (bid opening July 18, 2024).

Mayor Hatch moved items 9.5 and 9.6 next on the agenda. There were no objections.

IX. CITY COUNCIL BUSINESS

9.5 Orange County Power Authority

Mayor Hatch introduced the item.

City Manager Macon noted that the following individuals submitted written public comments in advance of the meeting in support of further considering the Orange County Power Authority (written public comments were provided to the City Council and are available from the City Clerk's Office):

1. Wendy McQuillan, resident
2. Judy Curry, resident
3. Carol McVay, resident
4. Susan Dearing, resident
5. Mohammad H. Alief, resident
6. Judy Northrop, resident
7. Lynn Jarrett, resident

Bill Walsh, resident, made comments in support of further considering the Orange County Power Authority.

Ann Beltran, resident, spoke in support of further considering the Orange County Power Authority.

Gloria Moldow, resident, spoke in support of further considering the Orange County

Power Authority.

Harvey Liss, member of the public, spoke in opposition to the City potentially joining the Orange County Power Authority.

Susan Model, resident, made comments and encouraged the City to do additional research before making a decision.

Jonathan Adler, resident, spoke in support of further considering the Orange County Power Authority

Mike Raugh, resident, spoke in opposition to the City potentially joining the Orange County Power Authority.

Vicki Johnson, resident, spoke in opposition to the City potentially joining the Orange County Power Authority.

Mary Sinclair, resident, made comments and encouraged the City to do additional research before making a decision.

Kathryn Freshley, resident, spoke in opposition to the City potentially joining the Orange County Power Authority.

Lynn Jarrett, resident, complimented the City Council for considering the matter

Councilmembers discussed the item and staff answered related questions.

Moved by Councilmember Conners, seconded by Councilmember Moore, and carried on a 4-1 vote with Mayor Pro Tem Horne voting no, to table this item for some future City Council to decide when the time is right to look at it again.

Mayor Hatch called for a brief recess.

The meeting was called back to order at 4:24 p.m.

9.6 City Hall Building Signage
(agendized by Councilmember Moore)

City Manager Macon noted that the following individuals submitted written public comments in advance of the meeting in opposition to the proposed signage (written public comments were provided to the City Council and are available from the City Clerk's Office):

1. Jennifer Erlic, identifies as a resident
2. Eleanor Grisby, identifies as a resident

Councilmember Moore introduced the item.

Councilmembers discussed the item and staff answered related questions.

Jonathon Adler, resident, made comments.

Kathryn Freshley, resident, spoke in support of the proposed signage.

Pat Micone, resident, spoke in support of the proposed signage and suggested adding “In God We Trust” to the Council Chambers.

Mike Raugh, resident, made comments.

Jonathan Adler, resident, made comments.

An unidentified member of the public made comments.

Councilmembers discussed the item and staff answered related questions.

Moved by Councilmember Conners, seconded by Mayor Pro Tem Horne, and carried on a 4-1 vote, with Councilmember Moore voting no, to direct the City Manager to have metal lettering reading “City Offices” installed above the arch outside City Hall’s main entrance.

Councilmembers discussed the item and staff answered related questions.

An unidentified member of the public made comments.

Moved by Mayor Hatch, seconded by Councilmember Moore, and carried unanimously on a 5-0 vote, to direct staff to prepare renderings of potential City Hall building signage incorporating “City Offices” and “E Pluribus Unum.”

VIII. PUBLIC HEARINGS

8.1 Laguna Woods General Plan and Zoning Code Update, State Clearinghouse Number 2022080022

City Manager Macon made a presentation and noted a change in the first recommended resolution as follows:

Revise the third sentence in the third paragraph on page 1-2 of the Final Program Environmental Impact Report revised to read: “The NOA was mailed to the last known name and address of agencies, organizations, and individuals who previously requested such notice in writing as well as to all homeowners’ associations for dwelling units in Laguna Woods within 1,000 feet of the Project location.”

Mayor Hatch opened the public hearing.

Rona Henry, resident, made comments and asked a question regarding the proposed rezoning of the City Hall property.

City Manager Macon briefly responded to Ms. Henry's question.

With no other requests to speak, the public hearing was closed.

Moved by Councilmember Conners, seconded by Councilmember Moore, and carried unanimously on a 5-0 vote, to:

1. Adopt a resolution titled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, MAKING FINDINGS RELATED TO AND CERTIFYING THE FINAL PROGRAM ENVIRONMENTAL IMPACT REPORT (INCLUDING ADOPTION OF A STATEMENT OF OVERRIDING CONSIDERATIONS PER CALIFORNIA CODE OF REGULATIONS, TITLE 14, SECTION 15093, AND ADOPTION OF A MITIGATION MONITORING AND REPORTING PROGRAM PER CALIFORNIA CODE OF REGULATIONS, TITLE 14, SECTION 15091) FOR THE LAGUNA WOODS GENERAL PLAN AND ZONING CODE UPDATE, STATE CLEARINGHOUSE NUMBER 2022080022

with the third sentence in the third paragraph on page 1-2 of the Final Program Environmental Impact Report revised to read: "The NOA was mailed to the last known name and address of agencies, organizations, and individuals who previously requested such notice in writing as well as to all homeowners' associations for dwelling units in Laguna Woods within 1,000 feet of the Project location."

2. Adopt a resolution titled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, ADOPTING AMENDMENTS TO THE GENERAL PLAN CIRCULATION, LAND USE, AND NOISE ELEMENTS, AND DETERMINING AND CERTIFYING THAT SUCH ACTIONS ARE CONSISTENT WITH THE PROGRAM ENVIRONMENTAL IMPACT REPORT PREPARED FOR THE LAGUNA WOODS GENERAL PLAN AND ZONING CODE UPDATE, STATE CLEARINGHOUSE NUMBER 2022080022

3. Approve the introduction and first reading of an ordinance – read by title with further reading waived – titled:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF

LAGUNA WOODS, CALIFORNIA, AMENDING SECTION 13.04.020 OF CHAPTER 13.04 (ESTABLISHMENT OF ZONING DISTRICTS) OF TITLE 13 (ZONING) OF THE LAGUNA WOODS MUNICIPAL CODE AND ADDING SECTION 13.080.050 TO CHAPTER 13.08 (RESIDENTIAL DISTRICTS) OF TITLE 13 (ZONING) OF THE LAGUNA WOODS MUNICIPAL CODE PERTAINING TO THE ESTABLISHMENT OF NEW RESIDENTIAL OVERLAY ZONING DISTRICTS, AND DETERMINING AND CERTIFYING THAT SUCH ACTIONS ARE CONSISTENT WITH THE PROGRAM ENVIRONMENTAL IMPACT REPORT PREPARED FOR THE LAGUNA WOODS GENERAL PLAN AND ZONING CODE UPDATE, STATE CLEARINGHOUSE NUMBER 2022080022

8.2 Inclusionary Housing Regulations

City Manager Macon and Thomas Gonzales, Vice President of Economic & Planning Systems, Inc., made a presentation.

Mayor Hatch opened the public hearing.

City Manager Macon noted that The Kennedy Commission submitted written public comments in advance of the meeting in opposition to the proposed ordinance (written public comments were provided to the City Council and are available from the City Clerk's Office).

Ann Beltran, resident, spoke in support of inclusionary housing.

Ilene Munzinger, resident, spoke in support of inclusionary housing.

Jonathan Adler, resident, asked a question regarding potential future changes in state law that would affect inclusionary housing.

City Manager Macon briefly responded to Mr. Adler's question.

Mike Raugh, resident, made comments and asked a question regarding the integration of inclusionary housing units.

City Manager Macon briefly responded to Mr. Raugh's question.

Vicki Johnson, resident, asked a question regarding potential housing sites.

City Manager Macon briefly responded to Ms. Johnson's question.

Rona Henry, resident, made comments and asked a question regarding the size of housing developments that would be subject to the proposed ordinance.

City Manager Macon briefly responded to Ms. Henry's question.

With no other requests to speak, the public hearing was closed.

Councilmembers discussed the item. Staff and Mr. Gonzales answered related questions.

Moved by Councilmember Conners, seconded by Councilmember Moore, and carried unanimously on a 5-0 vote, to approve the introduction and first reading of an ordinance read by title with further reading waived – titled:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING CHAPTERS 4.10 AND 4.18 AND REPEALING CHAPTERS 4.02 AND 4.08 OF TITLE 4 (HEALTH AND SANITATION) OF THE LAGUNA WOODS MUNICIPAL CODE PERTAINING TO SOLID WASTE, WATER CONSERVATION, GEOTHERMAL HEAT EXCHANGE WELLS, WATER WELLS, CATHODIC PROTECTION WELLS, MONITORING WELLS, AMBULANCE SERVICES, AND TATTOOING ESTABLISHMENTS, AND DETERMINING AND CERTIFYING THAT THE ORDINANCE IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

8.3 Health and Sanitation Title of Laguna Woods Municipal Code

City Manager Macon made a presentation.

Councilmember Moore left the meeting at 6:00 p.m.

Mayor Hatch opened the public hearing.

Mike Raugh, resident, asked a question about geothermal heat exchange wells.

Councilmember Moore returned to the meeting at 6:02 p.m.

City Manager Macon briefly responded to Mr. Raugh's question.

With no other requests to speak, the public hearing was closed.

Moved by Mayor Pro Tem Horne, seconded by Councilmember Conners, and carried on unanimously a 5-0 vote, to approve the introduction and first reading of an ordinance read by title with further reading waived – titled:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING CHAPTERS 4.10 AND 4.18 AND REPEALING CHAPTERS 4.02 AND 4.08 OF TITLE (HEALTH AND SANITATION) OF THE LAGUNA WOODS

MUNICIPAL CODE PERTAINING TO SOLID WASTE, WATER CONSERVATION, GEOTHERMAL HEAT EXCHANGE WELLS, WATER WELLS, CATHODIC PROTECTION WELLS, MONITORING WELLS, AMBULANCE SERVICES, AND TATTOOING ESTABLISHMENTS, AND DETERMINING AND CERTIFYING THAT THE ORDINANCE IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTLA QUALITY ACT

IX. CITY COUNCIL BUSINESS

9.1 League of California Cities 2024 General Assembly Delegates

City Manager Macon made a presentation.

Moved by Mayor Pro Tem Horne, seconded by Mayor Hatch, and carried unanimously on a 5-0 vote, to appoint Councilmember McCary as the delegate at the League of California Cities' 2024 General Assembly.

9.2 Fire Risk Reduction Community

City Manager Macon made a presentation.

Vicki Johnson, resident, asked a question about the County of Orange's draft Climate Action Plan.

City Manager Macon briefly responded to Ms. Johnson's question.

Councilmembers discussed the item and staff answered related questions.

Moved by Councilmember Moore, seconded by Councilmember Conners, and carried unanimously on a 5-0 vote, to direct the City Manager to (a) take the actions required to qualify the City for inclusion on the California State Board of Forestry and Fire Protection's 2026 Fire Risk Reduction Community List, and (b) advise the City Council of any increases in approved budget appropriations necessary to complete such actions.

9.3 Employee Compensation and Benefits

City Manager Macon made a presentation.

Councilmembers discussed the item.

Moved by Councilmember Conners, seconded by Mayor Pro Tem Horne, and carried unanimously on a 5-0 vote, to adopt a resolution titled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, REPEALING RESOLUTION NO. 24-01, AND

ESTABLISHING A COMPENSATION SCHEDULE AND BENEFITS
FOR CITY EMPLOYEES

9.4 City Council Meeting Schedule

City Manager Macon made a presentation.

Councilmembers discussed the item.

Moved by Councilmember Conners, seconded by Councilmember Moore, and carried unanimously on a 5-0 vote, to:

1. Cancel the regular meeting of the City Council on October 16, 2024 at 2 p.m. at Laguna Woods City Hall, 24264 El Toro Road, Laguna Woods, CA 92637 due to scheduling conflicts.

AND

2. Schedule an adjourned regular meeting of the City Council for October 14, 2024 at 2 p.m. to be held at Laguna Woods City Hall, 24264 El Toro Road, Laguna Woods, CA 92637.

X. CITY COUNCIL REPORTS AND COMMENTS

10.1 Coastal Greenbelt Authority

Councilmember McCary stated that there had been no meeting since the last meeting.

10.2 Orange County Fire Authority

Mayor Hatch provided a report.

10.3 Orange County Library Advisory Board

Councilmember Moore stated that she will provide a report at the next meeting.

10.4 Orange County Mosquito and Vector Control District

Mayor Pro Tem Horne provided a report.

10.5 San Joaquin Hills Transportation Corridor Agency

Councilmember Conners provided a report and responded to comments from Mayor Hatch.

10.6 South Orange County Watershed Management Area

No report

10.7 Liaisons to Community Bridge Builders

No report

10.8 Other Comments and Reports

- California Joint Powers Insurance Authority Annual Board of Directors Meeting- July 24, 2024

Councilmember McCary provided a report.

Mayor Hatch thanked Chief of Police Alday and Orange County Fire Authority Division Chief Summers for their attendance.

XI. CLOSED SESSION – None

XII. CLOSED SESSION REPORT – None

XIII. ADJOURNMENT

The meeting was adjourned at 6:29 p.m. The next regular meeting will be at 2:00 p.m. on Wednesday, September 18, 2024, at Laguna Woods City Hall, 24264 El Toro Road, Laguna Woods, CA 92637.

YOLIE TRIPPY, CMC, City Clerk

Approved: September 18, 2024

NOEL HATCH, Mayor

7.2 WARRANT REGISTER

**For additional information on this item,
please refer to Item 7.0 (Consent Calendar Summary).**

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CITY OF LAGUNA WOODS
WARRANT REGISTER
September 18, 2024

ITEM 7.2

This Report Covers the Period 8/01/2024 through 8/31/2024

Date	Vendor Name	Description	Amount
Debit	Automatic Bank Debits:		
Debit 08/01/2024	ADP TAX	Payroll Taxes / Pay Period Ended 07/26/2024	10,970.26
Debit 08/01/2024	ADP WAGE PAY	Payroll Transfer / Pay Period Ended 07/26/2024	22,352.11
Debit 08/02/2024	AUTHORIZE.NET	Online Credit Card Processing Fees / July 2024	12.00
Debit 08/02/2024	GLOBAL PAYMENTS / OPEN EDGE	Credit Card Processing Fees / July 2024	2,327.05
Debit 08/02/2024	DELTA DENTAL OF CALIFORNIA	Employee Benefit Program / August 2024	517.32
Debit 08/02/2024	COUNTY OF ORANGE - SHERIFF	Law Enforcement Services / July 2024	281,143.47
Debit 08/04/2024	MISSION SQUARE RETIREMENT	Employee Benefit Program / Pay Period Ended 07/26/2024	2,800.00
Debit 08/08/2024	NAVIA BENEFIT SOLUTIONS, INC	125 Cafeteria Plan Administration / July 2024	200.00
Debit 08/08/2024	NAVIA BENEFIT SOLUTIONS	Employee Benefit Program / August 2024	537.67
Debit 08/09/2024	ADP PAYROLL SERVICES	Payroll Processing Fees / Pay Period Ended 07/12/2024 & 7/26/2024	500.66
Debit 08/09/2024	COUNTY OF ORANGE - SHERIFF	Law Enforcement Services / August 2024	281,143.47
Debit 08/12/2024	CALPERS - HEALTH	Employee Benefit Program / August 2024	9,794.90
Debit 08/14/2024	U.S. BANK	Bank Service Charges / July 2024	55.80
Debit 08/13/2024	CALPERS - RETIREMENT	Retirement Contributions / Pay Period Ended 07/12/2024	2,907.24
Debit 08/13/2024	CALPERS - RETIREMENT	Retirement Contributions / Pay Period Ended 07/12/2024	2,872.73
Debit 08/14/2024	ADP TAX	Payroll Taxes / Pay Period Ended 08/09/2024	11,248.68
Debit 08/14/2024	ADP WAGE PAY	Payroll Transfer / Pay Period Ended 08/09/2024	24,820.94
Debit 08/16/2024	MISSION SQUARE RETIREMENT	Employee Benefit Program / Pay Period Ended 08/09/2024	1,800.00
Debit 08/22/2024	NAVIA BENEFIT SOLUTIONS	Employee Benefit Program / August 2024	97.77
Debit 08/27/2024	CALPERS - RETIREMENT	Retirement Contributions / Pay Period Ended 07/26/2024	2,924.30
Debit 08/27/2024	CALPERS - RETIREMENT	Retirement Contributions / Pay Period Ended 07/26/2024	2,872.73
Debit 08/29/2024	NAVIA BENEFIT SOLUTIONS	Employee Benefit Program / August 2024	130.19
Debit 08/29/2024	ADP TAX	Payroll Taxes / Pay Period Ended 08/23/2024	11,443.05
Debit 08/29/2024	ADP WAGE PAY	Payroll Transfer / Pay Period Ended 08/23/2024	25,496.11
Debit 08/30/2024	MISSION SQUARE RETIREMENT	Employee Benefit Program / Pay Period Ended 08/23/2024	1,800.00
Check Number	Warrants:		
7758 08/02/2024	BUREAU VERITAS NORTH AMERICA INC	Building Plan Review Services / May - June 2024	15,730.70
7759 08/02/2024	CITY OF LAGUNA BEACH	Animal Control & Shelter Services / June 2024	9,584.00
7760 08/02/2024	ITERIS, INC	Traffic Engineering / June 2024	8,945.50
7761 08/02/2024	JOHN L. HUNTER & ASSOCIATES, INC	Water Quality Services / June 2024	33.75
7762 08/02/2024	NV5, INC.	Engineering Services / June 2024	5,857.50
7763 08/02/2024	RECREATION BRANDING SERVICES	Graphic Design Services	355.50
7764 08/02/2024	SOUTHERN CALIFORNIA EDISON	Street Lighting - Residential / June 2024	2,475.64
7765 08/02/2024	SUN TAMERS WINDOW TINTING	City Hall Maintenance	1,688.64
7766 08/02/2024	UNITED STORM WATER, INC	Catch Basin Cleaning / June 2024	7,654.00
7767 08/02/2024	AETNA BEHAVIORAL HEALTH, LLC	Employee Benefit Program / August 2024	22.62
7768 08/02/2024	AIRESRING INC	City Hall Internet Service / August 2024	594.92
7769 08/02/2024	AT&T	Telephone / 458-3487 / July 2024	58.19
7770 08/02/2024	BEAR ELECTRICAL SOLUTIONS, INC.	Traffic Signal Maintenance / July 2024	4,490.00
7771 08/02/2024	CHASE DESIGN, INC.	Website Design / July 2024	487.50
7772 08/02/2024	COUNTY OF ORANGE	800 MHz Communication Charges / July - September 2024	1,619.78
7773 08/02/2024	HINDERLITER DE LLAMAS & ASSOCIATES	Sales Tax Consulting / July - September 2024	900.00
7774 08/02/2024	MISSION SQUARE RETIREMENT	Quarterly Plan Fee / July - September 2024	125.00

CITY OF LAGUNA WOODS
WARRANT REGISTER
September 18, 2024

ITEM 7.2

This Report Covers the Period 8/01/2024 through 8/31/2024

Date	Vendor Name	Description	Amount
7775	08/02/2024 VISION SERVICE PLAN OF AMERICA	Employee Benefit Program / August 2024	68.43
7776	08/09/2024 ARC DOCUMENT SOLUTIONS, LLC.	Document Scanning	10,337.44
7777	08/09/2024 BRIGHTVIEW LANDSCAPE SERVICES, INC.	Landscape Maintenance / June 2024	17,172.98
7778	08/09/2024 NV5, INC.	Engineering Services	26,420.00
7779	08/09/2024 RUTAN & TUCKER, LLP	Legal Services / June 2024	8,145.00
7780	08/09/2024 AETNA BEHAVIORAL HEALTH, LLC	Employee Benefit Program / September 2024	22.62
7781	08/09/2024 ALLIANCE BUILDING MAINTENANCE, LLC	Janitorial Services / July 2024	2,667.00
7782	08/09/2024 BRIGHTVIEW LANDSCAPE SERVICES, INC.	Landscape Maintenance / July 2024	18,737.34
7783	08/09/2024 CIVICPLUS, LLC	Codification of Ordinances	2,584.93
7784	08/09/2024 COASTAL CURRENT ELECTRIC	Cancelled Permit Refund	510.00
7785	08/09/2024 DIGITAL MAGIC SIGNS INC.	Residential Street Light Maintenance	895.08
7786	08/09/2024 EPIC IO TECHNOLOGIES, INC.	City Hall Internet Service / August 2024	201.45
7787	08/09/2024 FIRST RESPONSE AIR CONDITIONING & HEATING INC.	City Hall Maintenance	887.20
7788	08/09/2024 FOSTER & FOSTER CONSULTING ACTUARIES, INC.	OPEB Actuarial Valuation / Fiscal Year 2023-24	7,500.00
7789	08/09/2024 LA OPINION	Public Notices / July 2024	466.00
7790	08/09/2024 ON POINT LAND SURVEYING, INC	Survey Document Preparation	1,950.00
7791	08/09/2024 PARK CONSULTING GROUP, INC	Software Consulting Services / July 2024	3,100.00
7792	08/09/2024 PRACTICAL DATA SOLUTIONS	IT Support Services / July 2024	6,046.92
7793	08/09/2024 RINGCENTRAL, INC.	Telephone Services / August 2024	794.16
7794	08/09/2024 SOUTHERN CALIFORNIA GAS COMPANY	Gas Service - City Hall / July 2024	15.78
7795	08/09/2024 SWEEPING CORPORATION OF AMERICA	Street Sweeping Services / July 2024	3,480.00
7796	08/09/2024 TRIPEPI, SMITH AND ASSOCIATES, INC.	Broadcasting Services / July 2024	498.75
7797	08/15/2024 ABOUND FOOD CARE	Edible Food Recovery Services / July 2024	392.33
7798	08/15/2024 ALISO CREEK MINUTEMAN PRESS	Printing Services	94.82
7799	08/15/2024 AMAZON CAPITAL SERVICES	Office Supplies	40.85
7800	08/15/2024 AT&T	White Pages / August 2024	4.30
7801	08/15/2024 AT&T	Telephone / 581-9821 / July 2024	61.08
7802	08/15/2024 AT&T	Telephone / 583-1105 / July 2024	30.12
7803	08/15/2024 COUNTY OF ORANGE	Automated Fingerprint ID System / July 2024	522.00
7804	08/15/2024 FUSCOE ENGINEERING, INC.	Engineering Services	600.00
7805	08/15/2024 GEOSYNTEC CONSULTANTS, INC	Engineering Services	13,802.50
7806	08/15/2024 INTERPRETING SERVICES INTERNATIONAL, LLC	Translation Services	284.30
7807	08/15/2024 KONE INC.	City Hall Elevator Maintenance / August 2024	232.31
7808	08/15/2024 MARC DONOHUE	Administrative Services / July 2024	350.00
7809	08/15/2024 ORANGE COUNTY REGISTER-NOTICES	Public Notices / July 2024	620.02
7810	08/15/2024 PV MAINTENANCE INC	Street, City Hall, & Park Maintenance Services / July 2024	11,749.16
7811	08/15/2024 SHARESQUARED, INC.	Microsoft SharePoint Consulting	832.50
7812	08/15/2024 SOUTHERN CALIFORNIA EDISON	Electric Services / June - July 2024	8,533.46
7813	08/15/2024 SOUTHERN CALIFORNIA SHREDDING,	Shredding Services / July 2024	520.00
7814	08/15/2024 STAPLES	Office & Janitorial Supplies	182.08
7815	08/15/2024 SUN TAMERS WINDOW TINTING	City Hall Maintenance	650.00
7816	08/15/2024 VERIZON WIRELESS	Building iPads Data Plans / July 2024	120.03
7817	08/15/2024 WM CURBSIDE, LLC	HHW & Sharps Program / July 2024	3,497.21
7818	08/15/2024 ADT COMMERCIAL	Annual Sprinkler Inspection	450.00
7819	08/15/2024 ECONOLITE SYSTEMS	Traffic Signal Maintenance	32,070.00
7820	08/15/2024 EL TORO WATER DISTRICT	Water Service / June 2024	4,208.35

**CITY OF LAGUNA WOODS
WARRANT REGISTER
September 18, 2024**

ITEM 7.2

This Report Covers the Period 8/01/2024 through 8/31/2024

Date	Vendor Name	Description	Amount
7821	08/15/2024 RICOH USA, INC.	Building Copier Usage / May - July 2024	82.15
7822	08/15/2024 SHELBY ELECTRIC INC.	City Hall Maintenance	1,455.00
7823	08/23/2024 ADP PAYROLL SERVICES	Payroll Processing Charges	79.50
7824	08/23/2024 CALIFORNIA JPIA	Pollution Liability Insurance Program / Fiscal Year 2024-25	500.00
7825	08/23/2024 COASTAL CURRENT ELECTRIC	Cancelled Permit Refund	306.00
7826	08/23/2024 EVERON, LLC	City Hall Maintenance	475.00
7827	08/23/2024 FIRST RESPONSE AIR CONDITIONING & HEATING INC.	City Hall Maintenance	1,140.00
7828	08/23/2024 GEOSYNTEC CONSULTANTS, INC	Engineering Services	4,732.90
7829	08/23/2024 INTERWEST CONSULTING GROUP	Building Official, Permit Counter & Inspection Services / July 2024	76,648.00
7830	08/23/2024 KNOWBE4, INC	Cybersecurity Software	1,853.00
7831	08/23/2024 LSA ASSOCIATES, INC.	Planning Services / July 2024	3,937.50
7832	08/23/2024 ORKIN	City Hall Maintenance	550.00
7833	08/23/2024 PASCO DOORS	City Hall Maintenance	1,470.30
7834	08/23/2024 RICOH USA, INC.	Copier Lease / September 2024	246.57
7835	08/23/2024 RJM DESIGN GROUP	Landscape Architectural Services / July 2024	647.25
7836	08/23/2024 WILLDAN ENGINEERING	Code Enforcement Services / July 2024	8,680.00
7837	08/23/2024 ORANGE COUNTY CLERK-RECORDER	Environmental Impact Report	4,051.25
7838	08/30/2024 ARC DOCUMENT SOLUTIONS, LLC.	Printing Services	104.95
7839	08/30/2024 BEAR ELECTRICAL SOLUTIONS, INC.	Traffic Signal Maintenance / July 2024	6,125.00
7840	08/30/2024 CALIFORNIA YELLOW CAB	Senior Mobility Program Services / July 2024	58,236.49
7841	08/30/2024 COUNTY OF ORANGE	Automated Fingerprint ID System / August 2024	522.00
7842	08/30/2024 FIRST RESPONSE AIR CONDITIONING & HEATING INC.	City Hall Maintenance	10,069.00
7843	08/30/2024 SOUTHERN CALIFORNIA EDISON	Street Lighting - Residential / July 2024	2,397.42
7844	08/30/2024 VISION SERVICE PLAN OF AMERICA	Employee Benefit Program / September 2024	68.43

Total Bank Debits and Warrants: \$ 1,138,117.90

TOTAL \$ 1,138,117.90

NOTES:

Note 1 - City Councilmembers are eligible to receive either a salary or vehicle reimbursement allowance in the amount of \$300 per month (\$3,600 per year). Such compensation is included in the City's regular payroll (see "ADP Payroll Services" under "Automatic Bank Debits"), unless waived by the Councilmember. For the month of August 2024, the following Councilmembers received compensation in the amount of \$300: Conners, Hatch, Horne, and McCary.

Note 2 - Petty cash is reported as cash is paid out, not when the fund is replenished. No petty cash transactions were paid during this time period.

Note 3 - No credit card transactions were paid during this time period.

Administrative Services Director/City Treasurer's Certification

I, Elizabeth Torres, Administrative Services Director / City Treasurer, do hereby certify:

- In accordance with California Government Code Section 37202, I hereby certify to the accuracy of the demands on cash summarized within;
- That the City is able to meet all cash flow needs which might reasonably be anticipated for the next 12 months; and
- That the City is in compliance with California Government Code Section 27108.

Digitally signed by
Elizabeth Torres
Date: 2024.09.12
17:47:56 -07'00'

Elizabeth Torres, Administrative Services Director/City Treasurer

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7.3

INVESTMENT OF FINANCIAL ASSETS POLICY

**For additional information on this item,
please refer to Item 7.0 (Consent Calendar Summary).**

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City of Laguna Woods

Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Christopher Macon, City Manager

FOR: September 18, 2024 Regular Meeting

SUBJECT: Investment of Financial Assets Policy

Recommendation

Adopt a resolution titled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, REVIEWING AND ADOPTING AN ANNUAL STATEMENT OF THE INVESTMENT POLICY, ADOPTING AN INVESTMENT POLICY, AND RENEWING THE CITY COUNCIL'S DELEGATION OF INVESTMENT AUTHORITY TO THE CITY TREASURER PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 53607

Background

Local government investment policies and activities are subject to standards and limitations set forth in California Government Code, including Section 53601 et seq., which describes permissible investment types and maximum investments.

California Government Code Section 53607 requires that the City Council review the City's investment policy, as it relates to any delegation of investment authority, at least annually. Separately, California Government Code Section 53646 speaks to the advisability of regular investment policy reviews.

The existing investment policy was last reviewed and adopted by the City Council at the regular meeting on September 20, 2023.

The City Council last voted to renew its delegation of investment authority to the City Treasurer at the regular meeting on September 20, 2023.

At the regular meeting on December 21, 2022, the City Council appointed now-Mayor Pro Tem Horne and Councilmember McCary to serve on the standing Investment Policy Review Committee in 2023 and 2024. The Investment Policy Review Committee is responsible for conducting at least biannual reviews of the adequacy and effectiveness of the investment policy and preparing related recommendations for City Council consideration.

Discussion

Today's meeting is an opportunity for City Council action, as well as public input, on the proposed review and adoption of an annual statement of the investment policy, adoption of an investment policy, and renewal of the City Council's delegation of investment authority to the City Treasurer pursuant to California Government Code Section 53607 (Attachment A).

The Investment Policy Review Committee, City Manager, and City Treasurer have reviewed the existing investment policy and determined that it is adequate and effective. They recommend that the City Council readopt the investment policy without modification.

The Investment Policy Review Committee and City Manager recommend that the City Council renew delegation of investment authority to the City Treasurer. Doing so would be consistent with best practices related to internal control, as well as the investment process outlined in the investment policy.

Fiscal Impact

Sufficient funds to support this project are included in the City's budget.

Attachment: A – Proposed Resolution
Exhibit A – Proposed Investment Policy

RESOLUTION NO. 24-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, REVIEWING AND ADOPTING AN ANNUAL STATEMENT OF THE INVESTMENT POLICY, ADOPTING AN INVESTMENT POLICY, AND RENEWING THE CITY COUNCIL'S DELEGATION OF INVESTMENT AUTHORITY TO THE CITY TREASURER PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 53607

WHEREAS, the California legislature has declared that the deposit and investment of public funds by local officials and agencies is an issue of statewide concern (California Government Code sections 53600.6 and 53630.1); and

WHEREAS, the City Council is able to invest surplus monies not required for the immediate necessities of the City in accordance with California Government Code sections 5921 and 53601 et seq.; and

WHEREAS, the City's investment policy is contained in Administrative Policy 2.2 and was last adopted by the City Council on September 20, 2023; and

WHEREAS, on December 21, 2022, the City Council appointed now-Mayor Pro Tem Horne and Councilmember McCary to serve on the standing Investment Policy Review Committee from January 1, 2023 through December 31, 2024, as called for in the investment policy; and

WHEREAS, the Investment Policy Review Committee has worked with the City Manager and City Treasurer to review the adequacy and effectiveness of the existing investment policy; and

WHEREAS, the Investment Policy Review Committee (at a special meeting on September 11, 2024), City Manager, and City Treasurer have determined that the existing investment policy is adequate and effective, and recommended that the City Council readopt the existing investment policy without modification; and

WHEREAS, California Government Code Section 53607 provides that the authority of City Council to invest or to reinvest City funds, or to sell or exchange securities so purchased, may be delegated for a one-year period by the City Council to the City Treasurer, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires. Subject to

review, the City Council may renew the delegation of authority annually; and

WHEREAS, the City Council last renewed its delegation of investment authority to the City Treasurer on September 20, 2023; and

WHEREAS, the Investment Policy Review Committee (at a special meeting on September 11, 2024) and City Manager have recommended that the City Council renew its delegation of investment authority to the City Treasurer pursuant to California Government Code Section 53607 for a one-year period.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, DOES HEREBY RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. After independent review and consideration, the administrative policy attached hereto as Exhibit A is adopted and is a statement of the City’s investment policy. The City Council receives and files said statement in accordance with the City’s investment policy and applicable California Government Code and Laguna Woods Municipal Code provisions. The administrative policy attached hereto as Exhibit A replaces and supersedes all previous City investment policies.

SECTION 2. After independent review and consideration, the City Council renews its delegation of investment authority to the City Treasurer for a one-year period, as described in Administrative Policy 2.2, and in accordance with applicable California Government Code (including, but not limited to, California Government Code Section 53607) and Laguna Woods Municipal Code provisions (including, but not limited to, Laguna Woods Municipal Code Chapter 2.10).

SECTION 3. The Mayor shall sign this resolution and the City Clerk shall attest and certify to the passage and adoption thereof.

PASSED, APPROVED AND ADOPTED on this XX day of XX 2024.

NOEL HATCH, Mayor

ATTEST:

YOLIE TRIPPY, CMC, City Clerk

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

I, YOLIE TRIPPY, City Clerk of the City of Laguna Woods, do HEREBY CERTIFY that the foregoing **Resolution No. 24-XX** was duly adopted by the City Council of the City of Laguna Woods at a regular meeting thereof, held on the XX day of XX 2024, by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

YOLIE TRIPPY, CMC, City Clerk

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**CITY OF LAGUNA WOODS
ADMINISTRATIVE POLICY 2.2**

INVESTMENT OF FINANCIAL ASSETS

2.2.01. Statement of Purpose.

This Administrative Policy is intended to assist the City of Laguna Woods with the investment of the City’s financial assets in a manner that ensures adequate safety and liquidity, while maximizing yield (return) and complying with the requirements of California Government Code sections 53600 and 53635 et seq.

2.2.02. Scope.

This Administrative Policy generally applies to all financial assets and investment activities of the City. Such funds are accounted for, or disclosed, in annual audited financial statements and include the General Fund, Special Revenue Funds, and the Capital Projects Fund. Funds belonging to the Laguna Woods Civic Support Fund and funds invested separately with independent fiduciaries, including funds held and managed by the California Public Employees’ Retirement System (CalPERS) for the purpose of funding employee retirement obligations and other post-employment benefits (OPEB) are exempt from this Administrative Policy.

2.2.03. Objectives.

The objectives of the City’s investment activities, in priority order, shall be:

1. Safety – Safety of principal shall be the foremost objective. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall investment portfolio and the mitigation of credit risk and interest rate risk. This Administrative Policy recognizes that market conditions may warrant the sale of individual securities that would incur market losses in order to protect from further capital losses. The intent of this Administrative Policy is to ensure that capital losses are minimized on a portfolio level rather than on each transaction. To attain the safety objective, diversification of investments among a variety of securities with independent returns and institutions is required.
2. Liquidity – The investment portfolio shall remain sufficiently liquid (i.e., capable of being converted to cash quickly) in order to enable the City to meet all reasonably anticipated cash demands and operational requirements and to

maintain compliance with all applicable indenture agreements. Since unusual or unanticipated cash demands and operational requirements may occur from time-to-time, the portfolio shall primarily consist of investments in securities with active secondary and resale markets.

3. Yield (Return) – The investment portfolio shall be designed in a manner that seeks to attain the highest rate of return, consistent with established safety and liquidity objectives. While it is acknowledged and understood that occasional measurement losses may occur, the rate of return on the investment portfolio should be designed to attain a market rate of return throughout budgetary and economic cycles for similar investments.

2.2.04. Delegation of Authority.

City Treasurer

In accordance with Government Code Section 53607, the City Council delegates its statutory authority to invest or to reinvest City funds, or to sell or exchange securities so purchased, for a one-year period to the City Treasurer. Such delegation of authority is subject to annual review and renewal by the City Council, as well as revocation at the City Council's discretion. Adoption of this Administrative Policy shall constitute renewal of such delegation for an additional one-year period beginning at the date of adoption.

No person other than the City Treasurer or Acting City Treasurer (hereafter referred to jointly as the "City Treasurer") shall engage in an investment transaction using the City's financial assets. The City Treasurer shall additionally be responsible for all investment transactions undertaken and shall establish and maintain a system of internal controls to regulate all investing activities.

Pursuant to Laguna Woods Municipal Code Section 2.10.010, the City Treasurer is appointed by, and reports to, the City Manager. The City Manager may serve as, or appoint, an Acting City Treasurer at any time during the absence of a permanent City Treasurer. During his/her/their appointment, the Acting City Treasurer shall have all of the powers and duties of the City Treasurer.

The City Treasurer and City Manager (with respect to his/her/their role appointing and supervising the City Treasurer, and participating in investment decisions) shall be relieved of personal responsibility for an individual investment's performance or losses, market price changes, and the performance of or losses incurred by the overall

portfolio provided that (1) actions were undertaken in accordance with this Administrative Policy and applicable federal and state law, (2) significant deviations from expectations were reported to the City Council in a timely manner, and (3) appropriate action was taken to mitigate future adverse developments.

Investment Policy Review Committee of the City Council

The Investment Policy Review Committee shall be responsible for conducting at least biannual reviews of the adequacy and effectiveness of this Administrative Policy and preparing related recommendations for City Council consideration.

The City Council shall appoint two of its members to serve on the Investment Policy Review Committee for terms two calendar years in length, commencing on January 1 of each odd-numbered year. The City Council reserves the right to remove or replace any member of the Investment Policy Review Committee, with or without cause, following a publicly noticed vote of a majority of the quorum of City Councilmembers present at the time.

The Investment Policy Review Committee shall be considered a standing committee, subject to all applicable provisions of the Ralph M. Brown Act.

2.2.05. Public Trust.

The City Council, City Manager, City Treasurer, and all individuals authorized to participate in investment decisions on behalf of the City shall act as custodians of the public trust and recognize that the investment portfolio is subject to public review and evaluation. The City's overall approach to investment shall be designed and managed with a degree of professionalism that is worthy of the public trust and will avoid any transactions that might impair public confidence.

2.2.06. Prudence.

The City Council, City Manager, City Treasurer, and all individuals authorized to make investment decisions on behalf of the City, are considered to be trustees and, therefore, fiduciaries who shall adhere to the prudent investor standard. The prudent investor standard is summarized in Government Code Section 53600.3, as follows:

All 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, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, 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 this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

2.2.07. Ethics and Conflicts of Interest.

As set forth in the City’s Conflict of Interest Policy, and as otherwise required by the Political Reform Act and Fair Political Practices Commission, public officials who manage public investments shall file economic interest disclosures.

In addition to federal, state and local statutes relating to conflicts of interest, the City Council, City Manager, City Treasurer, and all individuals authorized to make investment decisions on behalf of the City shall refrain from personal business association or activity that conflicts with proper execution of this Administrative Policy, or which could impair their ability to make impartial investment decisions.

2.2.08. Internal Controls and Routine External Review.

The City Treasurer shall develop, implement, and maintain a system of internal controls designed to ensure the effectiveness and efficiency of investment activities, compliance with applicable laws and regulations, and the reliability of financial reporting. Such internal controls shall seek to prevent the loss of public funds due to fraud, error, misrepresentation, and unanticipated market changes.

As a part of their annual review of internal controls, the City’s independent, external auditors shall review internal controls related to investment activities.

2.2.09. Authorized Financial Dealers, Depositories, and Institutions.

In accordance with Government Code Section 53601.5, investments shall either be purchased (1) directly from the issuer, (2) from an institution licensed by the State of California as a Broker-Dealer, as defined in Corporations Code Section 25004,

(3) from a member of a federally regulated securities exchange, (4) from a national or state-chartered bank, from a savings association or federal association, as defined by Financial Code Section 5102, or (5) from a brokerage firm designated as a primary government dealer by the Federal Reserve Bank. In addition, investments shall only be purchased from entities or deposits made in qualified public depositories, as established by state law, with full knowledge of applicable state law, at least five years’ experience providing similar services to California municipalities, and in good standing with the Federal Insurance Regulatory Authority, Securities and Exchange Commission, and California Department of Securities.

The selection of financial dealers, depositories, and institutions shall follow a periodic competitive procurement process (e.g., requests for proposals or requests for qualifications) and be subject to ultimate approval of the City Council or City Manager in accordance with established purchasing regulations and policies. The nature of the competitive procurement process, frequency thereof, and submittals required, shall be designed and determined by the City Treasurer.

On an annual basis, the City Treasurer shall send a copy of the current version of this Administrative Policy to all financial dealers, depositories, and institutions approved to do business with the City. Receipt of this Administrative Policy shall be considered confirmation that the parties to whom they were distributed understand the City’s authorized investment types and requirements thereof.

2.2.10. Authorized Investments.

Investments are governed by Government Code, and further limited by the provisions of this Administrative Policy. The types of investments listed in the table below are authorized and shall be invested subject to the limits and requirements set forth therein. Credit criteria and maximum percentages listed in the table below are calculated at the time the investment is purchased.

Type of Investment	Maximum Percent of Portfolio Investment	Maximum Amount of Individual Investment	Minimum Credit Quality and Requirements	Maximum Maturity*
Federal Deposit Insurance Corporation (FDIC) Insured Accounts	100%	-	-	N/A

ITEM 7.3 – Exhibit A to Attachment A

Type of Investment	Maximum Percent of Portfolio Investment	Maximum Amount of Individual Investment	Minimum Credit Quality and Requirements	Maximum Maturity*
Bankers' Acceptances	20% (no more than 5% with one bank)	-	-	180 days
Commercial Paper	15% (no more than 10% of a single issuer)	-	Standard & Poor's: AAA or Moody's: Aaa	270 days
Local Government Investment Pools	90%	-	See Section 2.2.11	N/A
Joint Powers Authority Pools	90%	-	Must retain an investment advisor who is registered with the Securities and Exchange Commission (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Government Code Section 53601, subdivisions (a) to (o)	N/A
Money Market Mutual Funds	10%	-	Standard & Poor's AAA or Moody's Aaa; and Must retain an investment advisor registered with the Securities and Exchange Commission (or exempt from registration) has assets under management in excess of \$500 million, and has at least five years' experience investing in money market instruments	N/A
Certificates of Deposit (Negotiable)	30% (no more than 10% with one bank or issuer)	\$250,000	Issued by a nationally or state-chartered bank, or state or federal savings and loan association, as defined by California Financial Code Section 5102, and fully insured by the FDIC or	5 years
Certificates of Deposit (Non-Negotiable)	90%			

ITEM 7.3 – Exhibit A to Attachment A

Type of Investment	Maximum Percent of Portfolio Investment	Maximum Amount of Individual Investment	Minimum Credit Quality and Requirements	Maximum Maturity*
			collateralized in accordance with Section 2.2.15	
Repurchase Agreements	10% (no more than 20% of a single issuer)	-	Collateralized in accordance with Section 2.2.15	30 days
United States Treasury Obligations	90% of overall portfolio for any one investment type	-	Explicit full faith and credit guarantee of the United States Government	5 years
United States Agency Obligations		-	Implied full faith and credit guarantee of the United States Government	5 years
State of California and Other States-issued Obligations	20% of overall portfolio for any one investment type (no more than 5% of a single issuer)	-	-	3 years
California Local Government-issued Municipal Obligations		-	-	3 years
Medium-Term Notes	20%	-	Nationally Recognized Statistical Ratings Organization Rating: "A" rating category or its equivalent	5 years

* No investment shall be made with a maturity rate more than five years from the date of purchase.

2.2.11. Local Government Investment Pools.

While local government investment pools generally provide significant safety and liquidity, the City Treasurer shall complete a thorough investigation prior to making any such investment and consider the same during the monthly compliance review required by Section 2.2.13. Due diligence in investigations shall generally include a review of written statements of investment policies, objectives, fees schedules, and reporting schedules, as well as issues related to (1) eligible investors and securities, (2) the permitted frequencies and sizes of deposits and withdrawals, (3) security safeguards, including settlement processes, (4) the frequency with which securities are priced and the program audited, (5) the treatment of gains and losses, including interest calculations and distribution, (6) whether and, if so, how reserves, retained

earnings, and similar funds are utilized by the investment pool, and (7) whether the investment pool is eligible for and, if so, accepts bond proceeds. In addition, only local government investment pools with at least five years' experience providing similar services to other California municipalities may be utilized. Similar due diligence and investigative procedures shall be performed prior to investing in any other pooled investment funds, such as money market mutual funds.

2.2.12. Prohibited Investments.

Notwithstanding those types of investments that are otherwise prohibited by law or this Administrative Policy, any investment not specifically listed in Section 2.2.10, as well as financial derivatives (e.g., inverse floaters, range notes, interest only strips derived from a pool of mortgages, and securities that could result in a zero-interest accrual if held to maturity) and foreign investments (e.g., indices and currencies) are prohibited.

2.2.13. Monthly Internal Compliance Review of Investment Portfolio.

Investments shall be in compliance with the ratings and other requirements set forth in this Administrative Policy at the time of purchase. It is acknowledged and understood that some investments may not fully comply with the same following purchase. The City Treasurer shall review the overall investment portfolio on a monthly basis and identify any investments that no longer comply. Non-compliant investments shall be reported to the City Council, City Manager, and City Attorney within 10 business days of discovery and corrected as soon as practical.

2.2.14. Safekeeping and Custody.

All investments shall be registered in the name of the City and all interest, principal payments, and withdrawals shall indicate the City as the sole payee.

All investments, with the exception of Federal Deposit Insurance Corporation (FDIC) Insured Accounts, Local Government Investment Pools, and Money Market Funds shall be held by a third-party custodian designated by the City Treasurer and evidenced by custodial agreements or safekeeping receipts. Third-party custodians shall comply with the requirements set forth in Section 2.2.09.

All security transactions, where applicable, shall use a Delivery-versus-Payment (DVP) settlement procedure with the City's payment due at the time of delivery,

which ensures that securities are deposited with the third-party custodian prior to the release of funds.

2.2.15. Collateralization.

Collateral for bank deposits and certificates of deposit shall be 110% of the market value of principal and accrued interest. Collateral can be either United States Treasury securities or United States Agency securities.

Collateral for repurchase agreements shall be 102% of the market value of principal and accrued interest. Collateral can be either United States Treasury securities or United States Agency securities. The City Treasurer is authorized to grant the right of collateral substitution for repurchase agreements.

All collateral shall be held by an independent third party with whom the City has a current custodial agreement or master repurchase agreement. Evidence of ownership (safekeeping receipt) must be supplied to the City and retained.

2.2.16. Diversification.

The overall investment portfolio shall be diversified to avoid incurring unreasonable and avoidable risk associated with concentrating investments in unvaried investment types, maturity segments, or financial depositories and institutions. In a diversified portfolio, occasional measurement losses may occur. Such losses shall be considered within the overall portfolio's investment return.

2.2.17. Reporting.

The City Treasurer shall prepare and submit a monthly investment report to the City Council. The report shall include a summary of all investment transactions for the preceding month, as required by Government Code Section 53607, as well as similar information that would be required by Government Code Section 53646(b) if the City prepared quarterly investment reports, to the extent that such information is available.

The report shall contain, at a minimum, the following information that is subject to this Administrative Policy: the type of investment, issuer, date of maturity, par value and costs of each investment, market value, and a description of any investments, including loans and security lending programs, that are under the management of contracted parties. For funds in local government investment pools, the report shall

also include a current market value as of the date of the report and the source of that same valuation. The report shall also comply with Government Accounting Standard Board (GASB) Statement No. 40 and include the following:

- A. Certification that all investment actions executed since the last report have been made in full compliance with this Administrative Policy; and
- B. Certification that the City is able to meet all cash flow needs which might reasonably be anticipated for the next 12 months.

2.2.18. Annual City Council Review and Adoption of this Administrative Policy.

This Administrative Policy shall be reviewed, modified as necessary, and adopted, at least annually, to ensure its consistency with the objectives set forth in Section 2.2.03 and applicable law. The Administrative Policy shall be adopted by resolution of the City Council at a duly noticed public meeting. Such annual review shall be in addition to the reviews conducted by the Investment Policy Review Committee as described in Section 2.2.04.

2.2.19. Relationship to Federal and State Laws.

Where federal or state laws are more restrictive than or contradict this Administrative Policy, such laws shall take precedence. Where this Administrative Policy is more restrictive than federal or state laws, this Administrative Policy shall take precedence. The City Treasurer shall advise the Investment Policy Review Committee of any contradictions of federal or state law for consideration during its reviews conducted as described in Section 2.2.04.

2.2.20. Attachments.

Attachment A, “Glossary of Terms and Acronyms,” is incorporated by reference.

Attachment B, “California Municipal Treasurers Association Investment Policy Certification”

City Council Adoption: September 18, 2024

Attachment A, “Glossary of Terms and Acronyms”

This Glossary of Terms and Acronyms contains common investment terminology to provide users with a better understanding of basic investment terms. It is intended to be used as a basic reference only, is not intended to be all inclusive, and should not be treated as a substitute for professional counsel or analysis.

ACCRUED INTEREST: Coupon interest accumulated on a bond or note since the last interest payment or, for a new issue, from the dated date to the date of delivery.

BANK DEPOSITS: Deposits in banks or other depository institutions that may be in the form of demand accounts (checking) or investments in accounts that have a fixed term and negotiated rate of interest.

BANKERS’ ACCEPTANCE: A draft or bill of exchange accepted by a bank or trust company. The accepting institution, as well as the issuer, guarantees payment of the bill.

BOND PROCEEDS: The money paid to the issuer by the purchaser or underwriter of a new issue of municipal securities. These moneys are used to finance the project or purpose for which the securities were issued and to pay certain costs of issuance as may be provided in the bond contract.

BONDS: A debt obligation of a firm or public entity. A bond represents the agreement to repay the debt in principal and, typically, in interest on the principal.

BROKER: A person or firm that acts as an intermediary by purchasing and selling securities for others rather than for its own account.

CASH FLOW: A comparison of cash receipts (revenues) to required payments (debt service, operating expenses, etc.).

CERTIFICATE OF DEPOSIT: A short-term, secured deposit in a financial institution that usually returns principal and interest to the lender at the end of the loan period. Certificates of Deposit (CDs) differ in terms of collateralization and marketability. CDs appropriate to public agency investing include:

Negotiable Certificates of Deposit – Generally, short-term debt instruments that pay interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. The majority of negotiable CDs

mature within six months while the average maturity is two weeks. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor). Negotiable CDs are insured by the FDIC up to \$250,000, but they are not collateralized beyond that amount.

Non-Negotiable Certificates of Deposit – CDs that carry a penalty if redeemed prior to maturity. A secondary market does exist for non-negotiable CDs, but redemption includes a transaction cost that reduces returns to the investor. Non-negotiable CDs issued by banks and savings and loans are insured by the FDIC up to the amount of \$250,000, including principal and interest. Amounts deposited above this amount may be secured with other forms of collateral through an agreement between the investor and the issuer. Collateral may include other securities, including treasuries or agency securities (e.g., issued by the Federal National Mortgage Association).

COLLATERALIZATION OF DEPOSITS: A process by which a bank or other financial institution pledges securities or other deposits for the purpose of securing the repayment of deposited funds.

COMMERCIAL PAPER: An unsecured short-term promissory note issued by corporations or municipalities, with maturities ranging from two to 270 days.

COUNTY POOLED INVESTMENT FUNDS: The aggregate of all funds from public agencies placed in the custody of the county treasurer or chief finance officer for investment and reinvestment.

COUPON: The annual rate of interest that a bond's issuer promises to pay the bondholder in the bond's face value; a certificate attached to a bond evidencing interest due on a payment date.

CREDIT RATING: The credit worthiness of an investment. Credit ratings are issued by Nationally Recognized Statistical Rating Organizations (NRSROs) registered with the Securities and Exchange Commission. Three highly recognized NRSROs are Standard and Poor's, Moody's, and Fitch. The organizations use a primary letter designation (numbers or symbols may follow the letter designation) to indicate the quality of an investment. As an example, short-term ratings by Standard and Poor's of A-1+ and Moody's of P-1 indicate a prime or high-grade quality investment. Long-term prime or high-grade quality investments would be rated AAA or Aaa by Standard and Poor's and Moody's, respectively. Rates beginning with letters B or C would typically indicate an investment of speculative and higher risk quality.

CREDIT RISK: The chance that an issuer will be unable to make scheduled payments of interest and principal on an outstanding obligation. Another concern for investors is that the market's perception of an issuer/borrower's credit will cause the market value of a security to fall, even if default is not expected.

CUSTODIAN: A bank or other financial institution that keeps custody of stock certificates and other assets.

DEALER: Someone who acts as a principal in all transactions, including underwriting, buying, and selling securities, including from his/her/their own account.

DELIVERY-VERSUS-PAYMENT (DVP): The payment of cash for securities as they are delivered and accepted for settlement.

DERIVATIVE: Securities that are based on, or derived from, some underlying asset, reference date, or index.

DISCOUNT: The difference between the par value of a security and the cost of the security, when the cost is below par. Investors purchase securities at a discount when return to the investor (yield) is higher than the stated coupon (interest rate) on the investment.

DISCOUNT RATE: The interest rate used in discounted cash flow analysis to determine the present value of future cash flows. The discount rate in discounted cash flow analysis takes into account not just the time value of money, but also the risk or uncertainty of future cash flows; the greater the uncertainty of future cash flows, the higher the discount rate.

DIVERSIFICATION: The allocation of different types of assets in a portfolio to mitigate risks and improve overall portfolio performance.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per entity.

FIDUCIARY: An individual who holds something in trust for another and bears liability for its safekeeping.

GOVERNMENT ACCOUNTING STANDARDS BOARD (GASB): A standard-setting body, associated with the Financial Accounting Foundation, which prescribes

standard accounting practices for governmental units.

INDEX: An indicator that is published on a periodic basis that shows the estimated price and/or yield levels for various groups of securities.

INTEREST: The amount a borrower pays to a lender for the use of his/her/their money.

INTEREST RATE RISK: The risk that an investment's value will change due to a change in the absolute level of interest rates, spread between two rates, shape of the yield curve, or any other interest rate relationship.

JOINT POWERS AUTHORITY POOLS: Investment pools involving the joint exercise of common investment powers between two or more public agencies with shares of beneficial interest issued pursuant to Government Code Section 6509.7.

LIQUIDITY: The measure of the ability to convert an instrument to cash on a given date at full face or par value.

LOCAL AGENCY INVESTMENT FUND (LAIF): A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

LOCAL GOVERNMENT INVESTMENT POOLS: Investment pools that include the Local Agency Investment Fund (LAIF) and County Pooled Investment Funds. These funds are not subject to the same SEC rules applicable to money market mutual funds. For this Administrative Policy, Joint Powers Authority Pools are not considered "Local Government Investment Pools."

MARKET VALUE: The price at which a security is trading and presumably could be purchased or sold at a particular point in time.

MATURITY: The date on which the principal or stated value of an investment becomes due and payable.

MEDIUM-TERM NOTES: Corporate or depository institution debt securities meeting certain minimum quality standards (as specified in Government Code Section 53601) with a maximum remaining maturity of five years or less, issued by (a) corporations organized and operating within the United States or (b) depository institutions licensed by the United States or any state and operating within the United

States. Instruments separately defined in, or authorized by, this Administrative Policy are not considered “Medium-Term Notes.”

MONEY MARKET MUTUAL FUNDS (MMFs): Mutual funds that invest exclusively in short-term money market instruments. MMFs seek the preservation of capital as a primary goal while maintaining a high degree of liquidity and providing income representative of the market for short term investments.

MORTGAGE-BACKED SECURITIES (MBS): Securities created when a mortgagee or a purchaser of residential real estate mortgages creates a pool of mortgages and markets undivided interests or participations in the pool. MBS owners receive a pro-rata share of the interest and principal cash flows (net of fees) that are “passed through” from the pool of mortgages. MBS are complex securities whose cash flow is determined by the characteristics of the mortgages that are pooled together. Investors in MBS face prepayment risk associated with the option of the underlying mortgagors to pre-pay or payoff their mortgage. Most MBS are issued and/or guaranteed by federal agencies and instrumentalities (e.g., Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), and Federal Home Loan Mortgage Corporation (FHLMC)).

MUNICIPAL NOTES, BONDS, AND OTHER OBLIGATIONS: Obligations issued by state and local governments to finance capital and operating expenses.

MUTUAL FUNDS: An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments.

NATIONALLY RECOGNIZED STATISTICAL RATINGS ORGANIZATION (NRSRO): A credit rating agency registered as a “Nationally Recognized Statistical Ratings Organization” with the Securities and Exchange Commission, consistent with the Credit Rating Agency Reform Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and other applicable legislation and rulemaking, as may change from time-to-time.

NEW ISSUE: Securities sold during the initial distribution of an issue in a primary offering by the underwriter or underwriting syndicate.

NOTE: A written promise to pay a specified amount to a certain entity on demand or on a specified date. Usually bearing a short-term maturity of a year or less (though longer maturities are issued—see “Medium-Term Notes”).

PAR VALUE: The principal amount of a note or bond which must be paid at maturity. Par, also referred to as the “face amount” of a security, is the principal value stated on the face of the security. A par bond is one sold at a price of 100 percent of its principal amount.

PORTFOLIO: Combined holding of more than one stock, bond, commodity, real estate investment, cash equivalent, or other asset. The purpose of a portfolio is to reduce risk by diversification.

PREMIUM: The difference between the par value of a security and the cost of the security, when the cost is above par. Investors pay a premium to purchase a security when the return to the investor (yield) is lower than the stated coupon (interest rate) on the investment.

PRICE: The amount of monetary consideration required by a willing seller and a willing buyer to sell an investment on a particular date.

PRINCIPAL: The face value or par value of a debt instrument, or the amount of capital invested in a given security.

PRUDENT INVESTOR STANDARD: A standard of conduct where a person acts with care, skill, prudence, and diligence when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing funds. The test of whether the standard is being met is if a prudent person acting in such a situation would engage in similar conduct to ensure that investments safeguard principal and maintain liquidity.

REPURCHASE AGREEMENTS: An agreement of one party (for example, a financial institution) to sell securities to a second party (such as a local agency) and simultaneous agreement by the first party to repurchase the securities at a specified price from the second party on demand or at a specified date.

RISK: The uncertainty of maintaining the principal or interest associated with an investment due to a variety of factors.

SAFEKEEPING SERVICE: Offers storage and protection of assets provided by an institution serving as an agent.

SAFETY: In the context of investing public funds, safety relates to preserving the principal of an investment in an investment portfolio; local agencies address the concerns of safety by controlling exposure to risks.

SECURITIES AND EXCHANGE COMMISSION (SEC): The federal agency responsible for supervising and regulating the securities industry.

TRUSTEE OR TRUST COMPANY: A financial institution with powers to act in a fiduciary capacity for the benefit of the bondholders in enforcing the terms of the bond contract.

UNDERWRITER: A dealer that purchases a new issue of municipal securities for resale.

UNITED STATES AGENCY OBLIGATIONS: Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises, including federal agency mortgage-backed securities. Types of instruments may include mortgage-backed securities from the Federal National Mortgage Association (FNMA) including Fannie Mae and Freddie Mac securities.

UNITED STATES TREASURY OBLIGATIONS: Debt obligations of the United States government sold by the Treasury Department in the forms of bills, notes, and bonds. Bills are short-term obligations that mature in one year or less and are sold at a discount. Notes are obligations that mature between one year and 10 years. Bonds are long-term obligations that generally mature in 10 years or more.

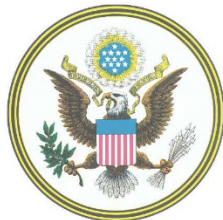
YIELD: The current rate of return on an investment security generally expressed as a percentage of the securities current price.

YIELD CURVE: A graphic representation that shows the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity.

Attachment B, “California Municipal Treasurers Association Investment Policy Certification”

The City’s Investment of Financial Assets policy, as adopted by the City Council on April 4, 2022, was certified by the California Municipal Treasurers Association (CMTA) on June 27, 2022.

California Municipal Treasurers Association



Investment Policy Certification

Issued on 06/27/2022



City of Laguna Woods

The California Municipal Treasurers Association certifies that the investment policy of the City of Laguna Woods complies with the current State statutes governing the investment practices of local government entities located within the State of California.





President

06/27/2022

Date

Since receiving certification, the City’s modifications of the Investment of Financial Assets policy have been limited to updating this Attachment B, increasing the maximum amount of portfolio investment for non-negotiable certificates of deposit, eliminating the limit on the amount of United States Treasury Obligations and United States Agency Obligations that can be invested with a single issuer, and making changes responsive to the CMTA Investment Scorecards received as part of the June 27, 2022 certification.

7.4 CONFLICT OF INTEREST CODE

**For additional information on this item,
please refer to Item 7.0 (Consent Calendar Summary).**

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RESOLUTION NO. 24-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, DETERMINING THAT NO CHANGES IN THE CONFLICT OF INTEREST CODE ADOPTED BY RESOLUTION NO. 18-27 ARE NECESSARY FOLLOWING THE REVIEW REQUIRED BY CALIFORNIA GOVERNMENT CODE SECTION 87306.5

WHEREAS, the Political Reform Act of 1974 and California Government Code Section 81000 et seq. (“Act”), require local governmental agencies to adopt a conflict of interest code pursuant to the Act; and

WHEREAS, California Government Code Section 87306.5 requires local governmental agencies to review conflict of interest codes at least every even-numbered year and identify whether any changes in conflict of interest codes are necessitated by changed circumstances by October 1 of the same year; and

WHEREAS, the City’s existing conflict of interest code was adopted on June 20, 2018 by Resolution No. 18-27.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, DOES HEREBY RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. After reviewing the existing conflict of interest code adopted by Resolution No. 18-27, the City Council hereby determines that there are no changed circumstances that necessitate changes in the existing conflict of interest code.

SECTION 2. The Mayor shall sign this Resolution and the City Clerk shall attest and certify to the passage and adoption thereof.

PASSED, APPROVED AND ADOPTED on this XX day of XX 2024.

NOEL HATCH, Mayor

ATTEST:

YOLIE TRIPPY, CMC, City Clerk

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

I, YOLIE TRIPPY, City Clerk of the City of Laguna Woods, do HEREBY CERTIFY that the foregoing **Resolution No. 24-XX** was duly adopted by the City Council of the City of Laguna Woods at a regular meeting thereof, held on the XX day of XX 2024, by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

YOLIE TRIPPY, CMC, City Clerk

RESOLUTION NO. 18-27

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, RESCINDING RESOLUTION NO. 16-32 AND RE-ADOPTING THE CONFLICT OF INTEREST CODE ADOPTED BY RESOLUTION NO. 16-32, IN ACCORDANCE WITH CALIFORNIA GOVERNMENT CODE SECTION 81000 ET SEQ.

WHEREAS, the Political Reform Act of 1974 and California Government Code Section 81000 *et seq.* (“Act”), require local governmental agencies to adopt a conflict of interest code pursuant to the Act; and

WHEREAS, California Government Code Section 87306.5 requires local governmental agencies to review conflict of interest codes at least every even-numbered year and identify whether any changes in conflict of interest codes are necessitated by changed circumstances by October 1 of the same year; and

WHEREAS, the City Council adopted Resolution No. 16-32 on November 16, 2016, adopting an amended conflict of interest code.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, DOES HEREBY RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. After reviewing the existing conflict of interest code adopted by Resolution No. 16-32, the City Council hereby determines that there are no changed conditions that necessitate changes in the existing conflict of interest code.

SECTION 2. Resolution No. 16-32 is hereby repealed.

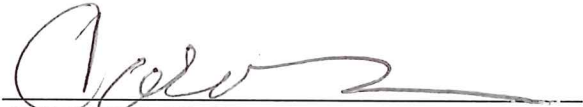
SECTION 3. The terms of 2 California Code of Regulations, Section 18730, a copy of which is attached hereto as Exhibit A, and any amendments to it duly adopted by the Fair Political Practices Commission, are hereby adopted and incorporated by reference as the conflict of interest code for the City. Exhibit A, together with exhibits B, C, D, and E to this resolution, in which members and employees are designated and disclosure categories are set forth and explained, shall constitute the conflict of interest code of the City.

SECTION 4. Employees designated in Exhibit C hereto shall file Statements of Economic Interests (“Form 700”) with the City Clerk pursuant to this resolution. The Mayor, Members of the City Council, City Manager, City

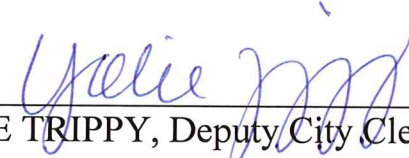
Attorney, City Treasurer, and officials who manage public investments shall file a Form 700 statement pursuant to state law (California Government Code Section 87200 *et seq.*) with the City Clerk who shall forward a copy of the statement to the Fair Political Practices Commission. The City Clerk shall retain a copy of all statements of economic interests and make them available for public inspection and reproduction (California Government Code Section 81008).

SECTION 5. The Deputy City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED AND ADOPTED on this 20th day of June 2018.


CAROL MOORE, Mayor

ATTEST:


YOLIE TRIPPY, Deputy City Clerk

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

I, YOLIE TRIPPY, Deputy City Clerk of the City of Laguna Woods, do HEREBY CERTIFY that the foregoing **Resolution No. 18-27** was duly adopted by the City Council of the City of Laguna Woods at a regular meeting thereof, held on the 20th day of June 2018, by the following vote:

AYES: COUNCILMEMBERS: Conners, Hatch, Horne, Moore, Rainey
NOES: COUNCILMEMBERS: -
ABSENT: COUNCILMEMBERS: -



YOLIE TRIPPY, Deputy City Clerk

EXHIBIT A

**CONFLICT OF INTEREST CODE
CITY OF LAGUNA WOODS**

**TITLE 2. ADMINISTRATION
DIVISION 6. FAIR POLITICAL PRACTICES COMMISSION
CHAPTER 7. CONFLICTS OF INTEREST**

ARTICLE 2. DISCLOSURE

2 CCR 18730 (1998)

18730. Provisions of Conflict of Interest Codes

(a) Incorporation by reference of the terms of this regulation along with the designation of employees and the formulation of disclosure categories in the Appendix referred to below constitute the adoption and promulgation of a conflict of interest code within the meaning of Government Code section 87300 or the amendment of a conflict of interest code within the meaning of Government Code section 87306 if the terms of this regulation are substituted for terms of a conflict of interest code already in effect. A code so amended or adopted and promulgated requires the reporting of reportable items in a manner substantially equivalent to the requirements of article 2 of chapter 7 of the Political Reform Act, Government Code sections 81000, et seq. The requirements of a conflict of interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Government Code section 87100, and to other state or local laws pertaining to conflicts of interest.

(b) The terms of a conflict of interest code amended or adopted and promulgated pursuant to this regulation are as follows:

(1) Section 1. Definitions.

The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (2 Cal. Code of Regs. sections 18100, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this conflict of interest code.

(2) Section 2. Designated Employees.

The persons holding positions listed in the Appendix are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on financial interests.

(3) Section 3. Disclosure Categories.

This code does not establish any disclosure obligation for those designated employees who are also specified in Government Code section 87200 if they are designated in this code in that same capacity or if the geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction in which those persons must report their financial interests pursuant to article 2 of chapter 7 of the Political Reform Act, Government Code sections 87200, et seq.

In addition, this code does not establish any disclosure obligation for any designated employees who are designated in a conflict of interest code for another agency, if all of the following apply:

- (A) The geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction of the other agency;
- (B) The disclosure assigned in the code of the other agency is the same as that required under article 2 of chapter 7 of the Political Reform Act, Government Code section 87200; and
- (C) The filing officer is the same for both agencies.¹

Such persons are covered by this code for disqualification purposes only. With respect to all other designated employees, the disclosure categories set forth in the Appendix specify which kinds of financial interests are reportable. Such a designated employee shall disclose in his or her statement of economic interests those financial interests he or she has which are of the kind described in the disclosure categories to which he or she is assigned in the Appendix. It has been determined that the financial interests set forth in a designated employee's disclosure categories are the kinds of financial interests which he or she foreseeably can affect materially through the conduct of his or her office.

(4) Section 4. Statements of Economic Interests: Place of Filing.

The code reviewing body shall instruct all designated employees within its code to file statements of economic interests with the agency or with the code reviewing body, as provided by the code reviewing body in the agency's conflict of interest code.²

(5) Section 5. Statements of Economic Interests: Time of Filing.

(A) Initial Statements. All designated employees employed by the agency on the effective date of this code, as originally adopted, promulgated and approved by the code reviewing body, shall file statements within 30 days after the effective date of this code. Thereafter, each person already in a position when it is designated by an amendment to this code shall file an initial statement within 30 days after the effective date of the amendment.

(B) Assuming Office Statements. All persons assuming designated positions after the effective date of this code shall file statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation, 30 days after being nominated or appointed.

(C) Annual Statements. All designated employees shall file statements no later than April 1.

(D) Leaving Office Statements. All persons who leave designated positions shall file statements within 30 days after leaving office.

(5.5) Section 5.5. Statements for Persons Who Resign Prior to Assuming Office.

Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or left office, provided he or she did not make or participate in the making of, or use his or her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such persons shall not file either an assuming or leaving office statement.

(A) Any person who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

(1) File a written resignation with the appointing power; and

(2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

(6) Section 6. Contents of and Period Covered by Statements of Economic Interests.

(A) Contents of Initial Statements.

Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

(B) Contents of Assuming Office Statements.

Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office or, if subject to State Senate confirmation or appointment, on the date of nomination, and income received during the 12 months prior to the date of assuming office or the date of being appointed or nominated, respectively.

(C) Contents of Annual Statements. Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later.

(D) Contents of Leaving Office Statements.

Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

(7) Section 7. Manner of Reporting.

Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the agency, and shall contain the following information:

(A) Investment and Real Property Disclosure.

When an investment or an interest in real property³ is required to be reported⁴ the statement shall contain the following:

1. A statement of the nature of the investment or interest;
2. The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged;
3. The address or other precise location of the real property;
4. A statement whether the fair market value of the investment or interest in real property exceeds two thousand dollars (\$2,000), exceeds ten thousand dollars (\$10,000), exceeds one hundred thousand dollars (\$100,000), or exceeds one million dollars (\$1,000,000).

(B) Personal Income Disclosure. When personal income is required to be reported⁵ the statement shall contain:

1. The name and address of each source of income aggregating five hundred dollars (\$500) or more in value, or fifty dollars (\$50) or more in value if the income was a gift, and a general description of the business activity, if any, of each source;
2. A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was one thousand dollars (\$1,000) or less, greater than one thousand dollars (\$1,000), greater than ten thousand dollars (\$10,000), or greater than one hundred thousand dollars (\$100,000);
3. A description of the consideration, if any, for which the income was received;
4. In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;

5. In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.

(C) Business Entity Income Disclosure. When income of a business entity, including income of a sole proprietorship, is required to be reported⁶ the statement shall contain:

1. The name, address, and a general description of the business activity of the business entity;
2. The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than ten thousand dollars (\$10,000).

(D) Business Position Disclosure. When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

(E) Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

(8) Section 8. Prohibition on Receipt of Honoraria.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept any honorarium from any source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

Subdivisions (a), (b), and (c) of Government Code Section 89501 shall apply to the prohibitions in this section.

This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Government Code section 89506.

(8.1) Section 8.1. Prohibition on Receipt of Gifts in Excess of \$440.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept gifts with a total value of more than \$440 in a calendar year from any single source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This

section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

Subdivisions (e), (f), and (g) of Government Code section 89503 shall apply to the prohibitions in this section.

(8.2) Section 8.2. Loans to Public Officials.

(A) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the elected officer holds office or over which the elected officer's agency has direction and control.

(B) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the public official holds office or over which the public official's agency has direction and control. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(C) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.

(D) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(E) This section shall not apply to the following:

1. Loans made to the campaign committee of an elected officer or candidate for elective office.
2. Loans made by a public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.
3. Loans from a person which, in the aggregate, do not exceed five hundred dollars (\$500) at any given time.
4. Loans made, or offered in writing, before January 1, 1998.

(8.3) Section 8.3. Loan Terms.

(A) Except as set forth in subdivision (B), no elected officer of a state or local government agency shall, from the date of his or her election to office through the date he or she vacates office, receive a personal loan of five hundred dollars (\$500) or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.

(B) This section shall not apply to the following types of loans:

1. Loans made to the campaign committee of the elected officer.
2. Loans made to the elected officer by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.
3. Loans made, or offered in writing, before January 1, 1998.

(C) Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

(8.4) Section 8.4. Personal Loans.

(A) Except as set forth in subdivision (B), a personal loan received by any designated employee shall become a gift to the designated employee for the purposes of this section in the following circumstances:

1. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired.

2. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:

a. The date the loan was made.

b. The date the last payment of one hundred dollars (\$100) or more was made on the loan.

c. The date upon which the debtor has made payments on the loan aggregating to less than two hundred fifty dollars (\$250) during the previous 12 months.

(B) This section shall not apply to the following types of loans:

1. A loan made to the campaign committee of an elected officer or a candidate for elective office.

2. A loan that would otherwise not be a gift as defined in this title.

3. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor has taken reasonable action to collect the balance due.

4. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor, based on reasonable business considerations, has not undertaken collection action. Except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations.

5. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

(C) Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

(9) Section 9. Disqualification.

No designated employee shall make, participate in making, or in any way attempt to use his or her official position to influence the making of any governmental decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a member of his or her immediate family or on:

(A) Any business entity in which the designated employee has a direct or indirect investment worth two thousand dollars (\$2,000) or more;

(B) Any real property in which the designated employee has a direct or indirect interest worth two thousand dollars (\$2,000) or more;

(C) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating five hundred dollars (\$500) or more in value provided to, received by or promised to the designated employee within 12 months prior to the time when the decision is made;

(D) Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management; or

(E) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating \$440 or more provided to, received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

(9.3) Section 9.3. Legally Required Participation.

No designated employee shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. The fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this section.

(9.5) Section 9.5. Disqualification of State Officers and Employees.

In addition to the general disqualification provisions of section 9, no state administrative official shall make, participate in making, or use his or her official position to influence any governmental decision directly relating to any contract where the state administrative official knows or has reason to know that any party to the contract is a person with whom the state administrative official, or any member of his or her immediate family has, within 12 months prior to the time when the official action is to be taken:

(A) Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or

(B) Engaged in a business transaction or transactions on terms not available to members of the public regarding the rendering of goods or services or 18705.2(c) totaling in value one thousand dollars (\$1,000) or more.

(10) Section 10. Disclosure of Disqualifying Interest.

When a designated employee determines that he or she should not make a governmental decision because he or she has a disqualifying interest in it, the determination not to act may be accompanied by disclosure of the disqualifying interest.

(11) Section 11. Assistance of the Commission and Counsel.

Any designated employee who is unsure of his or her duties under this code may request assistance from the Fair Political Practices Commission pursuant to Government Code section 83114 or from the attorney for his or her agency, provided that nothing in this section requires the attorney for the agency to issue any formal or informal opinion.

(12) Section 12. Violations.

This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Government Code sections 81000-91015. In addition, a decision in relation to which a violation of the disqualification provisions of this code or of Government Code section 87100 or 87450 has occurred may be set aside as void pursuant to Government Code section 91003.

AUTHORITY:

NOTE: Authority cited: Section 83112, Government Code. Reference: Section 87302, Government Code.

HISTORY:

1. New section filed 4-2-80 as an emergency; effective upon filing (Register 80, No. 14). Certificate of Compliance included.
2. Editorial correction (Register 80, No. 29).
3. Amendment of subsection (b) filed 1-9-81; effective thirtieth day thereafter (Register 81, No. 2).
4. Amendment of subsection (b)(7)(B)1. filed 1-26-83; effective thirtieth day thereafter (Register 83, No. 5).
5. Amendment of subsection (b)(7)(A) filed 11-10-83; effective thirtieth day thereafter (Register 83, No. 46).
6. Amendment filed 4-13-87; operative 5-13-87 (Register 87, No. 16).
7. Amendment of subsection (b) filed 10-21-88; operative 11-20-88 (Register 88, No. 46).
8. Amendment of subsections (b)(8)(A) and (b)(8)(B) and numerous editorial changes filed 8-28-90; operative 9-27-90 (Reg. 90, No. 42).
9. Amendment of subsections (b)(3), (b)(8) and renumbering of following subsections and amendment of Note filed 8-7-92; operative 9-7-92 (Register 92, No. 32).

10. Amendment of subsection (b)(5.5) and new subsections (b)(5.5)(A)-(A)(2) filed 2-4-93; operative 2-4-93 (Register 93, No. 6).
11. Change without regulatory effect adopting Conflict of Interest Code for California Mental Health Planning Council filed 11-22-93 pursuant to title 1, section 100, California Code of Regulations (Register 93, No. 48). Approved by Fair Political Practices Commission 9-21-93.
12. Change without regulatory effect redesignating Conflict of Interest Code for California Mental Health Planning Council as chapter 62, section 55100 filed 1-4-94 pursuant to title 1, section 100, California Code of Regulations (Register 94, No. 1).
13. Editorial correction adding History 11 and 12 and deleting duplicate section number (Register 94, No. 17).
14. Amendment of subsection (b)(8), designation of subsection (b)(8)(A), new subsection (b)(8)(B), and amendment of subsections (b)(8.1)-(b)(8.1)(B), (b)(9)(E) and Note filed 3-14-95; operative 3-14-95 pursuant to Government Code section 11343.4(d) (Register 95, No. 11).
15. Editorial correction inserting inadvertently omitted language in footnote 4 (Register 96, No. 13).
16. Amendment of subsections (b)(8)(A)-(B) and (b)(8.1)(A), repealer of subsection (b)(8.1)(B), and amendment of subsection (b)(12) filed 10-23-96; operative 10-23-96 pursuant to Government Code section 11343.4(d) (Register 96, No. 43).
17. Amendment of subsections (b)(8.1) and (9)(E) filed 4-9-97; operative 4-9-97 pursuant to Government Code section 11343.4(d) (Register 97, No. 15).
18. Amendment of subsections (b)(7)(B)5., new subsections (b)(8.2)-(b)(8.4)(C) and amendment of Note filed 8-24-98; operative 8-24-98 pursuant to Government Code section 11343.4(d) (Register 98, No. 35).
19. Editorial correction of subsection (a) (Register 98, No. 47).
20. Amendment of subsections (b)(8.1), (b)(8.1)(A) and (b)(9)(E) filed 5-11-99; operative 5-11-99 pursuant to Government Code section 11343.4(d) (Register 99, No. 20).
21. Amendment of subsections (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) filed 12-6-2000; operative 1-1-2001 pursuant to the 1974 version of Government Code section 11380.2 and Title 2, California Code of Regulations, section 18312(d) and (e) (Register 2000, No. 49).
22. Amendment of subsections (b)(3) and (b)(10) filed 1-10-2001; operative 2-1-2001. Submitted to OAL for filing pursuant to Fair Political Practices Commission v. Office of Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2001, No. 2).

23. Amendment of subsections (b)(7)(A)4., (b)(7)(B)1.-2., (b)(8.2)(E)3., (b)(9)(A)-(C) and footnote 4. filed 2-13-2001. Submitted to OAL for filing pursuant to Fair Political Practices Commission v. Office of Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2001, No. 7).

FOOTNOTES:

¹ Designated employees who are required to file statements of economic interests under any other agency's conflict of interest code, or under article 2 for a different jurisdiction, may expand their statement of economic interests to cover reportable interests in both jurisdictions, and file copies of this expanded statement with both entities in lieu of filing separate and distinct statements, provided that each copy of such expanded statement filed in place of an original is signed and verified by the designated employee as if it were an original. See Government Code section 81004.

² See Government Code section 81010 and 2 Cal. Code of Regs. section 18115 for the duties of filing officers and persons in agencies who make and retain copies of statements and forward the originals to the filing officer.

³ For the purpose of disclosure only (not disqualification), an interest in real property does not include the principal residence of the filer.

⁴ Investments and interests in real property which have a fair market value of less than \$2,000 are not investments and interests in real property within the meaning of the Political Reform Act. However, investments or interests in real property of an individual include those held by the individual's spouse and dependent children as well as a pro rata share of any investment or interest in real property of any business entity or trust in which the individual, spouse and dependent children own, in the aggregate, a direct, indirect or beneficial interest of 10 percent or greater.

⁵ A designated employee's income includes his or her community property interest in the income of his or her spouse but does not include salary or reimbursement for expenses received from a state, local or federal government agency.

⁶ Income of a business entity is reportable if the direct, indirect or beneficial interest of the filer and the filer's spouse in the business entity aggregates a 10 percent or greater interest. In addition, the disclosure of persons who are clients or customers of a business entity is required only if the clients or customers are within one of the disclosure categories of the filer.

EXHIBIT B

Consultants

Commission Regulation 18701 (a)(2) defines "consultant" as an individual who, pursuant to a contract with a state or local government agency:

- (A) Makes a governmental decision whether to:
 - (i) Approve a rate, rule, or regulation
 - (ii) Adopt or enforce a law;
 - (iii) Issue, deny, suspend, or revoke any permit license, application, certificate, approval, order, or similar authorization or entitlement;
 - (iv) Authorize the agency to enter into, modify, or renew a contract provided it is the type of contract which requires agency approval;
 - (v) Grant agency approval to a contract which requires agency approval and in which the agency is a party or to the specifications for such a contract;
 - (vi) Grant agency approval to a plan, design, report, study, or similar item;
 - (vii) Adopt, or grant agency approval of policies, standards, or guidelines for the agency, or for any subdivision thereof; or
- (B) Serves in a staff capacity with the agency, and in that capacity participates in making a governmental decision (Regulation 18702.2) or performs the same or substantially all the same duties for the agency that would otherwise be performed by an individual holding a position specified in the agency's Conflict of Interest Code.

Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The City Manager may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in the section. Such written determination shall include a description of the consultant's duties and, based upon the description, a statement of the extent of disclosure requirements. The City Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.

EXHIBIT C

Designated Employees and Disclosure Categories

The following positions are held by individuals involved in making, or who participate in the making, of decisions which may foreseeably have a material effect on financial interests:

Designated Position Disclosure Categories

Administrative Services Director/City Treasurer 1

Building Official (Consultant) 1

Chief of Police Services (Consultant)..... 1

City Clerk..... 1

Consultant* 1

Assistant City Attorney (Consultant)..... 1

Exempt Officials** 1

Fire Chief (Consultant) 1

Senior Accountant..... 1

* See Attachment B for explanation of Consultant filing

** The Mayor, City Council, Members of the Planning Commission, City Manager, City Attorney, City Treasurer, and officials who manage public investments are all required to file disclosure statements pursuant to state law and thus are not included herein.

EXHIBIT D**Categories of Reportable Economic Interests****Designated Persons in Category " 1 " Must Report:**

All investments, interests in real property, income, and any business entity in which the person is a director, officer, partner, trustee, employee, or holds any position of management. These financial interests are reportable only if located within and subject to the jurisdiction of the City, or if the business entity is doing business or planning to do business in an area subject to the jurisdiction of the City, or has done business within an area subject to the jurisdiction of the City at any time during the two (2) years prior to the filing of the statement.

Designated Persons in Category " 2 " Must Report:

- (a) All investments in real property located within or subject to the jurisdiction of the City.
- (b) Investments in any business entity which within the last two (2) years has contracted or in the future foreseeably may contract with the City.
- (c) Income from any source which within the last two (2) years has contracted or in the future foreseeably may contract with the City.
- (d) His or her status as a director, officer, partner, trustee, employee, or holder of a position of management in any business entity which within the last two (2) years has contracted or in the future foreseeably may contract with the City.

Designated Persons in Category " 3 " Must Report:

- (a) Investments and business positions in, and income from business entities located in, doing business in, or planning to do business in the redevelopment project area and all interests in real property located within two (2) miles of the redevelopment project area.

EXHIBIT E

Definitions under the Political Reform Act

Government Code Section 82030

82030. Income.

a) "Income" means, except as provided in subdivision (b), a payment received, including but not limited to any salary, wage, advance, dividend, interest, rent, proceeds from any sale, gift, including any gift of food or beverage, loan, forgiveness or payment of indebtedness received by the filer, reimbursement for expenses, per diem, or contribution to an insurance or pension program paid by any person other than an employer, and including any community property interest in the income of a spouse. Income also includes an outstanding loan. Income of an individual also includes a pro rata share of any income of any business entity or trust in which the individual or spouse owns, directly, indirectly or beneficially, a 10-percent interest or greater. "Income," other than a gift, does not include income received from any source outside the jurisdiction and not doing business within the jurisdiction, not planning to do business within the jurisdiction, or not having done business within the jurisdiction during the two years prior to the time any statement or other action is required under this title.

(b) "Income" also does not include:

- (1) Campaign contributions required to be reported under Chapter 4 (commencing with Section 84100).
- (2) Salary and reimbursement for expenses or per diem received from a state, local, or federal government agency and reimbursement for travel expenses and per diem received from a bona fide nonprofit entity exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.
- (3) Any devise or inheritance.
- (4) Interest, dividends, or premiums on a time or demand deposit in a financial institution, shares in a credit union or any insurance policy, payments received under any insurance policy, or any bond or other debt instrument issued by any government or government agency.
- (5) Dividends, interest, or any other return on a security which is registered with the Securities and Exchange Commission of the United States government or a commodity future registered with the Commodity Futures Trading Commission of the United States government, except proceeds from the sale of these securities and commodities futures.
- (6) Redemption of a mutual fund.

- (7) Alimony or child support payments.
- (8) Any loan or loans from a commercial lending institution which are made in the lender's regular course of business on terms available to members of the public without regard to official status if:
 - (A) The loan is secured by the principal residence of filer; or
 - (B) The balance owed does not exceed ten thousand dollars (\$10,000).
- (9) Any loan from or payments received on a loan made to an individual's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, uncle, aunt, or first cousin, or the spouse of any such person, provided that a loan or loan payment received from any such person shall be considered income if he or she is acting as an agent or intermediary for any person not covered by this paragraph.
- (10) Any indebtedness created as part of a retail installment or credit card transaction if made in the lender's regular course of business on terms available to members of the public without regard to official status, so long as the balance owed to the creditor does not exceed ten thousand dollars (\$10,000).
- (11) Payments received under a defined benefit pension plan qualified under Internal Revenue Code Section 401(a).
- (12) Proceeds from the sale of securities registered with the Securities and Exchange Commission of the United States government or from the sale of commodities futures registered with the Commodity Futures Trading Commission of the United States government if the filer sells the securities or the commodities futures on a stock or commodities exchange and does not know or have reason to know the identity of the purchaser.

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9.1

**LAGUNA WOODS GENERAL PLAN AND
ZONING CODE UPDATE, STATE
CLEARINGHOUSE NUMBER 2022080022**

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City of Laguna Woods

Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Christopher Macon, City Manager

FOR: September 18, 2024 Regular Meeting

SUBJECT: Laguna Woods General Plan and Zoning Code Update, State Clearinghouse Number 2022080022

Recommendation

Approve second reading and adopt an ordinance – read by title with further reading waived – titled:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING SECTION 13.04.020 OF CHAPTER 13.04 (ESTABLISHMENT OF ZONING DISTRICTS) OF TITLE 13 (ZONING) OF THE LAGUNA WOODS MUNICIPAL CODE AND ADDING SECTION 13.08.050 TO CHAPTER 13.08 (RESIDENTIAL DISTRICTS) OF TITLE 13 (ZONING) OF THE LAGUNA WOODS MUNICIPAL CODE PERTAINING TO THE ESTABLISHMENT OF NEW RESIDENTIAL OVERLAY ZONING DISTRICTS, AND DETERMINING AND CERTIFYING THAT SUCH ACTIONS ARE CONSISTENT WITH THE PROGRAM ENVIRONMENTAL IMPACT REPORT PREPARED FOR THE LAGUNA WOODS GENERAL PLAN AND ZONING CODE UPDATE, STATE CLEARINGHOUSE NUMBER 2022080022

Background

The General Plan Housing Element includes the following program:

Program H-1.1.1. Rezone the 17 potential housing sites identified in the

Housing Sites Inventory and Analysis (Exhibit C) to accommodate the City's housing needs allocation (Table H-1).

Note: The rezoning process will include the creation of four new overlay zoning districts and the adoption of minimum density and development standards for each. Specific commitments in the rezoning process include, but are not limited to, (1) complying with applicable provisions of California Government Code Section 65583.2 (h), (i), et al., including accommodating at least 50% of the lower-income housing needs allocation on sites designated for residential use only (for non-mixed use projects) and by requiring residential use to occupy 50% of the total floor area of mixed-use projects, (2) permitting housing projects by right, as required by state law, (3) permitting owner-occupied and rental multifamily uses by right for housing projects in which 20% or more of the housing units are affordable for lower-income households, (4) establishing densities for potential housing sites as specified in Table N in Exhibit C, and (5) allowing the development of housing projects as standalone uses on each potential housing site.

The California Department of Housing and Community Development has indicated that the General Plan Housing Element will be found to be in compliance with state housing law after Program H-1.1.1 is completed.

At the regular meeting on August 21, 2024, the City Council conducted a public hearing and voted unanimously to approve the introduction and first reading of the ordinance included with this agenda report as Attachment A.

Discussion

Today's meeting is an opportunity for City Council action, as well as public input, on a proposed ordinance that is part of the Laguna Woods General Plan and Zoning Code Update. Staff recommends that the City Council adopt the proposed ordinance in order to complete General Plan Housing Element Program H-1.1.1 and do the following:

- Create the following four new overlay zoning districts that allow housing development:
 - Residential High Density Overlay (would allow 30 to 50 dwelling units per acre ["du/ac"])

- Residential Medium Density Overlay (would allow 20 to 30 du/ac)
- Residential Medium-Low Density Overlay (would allow 15 to 20 du/ac)
- Residential Low Density Overlay (would allow 8 to 10 du/ac)

(Note: These are the same new overlay zoning district densities identified in the General Plan Housing Element.)

Creation of the new overlay zoning districts also includes the creation of development standards for each.

- Rezone 17 properties (a total of 18 parcels) to allow housing development in addition to the uses already allowed under the existing zoning on those properties. This action would accommodate the City’s 6th Cycle Regional Housing Needs Assessment (“RHNA”) allocation. One of the four new overlay zoning districts would be applied to each parcel; no change in General Plan land use designation is proposed. These sites are referred to as the Potential Housing Sites in the Program Environmental Impact Report (“PEIR”) that was certified by the City Council on August 21, 2024.

(Note: These are the same 17 properties identified as potential housing sites in the General Plan Housing Element.)

- Rezone 12 properties (a total of 14 parcels), to better represent their existing uses. These locations are referred to in the PEIR as the Sites Proposed for Land Use Designation Changes and Rezoning to Reflect Existing Uses.

Environmental Review

At the regular meeting on August 21, 2024, the City Council certified the PEIR for the Laguna Woods General Plan and Zoning Code Update (including adoption of a Statement of Overriding Considerations per California Code of Regulations Title 14, Section 15093, and adoption of a mitigation monitoring and reporting program per California Code of Regulations, Title 14, Section 15091). The PEIR examines potential environmental impacts generated by the Laguna Woods General Plan and Zoning Code Update in relation to the following Environmental Analysis Checklist categories: Aesthetics, Air Quality, Energy, Greenhouse Gas Emissions, Land Use and Planning, Noise, Population and Housing, Public Services, Recreation, Transportation and Traffic, and Utilities and Service Systems. Based on findings

presented in Chapter 2 of the PEIR, environmental impacts related to the following topics would not be significant or potentially significant: Agriculture and Forestry Resources, Biological Resources, Cultural Resources, Geology and Soils, Hazards and Hazardous Materials, Hydrology and Water Quality, Mineral Resources, Tribal Cultural Resources, and Wildfire, and are therefore not analyzed further in the PEIR. Impacts related to Greenhouse Gas Emissions are significant and unavoidable even with implementation of mitigation. All other impacts are less than significant. The PEIR also identifies appropriate and feasible mitigation measures, if necessary, for each potential environmental impact.

Fiscal Impact

Sufficient funds to support this project are included in the City's budget.

Documents Available for Review

Related documents – including the PEIR and proposed amendments to the Zoning Code – are available for public review at or from City Hall during normal working hours. The aforementioned documents are also available for review at www.cityoflagunawoods.org/projects.

Attachment: A – Proposed Ordinance
Exhibit A – Proposed Code Amendments

ORDINANCE NO. 24-XX

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING SECTION 13.04.020 OF CHAPTER 13.04 (ESTABLISHMENT OF ZONING DISTRICTS) OF TITLE 13 (ZONING) OF THE LAGUNA WOODS MUNICIPAL CODE AND ADDING SECTION 13.08.050 TO CHAPTER 13.08 (RESIDENTIAL DISTRICTS) OF TITLE 13 (ZONING) OF THE LAGUNA WOODS MUNICIPAL CODE PERTAINING TO THE ESTABLISHMENT OF NEW RESIDENTIAL OVERLAY ZONING DISTRICTS, AND DETERMINING AND CERTIFYING THAT SUCH ACTIONS ARE CONSISTENT WITH THE PROGRAM ENVIRONMENTAL IMPACT REPORT PREPARED FOR THE LAGUNA WOODS GENERAL PLAN AND ZONING CODE UPDATE, STATE CLEARINGHOUSE NUMBER 2022080022

WHEREAS, the Laguna Woods General Plan and Zoning Code Update, State Clearinghouse Number 2022080022, includes proposed amendments to Section 13.04.020 of Chapter 13.04 (Establishment of Zoning Districts) of Title 13 (Zoning) of the Laguna Woods Municipal Code and the proposed addition of Section 13.08.050 to Chapter 13.08 (Residential Districts) of Title 13 (Zoning) of the Laguna Woods Municipal Code pertaining to the establishment of new residential overlay zoning districts (“Code Amendments”); and

WHEREAS, staff has recommended that the City Council adopt the Code Amendments in order to complete General Plan Housing Element Program H-1.1.1; and

WHEREAS, on August 21, 2024, the City Council adopted a resolution certifying the Final Program Environmental Impact Report for the Laguna Woods General Plan and Zoning Code Update, State Clearinghouse Number 2022080022, including adoption of a statement of overriding considerations per California Code of Regulations, Title 14, Section 15093, and adoption of a mitigation monitoring and reporting program per California Code of Regulations, Title 14, Section 15091 (“PEIR”); and

WHEREAS, on August 21, 2024, the City Council held a duly noticed public hearing on this Ordinance at which the members of the City Council, utilizing their independent judgement, reviewed and considered all of the information, evidence, and testimony presented, both written and oral.

**THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS,
CALIFORNIA, DOES ORDAIN AS FOLLOWS:**

SECTION 1. The City Council hereby finds and determines that (i) each of the recitals to this Ordinance are true and correct, and are adopted herein as findings; (ii) the Code Amendments comply with all applicable requirements of State law; (iii) the Code Amendments will not adversely affect the health, safety, or welfare of the residents within the community; (iv) the Code Amendments are in the public interest of the City of Laguna Woods; and, (v) the Code Amendments are consistent with the Laguna Woods General Plan and its various elements.

SECTION 2. After reviewing the entire project record, the City Council hereby determines and certifies that this Ordinance is consistent with the PEIR prepared for the Laguna Woods General Plan and Zoning Code Update, State Clearinghouse Number 2022080022.

SECTION 3. Section 13.04.020 of Title 13 (Zoning) of the Laguna Woods Municipal Code is hereby amended to read as set forth in Exhibit A, attached to this Ordinance and incorporated herein by this reference.

Section 13.08.050 is hereby added to Title 13 (Zoning) of the Laguna Woods Municipal Code, to read as set forth in Exhibit A, attached to this Ordinance and incorporated herein by this reference.

SECTION 4. This Ordinance shall take effect and be in full force and operation thirty (30) calendar days after adoption.

SECTION 5. If any section, subsection, subdivision, paragraph, sentence, clause, or phrase added by this Ordinance, or any part thereof, is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity of effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase thereof irrespective of the fact that any one or more subsections, subdivisions, paragraphs sentences, clauses, or phrases are declared unconstitutional, invalid, or ineffective.

SECTION 6. The Mayor shall sign this Ordinance.

SECTION 7. The City Clerk shall certify to the passage of this Ordinance and

shall cause this Ordinance to be published or posted as required by law.

SECTION 8. All of the above-referenced documents and information have been and are on file with the City Clerk of the City.

PASSED, APPROVED AND ADOPTED this XX day of XX 2024.

NOEL HATCH, Mayor

ATTEST:

YOLIE TRIPPY, CMC, City Clerk

APPROVED AS TO FORM:

ALISHA PATTERSON, City Attorney

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

I, YOLIE TRIPPY, City Clerk of the City of Laguna Woods, do HEREBY CERTIFY that the foregoing **Ordinance No. 24-XX** was duly introduced and placed upon its first reading at a regular meeting of the City Council on the XX day of XX 2024, and that thereafter, said Ordinance was duly adopted and passed at a regular meeting of the City Council on the XX day of XX 2024 by the following vote to wit:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

YOLIE TRIPPY, CMC, City Clerk

**EXHIBIT A
CODE AMENDMENTS**

Section 13.04.020 (“Establishment of Districts”) of Chapter 13.04 (“Establishment of Zoning Districts”) of Title 13 (“Zoning”) of the Laguna Woods Municipal Code is amended to read as follows (additions shown with underlining and deletions shown with ~~strike-through~~):

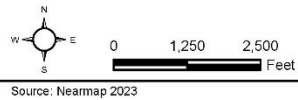
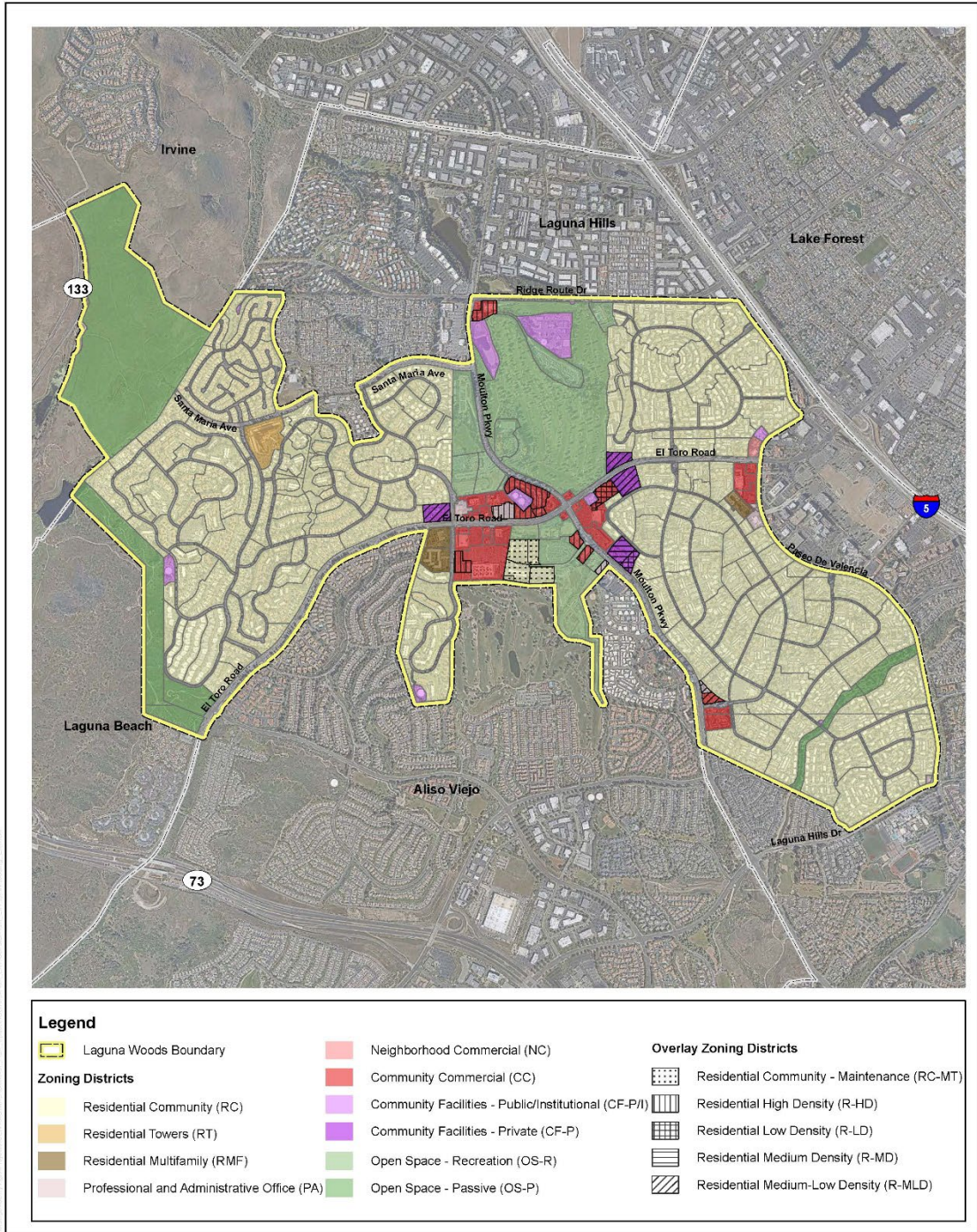
Sec. 13.04.020. - Establishment of districts.

(a) The incorporated territory of the City of Laguna Woods is hereby divided into zones or districts, as set forth in this title, as determined and defined by officially adopted zoning map. The zoning district map showing the classifications and boundaries of the districts shall, upon adoption in the manner required by the Planning and Zoning Law, be a part of this chapter. The following districts are established:

<u>Zoning Districts</u>	
RC	Residential Community District
RMF	Residential Multifamily District
RT	Residential Towers District
NC	Neighborhood Commercial District
CC	Community Commercial District
PA	Professional and Administrative Office District
CF -- P	Community Facilities -- Private District
CF -- P/I	Community Facilities -- Public/Institutional <u>District</u>
OS-P	Open Space -- Passive District
OS-R	Open Space -- Recreation District
<u>Overlay Zoning Districts</u>	
<u>RC-M</u>	<u>Residential Community-Maintenance Overlay Zoning District</u>
<u>R-HD</u>	<u>Residential High Density Overlay Zoning District</u>
<u>R-LD</u>	<u>Residential Low Density Overlay Zoning District</u>
<u>R-MD</u>	<u>Residential Medium Density Overlay Zoning District</u>
<u>R-MLD</u>	<u>Residential Medium-Low Density Overlay Zoning District</u>

(b) Map exhibit. The following map exhibit designates areas to which each of the zoning districts and overlay zoning districts established by this section are applied:

ITEM 9.1 – Exhibit A to Attachment A



CITY OF LAGUNA WOODS • MUNICIPAL CODE
Zoning Map

(Rev. 06/05/2024 PL) P:\Projects\CI_W323_W010100\Originals\Housing Element\Residents' Overlay\Residential_Overlays_Zoning.pdf

Section 13.08.050 (“Residential overlays for housing element compliance”) is hereby added to Chapter 13.08 (“Residential Districts”) of Title 13 (“Zoning”) of the Laguna Woods Municipal Code to read as follows:

Sec. 13.08.050. - Residential overlays for housing element compliance.

(a) *Purpose, generally.* The purpose of overlay zoning districts is to allow the City to establish special land use regulations, standards, or procedures in areas with unique land use, site planning, building design, or environmental resource issues. Overlay zoning districts are also an appropriate mechanism to implement long-term goals and land use requirements of the City for a specific property or location, or to coordinate land use and design requirements unique to a large tract of land. Overlay zoning districts are intended to be applied only where special circumstances justify the modification of base zoning district regulations to achieve specific land use and design objectives. Overlay zoning districts are established through rezoning and only in conjunction with base zoning districts.

(b) *Establishment and designation, generally.* Except as modified by an overlay zoning district, the provisions of the applicable base zoning district shall apply to all development within the boundary of a designated area. If regulations conflict, the applicable overlay zoning district regulations shall prevail to the extent such overlay zoning district authorizes the principally permitted land use or land uses contemplated. Whenever an overlay zoning district is established, any subsequent application to change the base zoning district of a property or properties shall not be construed to be an application to eliminate the overlay zoning district for those properties. An intent to eliminate the overlay zoning district on a property or properties shall be expressly stated in the application.

(c) *Residential High Density Overlay Zoning District.*

(1) *Purpose, specifically.* The purpose of the Residential High Density (R-HD) overlay zoning district is to provide for the development of housing units of a type and number necessary to support compliance with the General Plan Housing Element. Accordingly, certain housing-related land uses are principally permitted as part of the R-HD overlay zoning district, in addition to the land uses principally permitted in the applicable base zoning district.

(2) *Establishment and designation, specifically.* The designated area to which the R-HD overlay zoning district is applied shall be the properties located within the R-HD overlay zoning district boundary shown on the map exhibit in subsection (h) of this section.

(3) *Principally permitted land uses.* Land uses permitted as a principal use within the R-HD overlay zoning district, subject to all applicable laws and regulations, include the land uses identified in the applicable base zoning district and the following, which shall be permitted as a “use by right” as that term is defined in California Government Code Section 65583.2(i) as amended from time to time or replaced with a successor statute, and subject to the City’s design review:

a. Housing with a density of 30 to 50 dwelling units per acre (du/ac), subject to the following:

1. Housing shall be constructed as 100% residential projects or as mixed-use projects with other land uses identified in the applicable base zoning district provided that, for mixed-use projects, residential use shall occupy at least 50% of the total floor area of the project; and

2. Housing shall be owner-occupied and/or rental multifamily in nature; and

3. 20% or more of the dwelling units constructed in each project shall be affordable for lower income households, with the determination of affordability based on applicable state law.

(d) *Residential Medium Density Overlay Zoning District.*

(1) *Purpose, specifically.* The purpose of the Residential Medium Density (R-MD) overlay zoning district is to provide for the development of housing units of a type and number necessary to support compliance with the General Plan Housing Element. Accordingly, certain housing-related land uses are principally permitted as part of the R-MD overlay zoning district, in addition to

the land uses principally permitted in the applicable base zoning district.

(2) *Establishment and designation, specifically.* The designated area to which the R-MD overlay zoning district is applied shall be the properties located within the R-MD overlay zoning district boundary shown on the map exhibit in subsection (h) of this section.

(3) *Principally permitted land uses.* Land uses permitted as a principal use within the R-MD overlay zoning district, subject to all applicable laws and regulations, include the land uses identified in the applicable base zoning district and the following, which shall be permitted as a “use by right” as that term is defined in California Government Code Section 65583.2(i), as amended from time to time or replaced with a successor statute, and subject to the City’s design review:

a. Housing with a density of 20 to 30 dwelling units per acre (du/ac), subject to the following:

1. Housing shall be constructed as 100% residential projects or as mixed-use projects with other land uses identified in the applicable base zoning district.

(e) *Residential Medium-Low Density Overlay Zoning District.*

(1) *Purpose, specifically.* The purpose of the Residential Medium-Low Density (R-MLD) overlay zoning district is to provide for the development of housing units of a type and number necessary to support compliance with the General Plan Housing Element. Accordingly, certain housing-related land uses are principally permitted as part of the R-MLD overlay zoning district, in addition to the land uses principally permitted in the applicable base zoning district.

(2) *Establishment and designation, specifically.* The designated area to which the R-MLD overlay zoning district is applied shall be the properties located within the R-MLD overlay zoning district boundary shown on the map exhibit in subsection (h) of this section.

(3) *Principally permitted land uses.* Land uses permitted as a principal use within the R-MLD overlay zoning district, subject to all applicable laws and regulations, include the land uses identified in the applicable base zoning district and the following, which shall be permitted as a “use by right” as that term is defined in California Government Code Section 65583.2(i), as amended from time to time or replaced with a successor statute, and subject to the City’s design review:

a. Housing with a density of 15 to 20 dwelling units per acre (du/ac), subject to the following:

1. Housing shall be constructed as 100% residential projects or as mixed-use projects with other land uses identified in the applicable base zoning district.

(f) *Residential Low Density Overlay Zoning District.*

(1) *Purpose, specifically.* The purpose of the Residential Low Density (R-LD) overlay zoning district is to provide for the development of housing units of a type and number necessary to support compliance with the General Plan Housing Element. Accordingly, certain housing-related land uses are principally permitted as part of the R-LD overlay zoning district, in addition to the land uses principally permitted in the applicable base zoning district.

(2) *Establishment and designation, specifically.* The designated area to which the R-LD overlay zoning district is applied shall be the properties located within the R-LD overlay zoning district boundary shown on the map exhibit in subsection (h) of this section.

(3) *Principally permitted land uses.* Land uses permitted as a principal use within the R-LD overlay zoning district, subject to all applicable laws and regulations, include the land uses identified in the applicable base zoning district and the following, which shall be permitted as a “use by right” as that term is defined in California Government Code Section 65583.2(i), as amended from time to time or replaced with a successor statute, and subject to the City’s design review:

ITEM 9.1 – Exhibit A to Attachment A

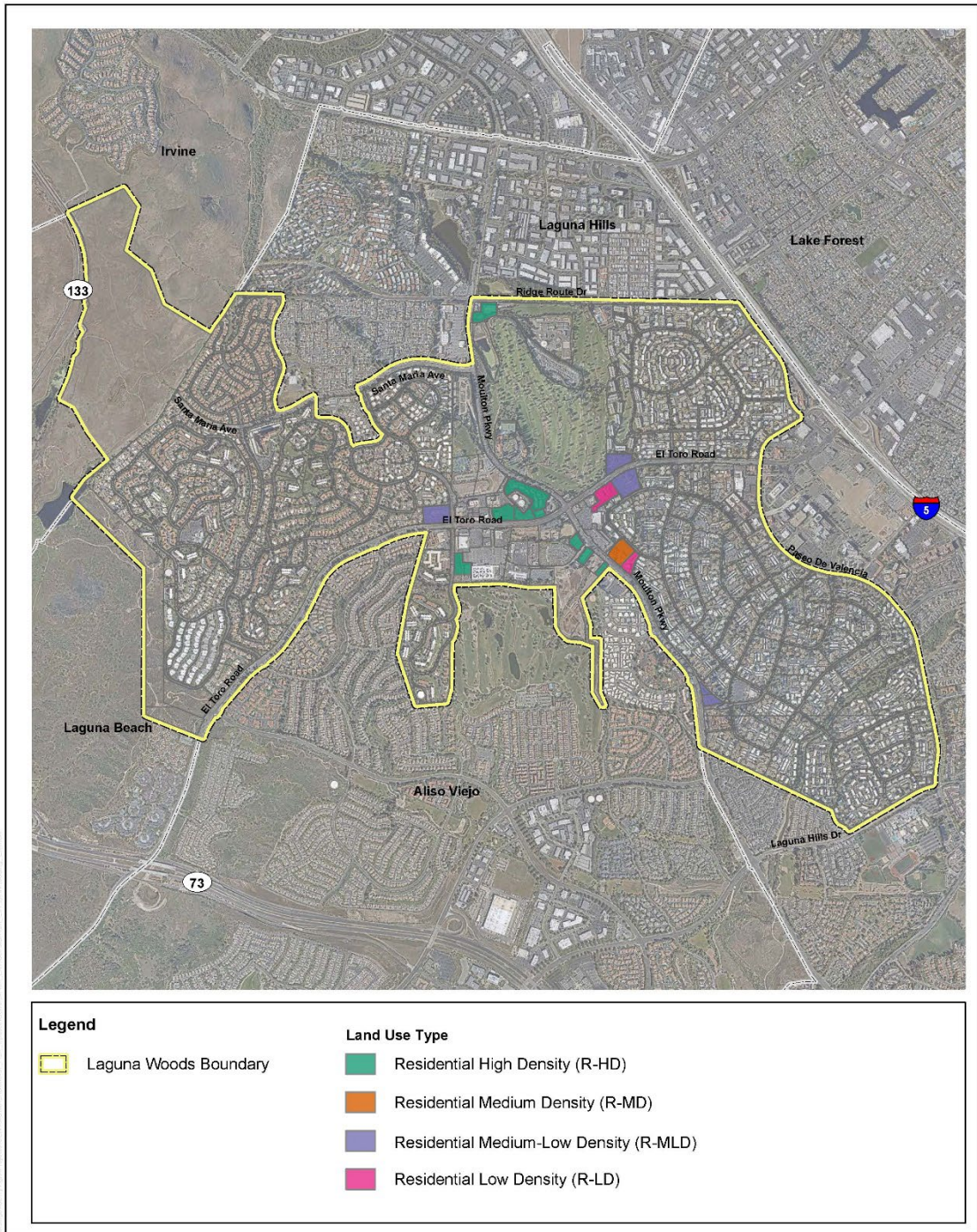
a. Housing with a density of eight to 10 dwelling units per acre (du/ac), subject to the following:

1. Housing shall be constructed as 100% residential projects or as mixed-use projects with other land uses identified in the applicable base zoning district.

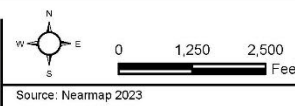
(g) *Housing optional.* Nothing in this section shall be construed as requiring property owners to construct housing or discontinue any existing non-housing use. If a property owner does not wish to construct housing, zoning that allows such construction only presents an option for the future.

(h) *Map exhibit.* The following map exhibit designates areas to which each of the overlay zoning districts established by this section are applied:

ITEM 9.1 – Exhibit A to Attachment A



Legend	
	Laguna Woods Boundary
	Residential High Density (R-HD)
	Residential Medium Density (R-MD)
	Residential Medium-Low Density (R-MLD)
	Residential Low Density (R-LD)



CITY OF LAGUNA WOODS • MUNICIPAL CODE
Residential Overlays for Housing Element Compliance

(Rev. 05/08/2024 P. 03 R:\Projects\CL\W3\CL\0010103\Graphics\Housing Element\Residential Overlays\Residential_Overlays_Housing_Element.pdf)

9.2

INCLUSIONARY HOUSING REGULATIONS

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City of Laguna Woods

Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Christopher Macon, City Manager

FOR: September 18, 2024 Regular Meeting

SUBJECT: Inclusionary Housing Regulations

Recommendation

Approve second reading and adopt an ordinance – read by title with further reading waived – titled:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING CHAPTER 13.25 OF TITLE 13 (ZONING) OF THE LAGUNA WOODS MUNICIPAL CODE PERTAINING TO INCLUSIONARY HOUSING REGULATIONS FOR CERTAIN NEW RESIDENTIAL DEVELOPMENT PROJECTS AND LAWFUL CONVERSION OF EXISTING RESIDENTIAL BUILDING PROJECTS (CONVERSIONS FROM APARTMENTS TO COMMON INTEREST OWNERSHIP), AND DETERMINING AND CERTIFYING THAT THE ORDINANCE IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

Background

Inclusionary housing ordinances generally require that a percentage of the units in qualifying residential development projects be reserved for and made available to households of certain income levels. In certain cases, alternative compliance options are provided (e.g., the payment of in-lieu fees). Though not exclusively, in many cities, inclusionary housing ordinances play a critical role in promoting the construction of affordable units within otherwise market-rate or above-market-rate projects in furtherance of local housing development goals established through the

State of California's Regional Housing Needs Assessment ("RHNA") process.

The City's existing inclusionary housing ordinance was adopted on January 21, 2009 and is codified in Laguna Woods Municipal Code Chapter 13.25 (Attachment A). No new housing development has occurred in Laguna Woods since the San Sebastian apartments opened in 2008 and, as a result, the existing inclusionary housing ordinance has never been applied to an actual housing development.

The General Plan Housing Element includes the following program to assist in the development of adequate housing to meet the needs of extremely low, very low, low-, and moderate-income households (Policy Objective H-1.2):

Program H-1.2.3. Conduct a market study and then amend the existing inclusionary housing ordinance to modify the minimum percentages of new housing units that must be deed-restricted for extremely low, very low, and low-income households, as feasible and advantageous to promote the development of affordable housing.

Note: In accordance with [the California Department of Housing and Community Development's] "Housing Element Site Inventory Guidebook Government Code Section 65583.2" memorandum dated June 10, 2020, amendment of the ordinance will follow consultation with both for-profit and nonprofit developers to determine an appropriate mix of incomes that make development feasible in Laguna Woods. The City will also consult with housing advocates. When applied to rental housing, the ordinance will include options for the developer to meet the inclusionary requirements other than exclusively requiring building affordable units on site.

At the regular meeting on August 21, 2024, the City Council conducted a public hearing and voted unanimously to approve the introduction and first reading of the ordinance included with this agenda report as Attachment B.

Discussion

Today's meeting is an opportunity for City Council action, as well as public input, on a proposed ordinance that would amend Laguna Woods Municipal Code Chapter 13.25 and establish inclusionary housing regulations for certain new residential development projects and lawful conversion of existing residential buildings projects (Attachment B). Staff recommends that the City Council adopt

the proposed ordinance in order to enhance the public welfare by ensuring that residential development projects contribute to the attainment of the affordable housing goals set forth in the General Plan Housing Element, specifically goals related to the development of housing affordable to extremely low, very low, and low-income households.

Significant proposed amendments include, but are not limited to:

- *Applicability.* The existing inclusionary housing ordinance applies only to new residential developments consisting of five or more units. The proposed ordinance would apply to a broader range of residential development projects with the only exceptions being the following:
 - (1) Projects that are not “residential developments,” as defined.
 - (2) Residential developments that consist only of dwelling units offered exclusively to and affordable to households of extremely low, very low, and/or low-income levels, provided that such dwelling units are deed-restricted for such purposes for at least 45 years, and subject to a finding of sufficiency by the City Council.
 - (3) Residential developments that deed-restrict the required number of inclusionary units for such purposes for at least 55 years, subject to a finding of sufficiency by the City Council.
 - (4) Residential units that provide more than the required number of inclusionary units (overall and at one or more of the required income levels) and deed-restrict the same for such purposes for at least 45 years, subject to a finding of sufficiency by the City Council.
 - (5) Residential developments that consist only of one primary dwelling unit with or without any number of accessory dwelling units allowed under the Laguna Woods Municipal Code and applicable law.
 - (6) Residential developments that consist only of one or more accessory dwelling units.

The proposed ordinance would also apply to lawful conversion of existing residential buildings projects from apartments to common interest ownership

(e.g., the conversion of an apartment complex to a condominium complex).

The proposed ordinance would not apply to the replacement, reconstruction, or reconfiguration of dwelling units lawfully constructed as of the date of its effectiveness (e.g., dwelling units that already exist within Laguna Woods Village and other residential communities), provided that such replacement, reconstruction, or reconfiguration does not increase the number of dwelling units (excepting any number of accessory dwelling units allowed under the Laguna Woods Municipal Code and applicable law).

- *Percentages of Units*. The City retained Economic & Planning Systems, Inc. (“EPS”) to conduct the market study contemplated by General Plan Housing Element Program H-1.2.3. A fact sheet on EPS is included as Attachment C. Additional information is available at www.epsys.com. EPS staff will make a presentation at today’s meeting and be available to answer questions.

EPS’ market study (Attachment D) included an assessment of the economic and financial feasibility of various scenarios for adjusting the minimum percentage of units to be reserved for and made available to lower-income households, including a scenario proposed by The Kennedy Commission and the Welcoming Neighbors Home Initiative of Tapestry, a Unitarian Universalist Congregation, which is identified as Scenario 5. EPS analyzed a total of seven scenarios and compared them to a “no inclusionary housing requirement” control and the existing inclusionary housing ordinance.

EPS’ findings regarding the existing inclusionary housing ordinance include the following: “... *delivery of affordable housing in Laguna Woods under the current [inclusionary housing ordinance] is challenged under near-term conditions because of marginal feasibility for most market-rate housing developments in Laguna Woods, especially denser projects.*”

Based on EPS’ market study, and to avoid the City’s inclusionary housing regulations being viewed by the State of California or others as impeding the development of housing (which would conflict with the City’s obligations to remove government constraints to housing development under California Government Code Section 65583(a)(5)), staff recommends amending the minimum percentage of units to be reserved for and made available to lower-income households as follows:

Table 1: Percentages of Units Comparison

Project Type	Existing Ordinance	Proposed Ordinance
For-Sale Projects	15% of units <ul style="list-style-type: none"> • 10% low-income • 5% moderate-income 	10% of units <ul style="list-style-type: none"> • 5% very low-income • 5% low-income
Rental Projects	15% of units <ul style="list-style-type: none"> • 7.5% very low-income • 7.5% low-income 	5% of units <ul style="list-style-type: none"> • 2.5% extremely low-income • 2.5% very low-income

While the proposed ordinance would reduce the overall number of units to be reserved for and made available to lower-income households, the required levels of affordability (income levels) would be deeper. Unlike the proposed ordinance, the existing ordinance does not require any for-sale units to be reserved for and made available to very low-income households, nor any rental units to be reserved for and made available to extremely low-income households.

At a future meeting, staff anticipates recommending that the City Council adopt a new in-lieu fee to serve as an alternative to the on-site development of inclusionary housing units at rental projects, as contemplated in Section 13.25.050(a) of the proposed ordinance. Providing an in-lieu fee alternative helps to satisfy the requirements of California Assembly Bill 1505 (Bloom, Chapter 376, Statutes of 2017), which generally requires inclusionary housing ordinances to allow alternatives to the on-site development of inclusionary housing units for rental projects.

Environmental Review

The City Council is asked to find that the proposed ordinance is not subject to the California Environmental Quality Act of 1970, Public Resources Code Section 21000, et. seq., as amended and implementing State CEQA Guidelines, Title 14, Chapter 3 of the California Code of Regulations (collectively “CEQA”) pursuant to sections 15060(c)(2) (the activities will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activities are not a project as defined in section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3. CEQA Guidelines Section 15378(b)(2) excludes “[c]ontinuing administrative. . . activities, such as . . . general

policy and procedure making” and Section 15378(b)(5) excludes “[o]rganizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment” from its definition of “project.”

The City Council is also asked to find that, even if the proposed ordinance were subject to CEQA, it would be exempt based on CEQA Guideline section 15061(b)(3) because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Fiscal Impact

Sufficient funds to support this project are included in the City’s budget.

Documents Available for Review

Related documents – including the proposed ordinance and the Laguna Woods Municipal Code – are available for public review at or from City Hall during normal working hours. The Laguna Woods Municipal Code is also available for review at www.cityoflagunawoods.org.

Attachments: A – Existing Inclusionary Housing Ordinance
B – Proposed Ordinance
Exhibit A – Proposed Code Amendments
C – EPS Fact Sheet
D – Market Study by EPS

CHAPTER 13.25 - INCLUSIONARY HOUSING

Sec. 13.25.010. - General provisions.

This chapter shall be known and may be cited and referenced as the "Laguna Woods Inclusionary Housing Ordinance."

(Ord. No. 09-01, § 1, 1-21-2009)

Sec. 13.25.020. - Purpose.

The purpose of this chapter is to enhance the public welfare by ensuring that future residential development projects contribute to the attainment of the affordable housing goals set forth in the Housing Element of the General Plan of the City of Laguna Woods.

(Ord. No. 09-01, § 1, 1-21-2009)

Sec. 13.25.030. - Findings.

The City Council of the City of Laguna Woods hereby finds and determines that:

- (a) The California Legislature has required each local government agency to develop a comprehensive, long-term general plan establishing policies for future development. As specified in the Government Code §§ 65300, 65302 (c), and 65583 (c), the plan must: (i) "encourage the development of a variety of types of housing for all income levels, including multifamily rental housing;" and (ii) "[a]ssist in the development of adequate housing to meet the needs of low-and moderate-income households."
- (b) The City has limited land available for new housing. High land prices have prevented development of new affordable housing. Providing the affordable units required by this chapter will help to ensure that part of the City's remaining developable land is used to provide affordable housing.
- (c) The actions contemplated by this chapter are exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061 (b) 3, in that they do not have the potential for causing significant effects on the environment.

(Ord. No. 09-01, § 1, 1-21-2009)

Sec. 13.25.040. - Definitions.

- (05) *Affordable unit* is defined as an ownership or rental housing unit whose price is set at an "affordable housing cost" as defined in this section.

ITEM 9.2 - Attachment A

- (10) *Affordable housing cost, affordable ownership housing costs and affordable rental housing costs* are defined as the percentage of gross income a household spends on housing costs for a given income group as defined in California Health and Safety Code §§ 50052—50053.
- (15) *Applicant* is defined as any person, firm, partnership, association, joint venture, corporation, or any entity or combination of entities who seek real residential property development permits or approvals from the City of Laguna Woods.
- (20) *Affordable unit in-lieu fee* is defined as a fee alternative to meet affordable housing requirements. The fee shall be set by the City Council in accordance with a specific formula.
- (25) *Area median income (AMI)* is defined as the median income for Orange County as defined annually by the U.S. Department of Housing and Urban Development (HUD) and adopted by the California Department of Housing and Community Development (HCD). Income groupings that are subdivisions of AMI, such as very low, low, and moderate-income households, are also defined and published by HUD and adopted by HCD.
- (30) *Community Development Director* is defined as the City Manager or his/her designee.
- (35) *Dwelling unit* is defined as a dwelling designed and intended for residential occupancy by one household.
- (40) *Household* is defined as a person or persons living together in the same residence.
- (45) *Household income* is defined as the gross annual household income adjusted for household size and includes the income of all wage earners, elderly or disabled family members and any other sources of household income.
- (50) *Housing costs* are defined for:
- a. Ownership units, as the monthly mortgage principal and interest, property taxes, homeowner's insurance, and homeowner/condominium association fees (where applicable); and
 - b. Rental units, the monthly rent plus cost water, sewer, electricity and basic telephone services.
- (55) *Mixed-use development project* is defined as a project that may include a mix of commercial, office, industrial or residential uses.
- (60) *Presumed occupancy levels* used to establish the maximum household income to set rent levels and sales prices and are defined as:
- a. One person for a studio unit;
 - b. Two people for a one-bedroom unit;
 - c. Three people for a two-bedroom unit; and
 - d. One additional person for each additional bedroom thereafter.
- (65)

Resale controls and/or rent restrictions are defined as the restrictions, set forth by the City or by state and/or federal law, by which the rents on affordable units are limited to ensure that the unit remains affordable to very-low- and low-income households, as applicable, for a term of no less than 45 years. Such resale controls and/or rental restrictions shall generally be consistent with the requirements of California Health and Safety Code § 33334.3(f)(2). With respect to rental units, such rent restrictions shall generally be in the form of a regulatory agreement recorded against the applicable property. With respect to owner occupied units, such resale controls shall generally be in the form of resale restrictions, deeds of trust and/or other similar documents recorded against the applicable property.

(70) *Residential development project* is defined as detached single-family dwellings, multiple dwelling structures, groups of dwellings, condominium or townhouse developments, condominium conversions, cooperative developments, and mixed use developments that include housing units. This definition also includes contiguous or non-contiguous parcels that have one or more applications filed within a 24-month period and which are under the same ownership.

(75) *Reserved unit* is defined as a residential dwelling unit deed restricted for occupancy by a low or moderate income household pursuant to the requirement of this chapter.

(Ord. No. 09-01, § 1, 1-21-2009)

Sec. 13.25.050. - Residential development.

(a) *Unit threshold for affordable projects and percentage of affordable units.*

- (1) All residential development projects consisting of five or more dwelling units designed and intended for permanent occupancy located in any zoning district, for which application for any use permit, site development permit or subdivision map is filed after the effective date of this chapter, shall maintain a percentage of total number of dwelling units or parcels within the development as affordable units, according to the terms of this chapter. The foregoing requirement shall be applied no more than once to an approved development, regardless of changes in the character or ownership of the development, provided the total number of units does not change.
- (2) At least 15 percent of the dwelling units of the residential development project shall be set aside as affordable units. Where the calculation of the inclusionary requirement results in a fraction of a unit, such fraction shall be rounded to the next highest number and that resulting unit shall be subject to the affordability requirements of this chapter. If a change in the subdivision design or site plan results in a change in the total number of units, the number of affordable units required will be recalculated to coincide with the final approved project.
- (3) For purposes of calculating the number of affordable units, any additional units authorized as a density bonus under California Government Code § 65915(b)(1) or (b)(2) will not be counted

in determining the required number of affordable units.

(b) *Affordability levels and income groups.*

- (1) All units provided pursuant to the requirements of this chapter shall be made affordable to very-low, low and moderate income households pursuant to the following minimum distributions:

Rental Residential Projects

Reserved for	Percentage of Units
Very Low Income	7.5%
Low Income	7.5%

Owner-Occupied Residential Projects

Reserved for	Percentage of Units
Low Income	10%
Moderate Income	5%

In applying these percentage allocations, any fraction of a unit shall be rounded up to a whole unit.

- (2) If a development is built on a condominium map, but the units are placed on the rental market rather than being sold, then the provisions for rental units shall apply.

(c) *Design, distribution and timing of affordable units.* Affordable units shall be integrated with residential development project as a whole and shall be comparable in infrastructure (including sewer, water and other utilities), construction quality and exterior design to the market-rate units. Specifically:

- (1) *Rental residential development projects.* All affordable units shall reflect the range and numbers of bedrooms provided in the project as a whole, and shall not be distinguished by design, construction, or materials. All affordable units shall be reasonably dispersed

throughout the project.

- (2) *Owner-occupied residential development projects.* When affordable units are required in owner-occupied residential development projects, the units should be integrated with the project as a whole. Affordable units may be smaller in aggregate size and have different interior finishes and features than market-rate units so long as the interior features are durable, of good quality and consistent with contemporary standards for new housing. The number of bedrooms must be the same as those in the market-rate units, except that if the market-rate units provide more than four bedrooms, the affordable units need not provide more than four bedrooms.
- (3) No building permits will be issued for market-rate units until permits for all affordable units have been obtained, unless affordable units are to be constructed in phases pursuant to a plan approved by City Council.
- (4) Market-rate units will not be inspected for occupancy until all affordable units have been constructed, unless affordable units are to be constructed in phases pursuant to a plan approved by City Council.
- (d) *Duration of affordability requirement.* Affordable units produced under this chapter must be legally restricted to occupancy by households of the income levels for which the units were designated for a minimum of 45 years.

(Ord. No. 09-01, § 1, 1-21-2009)

Sec. 13.25.060. - Compliance procedures.

(a) *General.*

- (1) The provisions of this [chapter] shall apply to all agents, successors and assignees of an applicant, developer, builder or property owner proposing a residential development project governed by this [chapter]. No tentative map, use permit, special development permit or occupancy permit shall be issued for any residential development project unless exempt from or in compliance with the terms of this chapter.
- (2) The City may institute any appropriate legal actions or proceedings necessary to ensure compliance herewith, including but not limited to actions to revoke, deny or suspend any permit or development approval.

(b) *Inclusionary housing plan.*

- (1) The applicant must submit an Inclusionary Housing Plan (IHP) which will be treated as part of the development application. In accordance with the Permit Streamlining Act, and subject to the time limits thereof, the Community Development Director shall determine whether the IHP is complete. If the IHP is incomplete, the IHP will be returned to the applicant with a list of the deficiencies or the information required. No application for a site plan review, tentative

map, or building permit to which this article applies shall be finalized until the IHP is deemed complete by the Community Development Director. At any time during the review process, the Community Development Director may require from the applicant additional information reasonably necessary to clarify and supplement the application or determining the consistency of the proposed IHP with the requirements of this chapter.

The IHP must be submitted at time of application and include:

- a. The location, structure (attached, semi-attached, or detached), proposed tenure (for-sale or rental), and size of the proposed market-rate, commercial space and/or affordable units and the basis for calculating the number of affordable units;
- b. A floor or site plan depicting the location of the affordable units;
- c. The income levels to which each affordable unit will be made affordable;
- d. The documents that will be used to assure that the units remain affordable for the desired term, such as resale and rental restrictions, deeds of trust, and rights of first refusal and other documents;
- e. For phased residential development projects, a phasing plan that provides for the timely development of the number of affordable units proportionate to each proposed phase of development as required by this article;
- f. A description of any incentives that are requested by the applicant;
- g. Any alternative means proposed for the residential development project along with information necessary to support the findings required for approval of such alternatives;
- h. A marketing plan that describes how the applicant will inform the public, and those within the appropriate income groups, of the availability of affordable units; and
- i. Any other information reasonably requested by the Community Development Director to assist with evaluation of the IHP under the standards of this article.

(2) Inclusionary housing plans that meet all of the requirements of this article shall be approved by the Community Development Director. An inclusionary housing plan that requests a waiver of any of the requirements set forth in this article shall require approval of City Council.

(c) *Inclusionary housing agreement.*

- (1) The form of the Inclusionary Housing Agreement (IHA) will vary, depending on the manner in which the provisions of this chapter are satisfied for a particular development. An IHA must include, at minimum, the following:
 - a. Description of the development, including whether the affordable units will be rented or owner-occupied;
 - b. The number, size and location of very low-, low- or moderate-income units;
 - c.

Inclusionary incentives by the City (if any), including the nature and amount of any local public funding;

- d. Provisions and/or documents for resale restrictions, deeds of trust, rights of first refusal or rental restrictions;
 - e. The marketing plan for sale or rental of the affordable units;
 - f. Provisions for monitoring the ongoing affordability of the units, and the process for qualifying prospective resident households for income eligibility; and
 - g. Any additional obligations relevant to the compliance with this [chapter].
- (2) The form of the IHA resale and rental restrictions, deeds of trust, rights of first refusal and other documents authorized by this section must be approved by the City Manager or his or her designee prior to being executed with respect to any residential development project.
- (3) Approval of an IHA and implementation of an approved IHA is a condition of any tentative map or building permit for any residential development project for which this section applies.
- (d) *Exemptions.* The requirements of this section do not apply to the reconstruction of any structures that have been destroyed by fire, flood, earthquake or other act of nature, provided that the reconstruction of the site does not increase the number of residential units by more than four.
- (e) *Affordable unit in-lieu fee.*
- (1) In residential development projects consisting solely of for-sale units, the Applicant may request a waiver of the requirement to build affordable units in exchange for the payment of an affordable unit in-lieu fee, as defined in this section.
 - (2) The applicant shall furnish a report identifying all overriding conditions impacting the for-sale residential development project that prevent the applicant from meeting the requirement to construct the affordable units and provide sufficient independent data, including appropriate financial information, to support the applicant's claim that it is not feasible to construct the required affordable units. A detailed analysis of why the various concessions and incentives identified cannot mitigate the identified conditions that are preventing the applicant from constructing the affordable units.
 - (3) Such requests shall be considered on a case-by-case basis by the City Council and may be approved, at the City Council's sole discretion, if the City Council determines that there are overriding conditions impacting the project that prevent the applicant from meeting the requirement to construct affordable units and that payment of the in-lieu fee will further housing opportunities.
 - (4) The amount of the affordable unit in-lieu fee shall be established by resolution of the City Council in accordance with the following formula:
 - a.

The median sales price of homes sold in the City of Laguna Woods based on the last quarter of the calendar year prior to the year in which the building permit is issued, minus the maximum affordable sales price for a two-bedroom unit as defined in Subsection [14C.4(a)(1)]. However, the area median income figures in effect during the last quarter of the calendar year prior to the year in which the building permit is being issued shall apply.

(Median sales price of new home - affordable two-bedroom sales price = In-Lieu Fee.)

- b. To obtain the per unit in-lieu fee the entire in-lieu fee shall be divided by the total number of units in the project.
- (5) The in-lieu fee amount will be reviewed and adjusted as appropriate by the City Council.
- (6) Fees shall be paid prior to issuance of the first building permit for the residential development project or secured at that time by an approved letter of credit. No certificate of occupancy will be issued for any dwelling unit in that residential development project unless the fees required under this section have been paid in full.
- (7) The in-lieu fee shall be placed in an affordable housing trust fund and used to develop affordable housing units. All in-lieu fees collected hereunder shall be used by the city exclusively to provide housing opportunities for low income households within the City. For the purposes of this subsection, the term "provide housing opportunities for low income households" means any expenditure authorized by law which directly or indirectly makes housing units affordable to low or moderate-income households.

(Ord. No. 09-01, § 1, 1-21-2009)

Sec. 13.25.070. - Replacement housing.

If a residential development project results in the loss of currently existing affordable housing, it shall be required to provide an equal number of replacement units. The requirements for inclusionary housing under this chapter shall apply only to residential units in addition to those removed and replaced.

(Ord. No. 09-01, § 1, 1-21-2009)

Sec. 13.25.080. - Development alternatives.

In addition to the in lieu fee discussed in Subsection 13.25.060(e), the following alternatives are available to applicant in lieu of the construction of affordable units:

- (a) *Offsite construction.* City policy is that affordable units must be integrated within residential development projects as much as possible. Where affordable units are required, an applicant may instead construct units not physically contiguous to the development (offsite) if the City Council determines that:
 - (1)

Offsite construction will further affordable housing opportunities in the City to a greater extent than construction of the required units as part of the proposed residential project;

- (2) A schedule for completion of the offsite units concurrently with completion of the related market-rate units is provided and agreed upon as a condition of approval for the project;
 - (3) The offsite units are at least equal in size and amenities to affordable units which would be allowed in the project, or any comparative deficiency in size or amenities is compensated for by additional units, larger units or affordability to households with lower incomes;
- (b) *Land dedication.* Applicant may dedicate land to the City or City- designated local nonprofit housing developer in lieu of construction of some or all of the required affordable units, if the Council finds that:
- (1) That dedication of land in lieu of constructing units is consistent with the chapter's goal of creating, preserving, maintaining, and protecting housing for very-low, low- and moderate-income households.
 - (2) That the dedicated land is useable for its intended purpose, is free of toxic substances and contaminated soils and is fully improved, with infrastructure, adjacent utilities, grading in place.
 - (3) That the proposed land dedication is of equivalent or greater value than that produced by applying the City's current in lieu fee. The determination of suitability shall be the sole responsibility of the City Council.
- (c) *Combination of alternatives.* The City Council may choose to accept any combination of onsite construction, offsite construction, in-lieu fees and land dedication that at least equal the cost of providing the affordable units onsite as would otherwise be required by this chapter.

(Ord. No. 09-01, § 1, 1-21-2009)

Sec. 13.25.090. - Development incentives.

- (a) *Density bonus.* Any units authorized and approved as a density bonus unit pursuant to the City's affordable housing policies and procedures will not be counted in determining the number of inclusionary units or the in-lieu fee required by this chapter.
- (b) *Expedited processing.* Expedited processing of development approvals and permits will be available for residential development projects with affordable units.
- (c) *Technical and financial assistance.* Upon request, information shall be provided to developers, builders or property owners regarding design guidelines and financial subsidy programs, if any, available for residential development projects.

(Ord. No. 09-01, § 1, 1-21-2009)

Sec. 13.25.100. - Implementing the regulatory agreement or deed restriction.

- (a) *Term of agreement.* Prior to the issuance of a certificate of occupancy, a regulatory agreement shall be recorded against parcels having affordable units and shall be effective for a term of at least 45 years. This term shall begin on the date on which the certificate of occupancy is issued.
- (b) *Right of first refusal for owner-occupied units.* It is the responsibility of the seller of a dwelling unit, subject to the affordability terms of this chapter, to select a purchaser that meets the income requirements of this chapter. Information regarding potential purchasers who may meet the income criteria may be obtained from the City of Laguna Woods Community Development Department. The resale restrictions shall provide that in the event of the sale of a unit subject to the requirements of this chapter, if the seller is unable to find an eligible and qualified purchaser, the City shall have the right to purchase said unit at the price that could be charged to an income-eligible purchaser.
- (c) *Recording of agreement.* An approved inclusionary housing agreement must be recorded against owner-occupied affordable units and residential development projects containing rental affordable units. Additional rental or resale restrictions, deeds of trust, rights of first refusal and/or other documents acceptable to the Community Development Director must also be recorded against owner-occupied affordable units. In cases where the requirements of this chapter are satisfied through the development of offsite units, the inclusionary housing agreement must simultaneously be recorded against the residential development project site and the property where the offsite units are to be developed.

(Ord. No. 09-01, § 1, 1-21-2009)

Sec. 13.25.110. - Eligibility for affordable units.

- (a) *Selection criteria.* No household shall be permitted to occupy an affordable unit unless the Community Development Director has first approved the household's income eligibility. Income-eligible occupants of affordable units will be qualified on the basis of household income adjusted for household size in accordance with California Health and Safety Code §§ 50052 and 50053, or any successor statute. The developer, property owner or property manager shall use an equitable selection method established in compliance with the terms of this chapter and approved by the Community Development Director. If qualified, persons shall be selected for occupancy of an affordable unit governed by this chapter based on the following criteria:
 - (1) First priority: Persons who live or work within the City of Laguna Woods.
 - (2) Second priority: All other eligible households.
- (b) *Conflict of interest.* The following individuals are ineligible to purchase or rent an affordable unit:
 - (1)

City employees and officials (and their immediate family members) who have policy-making authority or influence regarding City housing programs and do not qualify as having a remote interest as provided by California Government Code.

- (2) The applicant and its officers and employees (and their immediate family members)
 - (3) The owner and its officers and employees (and their immediate family members).
- (c) *Occupancy.* Any household who occupies an affordable rental unit or purchases an affordable ownership unit must occupy that unit as a principal residence. Should the household cease to occupy that unit as their primary residence then the household will be in default of their affordable housing agreement or lease.
- (d) *Owner-occupied units.*
- (1) *Sales price.* The initial and subsequent sales prices of the affordable unit shall be set at the affordable ownership housing cost for one-, two-, three- or more bedroom units, as appropriate.
 - (2) *Transfer of restrictions.* When the ownership of an owner-occupied affordable unit is transferred, prior to the expiration of the 45-year affordability period, each new owner must sign an inclusionary housing agreement to complete the 45-year term.
 - (3) *Resale.* The maximum sales price permitted on resale of an affordable unit designated for owner-occupancy shall be the lower of (i) fair market value or (ii) the seller's lawful purchase price, increased by the lesser of (i) the rate of increase of area median income during the seller's ownership or (ii) the rate at which the consumer price index increased during the seller's ownership. To the extent authorized in any resale restrictions or operative inclusionary housing agreement, seller may recover, at time of sale, the value of capital improvements made by the seller (for which there are receipts) and the seller's necessary and usual costs of sale. The Community Development Director may authorize an increase in the maximum allowable sales price to achieve such recovery. Capital improvements are limited to new construction on the house or property. Repairs of any type, including but not limited to roofs, bathrooms and kitchens, are not considered capital improvements.
 - (4) *Changes in title.* Title to the affordable unit may change due to changes in circumstance, including death, marriage and dissolution of marriage. If the owners are joint tenants with right of survivorship, upon the death of one of the owners, title to the property may transfer to the surviving owner without respect to the income-eligibility of the household.
 - a. If the owners are tenants-in-common, upon the death of a sole owner, all owners or one of the owners, inheritance of the affordable unit by a non-income-eligible child, stepchild or other party is not allowed. The affordable unit should be sold as soon as feasible; however, there will be a one-year compassion period between the death and the time when the affordable unit must be sold to an income-eligible household.

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- b. Except as otherwise provided by this section, if a change in title is occasioned by events, such as a marriage or dissolution of a marriage and subsequent remarriage, that change the financial situation of the household so that it is above moderate income, then the property must be sold to an income-eligible household within one year.
- (e) *Rental units.*
- (1) Affordable rental units shall be offered to eligible households at an affordable rental housing cost.
 - (2) The owner of rental affordable units shall certify each tenant's household income to the Community Development Director at the time of initial rental and annually thereafter. The owner must obtain and review documents that demonstrate the prospective tenant's household income, such as income tax returns or W-4's for the previous calendar year, and submit such information on a form approved by the Community Development Director.
 - (3) The Community Development Director or his designee will review all income verifications and documents that substantiate the prospective tenant household's total income to determine their completeness and accuracy. No tenant may move into an affordable unit prior to authorization by the Community Development Director.
- (f) *Marketing plan.* Owners may fill vacant units by selecting income-eligible households in accordance with the approved marketing plan contained in the inclusionary housing agreement.
- (g) *Compliance reports.* The property owner shall submit quarterly compliance reports summarizing the occupancy of each affordable unit. Annually, the owner shall re-certify the tenant for income-eligibility and submit an annual report.
- (h) *Subsequent rental to income-eligible tenant.* The property owner shall apply the same rental terms and conditions to tenants of affordable units as are applied to all other tenants, except as required to comply with this chapter (e.g., rent levels, occupancy restrictions and income requirements) or with other applicable government subsidy programs. Discrimination against persons receiving housing assistance is prohibited.
- (i) *Changes in tenant income.* If, after moving into an affordable unit, a tenant's household income exceeds the limit for that unit, the tenant household may remain in the unit as long as his or her household income does not exceed 140 percent of the income limit. Once the tenant's income exceeds 140 percent of the income limit, the following shall apply:
- (1) If the tenant's income does not exceed the income limits of other affordable units in the residential development project, the owner may, at the owner's option, allow the tenant to remain in the original unit and re-designate the unit as affordable to households of a higher income level, as long as the next vacant unit is re-designated for the income category previously applicable to the tenant's household. Otherwise, the tenant shall be given one-

year's notice to vacate the unit. If, during the year, an affordable unit becomes available and the tenant meets the income eligibility for that unit, the owner shall allow the tenant to apply for that unit.

- (2) If there are no dwelling units designated for a higher income category within the residential development project that may be substituted for the original unit, the tenant shall be given one-year's notice to vacate the unit. If, within that year, another unit in the residential development project is vacated, the property owner may, at owner's option, allow the tenant to remain in the original unit and raise the tenant's rent to market-rate and designate the newly vacated unit as an affordable unit at the income-level previously applicable to the unit converted to market rate. The newly vacated unit must be comparable in size (for example, number of bedrooms, bathrooms, square footage, etc.) as the original unit.

(Ord. No. 09-01, § 1, 1-21-2009)

Sec. 13.25.120. - Adjustments and waivers.

- (a) If the applicant demonstrates to the City Council that there is not a reasonable relationship between the impact of a proposed residential development project and the requirements of this chapter, or that applying the requirement of this chapter would take property in violation of the United States or California Constitutions, the requirements of this chapter may be adjusted or waived.
- (b) To receive an adjustment or waiver, the applicant must make a showing of necessity and demonstrate the lack of reasonable relationship or taking of property when making application for the residential development project, and/or as part of any appeal that the city provides as part of the process for the first approval.
- (c) In making a determination on an application to adjust or waive the requirements of this chapter, the City Council may assume each of the following when applicable: (i) that the applicant is subject to the inclusionary housing requirement or in- lieu fee; (ii) the extent to which the applicant will benefit from inclusionary incentives; (iii) that the applicant will be obligated to provide the most economical affordable units feasible in terms of construction, design, location and tenure; and (iv) that the applicant is likely obtain other housing subsidies where such funds are reasonably available.

(Ord. No. 09-01, § 1, 1-21-2009)

Sec. 13.25.130. - Modification of plan.

If the City Council determines that the application of the provisions of this chapter lacks a reasonable relationship between the impact of a proposed residential project and the requirements of this chapter, or that applying the requirement of this chapter would take property in violation of the United States or California Constitutions, the inclusionary housing plan shall be modified, adjusted or waived to reduce the

obligations under this chapter to the extent necessary to avoid an unconstitutional result. If the City Council determines no violation of the United States or California Constitutions would occur through application of this chapter, the requirements of this chapter remain applicable.

(Ord. No. 09-01, § 1, 1-21-2009)

Sec. 13.25.140. - Affordable housing trust fund.

- (a) *Trust fund.* There is hereby established a separate Affordable Housing Trust Fund ("Fund"). This fund shall receive all in-lieu fees and may also receive monies from other sources.
- (b) *Purpose, limitations and administration.* Monies deposited in the fund must be used to increase and improve the supply of housing affordable to low-, and very low-income households in the City. Monies may also be used to cover reasonable administrative or related expenses associated with the administration of this chapter. The fund shall be administered by the Community Development Director or his/her designee who shall develop procedures to implement the purposes of the fund consistent with the requirements of this chapter and the adopted budget of the City.
- (c) *Periodic review.* Annually, the city council shall review the status of compliance with this chapter, and the degree to which reserved units provided and fees collected pursuant to this chapter are addressing the shortfall of affordable housing units. Not later than five years after the effective date of this chapter, the City Council shall consider a report by the Community Development Director reviewing the reservation requirement and fee formula established to implement the provisions of this chapter to determine whether any adjustments in the reservation requirement or fee formula are warranted.

(Ord. No. 09-01, § 1, 1-21-2009)

ORDINANCE NO. 24-XX

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING CHAPTER 13.25 OF TITLE 13 (ZONING) OF THE LAGUNA WOODS MUNICIPAL CODE PERTAINING TO INCLUSIONARY HOUSING REGULATIONS FOR CERTAIN NEW RESIDENTIAL DEVELOPMENT PROJECTS AND LAWFUL CONVERSION OF EXISTING RESIDENTIAL BUILDING PROJECTS (CONVERSIONS FROM APARTMENTS TO COMMON INTEREST OWNERSHIP), AND DETERMINING AND CERTIFYING THAT THE ORDINANCE IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

WHEREAS, the City’s existing inclusionary housing ordinance was adopted on January 21, 2009 and is codified in Laguna Woods Municipal Code Chapter 13.25; and

WHEREAS, General Plan Housing Element Program H-1.2.3 calls for the City to “conduct a market study and then amend the existing inclusionary housing ordinance to modify the minimum percentages of new housing units that must be deed-restricted for extremely low, very low, and low-income households, as feasible and advantageous to promote the development of affordable housing”; and

WHEREAS, the City retained Economic & Planning Systems, Inc. to conduct the market study contemplated by General Plan Housing Element Project H-1.2.3 and such market study is now complete and its findings were presented to the City Council on August 21, 2024; and

WHEREAS, based on the market study conducted by Economic & Planning Systems, Inc., staff has recommended amending Chapter 13.25 of Title 13 (Zoning) of the Laguna Woods Municipal Code (“Code Amendments”) in order to enhance the public welfare by ensuring that residential development projects contribute to the attainment of the affordable housing goals set forth in the General Plan Housing Element, specifically goals related to the development of housing affordable to extremely low, very low, and low-income households; and

WHEREAS, on August 21, 2024, the City Council held a duly noticed public hearing on this Ordinance at which the members of the City Council, utilizing their independent judgement, reviewed and considered all of the information, evidence, and testimony presented, both written and oral.

**THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS,
CALIFORNIA, DOES ORDAIN AS FOLLOWS:**

SECTION 1. The City Council hereby finds and determines that (i) each of the recitals to this Ordinance are true and correct, and are adopted herein as findings; (ii) the Code Amendments comply with all applicable requirements of State law; (iii) the Code Amendments will not adversely affect the health, safety, or welfare of the residents within the community; (iv) the Code Amendments are in the public interest of the City of Laguna Woods; and, (v) the Code Amendments are consistent with the Laguna Woods General Plan and its various elements.

SECTION 2. After reviewing the entire project record, the City Council hereby determines and certifies that this Ordinance is not subject to the California Environmental Quality Act of 1970, Public Resources Code Section 21000, et. seq., as amended and implementing State CEQA Guidelines, Title 14, Chapter 3 of the California Code of Regulations (collectively “CEQA”) pursuant to sections 15060(c)(2) (the activities will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activities are not a project as defined in section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3. CEQA Guidelines Section 15378(b)(2) excludes “[c]ontinuing administrative. . . activities, such as . . . general policy and procedure making” and Section 15378(b)(5) excludes “[o]rganizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment” from its definition of “project.”

After reviewing the entire project record, the City Council also hereby determines and certifies that that, even if this Ordinance were subject to CEQA, it would be exempt based on CEQA Guideline section 15061(b)(3) because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

SECTION 3. Chapter 13.25 of Title 13 (Zoning) of the Laguna Woods Municipal Code is hereby amended to read as set forth in Exhibit A, attached to this Ordinance and incorporated herein by this reference.

SECTION 4. This Ordinance shall take effect and be in full force and operation thirty (30) calendar days after adoption.

SECTION 5. If any section, subsection, subdivision, paragraph, sentence, clause, or phrase added by this Ordinance, or any part thereof, is for any reason

held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity of effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase thereof irrespective of the fact that any one or more subsections, subdivisions, paragraphs sentences, clauses, or phrases are declared unconstitutional, invalid, or ineffective.

SECTION 6. The Mayor shall sign this Ordinance.

SECTION 7. The City Clerk shall certify to the passage of this Ordinance and shall cause this Ordinance to be published or posted as required by law.

SECTION 8. All of the above-referenced documents and information have been and are on file with the City Clerk of the City.

PASSED, APPROVED AND ADOPTED this XX day of XX 2024.

NOEL HATCH, Mayor

ATTEST:

YOLIE TRIPPY, CMC, City Clerk

APPROVED AS TO FORM:

ALISHA PATTERSON, City Attorney

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

I, YOLIE TRIPPY, City Clerk of the City of Laguna Woods, do HEREBY CERTIFY that the foregoing **Ordinance No. 24-XX** was duly introduced and placed upon its first reading at a regular meeting of the City Council on the XX day of XX 2024, and that thereafter, said Ordinance was duly adopted and passed at a regular meeting of the City Council on the XX day of XX 2024 by the following vote to wit:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

YOLIE TRIPPY, CMC, City Clerk

**EXHIBIT A
CODE AMENDMENTS**

Chapter 13.25 (“Inclusionary Housing”) of Title 13 (“Zoning”) of the Laguna Woods Municipal Code is hereby amended in its entirety to read as follows:

CHAPTER 13.25 - INCLUSIONARY HOUSING

Sec. 13.25.010. - Purpose and intent.

The purpose and intent of this chapter is to enhance the public welfare by ensuring that residential development projects contribute to the attainment of the affordable housing goals set forth in the General Plan Housing Element, specifically goals related to the development of housing affordable to extremely low, very low, and low-income households.

Sec. 13.25.020. - Definitions.

The following words and phrases shall have the meanings set forth below when used in this chapter:

(05) *Accessory dwelling unit* shall have the same meaning as the term is defined in California Government Code Section 65852.2, as amended from time to time or replaced with a successor statute.

“Accessory dwelling unit” shall also include junior accessory dwelling units as the term is defined in California Government Code Section 65852.2, as amended from time to time or replaced with a successor statute

(10) *Affordable housing agreement* shall mean a legally enforceable agreement between a property owner and the City to ensure that the long-term inclusionary requirements of this chapter are satisfied.

(15) *Allowable housing expense* shall mean the total monthly or annual recurring expenses required of a household to obtain and maintain the housing unit.

a. For an ownership unit, allowable housing expenses include loan principal and interest at the time of initial purchase by the homebuyer, allowances for property and mortgage insurance,

property taxes, homeowners’ association dues and a reasonable allowance for utilities as defined in Title 24 of the Code of Federal Regulations Section 982.517, as amended from time to time or replaced with a successor statute.

b. For a rental unit, allowable housing expenses include rent and a utility allowance as established by the Orange County Housing Authority, as well as all monthly payments made by the tenant to the lessor in connection with use and occupancy of a housing unit and land and facilities associated therewith, including any separately charged fees, utility charges, or service charges assessed by the lessor and payable by the tenant.

(20) *Density bonus* shall have the same meaning as the term is defined in California Government Code Section 65917.5, as amended from time to time or replaced with a successor statute.

(25) *Dwelling unit* shall have the same meaning as the term is defined in the California Building Standards Code, as amended from time to time or replaced with a successor statute. “Dwelling unit” shall also include efficiency dwelling units as the term is defined in the California Building Standards Code, as amended from time to time or replaced with a successor statute.

(30) *Extremely low-income household* shall mean households that earn 30% or less than the Area Median Income for Orange County as determined, from time to time, by the U.S. Department of Housing and Urban Development.

(35) *Incentives* or concessions shall mean regulatory incentives and concessions as defined in California Government Code Section 65915(k), as amended from time to time or replaced with a successor statute.

(40) *Inclusionary housing project* shall mean a residential development or lawful conversion of existing residential buildings in which a percentage of the units of the development or building are reserved for and made affordable to households of certain income levels, as required by this chapter.

(45) *Inclusionary unit* shall mean a dwelling unit that will be offered for rent or sale exclusively to and which shall be affordable to households of certain income levels, as required by this chapter.

(50) *Low-income household* shall mean households that earn between 50% and 80% than the Area Median Income for Orange County as determined, from time to time, by the U.S. Department of Housing and Urban Development.

(55) *Lower-income household* shall include low-income, very low-income and extremely low-income households, whose gross income does not exceed 80% of the Area Median Income for Orange County as determined annually by the U.S. Department of Housing and Urban Development.

(60) *Market-rate unit* shall mean a dwelling unit in a residential development that is not an inclusionary unit.

(65) *Ownership unit* shall mean an inclusionary housing project unit intended to be sold individually to owners.

(70) *Rental unit* shall mean an inclusionary housing project unit intended not to be developed or constructed to be sold individually.

(75) *Residential development* shall mean any new residential construction of ownership or rental units intended for permanent occupancy, or development revisions, including but not limited to, those with and without a master plan or specific plan, planned unit developments, site development plans, mobile home developments and conversions of apartments to condominiums, as well as dwelling units for which the cost of shelter is included in a recurring payment for expenses.

(80) *Target income level* shall mean the income standards for extremely low-, very low- and low-income levels within Orange County as determined annually by the U.S. Department of Housing and Urban Development, and adjusted for family size.

(85) *Total residential units* shall mean the total number of dwelling units approved by the final decision-making authority of the City.

Total residential units are composed of the aggregate total of both market-rate units and inclusionary units.

(90) *Very low-income household* shall mean households that earn between 30% and 50% than the Area Median Income for Orange County as determined, from time to time, by the U.S. Department of Housing and Urban Development.

Sec. 13.25.030. - Applicability.

- (a) This chapter shall apply to residential developments.
- (b) The chapter shall be applied no more than once to an approved residential development and/or vested entitlement by the City, regardless of changes in the ownership of the residential development, provided the total number of residential units does not change.
- (c) This chapter shall not be applied to the replacement, reconstruction, or reconfiguration of dwelling units lawfully constructed as of the date this chapter was enacted, provided that such replacement, reconstruction, or reconfiguration does not increase the number of dwelling units (excepting any number of accessory dwelling units allowed under this Code and applicable law).
- (d) This chapter shall not apply to the following projects:
 - (1) Projects that are not residential developments.
 - (2) Residential developments that consist only of dwelling units offered for rent or sale exclusively to and which shall be affordable to households of extremely low, very low, and/or low-income levels, provided that such dwelling units are deed-restricted for such purposes for at least 45 years, and subject to a finding of sufficiency by the City Council. Deed restrictions shall occur prior to the rent or sale of each unit. Timing of construction shall occur in the manner set forth in Section 13.25.040(c).
 - (3) Residential developments that deed-restrict the number of inclusionary units required by this chapter for such purposes for at least 55 years, subject to a finding of sufficiency by the City Council.

Deed restrictions shall occur prior to the rent or sale of each unit. Timing of construction shall occur in the manner set forth in Section 13.25.040(c).

(4) Residential units that provide more than the number of inclusionary units required by this chapter (overall and at one or more of the required income levels) and deed-restrict the same for such purposes for at least 45 years, subject to a finding of sufficiency by the City Council. Deed restrictions shall occur prior to the rent or sale of each unit. Timing of construction shall occur in the manner set forth in Section 13.25.040(c).

(5) Residential developments that consist only of one dwelling unit with or without any number of accessory dwelling units allowed under this Code and applicable law.

(6) Residential developments that consist only of one or more accessory dwelling units.

Sec. 13.25.040. - Standards.

(a) *Number and Type of Units Required.* Residential developments shall provide inclusionary units as follows:

(1) *Rental Units.* 2.5% of the new units must be for extremely low-income households and 2.5% of the new units must be for very low-income households.

(2) *For-Sale Units.* 5% of the new units must be for very low-income households and 5% of the new units must be for low-income households.

(3) Fractions of a new unit less than 0.5 shall be rounded down to the nearest whole number and fractions of a new unit greater than 0.5 shall be rounded up to the next whole number to establish the required number of new units.

(4) The City Council may consider allowing inclusionary for-sale units to be offered as rental units if requested by the residential development owner.

(b) *Integration of Units.* Inclusionary units shall be integrated with residential developments as a whole and shall be comparable in infrastructure, construction quality and design to the market-rate units. Residents of inclusionary units shall have the same rights and unrestricted access to all common amenities in the residential development including, but not limited to, open space, parking, recreational space, and storage, as do residents of market-rate units.

(c) *Timing of construction.* Inclusionary units shall be constructed and occupied concurrently with or prior to the construction and occupancy of market-rate units. In phased residential developments, inclusionary units shall be constructed and occupied concurrently or prior to the market-rate units in each applicable phase of the residential development.

(d) *Duration of affordability requirement.* Inclusionary units required under the provisions of this chapter shall be deed restricted for such purposes for 45 years, unless otherwise approved by the City Council pursuant to Section 13.25.050(d).

(e) *Affordable housing agreement.*

(1) An affordable housing agreement shall be entered into between the City and the residential development owner. The agreement shall record the method and terms by which a residential development owner shall comply with the requirements of this chapter. The approval and recordation of the agreement shall be to the satisfaction of the City Manager and City Attorney, and subject to approval of the City Council. The execution of the agreement shall occur prior to final map approval by the City or, for residential development projects where a map is not being processed, prior to the issuance of building permits by the City.

(2) Affordable housing agreements shall set forth the number and location of required inclusionary units, affordability tenure of the inclusionary units, deed restrictions, methodology for determining each inclusionary unit's initial and ongoing rent or sales and resale prices, resale restrictions, occupancy requirements, eligibility requirements, City incentives or concessions including, but not limited to, second mortgages and recapture mechanisms in accordance with

Title 24 of the Code of Federal Regulations Section 203.41(d)(1)(ii), the administrative process for monitoring inclusionary unit management to assure ongoing affordability and other matters related to the development, maintenance, preservation, and retention of the inclusionary units.

(3) Affordable housing agreements may be amended by the City Council.

Sec. 13.25.050. - Alternatives.

The following alternatives are intended to comply with California Assembly Bill 1505 (Bloom, Chapter 376, Statutes of 2017) and may be used to satisfy the requirement to provide inclusionary units for rent at the site of a residential development, subject to approval by the City Council:

(a) *In-Lieu Fee*. An in-lieu fee established by resolution of the City Council may be paid to the City for deposit into an affordable housing trust fund.

(1) The intent of allowing an in-lieu fee option is to provide the City with funds to make substitute inclusionary units for rent feasible, thus meeting the purpose and intent of this chapter. The amount of the in-lieu fee shall be reasonably equal to the cost of constructing the inclusionary units for rent not being provided at the site of the residential development.

(2) In-lieu fees shall be paid prior to the issuance of building permits by the City. For phased residential developments, the developer may pay a pro rata share of the in-lieu fee concurrently with the issuance of building permits by the City for each development phase.

(b) *Land Dedication*. An agreed upon area of real property land may be dedicated to the City or to a local nonprofit housing developer.

(1) The intent of allowing a land dedication option is to provide the City or a local nonprofit housing developer the no cost land required to make substitute inclusionary units for rent feasible, thus meeting the purpose and intent of this chapter. The land

dedicated shall be reasonably equal to the value of the inclusionary units for rent not being provided at the site of the residential development.

(2) The dedicated land must be appropriately zoned for, buildable, free of toxic substances and contaminated soils, and large enough to accommodate the number of inclusionary units for rent required for the residential development.

(3) The City's acceptance of land dedication shall include, as a precondition, the requirement that the lots be fully improved, with infrastructure, adjacent utilities, grading, and all fees paid.

(4) The City's acceptance of land dedication shall occur prior to the issuance of building permits by the City.

(c) *Methods of Compliance Not Expressly Contemplated.* The City Council may approve methods of compliance with this chapter if the applicant demonstrates to the City Council's satisfaction that such alternate method meets the purpose and intent of this chapter.

(d) *Modified Requirements for Hardship.* The City Council may reduce, waive, or provide phasing relief of any of the provisions of this chapter provided the residential development owner submits to the City Council's satisfaction clear and convincing evidence that full compliance would present a generally accepted unreasonable financial or practical hardship, based on objective, industry standard factors such as project size, site constraints, or financial considerations.

(1) Any reduction, waiver, or phasing relief approved by the City Council that requires allows for the provision of fewer inclusionary units than otherwise required by this chapter shall require an extension of the duration of affordability requirement set forth in Section 13.25.040(d) to at least 55 years, except to the extent that the evidence submitted by the residential development owner to the City substantiates to the City Council's satisfaction that such extension would present a generally accepted unreasonable financial or practical hardship, based on objective, industry standard factors such as project size, site constraints, or financial considerations.



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About Economic & Planning Systems

Economic & Planning Systems, Inc. (EPS) is a land economics consulting firm experienced in the full spectrum of services related to real estate development, the financing of public infrastructure and government services, land use and conservation planning, and government organization.

EPS was founded on the principle that real estate development and land use-related public policy should be built on realistic assessment of market forces and economic trends, feasible implementation measures, and recognition of public policy objectives, including provisions for required public facilities and services.

AREAS OF EXPERTISE

- ▶ Real Estate Economics
- ▶ Public Finance
- ▶ Land Use & Transportation
- ▶ Economic Development & Revitalization
- ▶ Fiscal and Economic Impact Analysis
- ▶ Housing Policy
- ▶ Public-Private Partnership (P3)
- ▶ Parks and Open Space Economics

Clients Served

Since 1983 EPS has provided consulting services to hundreds of public- and private-sector clients in Colorado and throughout the United States. Clients include cities, counties, special districts, multi-jurisdictional authorities, property owners, developers, financial institutions, and land use attorneys.

Staff Capabilities

The professional staff includes specialists in public finance, real estate development, land use and transportation planning, government organization, and computer applications. The firm excels in preparing concise analyses that disclose risks and impacts, support decision making, and provide solutions to real estate development and land use-related problems.

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TECHNICAL MEMORANDUM

To: Christopher Macon, City of Laguna Woods
From: Darin Smith and Thomas Gonzales
Subject: City of Laguna Woods Inclusionary Housing Market Study;
EPS #234001
Date: June 13, 2024

The Economics of Land Use



The City of Laguna Woods adopted its existing Inclusionary Housing Program (IHP) in 2009 with the goal of expanding affordable housing options in the City. The existing IHP requires that 15 percent of newly constructed units in an otherwise market-rate rental housing development be priced at levels affordable to Low and Very Low Income households earning up to 80 percent of Area Median Income (AMI) for Orange County, and that 15 percent of units in new for-sale housing be priced at levels affordable to Low and Moderate Income households earning up to 120 percent of AMI.

During a recent process to update the City's General Plan Housing Element, the City received public comments advocating for changes to the existing affordable set aside requirements. Specifically, some stakeholders expressed interest in increasing the proportion of units required to be income- and price-restricted in an otherwise market-rate project, and/or lowering the price points of the affordable units so that they can be affordable to households with even lower incomes.

The City's adopted Housing Element, under Program H-1.2.3, also calls specifically for a market study to be conducted and the IHP to be amended (including modification to the minimum percentage of units that must be affordable), as feasible and advantageous to promote the development of affordable housing.

Economic & Planning Systems, Inc. (EPS) was engaged to complete this Inclusionary Housing Market Study (the "Study") and to review the existing IHP for potential changes. As part of the Study, EPS assessed opportunities to promote the development of affordable housing through both on-site affordable set aside requirements and affordable unit in-lieu fees. This included an economic and financial feasibility of various scenarios for adjusting the minimum percentage of on-site units required to be affordable (income-restricted).

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Inclusionary Housing Market Study Key Findings

EPS analysis of the Laguna Woods Inclusionary Housing Program concluded the following:

- 1) Delivery of affordable housing in Laguna Woods under the current IHP is challenged under near-term conditions because of marginal feasibility for most market-rate housing developments in Laguna Woods, especially denser projects.** Based on a study of feasibility, the various allowable project/building types reviewed are not economically promising with current inclusionary requirements. Initial review indicates that factors contributing to feasibility challenges may include: current market conditions including high financing and construction costs, zoning policy limitations on density, and heavy parking requirements.
- 2) Requiring a greater number of affordable units and/or deeper levels of affordability would make development less feasible, potentially limiting the number of affordable units that the program will produce.** The more units that are required to be affordable at lower income levels within a given project, the greater the reduction in potential revenue for developers, ultimately making those projects less feasible. The IHP depends on market-rate project feasibility to deliver units. When projects are not feasible, the IHP will not produce new affordable units.
- 3) Other modifications to the required percentage of on-site affordable units could improve feasibility and lead to more projects that deliver affordable units.** To further the likelihood of projects moving forward, the City could reduce the affordability requirements. Stakeholders expressed interest in serving deeper levels of affordable housing including Very Low Income and Extremely Low Income households. Options exist that would reduce the overall number of required units but require that those units serve households at lower incomes, while also increasing overall project feasibility.
- 4) The current in-lieu fee formula has shortcomings and could be updated to better reflect the actual cost of subsidizing affordable units.** The City's current formula relies on data from market transactions that may not reflect the economics of constructing new housing, and thus may deliver significantly less funding than is necessary to produce the units that are required of but not provided by market-rate developers. EPS has suggested a formula for calculating the affordability gap for delivering subsidized units and suggested fee amounts that would be justified under such a methodology, which vary by housing type and would be adjusted to reflect any desired changes to the current IHP requirements.
- 5) Additional incentive programs or changes to development policy (e.g. zoning regulations) could be used to further encourage new housing**

development that would deliver affordable housing units under the IHP. Making zoning modifications such as allowing greater density or reducing parking requirements could potentially improve the feasibility of projects under all inclusionary scenarios. Consideration of how such regulations interact with or relate to the existing State Density Bonus program is prudent.

Inclusionary Housing Program Background

The success of an inclusionary housing program in delivering affordable housing depends on the occurrence of market-rate residential development projects. Inclusionary housing programs require developers to build a portion of units on-site (within the proposed project) and rent or sell them at rates below market pricing and affordable to households at specific income levels. These units typically cost the same to construct as a unit that can be rented or sold at market rates, but with lower potential for revenue or value. This requirement thus adds net costs to market-rate residential projects overall and should be considered in the context of whether market-rate rents or sale prices are high enough to cover those costs. The higher the requirements—either in number of units or in how deep the level of affordability—the greater the costs to projects. When the costs cannot be covered, residential projects become infeasible or occur much less frequently, limiting the ability of such programs to deliver new, affordable units.

Regional Housing Needs Allocation

The State of California requires every jurisdiction to adequately plan for its community's housing needs, as specified by the Regional Housing Needs Allocation (RHNA), which determines the amount of housing units needed for each jurisdiction by income category. Currently, jurisdictions in the Southern California Association of Governments (SCAG) have adopted or are working towards adopting their 6th Cycle (2021 through 2029) Housing Elements to reflect policies and strategies required to meet current RHNA numbers.

Through the RHNA process, Laguna Woods has received an allocation of 997 total units, for which the City must ensure that there are adequate sites zoned and suitable for housing. **Table 1** displays the RHNA allocation breakdown by income levels.

Table 1: RHNA Allocation for Laguna Woods

Affordability Category	Units	Percentage
Very Low Income (<50% of AMI)	127	12.7%
Low Income (50-80% of AMI)	136	13.6%
Moderate Income (80-120% of AMI)	192	19.3%
Above Moderate (> 120% of AMI)	<u>542</u>	<u>54.4%</u>
Total	997	100.0%

Source: Laguna Woods Housing Element (August 2023)

To be responsive to State law, the City's Housing Element has identified 17 sites that it considers suitable and sufficient to accommodate at least these 997 new housing units. Of the sites within this developable land inventory, few are currently vacant; most have some existing development on them, and the new housing would need to either replace or augment the existing uses on the sites. Several of the sites are owned by faith-based organizations that may have both a financial and mission-driven interest in developing housing, including units affordable to lower-income households.

These current RHNA requirements represent a significant increase over previous planning cycles, as Laguna Woods had an allocation of only 2 units in the 2014-2021 cycle. This disparity is not uncommon, as many jurisdictions throughout California have seen their current RHNA requirements grow to be several times greater than previous requirements.

HCD Income Limits

To calculate the allowable rents for affordable housing units, and by extension the values of affordable housing units and the subsidy needed to support their development, assumptions must be made regarding income levels of households that would reside in these units. The applicable income levels for households served by affordable housing units are defined by the California Department of Housing and Community Development (HCD) on a county-wide level and are based on the median income for that county (also called the area median income or AMI). For Laguna Woods, these income levels are based on area median income for Orange County. HCD provides maximum household incomes for a range of income levels, including Extremely Low, Very Low, Low, and Moderate; and for a range of household sizes. The 2023 HCD income limits for Orange County are shown in **Table 2**.

It is important to note that while the area median income and associated affordable income levels for Orange County may differ from median incomes for Laguna Woods households, affordable housing developers and operators must adhere to the county-wide income levels in developing and operating affordable projects, particularly if they are utilizing state and federal funding programs. Therefore, EPS uses these income levels in the following analyses.

It is also worth noting that, while the categories of income levels are nominally associated with various percentages of median income, the actual figures provided by HCD do not always adhere mathematically to those nominal categories. For example, the median income for a three-person household is identified as \$115,000. The Low Income category is nominally set at 80 percent of median income, but HCD shows the limit for Low Income households as \$103,350, which is 89.9 percent of the \$115,000 median income for that household size. HCD makes adjustments like this for areas with unique market circumstances, and the figures below are correct for use even though they do not reflect direct mathematic relationships.

Table 2: Orange County 2023 Maximum Income Limits by Persons in Household

Affordability Category	Maximum Percentage of County Median	Number of Persons in Household					
		1	2	3	4	5	6
Acutely Low Income	0% - 15%	\$13,500	\$15,300	\$17,250	\$19,150	\$20,700	\$22,200
Extremely Low Income	30%	\$30,150	\$34,450	\$38,750	\$43,050	\$46,500	\$49,950
Very Low Income	50%	\$50,250	\$57,400	\$64,600	\$71,750	\$77,500	\$83,250
Low Income	80%	\$80,400	\$91,850	\$103,350	\$114,800	\$124,000	\$133,200
Median Income	100%	\$89,450	\$102,250	\$115,000	\$127,800	\$138,000	\$148,250
Moderate Income	120%	\$107,350	\$122,700	\$138,000	\$153,350	\$165,600	\$177,900

Sources: CA Department of Housing and Community Development; Economic & Planning Systems, Inc.

Summary of Current Program

The City's inclusionary housing program (IHP) was first adopted in 2009 with the goal of expanding affordable housing options in Laguna Woods. Developers of new residential projects including five or more units are required to provide 15 percent of affordable units equivalent to 15 percent of new market-rate units, with different income levels prescribed for rental and for-sale projects.

Under the City's current policy, the proportion of affordable units required is equivalent to 15 percent of the new units built. For rental developments, the 15 percent total requirement consists of 7.5 percent of units at Very Low Income level and 7.5 percent of units at the Low Income level. For ownership development, the 15 percent consists of ten percent of units at Low Income level and five percent of units at the Moderate Income level.

Survey of Comparable Jurisdiction

EPS conducted a survey of inclusionary requirements in comparable jurisdictions in Orange County. Inclusionary requirements adopted by these jurisdictions vary based on

local policy preferences, including factors such as the number of units in the development or the type of housing (i.e., rental, condominium, townhome, or single family). The household income level required for new inclusionary units also differs. **Figure 1** and **Figure 2** display the inclusionary requirements across all the surveyed jurisdictions for ownership and rental tenure types.

Across both tenures, the lowest total inclusionary requirement is four percent, and the highest requirement is 25 percent. The median inclusionary requirement for both rental and for-sale projects is 10 percent, and often jurisdictions require a mix of income levels within that 10 percent. Laguna Woods’ current requirement falls towards the higher end but is still within the range of inclusionary requirements set by the surveyed jurisdictions.

Laguna Woods and several other cities exempt projects below a certain unit count threshold, typically three (3) to ten (10) units. Brea exempts projects below 20 units, and Costa Mesa is considering and expected to adopt a policy that exempts projects with fewer than 60 units and/or smaller than two acres. Policies in Irvine, Newport Beach, Santa Ana, and Tustin have no such exemptions.

Figure 1: Minimum Inclusionary Requirements for Rental Developments

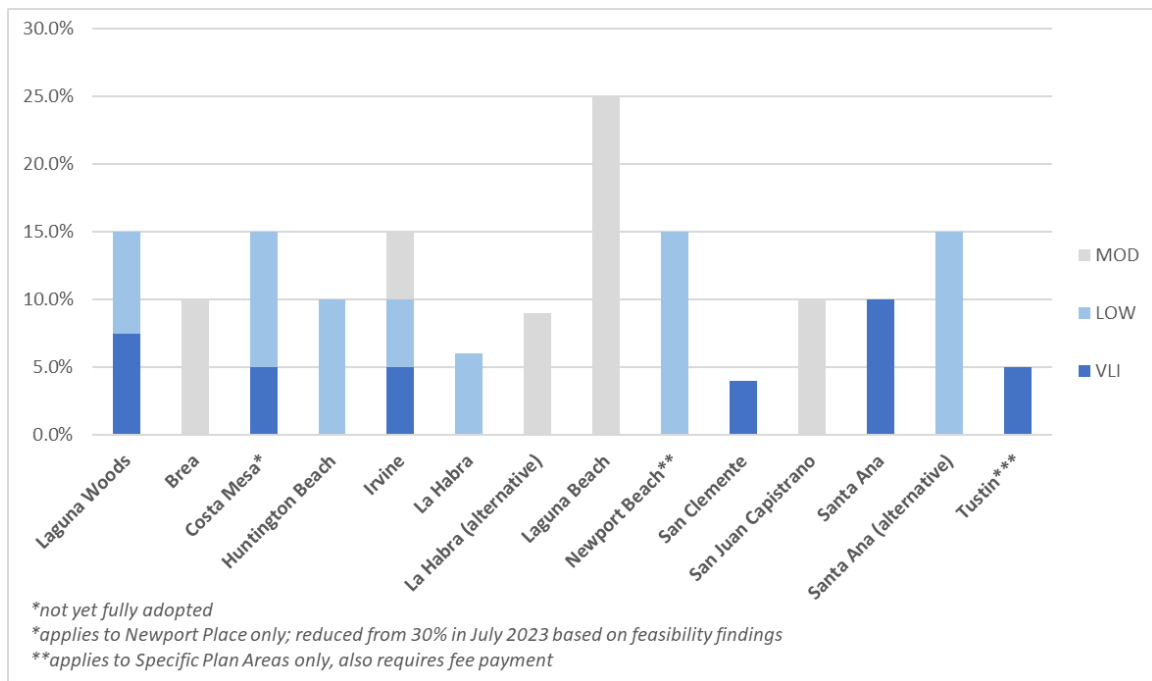
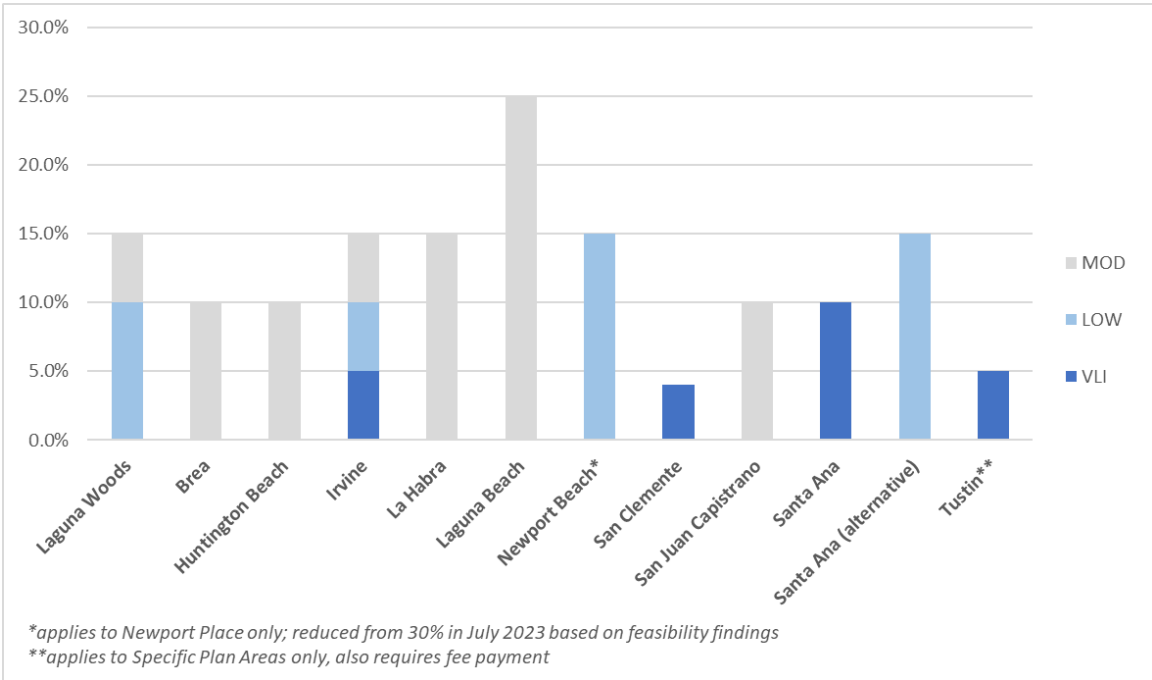


Figure 2: Minimum Inclusionary Requirements for Ownership Developments



Feasibility Study Methodology and Findings

A feasible real estate project is a project that appears financeable and could be reasonably expected to be built by a private developer because the value of the finished product is greater than the cost to build it. An infeasible project, on the other hand, is unlikely to ever be built without a change in market conditions or some sort of subsidy, because the cost to build it is greater than the value of the finished building. Understanding residential project feasibility requires an understanding of the local real estate market. EPS evaluated local residential market activity and interviewed local developers active within the market to confirm market assumptions. This evaluation provides a sense of the need, and the types of market-rate development that is occurring along with the prevailing sales prices and rents of new residential development.

EPS and City staff also met with representatives from local affordable housing developers and affordable housing advocates, including the Kennedy Commission and Welcoming Neighbors Home. EPS solicited input on the City’s general affordable housing policy and approach, as well as on the scope of the Study and specific interests related to the promotion of local affordable housing.

Residual Land Value Calculation

In an inclusionary program, developers are required to set aside a portion of their units for lower-income households. When a developer builds the affordable units on-site, the project’s development costs are not significantly affected. It costs approximately the same to build a market-rate unit as an affordable unit. However, the revenue the developer can expect from the affordable units is often considerably less than the

revenue from the market-rate units. The developer is, in effect, subsidizing the development of the affordable units. The subsidy is greater for units affordable to Very Low Income households than it is for Low Income households and Moderate Income households.

In some cases, the developer may opt to pay a fee in lieu of providing the units on-site. When a developer pays an in-lieu fee, all the units are sold or rented as market-rate units, so the revenue potential is not affected. However, the development costs are affected by the amount of the in-lieu fee, which are typically paid at the time of building-permit issuance or certificate of occupancy.

Feasibility Threshold Assumptions

In this analysis, the assessment of financial feasibility for real estate development products is based on calculating the “residual land value,” or the amount that developers could afford to pay for land after all costs, and comparing whether it is high enough to cover either the “land value” for a vacant site or the “existing use value” of a site with an existing land use, whichever is higher.

The residual land value can be compared against estimates for land value based on a market analysis of recent land transactions of similarly zoned sites in the surrounding region. The residential land value is a critical element in informing a developer’s “go/no-go” decision.

Based on EPS-collected information from actual property transactions, land values within Laguna Woods have varied from \$2.6 million per acre to as high as \$6.3 million per acre. In certain cases, EPS estimates that the existing value of developed and active properties within the City’s developable land inventory could be even higher. Developer interviews further revealed that recent residential development projects within the area have been able to pay in the range of \$4 million to \$4.6 million per acre to acquire land.

This information on market land values gives a general idea of what prices landowners within Laguna Woods may be expecting for the sale of their properties. It also suggests that real estate projects estimated to generate a residual land value below these amounts may be unable to acquire land at a price that would make the project financially feasible.

Determining residual land value for the feasibility study requires assumptions around target developer return metrics. Based on recent industry experience and developer interviews, EPS assumed developer return metrics of 15% profit for for-sale projects and 5.5% yield-on-cost for rental projects (see Development Cost Assumptions section below for more information).

Market-Rate Product Type Assumptions

To assess the feasibility of inclusionary requirements on new market-rate development, EPS established four hypothetical development prototypes for testing—a detached single family residential for-sale prototype, an attached townhome for-sale prototype, and two multifamily residential rental prototypes at different densities:

- The **single-family detached, for-sale prototype** is a four-bedroom, 2,800 square foot single family house, developed at a density of ten units per acre. This prototype was established based on EPS research of the profile of typical single family house products at similar densities developed in the past five years within 10 miles of Laguna Woods city limits.
- The **townhome, for-sale prototype** is a three-bedroom, 1,750 square foot attached townhome, developed at a density of 20 units per acre. This prototype was established based on EPS research of the profile of typical townhome products at similar densities developed in the past five years within 10 miles of Laguna Woods city limits.
- The **garden-style and wrap multifamily rental prototypes** are based on a generalized assumption that such projects would average one bedroom per unit with a net leasable living space of 825 square feet, but with two different styles of apartments: garden-style at a density of 30 units per acre with primarily surface parking and a denser wrap-style (units “wrapped” around an above-ground parking structure) at 50 units per acre with primarily structured garage parking. Based on EPS research of the profile of typical rental projects built within the last ten years within 10 miles of Laguna Woods city limits, one-bedroom apartments of approximately 825 square feet are the most common type of unit.

The densities chosen for the various prototypes correspond to the maximum densities envisioned in the various residential overlay zoning districts planned for 17 identified potential housing sites under Housing Element Program H-1.1.1.¹

The unit characteristics for each prototype are meant to represent average unit sizes, with the resulting analysis demonstrating feasibility for an average residential project. The findings of this analysis assume that the unique unit mix of any particular project will, in aggregate, conform to these average unit sizes. While any specific project will have its own cost and revenue factors that may be impacted in part by its unit mix, this approach of using average unit characteristics is intended to robustly represent general development economics. The characteristics for the prototype development products are summarized in **Table 3**.

¹ The proposed Overlay Zoning Districts include Residential Low Density (8-10 dwelling units per acre), Residential Medium-Low Density (15-20 dwelling units per acre), Residential Medium Density (20-30 dwelling units per acre), and Residential High Density (30-50 dwelling units per acre).

Table 3 Prototype Residential Products

Item	<i>For-Sale Projects</i>		<i>Rental Projects</i>	
	Single-Family Detached Units	Townhome Units	Garden-Style Apartments	Wrap Apartments
Building Type	Detached	Attached	Multifamily	Multifamily
Density	10 units/acre	20 units/acre	30 units/acre	50 units/acre
Type	4 Bedrooms	3 Bedrooms	1 Bedrooms	1 Bedrooms
Unit Size	2800 square feet	1750 square feet	825 square feet	825 square feet
Parking Type	Attached Garage	Attached Garage	Surface Carports	Structured Garage

Development Cost Assumptions

Housing development cost categories include land acquisition, site preparation, direct or hard costs (e.g., construction labor and materials), indirect or “soft” costs (e.g., architecture, entitlement, marketing, etc.) and developer profit. For multifamily projects, EPS also defines parking costs per unit as a separate line item.

EPS reviewed several sources to estimate construction costs, including Rider Levitt Bucknall and Marshall & Swift, as well as feasibility proformas calculated for other projects in Orange County. EPS further confirmed the appropriateness of cost assumptions during developer interviews.²

For ownership or for-sale housing products (typically single family detached and attached homes, including townhomes and condominiums), the developer profit is viewed as the return metric of “profit margin,” calculated as the percentage by which total project value exceeds total project cost. Based on EPS research and feedback from the developer community, the analysis assumes that developers in Laguna Woods and the surrounding region will require at least a 15 percent profit margin on for-sale development projects. Therefore, any project attaining a profit margin at or above 15 percent would be considered feasible in this analysis.

For rental housing products (typically, multifamily apartments), the developer profit is based on the return metric of “yield on cost,” calculated by dividing the annual net

² The costs included in the feasibility study represent those typical of market-rate housing development, since those projects are subject to the City’s inclusionary housing requirements. EPS also spoke with local affordable housing developers Jamboree Housing and National CORE about the cost of constructing multifamily, dedicated affordable housing. They reported slightly higher costs in the ranges of \$450,000 to \$500,000 for garden-style projects and \$600,000 to \$750,000 for podium projects, inclusive of land costs. These costs can be compared with “Total Development Cost per Unit” shown in Tables 17 and 18, which combine the multifamily prototype cost assumptions with an estimate for land cost. Podium projects are typically more expensive than the wrap style projects considered in this study’s analysis. The developers indicated that several factors contribute to higher cost for dedicated affordable housing projects, especially strict requirements from funding programs including mandates to pay prevailing wage rates, as well as limited opportunities for refinancing that constrain a project’s maintenance and renovation budgets (and necessitate upfront investment in more durable and expensive project materials).

operating income (NOI) by the total costs of development. Based on EPS research and experience, the analysis assumes that developers in Laguna Woods and the surrounding region will require a yield on cost of at least 5.5 percent.

It is important to note that these generalized return metrics do not account for the time value of money and are not based on any assumption regarding project timeline. EPS assumptions for prototype revenues and costs used to calculate the return metrics are detailed in the following sections.

Table 4, Table 5, Table 6, and Table 7 below detail the full set of assumptions and estimated costs per unit for the single-family home, townhome, garden-style apartment, and wrap-style apartment product prototypes, respectively.

Table 4: Market-Rate For-Sale Single Family Product Prototype Cost Assumptions

Item	<u>For-Sale Single Family Detached Home</u>	
	Assumptions	Per Unit
Development Prototype		
Density	10 units/acre	
Net Unit Size	n/a	
Efficiency Factor	n/a	
Gross Unit Size	2,800 sq.ft.	
Number of Bedrooms	4.0 per unit	
Amount of Parking	2.0 per unit	
Market Value	\$630 per square foot	\$1,764,000
Development Costs		
Site Improvements	\$30 per land sq.ft.	\$130,680
Direct Construction Costs [1]	\$260 per gross sq.ft.	\$728,000
Parking Costs	included in cost	\$0
<i>Subtotal, Direct Costs</i>		<i>\$858,680</i>
Soft Costs [2]	30.0% of direct const. costs	<u>\$257,604</u>
<i>Subtotal</i>		<i>\$1,116,284</i>
Development Cost Contingency	5% of direct and indirect costs	<u>\$55,814</u>
Total Construction Costs		\$1,172,098
Developer Profit	15% of total development costs	<u>\$175,815</u>
Total Costs before Land		\$1,347,913

[1] Includes on-site work, offsite work, vertical construction, general requirements, overhead and builder fees.

[2] Includes costs for architecture and engineering; entitlement and fees; project management; commissions, and general administration; financing and charges; insurance; and contingency.

Sources: Interviews with local residential developers; Rider Levett Bucknall; Marshall & Swift; Economic & Planning Systems, Inc.

Table 5: Market-Rate For-Sale Townhome Product Prototype Cost Assumptions

Item	<u>For-Sale Attached Townhome Assumptions</u>	Per Unit
Development Prototype		
Density	20 units/acre	
Net Unit Size	n/a	
Efficiency Factor	n/a	
Gross Unit Size	1,750 sq.ft.	
Number of Bedrooms	3.0 per unit	
Amount of Parking	2.0 per unit	
Market Value	\$540 per square foot	\$945,000
Development Costs		
Site Improvements	\$30 per land sq.ft.	\$65,340
Direct Construction Costs [1]	\$220 per gross sq.ft.	\$385,000
Parking Costs	included in cost	<u>\$0</u>
<i>Subtotal, Direct Costs</i>		<i>\$450,340</i>
Soft Costs [2]	30.0% of direct const. costs	<u>\$135,102</u>
<i>Subtotal</i>		<i>\$585,442</i>
Development Cost Contingency	5% of direct and indirect costs	<u>\$29,272</u>
Total Construction Costs		\$614,714
Developer Profit	15% of total development costs	<u>\$92,207</u>
Total Costs before Land		\$706,921

[1] Includes on-site work, offsite work, vertical construction, general requirements, overhead and builder fees.

[2] Includes costs for architecture and engineering; entitlement and fees; project management; commissions, and general administration; financing and charges; insurance; and contingency.

Sources: Interviews with local residential developers; Rider Levett Bucknall; Marshall & Swift; Economic & Planning Systems, Inc.

Table 6: Market-Rate Garden-Style Rental Apartment Product Prototype Cost Assumptions

Item	<u>Multifamily Garden-Style Rental Apartment</u>	
	Assumptions	Per Unit
Development Prototype		
Density	30 units/acre	
Net Unit Size	825	
Efficiency Factor	0.9	
Gross Unit Size	917 sq.ft.	
Number of Bedrooms	1.0 per unit	
Amount of Parking	1.5 per unit	
Market Value Assumptions		
Monthly Rent, per sq.ft.	\$3.95 rent per sq.ft., per month	
Monthly Rent, per unit	\$3,258 rent per unit, per month	
Annual Rent	\$39,096 rent per unit, per year	
Annual Operating Expenses	\$12,000 operating expenses per unit, per year	
Annual Net Operating Income	\$27,096 NOI per unit, per year	
Developer Profit Threshold	5.5% yield on cost	
Supportable Development Cost	including land	\$492,655
Development Costs		
Site Improvements	\$10 per land sq.ft.	\$14,520
Direct Construction Costs [1]	\$265 per gross sq.ft.	\$243,005
Parking Costs	\$12,000 per carport space	<u>\$18,000</u>
<i>Subtotal, Direct Costs</i>		\$275,525
Soft Costs [2]	30.0% of direct const. costs	\$82,658
<i>Subtotal</i>		\$358,183
Development Cost Contingency	5% of direct and indirect costs	\$17,909
Total Costs before Land		\$376,092

[1] Includes on-site work, offsite work, vertical construction, general requirements, overhead and builder fees.

[2] Includes costs for architecture and engineering; entitlement and fees; project management; commissions, and general administration; financing and charges; insurance; and contingency.

Sources: Interviews with local residential developers; Rider Levett Bucknall; Marshall & Swift; Economic & Planning Systems, Inc.

Table 7: Market-Rate Wrap-Style Rental Apartment Product Prototype Cost Assumptions

Item	<u>Multifamily Wrap-Style Rental Apartment</u>	
	Assumptions	Per Unit
Development Prototype		
Density	50 units/acre	
Net Unit Size	825	
Efficiency Factor	0.83	
Gross Unit Size	994 sq.ft.	
Number of Bedrooms	1.0 per unit	
Amount of Parking	1.5 per unit	
Market Value Assumptions		
Monthly Rent, per sq.ft.	\$4.15 rent per sq.ft., per month	
Monthly Rent, per unit	\$3,421 rent per unit, per month	
Annual Rent	\$41,051 rent per unit, per year	
Annual Operating Expenses	\$12,500 operating expenses per unit, per year	
Annual Net Operating Income	\$28,551 NOI per unit, per year	
Developer Profit Threshold	5.5% yield on cost	
Supportable Development Cost	including land	\$519,105
Development Costs		
Site Improvements	\$10 per land sq.ft.	\$8,712
Direct Construction Costs [1]	\$280 per gross sq.ft.	\$278,320
Parking Costs	\$40,000 per garage space	<u>\$60,000</u>
<i>Subtotal, Direct Costs</i>		<i>\$347,032</i>
Soft Costs [2]	30.0% of direct const. costs	\$104,110
<i>Subtotal</i>		<i>\$451,142</i>
Development Cost Contingency	5% of direct and indirect costs	\$22,557
Total Costs before Land		\$473,699

[1] Includes on-site work, offsite work, vertical construction, general requirements, overhead and builder fees.

[2] Includes costs for architecture and engineering; entitlement and fees; project management; commissions, and general administration; financing and charges; insurance; and contingency.

Sources: Interviews with local residential developers; Rider Levett Bucknall; Marshall & Swift; Economic & Planning Systems, Inc.

Revenue and Value Assumptions

Market-Rate Residential

This analysis focuses on the values of newly constructed housing units because the inclusionary housing program applies to new development.

The value for rental apartments is based on annual net operating income (NOI), which is calculated as annual rent minus annual operating expenses. For the garden-style apartment prototype in Laguna Woods, annual rent for newly constructed units is assumed at \$39,096 per unit (equivalent to \$3,258 per month), and annual operating expenses are assumed at \$12,500 per unit.³ For the wrap-style apartment prototype, annual rent for newly constructed units is assumed at \$41,051 per unit (equivalent to \$3,421 per month), and annual operating expenses are assumed at \$12,500 per unit.⁴

For the for-sale prototypes, the value of the unit is equal to the estimated sale price. The sales prices for each prototype are established based on market research and conversations with local developers. The assumed price point of for-sale products in Laguna Woods is \$945,00 for attached townhome units (\$540 per square foot) and \$1,764,000 for detached single family homes (\$630 per square foot).⁵

Affordable Residential Revenue Assumptions

Affordable rents and sales prices for below-market rate (BMR) units are based on maximum housing costs affordable to households at various household income levels. Income levels in the County of Orange are set by HCD on an annual basis and were shown in **Table 2**. The income level for each category differs by household size. This analysis assumes a four-bedroom single-family detached unit is occupied by a five-person household, a three-bedroom attached townhome unit is occupied by a four-person household, and a one-bedroom unit in the rental prototypes is occupied by a two-person household. These assumptions are consistent with guidance in State law (Health and Safety Code Section 50052.5).

Consistent with HCD guidelines, the analysis assumes that households spend 30 percent of their gross annual income on total housing costs. For rental units, housing costs include rent and utilities. For for-sale units, housing costs include mortgage and interest payments, insurance, property taxes, and Homeowners Association (HOA) fees. To calculate the maximum affordable sale price for these units, the maximum income available for a mortgage payment is 25 percent of annual household income. This mortgage payment was converted into an affordable home sale price assuming a 10 percent down payment and a 30-year mortgage with a fixed interest rate of seven percent based on recent financing trends.

³ EPS determined rent assumptions based on a review of rent data obtained from CoStar for buildings with over 25 units, located within 5 miles of Laguna Woods city limits, and built since 2018.

⁴ EPS assumed a five-percent higher rent for wrap apartments than for garden apartments due to the premium that many renters place on amenities common to a wrap building including covered garage parking, elevators, secure corridors, and common area spaces like a lobby, gym, and/or clubhouse.

⁵ EPS determined sales price assumptions based on a review of recent transaction data obtained from Redfin for homes and townhomes located within 10 miles of Laguna Woods city limits and built since 2018.

Table 8 shows the supportable home price for for-sale prototypes at various income levels; that is, each unit’s maximum financeable value based on what the income-restricted resident could afford to pay towards a mortgage (per IHP affordability guidelines).

Table 9 shows the supportable development cost for rental prototypes at those same income levels, or the maximum project cost that a developer could finance

based on what the income-restricted resident could pay in rent.

Table 8: Supportable Home Price for For-Sale Prototypes at Various Income Levels

Item	Extremely Low Income (30% AMI)	Very Low Income (50% AMI)	Low Income (80% AMI)	Median Income (100% AMI)	Moderate Income (120% AMI)
For-Sale Single Family Detached Home					
Development Program Assumptions					
Number of Bedrooms	4	4	4	4	4
Household Size (Occupants) per 4-bedroom Unit [1]	5	5	5	5	5
Maximum Supported Home Price per Unit					
Household Income [2]	\$46,500	\$77,500	\$124,000	\$138,000	\$165,600
Income Available for Housing Payments/Year [3]	\$11,625	\$19,375	\$31,000	\$34,500	\$41,400
Estimated Property Tax, Insurance, and HOA Cost	\$5,699	\$6,720	\$8,251	\$8,712	\$9,620
Supportable Mortgage [4]	\$73,540	\$157,043	\$282,297	\$320,009	\$394,357
Supportable Home Price [5]	\$81,711	\$174,492	\$313,663	\$355,566	\$438,174
For-Sale Attached Townhome					
Development Program Assumptions					
Number of Bedrooms	3	3	3	3	3
Household Size (Occupants) per 3-bedroom Unit [1]	4	4	4	4	4
Maximum Supported Home Price					
Household Income [2]	\$43,050	\$71,750	\$114,800	\$114,800	\$127,800
Income Available for Housing Payments/Year [3]	\$10,763	\$17,938	\$28,700	\$31,950	\$38,338
Estimated Property Tax, Insurance, and HOA Cost	\$5,585	\$6,530	\$7,947	\$8,375	\$9,217
Supportable Mortgage [4]	\$64,243	\$141,552	\$257,524	\$292,543	\$361,364
Supportable Home Price [5]	\$71,381	\$157,280	\$286,137	\$325,048	\$401,515

[1] Consistent with guidance in State law (Health and Safety Code Section 50052.5), a three-bedroom unit should be assumed to be occupied by a four-person household, and a four-bedroom unit should be assumed to be occupied by a five-person household.

[2] Reflects 2023 HCD Income Limits. Incomes are calculated based on household size indicated.

[3] Assumes that no more than 25% of household income is spent on mortgage payments. This assumes total housing costs should not exceed 30% of income, and takes into account other housing-related costs, such as taxes, insurance, and Homeowners Association (HOA) fees.

[4] Assumes a 30-year mortgage and a fixed 7% interest rate.

[5] Assumes a 10% down payment.

Sources: California Department of Housing and Community Development; Economic & Planning Systems, Inc.

Table 9: Supportable Development Cost for Rental Prototypes at Various Income Levels

Item	Extremely Low Income (30% AMI)	Very Low Income (50% AMI)	Low Income (80% AMI)	Median Income (100% AMI)	Moderate Income (120% AMI)
Multifamily Garden-Style Rental Apartment					
Development Program Assumptions					
Number of Bedrooms	1	1	1	1	1
Household Size (Occupants) per 2-bedroom Unit [1]	2	2	2	2	2
Maximum Supportable Development Cost					
Household Income [2]	\$34,450	\$57,400	\$91,850	\$91,850	\$102,250
Annual Utility Cost Allowance	\$197	\$197	\$197	\$197	\$197
Income Available for Rent/Year after Utilities [3]	\$7,971	\$14,856	\$25,191	\$28,311	\$34,446
(less) Operating Expenses per Unit/Year [4]	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Net Operating Income	(\$4,029)	\$2,856	\$13,191	\$16,311	\$22,446
Developer Profit Threshold (Yield on Cost) [5]	5.5%	5.5%	5.5%	5.5%	5.5%
Supportable Development Cost	(\$73,255)	\$51,927	\$239,836	\$296,564	\$408,109
Multifamily Wrap Rental Apartment					
Development Program Assumptions					
Number of Bedrooms	1	1	1	1	1
Household Size (Occupants) per 2-bedroom Unit [1]	2	2	2	2	2
Maximum Supportable Development Cost					
Household Income [2]	\$34,450	\$57,400	\$91,850	\$91,850	\$102,250
Annual Utility Cost Allowance	\$197	\$197	\$197	\$197	\$197
Income Available for Rent/Year after Utilities [3]	\$7,971	\$14,856	\$25,191	\$28,311	\$34,446
(less) Operating Expenses per Unit/Year [4]	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500
Net Operating Income	(\$4,529)	\$2,356	\$12,691	\$15,811	\$21,946
Developer Profit Threshold (Yield on Cost) [5]	5.5%	5.5%	5.5%	5.5%	5.5%
Supportable Development Cost	(\$82,345)	\$42,836	\$230,745	\$287,473	\$399,018

[1] Consistent with guidance in State law (Health and Safety Code Section 50052.5), a 1-bedroom unit should be assumed to be occupied by a 2-person household.

[2] Reflects 2023 HCD Income Limits. Incomes are calculated for a two-person household.

[3] Assumes that no more than 30% of a household's income should be spent on housing costs for housing to be considered affordable.

[4] Operating expenses are generally based on EPS feasibility studies in the region and are inclusive of utility costs and property taxes.

[5] The yield on cost is a typical target financial return rate used by developers to determine whether to move forward with a project.

Sources: California Department of Housing and Community Development; Economic & Planning Systems, Inc.

Review of Assumptions with Local Developers

Market-Rate Residential Developers

As part of this Study, EPS reached out to and spoke with two market-rate housing developers active within southern Orange County: City Ventures, which currently focuses its local development efforts on for-sale townhomes; and The Hanover Company, which is currently building a multifamily rental wrap building in Laguna Niguel. EPS reviewed various analysis assumptions, including return metrics, construction costs, and market values, in order to confirm their reasonableness. EPS also asked developers about land values they have typically targeted and/or at which they have purchased land.

Feasibility Findings

At the request of the City, EPS analyzed project feasibility under a wide range of scenarios including without any inclusionary requirement (an all-market rate project), the current IHP policy requirements, and various combinations of affordability level requirements ranging from 5% to 20% in total. For for-sale prototypes, EPS also

analyzed the feasibility for projects that pay an in-lieu fee per the formula in the existing City policy.

Table 10 shows the scenarios selected and summarizes the estimated residual land values for each, by prototype. Apart from the all-market rate for-sale prototypes, the residual land values are generally below the range of \$4 million to \$4.6 million per acre suggested by local residential developers, meaning that projects under all inclusionary scenarios are likely to face feasibility challenges under current market conditions.

Even under the current IHP policy, the for-sale prototypes would be marginally feasible, while the rental prototypes would be likely infeasible, especially the denser wrap project. Some of the factors that contribute towards feasibility challenges likely include: current market conditions including high interest rates, high construction costs, zoning policy limitations on density, and heavy parking requirements. For example, wrap projects that have been successfully developed in nearby parts of Orange County have typically been taller, denser, and included less parking than envisioned in the prototypes analyzed in this Study.

Looking at the alternative potential scenarios, increasing the number of affordable units and/or requiring deeper levels of affordability generally makes development less feasible (reduces the residual land value for a given prototype project). Although these would require more affordable units, the likelihood of those units being built becomes lower due to the added cost.

Scenarios that require fewer affordable units provide an opportunity to modify the ordinance to enhance overall feasibility and housing production. Reducing the requirements to include affordable units could increase the likelihood of projects moving forward and being developed. However, stakeholders have expressed a need to provide housing at even deeper levels of affordability. Some of the scenarios analyzed reduce the overall number of affordable units, but serve deeper levels of affordability, even while increasing overall project feasibility.

For example, Scenario 1, requires fewer units to be affordable than the current policy at 10% of for-sale project units and 5% of rental project units. However, those units must be split between Low Income and Very Low Income for for-sale projects and between Very Low Income and Extremely Low Income for rental projects, which are deeper levels of affordability than the current IHP requirement. The resulting residual land value for such projects would be considerably higher than under the current IHP, meaning those projects are more likely feasible. Of the scenarios considered, Scenario 1 results in the most feasible project outcomes across all prototypes tested.

Scenarios 1 through 4 for rental projects similarly require fewer affordable units overall, but they ask that some of those units be affordable to Extremely Low Income households, which is a deeper level of affordability than the current IHP. Yet these scenarios are all at least slightly more feasible for the rental prototypes than the current IHP.

Table 11, Table 12, Table 13, and Table 14 show more detailed feasibility calculations by scenario for each prototype, respectively.

Table 10: Feasibility Results Summary showing Residual Land Value by Prototype and Scenario

<i>Prototype & Scenario</i>	Onsite Inclusionary Requirement	Moderate	Low	Very Low	Extremely Low	Residual Land Value
<i>For-Sale Single Family Detached Home</i>						
No Inclusionary Requirement	0.0%	0.0%	0.0%	0.0%	0.0%	\$4,160,871
Current Policy (15%)	15.0%	5.0%	10.0%	0.0%	0.0%	\$2,047,621
Scenario 1 (10%)	10.0%	0.0%	5.0%	5.0%	0.0%	\$2,640,948
Scenario 2 (15%)	15.0%	15.0%	0.0%	0.0%	0.0%	\$2,172,132
Scenario 3 (15%)	15.0%	10.0%	5.0%	0.0%	0.0%	\$2,109,877
Scenario 4 (15%)	15.0%	0.0%	5.0%	10.0%	0.0%	\$1,846,194
Scenario 5 (15%)	15.0%	0.0%	5.0%	5.0%	5.0%	\$1,799,804
Scenario 6 (20%)	20.0%	20.0%	0.0%	0.0%	0.0%	\$1,509,219
Scenario 7 (20%)	20.0%	10.0%	5.0%	5.0%	0.0%	\$1,315,123
<i>For-Sale Attached Townhome</i>						
No Inclusionary Requirement	0.0%	0.0%	0.0%	0.0%	0.0%	\$4,761,576
Current Policy (15%)	15.0%	5.0%	10.0%	0.0%	0.0%	\$2,900,366
Scenario 1 (10%)	10.0%	0.0%	5.0%	5.0%	0.0%	\$3,314,993
Scenario 2 (15%)	15.0%	15.0%	0.0%	0.0%	0.0%	\$3,131,121
Scenario 3 (15%)	15.0%	10.0%	5.0%	0.0%	0.0%	\$3,015,743
Scenario 4 (15%)	15.0%	0.0%	5.0%	10.0%	0.0%	\$2,527,274
Scenario 5 (15%)	15.0%	0.0%	5.0%	5.0%	5.0%	\$2,441,374
Scenario 6 (20%)	20.0%	20.0%	0.0%	0.0%	0.0%	\$2,587,637
Scenario 7 (20%)	20.0%	10.0%	5.0%	5.0%	0.0%	\$2,228,024
<i>Multifamily Garden-Style Rental Apartment</i>						
No Inclusionary Requirement	0.0%	0.0%	0.0%	0.0%	0.0%	\$3,496,888
Current Policy(15%)	15.0%	0.0%	7.5%	7.5%	0.0%	\$1,936,410
Scenario 1 (5%)	5.0%	0.0%	0.0%	2.5%	2.5%	\$2,741,910
Scenario 2 (5%)	5.0%	0.0%	0.0%	0.0%	5.0%	\$2,648,024
Scenario 3 (7.5%)	7.5%	0.0%	0.0%	2.5%	5.0%	\$2,317,479
Scenario 4 (10%)	10.0%	0.0%	0.0%	5.0%	5.0%	\$1,986,933
Scenario 5 (15%)	15.0%	0.0%	5.0%	5.0%	5.0%	\$1,607,706
Scenario 6 (20%)	20.0%	5.0%	5.0%	5.0%	5.0%	\$1,480,888
Scenario 7 (15%)	15.0%	0.0%	0.0%	7.5%	7.5%	\$1,231,956
<i>Multifamily Wrap-Style Rental Apartment</i>						
No Inclusionary Requirement	0.0%	0.0%	0.0%	0.0%	0.0%	\$2,270,339
Current Policy	15.0%	0.0%	7.5%	7.5%	0.0%	-\$597,020
Scenario 1 (5%)	5.0%	0.0%	0.0%	2.5%	2.5%	\$923,189
Scenario 2 (5%)	5.0%	0.0%	0.0%	0.0%	5.0%	\$766,711
Scenario 3 (7.5%)	7.5%	0.0%	0.0%	2.5%	5.0%	\$171,375
Scenario 4 (10%)	10.0%	0.0%	0.0%	5.0%	5.0%	-\$423,961
Scenario 5 (15%)	15.0%	0.0%	5.0%	5.0%	5.0%	-\$1,144,861
Scenario 6 (20%)	20.0%	5.0%	5.0%	5.0%	5.0%	-\$1,445,079
Scenario 7 (15%)	15.0%	0.0%	0.0%	7.5%	7.5%	-\$1,771,111

Table 11: Feasibility Impacts of Alternative Affordable Housing Requirements, Single Family For-Sale Prototype

	For-Sale Single Family Detached Home									
	No Inclusionary Requirement	Current Policy (15%)	Scenario 1 (10%)	Scenario 2 (15%)	Scenario 3 (15%)	Scenario 4 (15%)	Scenario 5 (15%)	Scenario 6 (20%)	Scenario 7 (20%)	Current In-Lieu Fee
Total Units	100	100	100	100	100	100	100	100	100	100
Density (Units/Acre)	10	10	10	10	10	10	10	10	10	10
Parcel Size (Acres)	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Market Rate Units	100	85	90	85	85	85	85	80	80	100
Inclusionary Requirement	0%	15%	10%	15%	15%	15%	15%	20%	20%	0%
Moderate		5.0%		15.0%	10.0%			20.0%	10.0%	
Low		10.0%	5.0%		5.0%	5.0%	5.0%		5.0%	
Very Low			5.0%			10.0%			5.0%	
Extremely Low							5.0%			
Affordable Units	0	15	10	15	15	15	15	20	20	0
Moderate	0	5	0	15	10	0	0	20	10	0
Low	0	10	5	0	5	5	5	0	5	0
Very Low	0	0	5	0	0	10	5	0	5	0
Extremely Low	0	0	0	0	0	0	5	0	0	0
Development Cost before Land										
Market Rate Development Cost	\$134,791,293	\$114,572,599	\$121,312,164	\$114,572,599	\$114,572,599	\$114,572,599	\$114,572,599	\$107,833,034	\$107,833,034	\$134,791,293
Affordable Development Cost	\$0	\$20,218,694	\$13,479,129	\$20,218,694	\$20,218,694	\$20,218,694	\$20,218,694	\$26,958,259	\$26,958,259	\$0
Affordable Housing Fee per SF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Affordable Housing Fee Total [1]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,148,940
Total Development Cost before Land	\$134,791,293	\$134,791,293	\$134,791,293	\$134,791,293	\$134,791,293	\$134,791,293	\$134,791,293	\$134,791,293	\$134,791,293	\$136,940,233
Units by Price Point										
Market Rate Units	100	85	90	85	85	85	85	80	80	100
Value/Unit	\$1,764,000	\$1,764,000	\$1,764,000	\$1,764,000	\$1,764,000	\$1,764,000	\$1,764,000	\$1,764,000	\$1,764,000	\$1,764,000
Aggregate Value of Market Rate Units	\$176,400,000	\$149,940,000	\$158,760,000	\$149,940,000	\$149,940,000	\$149,940,000	\$149,940,000	\$141,120,000	\$141,120,000	\$176,400,000
Moderate Income Units (120% of AMI)	0	5	0	15	10	0	0	20	10	0
Value/Unit	\$438,174	\$438,174	\$438,174	\$438,174	\$438,174	\$438,174	\$438,174	\$438,174	\$438,174	\$438,174
Aggregate Value of Moderate Income Units	\$0	\$2,190,871	\$0	\$6,572,614	\$4,381,743	\$0	\$0	\$8,763,485	\$4,381,743	\$0
Low Income Units (80% of AMI)	0	10	5	0	5	5	5	0	5	0
Value/Unit	\$313,663	\$313,663	\$313,663	\$313,663	\$313,663	\$313,663	\$313,663	\$313,663	\$313,663	\$313,663
Aggregate Value of Low Income Units	\$0	\$3,136,633	\$1,568,317	\$0	\$1,568,317	\$1,568,317	\$1,568,317	\$0	\$1,568,317	\$0
VLI Units (50% of AMI)	0	0	5	0	0	10	5	0	5	0
Value/Unit	\$174,492	\$174,492	\$174,492	\$174,492	\$174,492	\$174,492	\$174,492	\$174,492	\$174,492	\$174,492
Aggregate Value of VLI Units	\$0	\$0	\$872,459	\$0	\$0	\$1,744,918	\$872,459	\$0	\$872,459	\$0
ELI Units (30% of AMI)	0	0	0	0	0	0	5	0	0	0
Value/Unit	\$81,711	\$81,711	\$81,711	\$81,711	\$81,711	\$81,711	\$81,711	\$81,711	\$81,711	\$81,711
Aggregate Value of VLI Units	\$0	\$0	\$0	\$0	\$0	\$0	\$408,554	\$0	\$0	\$0
Total Unit Value	\$176,400,000	\$155,267,505	\$161,200,776	\$156,512,614	\$155,890,059	\$153,253,235	\$152,789,330	\$149,883,485	\$147,942,518	\$176,400,000
Residual Land Value (RLV)	\$41,608,707	\$20,476,212	\$26,409,483	\$21,721,321	\$21,098,766	\$18,461,942	\$17,998,037	\$15,092,192	\$13,151,225	\$39,459,767
RLV per Acre	\$4,160,871	\$2,047,621	\$2,640,948	\$2,172,132	\$2,109,877	\$1,846,194	\$1,799,804	\$1,509,219	\$1,315,123	\$3,945,977

[1] Based on formula in Laguna Woods City Code: [median sales price of a home within the City in the last quarter of the prior calendar year] minus the maximum affordable sales price for a two-bedroom unit

Sources: Laguna Woods and Economic & Planning Systems, Inc.

Table 12: Feasibility Impacts of Alternative Affordable Housing Requirements, For-Sale Townhome Prototype

	No Inclusionary Requirement	Current Policy (15%)	Scenario 1 (10%)	Scenario 2 (15%)	For-Sale Attached Townhome					Current In-Lieu Fee
					Scenario 3 (15%)	Scenario 4 (15%)	Scenario 5 (15%)	Scenario 6 (20%)	Scenario 7 (20%)	
Total Units	100	100	100	100	100	100	100	100	100	100
Density (Units/Acre)	20	20	20	20	20	20	20	20	20	20
Parcel Size (Acres)	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Market Rate Units	100	85	90	85	85	85	85	80	80	100
Inclusionary Requirement	0%	15%	10%	15%	15%	15%	15%	20%	20%	0%
Moderate		5.0%		15.0%	10.0%			20.0%	10.0%	
Low		10.0%	5.0%		5.0%	5.0%			5.0%	
Very Low			5.0%			10.0%			5.0%	
Extremely Low						5.0%				
Affordable Units	0	15	10	15	15	15	15	20	20	0
Moderate	0	5	0	15	10	0	0	20	10	0
Low	0	10	5	0	5	5	0	0	5	0
Very Low	0	0	5	0	0	10	5	0	5	0
Extremely Low	0	0	0	0	0	0	5	0	0	0
Development Cost before Land										
Market Rate Development Cost	\$70,692,122	\$60,088,303	\$63,622,909	\$60,088,303	\$60,088,303	\$60,088,303	\$60,088,303	\$56,553,697	\$56,553,697	\$70,692,122
Affordable Development Cost	\$0	\$10,603,818	\$7,069,212	\$10,603,818	\$10,603,818	\$10,603,818	\$10,603,818	\$14,138,424	\$14,138,424	\$0
Affordable Housing Fee per SF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Affordable Housing Fee Total [1]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,148,940
Total Development Cost before Land	\$70,692,122	\$70,692,122	\$70,692,122	\$70,692,122	\$70,692,122	\$70,692,122	\$70,692,122	\$70,692,122	\$70,692,122	\$72,841,062
Units by Price Point										
Market Rate Units	100	85	90	85	85	85	85	80	80	100
Value/Unit	\$945,000	\$945,000	\$945,000	\$945,000	\$945,000	\$945,000	\$945,000	\$945,000	\$945,000	\$945,000
Aggregate Value of Market Rate Units	\$94,500,000	\$80,325,000	\$85,050,000	\$80,325,000	\$80,325,000	\$80,325,000	\$80,325,000	\$75,600,000	\$75,600,000	\$94,500,000
Moderate Income Units (120% of AMI)	0	5	0	15	10	0	0	20	10	0
Value/Unit	\$401,515	\$401,515	\$401,515	\$401,515	\$401,515	\$401,515	\$401,515	\$401,515	\$401,515	\$401,515
Aggregate Value of Moderate Income Units	\$0	\$2,007,576	\$0	\$6,022,728	\$4,015,152	\$0	\$0	\$8,030,304	\$4,015,152	\$0
Low Income Units (80% of AMI)	0	10	5	0	5	5	5	0	5	0
Value/Unit	\$286,137	\$286,137	\$286,137	\$286,137	\$286,137	\$286,137	\$286,137	\$286,137	\$286,137	\$286,137
Aggregate Value of Low Income Units	\$0	\$2,861,373	\$1,430,687	\$0	\$1,430,687	\$1,430,687	\$1,430,687	\$0	\$1,430,687	\$0
VLI Units (50% of AMI)	0	0	5	0	0	10	5	0	5	0
Value/Unit	\$157,280	\$157,280	\$157,280	\$157,280	\$157,280	\$157,280	\$157,280	\$157,280	\$157,280	\$157,280
Aggregate Value of VLI Units	\$0	\$0	\$786,402	\$0	\$0	\$1,572,805	\$786,402	\$0	\$786,402	\$0
ELI Units (30% of AMI)	0	0	0	0	0	0	5	0	0	0
Value/Unit	\$71,381	\$71,381	\$71,381	\$71,381	\$71,381	\$71,381	\$71,381	\$71,381	\$71,381	\$71,381
Aggregate Value of VLI Units	\$0	\$0	\$0	\$0	\$0	\$0	\$356,905	\$0	\$0	\$0
Total Unit Value	\$94,500,000	\$85,193,949	\$87,267,089	\$86,347,728	\$85,770,839	\$83,328,491	\$82,898,994	\$83,630,304	\$81,832,241	\$94,500,000
Residual Land Value (RLV)	\$23,807,879	\$14,501,828	\$16,574,967	\$15,655,607	\$15,078,717	\$12,636,370	\$12,206,872	\$12,938,183	\$11,140,120	\$21,658,938
RLV per Acre	\$4,761,576	\$2,900,366	\$3,314,993	\$3,131,121	\$3,015,743	\$2,527,274	\$2,441,374	\$2,587,637	\$2,228,024	\$4,331,788

[1] Based on formula in Laguna Woods City Code: [median sales price of a home within the City in the last quarter of the prior calendar year] minus the maximum affordable sales price for a two-bedroom unit

Sources: Laguna Woods and Economic & Planning Systems, Inc.

Table 13: Feasibility Impacts of Alternative Affordable Housing Requirements, Multifamily Garden-Style Rental Prototype

	Multifamily Garden-Style Rental Apartment								
	No Inclusionary Requirement	Current Policy (15%)	Scenario 1 (5%)	Scenario 2 (5%)	Scenario 3 (7.5%)	Scenario 4 (10%)	Scenario 5 (15%)	Scenario 6 (20%)	Scenario 7 (15%)
Total Units	100	100	100	100	100	100	100	100	100
Density (Units/Acre)	30	30	30	30	30	30	30	30	30
Parcel Size (Acres)	3.33	3.33	3.33	3.33	3.33	3.3	3.3	3.3	3.3
Market Rate Units	100	85	95	95	93	90	85	80	85
Inclusionary Requirement	0%	15%	5%	5%	7.5%	10%	15%	20%	15%
Moderate								5.0%	
Low		7.5%					5.0%	5.0%	
Very Low		7.5%	2.5%		2.5%	5.0%	5.0%	5.0%	7.5%
Extremely Low			2.5%	5.0%	5.0%	5.0%	5.0%	5.0%	7.5%
Affordable Units	0	15	5	5	8	10	15	20	15
Moderate	0	0	0	0	0	0	0	5	0
Low	0	7.5	0	0	0	0	5	5	0
Very Low	0	7.5	3	0	3	5	5	5	7.5
Extremely Low	0	0	3	5	5	5	5	5	7.5
Development Cost before Land									
Market Rate Development Cost	\$37,609,163	\$31,967,788	\$35,728,704	\$35,728,704	\$34,788,475	\$33,848,246	\$31,967,788	\$30,087,330	\$31,967,788
Affordable Development Cost	\$0	\$5,641,374	\$1,880,458	\$1,880,458	\$2,820,687	\$3,760,916	\$5,641,374	\$7,521,833	\$5,641,374
Affordable Housing Fee per SF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Affordable Housing Fee Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Development Cost before Land	\$37,609,163	\$37,609,163	\$37,609,163	\$37,609,163	\$37,609,163	\$37,609,163	\$37,609,163	\$37,609,163	\$37,609,163
Units by Income Level									
Market Rate Units	100	85	95	95	93	90	85	80	85
Supportable Development Cost/Unit	\$492,655	\$492,655	\$492,655	\$492,655	\$492,655	\$492,655	\$492,655	\$492,655	\$492,655
Aggregate Value of Market Rate Units	\$49,265,455	\$41,875,636	\$46,802,182	\$46,802,182	\$45,570,545	\$44,338,909	\$41,875,636	\$39,412,364	\$41,875,636
Moderate Income Units (120% of AMI)	0	0	0	0	0	0	0	5	0
Supportable Development Cost/Unit	\$408,109	\$408,109	\$408,109	\$408,109	\$408,109	\$408,109	\$408,109	\$408,109	\$408,109
Aggregate Value of Moderate Income Units	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,040,545	\$0
Low Income Units (80% of AMI)	0	7.5	0	0	0	0	5	5	0
Supportable Development Cost/Unit	\$239,836	\$239,836	\$239,836	\$239,836	\$239,836	\$239,836	\$239,836	\$239,836	\$239,836
Aggregate Value of Low Income Units	\$0	\$1,798,773	\$0	\$0	\$0	\$0	\$1,199,182	\$1,199,182	\$0
VLI Units (50% of AMI)	0	7.5	2.5	0	2.5	5	5	5	7.5
Supportable Development Cost/Unit	\$51,927	\$51,927	\$51,927	\$51,927	\$51,927	\$51,927	\$51,927	\$51,927	\$51,927
Aggregate Value of VLI Units	\$0	\$389,455	\$129,818	\$0	\$129,818	\$259,636	\$259,636	\$259,636	\$389,455
ELI Units (30% of AMI)	0	0	2.5	5	5	5	5	5	7.5
Supportable Development Cost/Unit	(\$73,255)	(\$73,255)	(\$73,255)	(\$73,255)	(\$73,255)	(\$73,255)	(\$73,255)	(\$73,255)	(\$73,255)
Aggregate Value of ELI Units	\$0	\$0	-\$183,136	-\$366,273	-\$366,273	-\$366,273	-\$366,273	-\$366,273	-\$549,409
Total Unit Value	\$49,265,455	\$44,063,864	\$46,748,864	\$46,435,909	\$45,334,091	\$44,232,273	\$42,968,182	\$42,545,455	\$41,715,682
Residual Land Value (RLV)	\$11,656,292	\$6,454,701	\$9,139,701	\$8,826,747	\$7,724,928	\$6,623,110	\$5,359,019	\$4,936,292	\$4,106,519
RLV per Acre	\$3,496,888	\$1,936,410	\$2,741,910	\$2,648,024	\$2,317,479	\$1,986,933	\$1,607,706	\$1,480,888	\$1,231,956

Sources: Laguna Woods and Economic & Planning Systems, Inc.

Table 14: Feasibility Impacts of Alternative Affordable Housing Requirements, Multifamily Wrap Rental Prototype

	No Inclusionary Requirement	Current Policy	Multifamily Wrap Rental Apartment						
			Scenario 1 (5%)	Scenario 2 (5%)	Scenario 3 (7.5%)	Scenario 4 (10%)	Scenario 5 (15%)	Scenario 6 (20%)	Scenario 7 (15%)
Total Units	100	100	100	100	100	100	100	100	100
Density (Units/Acre)	50	50	50	50	50	50	50	50	50
Parcel Size (Acres)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Market Rate Units	100	85	95	95	93	90	85	80	85
Inclusionary Requirement	0%	15%	5%	5%	7.5%	10%	15%	20%	15%
Moderate								5.0%	
Low		7.5%					5.0%	5.0%	
Very Low		7.5%	2.5%		2.5%	5.0%	5.0%	5.0%	7.5%
Extremely Low			2.5%	5.0%	5.0%	5.0%	5.0%	5.0%	7.5%
Affordable Units	0	15	5	5	8	10	15	20	15
Moderate	0	0	0	0	0	0	0	5	0
Low	0	7.5	0	0	0	0	5	5	0
Very Low	0	7.5	3	0	3	5	5	5	7.5
Extremely Low	0	0	3	5	5	5	5	5	7.5
Development Cost before Land									
Market Rate Development Cost	\$47,369,868	\$40,264,388	\$45,001,375	\$45,001,375	\$43,817,128	\$42,632,881	\$40,264,388	\$37,895,894	\$40,264,388
Affordable Development Cost	\$0	\$7,105,480	\$2,368,493	\$2,368,493	\$3,552,740	\$4,736,987	\$7,105,480	\$9,473,974	\$7,105,480
Affordable Housing Fee per SF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Affordable Housing Fee Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Development Cost before Land	\$47,369,868	\$47,369,868	\$47,369,868	\$47,369,868	\$47,369,868	\$47,369,868	\$47,369,868	\$47,369,868	\$47,369,868
Units by Income Level									
Market Rate Units	100	85	95	95	93	90	85	80	85
Supportable Development Cost/Unit	\$519,105	\$519,105	\$519,105	\$519,105	\$519,105	\$519,105	\$519,105	\$519,105	\$519,105
Aggregate Value of Market Rate Units	\$51,910,545	\$44,123,964	\$49,315,018	\$49,315,018	\$48,017,255	\$46,719,491	\$44,123,964	\$41,528,436	\$44,123,964
Moderate Income Units (120% of AMI)	0	0	0	0	0	0	0	5	0
Supportable Development Cost/Unit	\$399,018	\$399,018	\$399,018	\$399,018	\$399,018	\$399,018	\$399,018	\$399,018	\$399,018
Aggregate Value of Moderate Income Units	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,995,091	\$0
Low Income Units (80% of AMI)	0	7.5	0	0	0	0	5	5	0
Supportable Development Cost/Unit	\$230,745	\$230,745	\$230,745	\$230,745	\$230,745	\$230,745	\$230,745	\$230,745	\$230,745
Aggregate Value of Low Income Units	\$0	\$1,730,591	\$0	\$0	\$0	\$0	\$1,153,727	\$1,153,727	\$0
VLI Units (50% of AMI)	0	7.5	2.5	0	2.5	5	5	5	7.5
Supportable Development Cost/Unit	\$42,836	\$42,836	\$42,836	\$42,836	\$42,836	\$42,836	\$42,836	\$42,836	\$42,836
Aggregate Value of VLI Units	\$0	\$321,273	\$107,091	\$0	\$107,091	\$214,182	\$214,182	\$214,182	\$321,273
ELI Units (30% of AMI)	0	0	2.5	5	5	5	5	5	7.5
Supportable Development Cost/Unit	(\$82,345)	(\$82,345)	(\$82,345)	(\$82,345)	(\$82,345)	(\$82,345)	(\$82,345)	(\$82,345)	(\$82,345)
Aggregate Value of VLI Units	\$0	\$0	-\$205,864	-\$411,727	-\$411,727	-\$411,727	-\$411,727	-\$411,727	-\$617,591
Total Unit Value	\$51,910,545	\$46,175,827	\$49,216,245	\$48,903,291	\$47,712,618	\$46,521,945	\$45,080,145	\$44,479,709	\$43,827,645
Residual Land Value (RLV)	\$4,540,677	-\$1,194,041	\$1,846,377	\$1,533,423	\$342,750	-\$847,923	-\$2,289,723	-\$2,890,159	-\$3,542,223
RLV per Acre	\$2,270,339	-\$597,020	\$923,189	\$766,711	\$171,375	-\$423,961	-\$1,144,861	-\$1,445,079	-\$1,771,111

Sources: Laguna Woods and Economic & Planning Systems, Inc.

In-Lieu Fee Review and Analysis

Under Assembly Bill 1505 (2017), California law requires that cities provide alternative means of compliance with an inclusionary housing requirement for rental housing, other than on-site affordable housing construction. An in-lieu fee is a commonplace option for this alternative compliance, both for rental and for-sale housing. An in-lieu fee option allows developers to pay a fee to the city instead of building affordable units on-site within the development project itself.

Current In-Lieu Fee

Currently, the City of Laguna Woods allows developers of for-sale residential projects to pay an in-lieu fee, but only where the developer can prove it is infeasible to construct the required affordable units on-site. Current City policy does not provide an in-lieu fee option for rental development. City code states that City Council will determine whether to allow an in-lieu fee for for-sale housing on a case-by-case basis after the developer has furnished a report outlining why they are prevented from building the units. City code also states that in-lieu fees are to be placed in an affordable housing trust fund. These funds are to be limited in use to "any expenditure authorized by law which directly or indirectly make housing units affordable to low or moderate-income households" within the City.

EPS understands that the in-lieu amount has not been formally established by City Council, but City code outlines a formula based on median sales price of a home within Laguna Woods in the last quarter of the prior calendar year minus the maximum affordable sales price for a two-bedroom unit.

While this fee relates to the current housing market, it is not directly reflective of the actual cost of building affordable housing units and may result in less than sufficient funds for financing equivalent housing opportunities, when applied. In particular, EPS notes that the current housing stock in the for-sale market within Laguna Woods is not necessarily reflective of the types of affordable housing projects envisioned by the City. Age-restricted condominiums make up the bulk of recent sales within the City and tend to transact at prices much lower than typical new for-sale homes and townhomes. Thus, the fee amount is likely well below the actual cost of subsidizing a new home. Accordingly, EPS estimated that the fee for a project submitted in early 2024 would be \$143,000 per affordable unit, which is lower than the affordability gap estimate for all prototypes at all affordability levels except for Moderate Income garden-style apartments, as shown in Tables Table 15 to Table 18.⁶

Stakeholder Input

Based on discussion with affordable housing advocacy stakeholders, funds collected from a larger in-lieu fee could potentially be used to catalyze affordable housing development

⁶ The median home price for homes sold in Q4 2023 in Laguna Woods was approximately \$429,000 while the two-bedroom affordable sales price (for a Low Income household) was approximately \$286,000.

in partnership with faith-based property owners in Laguna Woods. Properties owned by faith-based organizations make up a large part of the developable land inventory within Laguna Woods, and recent California legislation has further streamlined the construction of affordable housing on land owned by faith-based organizations.⁷

EPS also spoke directly with two affordable housing developers active in the area: Jamboree Housing and National CORE. These developers confirmed interest in building affordable housing projects within the City and working with faith-based property owners, and they indicated that availability of local funds for such projects is a main driver for project success (due to matching requirements needed for many grant funding programs). One developer reported City-related entitlement challenges for a potential affordable housing project previously considered for a faith-based property. In discussing this comment with City staff, it should be noted that, at the time, the City's land use zoning only allowed housing on faith-based properties as an accessory use. Faith-based properties have since been identified for "by-right" housing in the Housing Element. Both developers expressed interest in working with the City on future projects.

These developers also reported recent project costs at least as high as, if not higher than, those estimated by EPS for construction of new market-rate units: \$450,000 to \$550,000 per unit inclusive of land cost for garden-style housing projects and \$600,000 to \$750,000 per unit for podium-style housing projects (typically slightly more expensive than wrap-style projects). Although affordable developers are often able to leverage local housing funds, such as in-lieu fee proceeds to access additional funding from state, federal, and private grant providers, the need for local (match) funds and the higher costs of building dedicated affordable housing projects further indicates the value of setting an in-lieu fee that reflects actual costs to build a new unit of housing.

Affordability Gap Analysis Findings

To estimate the actual cost of subsidizing a new unit of housing, EPS analyzed the affordability gap, which is the difference between the total development cost, including land, and the supportable price or development cost for a given affordability level (that is, the unit's maximum financeable value based on what the income-restricted resident could afford to pay). This is a common approach used to determine a maximum appropriate in-lieu fee to charge developers.

EPS calculated the cost at different affordability levels for each prototype, which is shown in **Table 15**, **Table 16**, **Table 17**, and **Table 18**. For each prototype, EPS assumed land could be acquired for \$4.0 million per acre, consistent with suggestions from developers regarding supportable land costs in the area.

⁷ Effective January 1, 2024, California Senate Bill 4 (SB4) makes it legal for faith-based institutions and non-profit colleges to build affordable, multi-family homes on lands they own by streamlining the permitting process and overriding local zoning restrictions.

Table 15: Affordability Gap Analysis, Single Family Detached For-Sale Prototype

Item	For-Sale Single Family Detached Home				
	Extremely Low Income (30% AMI)	Very Low Income (50% AMI)	Low Income (80% AMI)	Median Income (100% AMI)	Moderate Income (120% AMI)
Land Value Assumption	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Density (Units/Acre)	10	10	10	10	10
Development Costs before Land per Unit	\$1,347,913	\$1,347,913	\$1,347,913	\$1,347,913	\$1,347,913
Land Value Assumption per Unit*	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Total Development Cost per Unit	\$1,747,913	\$1,747,913	\$1,747,913	\$1,747,913	\$1,747,913
Supportable Home Price per Unit	\$81,711	\$174,492	\$313,663	\$355,566	\$438,174
Affordability Gap per Unit	(\$1,666,202)	(\$1,573,421)	(\$1,434,250)	(\$1,392,347)	(\$1,309,739)

*Land Value Assumption divided by Units per Acre

Sources: HCD; Residential developers in the region; and Economic & Planning Systems, Inc.

Table 16: Affordability Gap Analysis, Townhome For-Sale Prototype

Item	For-Sale Attached Townhome				
	Extremely Low Income (30% AMI)	Very Low Income (50% AMI)	Low Income (80% AMI)	Median Income (100% AMI)	Moderate Income (120% AMI)
Land Value Assumption	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Density (Units/Acre)	20	20	20	20	20
Development Costs before Land per Unit	\$706,921	\$706,921	\$706,921	\$706,921	\$706,921
Land Value Assumption per Unit*	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Total Development Cost per Unit	\$906,921	\$906,921	\$906,921	\$906,921	\$906,921
Supportable Home Price per Unit	\$71,381	\$157,280	\$286,137	\$325,048	\$401,515
Affordability Gap per Unit	(\$835,540)	(\$749,641)	(\$620,784)	(\$581,873)	(\$505,406)

*Land Value Assumption divided by Units per Acre

Sources: HCD; Residential developers in the region; and Economic & Planning Systems, Inc.

Table 17: Affordability Gap Analysis, Multifamily Garden-Style Rental Prototype

Item	Multifamily Garden-Style Rental Apartment				
	Extremely Low Income (30% AMI)	Very Low Income (50% AMI)	Low Income (80% AMI)	Median Income (100% AMI)	Moderate Income (120% AMI)
Land Value Assumption	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Density (Units/Acre)	30	30	30	30	30
Development Costs before Land per Unit	\$376,092	\$376,092	\$376,092	\$376,092	\$376,092
Land Value Assumption per Unit*	\$133,333	\$133,333	\$133,333	\$133,333	\$133,333
Total Development Cost per Unit	\$509,425	\$509,425	\$509,425	\$509,425	\$509,425
Supportable Development Cost per Unit	(\$73,255)	\$51,927	\$239,836	\$296,564	\$408,109
Affordability Gap per Unit	(\$582,680)	(\$457,498)	(\$269,589)	(\$212,861)	(\$101,316)

*Land Value Assumption divided by Units per Acre

Sources: HCD; Residential developers in the region; and Economic & Planning Systems, Inc.

Table 18: Affordability Gap Analysis, Multifamily Wrap Rental Prototype

Item	Multifamily Wrap Rental Apartment				
	Extremely Low Income (30% AMI)	Very Low Income (50% AMI)	Low Income (80% AMI)	Median Income (100% AMI)	Moderate Income (120% AMI)
Land Value Assumption	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Density (Units/Acre)	50	50	50	50	50
Development Costs before Land per Unit	\$473,699	\$473,699	\$473,699	\$473,699	\$473,699
Land Value Assumption per Unit*	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
Total Development Cost per Unit	\$553,699	\$553,699	\$553,699	\$553,699	\$553,699
Supportable Development Cost per Unit	(\$82,345)	\$42,836	\$230,745	\$287,473	\$399,018
Affordability Gap per Unit	(\$636,044)	(\$510,862)	(\$322,953)	(\$266,226)	(\$154,680)

*Land Value Assumption divided by Units per Acre

Sources: HCD; Residential developers in the region; and Economic & Planning Systems, Inc.

Maximum Recommended Fee Level

Based on the findings of the affordability gap analysis, EPS estimated the cost per market-rate unit that would have to be charged as a fee to provide the same level of affordable housing financial subsidy. Under the current IHP affordability requirements, this amount varies from \$87,349 to \$208,912 for for-sale projects and from \$54,531 to \$62,536 for rental projects, depending on the prototype.

The in-lieu fee calculations for a hypothetical 100-unit project under the current IHP requirements are shown in **Table 19**, **Table 20**, **Table 21**, and **Table 22** for each prototype, respectively.

These amounts could go up or down depending on changes to the required levels and amounts of affordability required under the City’s IHP program. This should be considered a maximum amount, though the City could charge an amount less than this.

Table 19: In-Lieu Fee Calculation for Single-Family Detached For-Sale Prototype under current IHP

	Very Low Income	Low Income	Moderate Income	Total	In-Lieu Fee		
					per Affordable Unit	per Market-Rate Unit	per Market-Rate Sq.Ft.
On-Site Inclusionary Requirement							
Units	0.0	10.0	5.0	15.0	15	100	
AMI	50% AMI	80% AMI	120% AMI				
Subsidy per Unit	\$1,573,421	\$1,434,250	\$1,309,739				
Total Subsidy Required	\$0	\$14,342,496	\$6,548,693	\$20,891,189	\$1,392,746	\$208,912	\$74.61

Source: Economic & Planning Systems, Inc.

Table 20: In-Lieu Fee Calculation for Townhome For-Sale Prototype under current IHP

Baldwin Park	Very Low Income	Low Income	Moderate Income	Total	In-Lieu Fee		
					per Affordable Unit	per Market-Rate Unit	per Market-Rate Sq.Ft.
On-Site Inclusionary Requirement							
Units	0.0	10.0	5.0	15.0	15	100	
AMI	50% AMI	80% AMI	120% AMI				
Subsidy per Unit	\$749,641	\$620,784	\$505,406				
Total Subsidy Required	\$0	\$6,207,839	\$2,527,030	\$8,734,869	\$582,325	\$87,349	\$49.91

Source: Economic & Planning Systems, Inc.

Table 21: In-Lieu Fee Calculation for Multifamily Garden Rental Prototype under current IHP

	Very Low Income	Low Income	Moderate Income	Total	In-Lieu Fee		
					per Affordable Unit	per Market-Rate Unit	per Market-Rate Sq.Ft.
On-Site Inclusionary Requirement							
Units	7.5	7.5	0.0	15.0	15	100	
AMI	50% AMI	80% AMI	120% AMI				
Subsidy per Unit	\$457,498	\$269,589	\$101,316				
Total Subsidy Required	\$3,431,233	\$2,021,914	\$0	\$5,453,147	\$363,543	\$54,531	\$66.10

Source: Economic & Planning Systems, Inc.

Table 22: In-Lieu Fee Calculation for Multifamily Wrap Rental Prototype under current IHP

	Very Low Income	Low Income	Moderate Income	Total	In-Lieu Fee		
					per Affordable Unit	per Market-Rate Unit	per Market-Rate Sq.Ft.
On-Site Inclusionary Requirement							
Units	7.5	7.5	0.0	15.0	15	100	
AMI	50% AMI	80% AMI	120% AMI				
Subsidy per Unit	\$510,862	\$322,953	\$154,680				
Total Subsidy Required	\$3,831,467	\$2,422,149	\$0	\$6,253,617	\$416,908	\$62,536	\$75.80

Source: Economic & Planning Systems, Inc.

Next Steps

This Study provides information for the City in considering what potential changes may be appropriate for their IHP going forward. Beyond changing the amount and level of required affordable units, the City could consider other initiatives to support affordable housing production. For example, the City could consider establishing a linkage fee that would apply to commercial (e.g., office, retail, or industrial) projects, somewhat analogous to an in-lieu fee for residential projects.

The City could also consider how best to make use of future potential in-lieu fee revenue to advance affordable housing projects. Nonprofit housing developers typically need a source of local funds to leverage and attract state and federal funding sources. The City could either collect and directly fund projects, or it could pool its funds with other nearby Cities. Direct funding would offer the City greater control over use of funds by focusing

exclusively on projects within the City limits, while pooling funds could allow the City to contribute to larger projects—projects which may also be able to move forward more quickly, though not necessarily located within the immediate vicinity of Laguna Woods.

To finance its own affordable housing projects, the City would need to establish its own housing fund or program. To pool its resources, the City could consider participating in the Orange County Housing Finance Trust, which has over a dozen member cities.

Similar to Program H-1.2.5 in the City's Housing Element, the City could also consider other incentive programs or changes to development policy for encouraging new housing development that delivers affordable housing units (or funding) within Laguna Woods. Based on local EPS experience analyzing the effect of development policy changes on project-level feasibility, some such policy changes that may prove impactful and merit further study include allowing greater density or reducing parking requirements. The City could also consider how creating a local density bonus program could improve project feasibility. Specific analysis of and recommendations for such changes are beyond the scope of this current assignment.

9.3

**HEALTH AND SANITATION TITLE OF LAGUNA
WOODS MUNICIPAL CODE**

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City of Laguna Woods

Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Christopher Macon, City Manager

FOR: September 18, 2024 Regular Meeting

SUBJECT: Health and Sanitation Title of Laguna Woods Municipal Code

Recommendation

Approve second reading and adopt an ordinance – read by title with further reading waived – titled:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING CHAPTERS 4.10 AND 4.18 AND REPEALING CHAPTERS 4.02 AND 4.08 OF TITLE 4 (HEALTH AND SANITATION) OF THE LAGUNA WOODS MUNICIPAL CODE PERTAINING TO SOLID WASTE, WATER CONSERVATION, GEOTHERMAL HEAT EXCHANGE WELLS, WATER WELLS, CATHODIC PROTECTION WELLS, MONITORING WELLS, AMBULANCE SERVICES, AND TATTOOING ESTABLISHMENTS, AND DETERMINING AND CERTIFYING THAT THE ORDINANCE IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

Background

Staff is reviewing the Laguna Woods Municipal Code to identify opportunities to improve its clarity and ease of use. This includes, but is not limited to, identifying provisions that are unnecessary, duplicative of state law, and/or duplicative and/or in potential conflict with other provisions of the Laguna Woods Municipal Code.

At the regular meeting on August 21, 2024, the City Council conducted a public

hearing and voted unanimously to approve the introduction and first reading of the ordinance included with this agenda report as Attachment A.

Discussion

Today’s meeting is an opportunity for City Council action, as well as public input, on proposed modifications of the Laguna Woods Municipal Code (Attachment A). Staff recommends that the City Council adopt the proposed ordinance in order to clarify and enhance ease of use of the Laguna Woods Municipal Code, both for internal parties and the public, by (i) deleting and repealing various provisions of chapters 4.02 and 4.08 that are unnecessary and/or duplicative of state law, (ii) amending Chapter 4.10 to promote compliance with California Senate Bill 1383 (Lara, Chapter 395, Statutes of 2016), eliminate the self-hauler registration requirement, and clarify various provisions, and (iii) amending Chapter 4.18 to promote compliance with California Water Code sections 13800.5(c) and 13801(c).

A table identifying the rationale for each proposed modification follows.

Table 1: Rationale for Proposed Modifications

Laguna Woods Municipal Code Reference	Rationale
Chapter 4.02	Repeal of regulations pertaining to “ambulance service.” This chapter contains general operating procedures and standards for medical transportation services. Pursuant to state law, ambulance services in Laguna Woods are managed by the Orange County Health Care Agency. Ambulance services are not subject to the City’s licensing requirements.
Chapter 4.08	Repeal of regulations pertaining to “tattooing establishments.” This chapter contains standards for the operation and maintenance of tattooing establishments. Pursuant to state law (the “California Safe Body Art Act”), the California Department of Public Health and the Orange County Health Care Agency are responsible for enforcing statewide standards for tattooing.
Section 4.10.020	Addition of a definition of “back-haul” and modification of a definition of “self-hauler” for consistency with California Senate Bill 1383 regulations; non-substantive changes

Laguna Woods Municipal Code Reference	Rationale
	related to style
Section 4.10.040	Deletion of a registration requirement for self-haulers that is not required by California Senate Bill 1383
Section 4.10.050	Typographical corrections; deletion of a requirement for self-haulers to have collection containers approved by the City (not required by California Senate Bill 1383); deletion of container maintenance requirements to avoid inconsistency with the solid waste handling services agreement with CR&R Incorporated, which makes CR&R responsible for container maintenance; addition of language allowing the City Manager to impose container-related requirements to protect public health, safety, or welfare, or to comply with applicable law; non-substantive changes related to style
Section 4.10.070	Clarification of existing language; deletion of references to a registration requirement for self-haulers for consistency with the modifications proposed to Section 4.10.040; addition of language explicitly requiring self-haulers to operate in an industry standard and lawful manner; non-substantive changes related to style
Section 4.10.080	Modification of provisions for consistency with the definition of “self-hauler” proposed to be added to Section 4.10.020; deletion of provisions related to a registration requirement for self-hauling for consistency with the modifications proposed to Section 4.10.040; modification of recordkeeping requirements for self-haulers for consistency with California Senate Bill 1383 regulations; deletion of a requirement for self-haulers to have collection containers approved by the City (not required by California Senate Bill 1383) for consistency with the modifications proposed to Section 4.10.050; deletion of a requirement for self-haulers to have collection and transport equipment approved by the City (not required by California Senate Bill 1383); addition of language allowing the City Manager to require self-haulers to subscribe for solid waste handling services in certain instances of non-compliance with California Senate

Laguna Woods Municipal Code Reference	Rationale
	Bill 1383 or Laguna Woods Municipal Code; non-substantive changes related to style
Section 4.10.090	Clarification of existing language; non-substantive changes related to style
Section 4.10.100	Clarification of existing language
Chapter 4.18	Though titled “water conservation,” this chapter actually contains standards pertaining to water wells. The proposed modifications are intended to promote compliance with California Water Code sections 13800.5(c) and 13801(c), which generally require that cities adopt ordinances regulating geothermal heat exchange wells, water wells, cathodic protection wells, and monitoring wells. Pursuant to state law, wells within Laguna Woods are subject to the County of Orange Well Ordinance, which the proposed modifications make reference to.

Environmental Review

The City Council is asked to find that the proposed ordinance is not subject to the California Environmental Quality Act of 1970, Public Resources Code Section 21000, et. seq., as amended and implementing State CEQA Guidelines, Title 14, Chapter 3 of the California Code of Regulations (collectively “CEQA”) pursuant to sections 15060(c)(2) (the activities will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activities are not a project as defined in section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3. CEQA Guidelines Section 15378(b)(2) excludes “[c]ontinuing administrative. . . activities, such as . . . general policy and procedure making” and Section 15378(b)(5) excludes “[o]rganizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment” from its definition of “project.”

The City Council is also asked to find that, even if the proposed ordinance were subject to CEQA, it would be exempt based on CEQA Guideline section 15061(b)(3) because it can be seen with certainty that there is no possibility that

the activity in question may have a significant effect on the environment.

Fiscal Impact

Sufficient funds to support this project are included in the City’s budget.

Documents Available for Review

Related documents – including the proposed ordinance and the Laguna Woods Municipal Code – are available for public review at or from City Hall during normal working hours. The Laguna Woods Municipal Code is also available for review at www.cityoflagunawoods.org.

Report Prepared With: James Haston, Assistant to the City Manager
Nadia Cook, Conservation Administrator

Attachment: A – Proposed Ordinance
Exhibit A – Proposed Code Amendments

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ORDINANCE NO. 24-XX

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING CHAPTERS 4.10 AND 4.18 AND REPEALING CHAPTERS 4.02 AND 4.08 OF TITLE 4 (HEALTH AND SANITATION) OF THE LAGUNA WOODS MUNICIPAL CODE PERTAINING TO SOLID WASTE, WATER CONSERVATION, GEOTHERMAL HEAT EXCHANGE WELLS, WATER WELLS, CATHODIC PROTECTION WELLS, MONITORING WELLS, AMBULANCE SERVICES, AND TATTOOING ESTABLISHMENTS, AND DETERMINING AND CERTIFYING THAT THE ORDINANCE IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

WHEREAS, staff has recommended amending Chapters 4.10 and 4.18 and repealing Chapters 4.02 and 4.08 of Title 4 (Health and Sanitation) of the Laguna Woods Municipal Code (“Code Amendments”) to clarify and enhance ease of use of the Laguna Woods Municipal Code, both for internal parties and the public, by (i) deleting and repealing various provisions of chapters 4.02 and 4.08 that are unnecessary and/or duplicative of state law, (ii) amending Chapter 4.10 to promote compliance with California Senate Bill 1383 (Lara, Chapter 395, Statutes of 2016), eliminate the self-hauler registration requirement, and clarify various provisions, and (iii) amending Chapter 4.18 to promote compliance with California Water Code sections 13800.5(c) and 13801(c); and

WHEREAS, on August 21, 2024, the City Council held a duly noticed public hearing on this Ordinance at which it considered all of the information, evidence, and testimony presented, both written and oral.

THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, DOES ORDAIN AS FOLLOWS:

SECTION 1. The City Council hereby finds and determines that (i) each of the recitals to this Ordinance are true and correct, and are adopted herein as findings; (ii) the Code Amendments comply with all applicable requirements of State law; (iii) the Code Amendments will not adversely affect the health, safety, or welfare of the residents within the community; (iv) the Code Amendments are in the public interest of the City of Laguna Woods; and, (v) the Code Amendments are consistent with the Laguna Woods General Plan and its various elements.

SECTION 2. After reviewing the entire project record, the City Council hereby determines and certifies that this Ordinance is not subject to the California Environmental Quality Act of 1970, Public Resources Code Section 21000, et. seq., as amended and implementing State CEQA Guidelines, Title 14, Chapter 3 of the California Code of Regulations (collectively “CEQA”) pursuant to sections 15060(c)(2) (the activities will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activities are not a project as defined in section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3. CEQA Guidelines Section 15378(b)(2) excludes “[c]ontinuing administrative. . . activities, such as . . . general policy and procedure making” and Section 15378(b)(5) excludes “[o]rganizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment” from its definition of “project.”

After reviewing the entire project record, the City Council also hereby determines and certifies that that, even if this Ordinance were subject to CEQA, it would be exempt based on CEQA Guideline section 15061(b)(3) because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

SECTION 3. Sections 4.10.020, 4.10.040, 4.10.050, 4.10.070, 4.10.080 4.10.090, and 4.10.100, and Chapter 4.08, of Title 4 (Health and Sanitation) of the Laguna Woods Municipal Code are hereby amended to read as set forth in Exhibit A, attached to this Ordinance and incorporated herein by this reference.

Chapters 4.02 and 4.08 of Title 6 (Businesses) of the Laguna Woods Municipal Code are hereby repealed in their entirety.

SECTION 4. This Ordinance shall take effect and be in full force and operation thirty (30) calendar days after adoption.

SECTION 5. If any section, subsection, subdivision, paragraph, sentence, clause, or phrase added by this Ordinance, or any part thereof, is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity of effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase thereof irrespective of the fact that any one or more subsections, subdivisions, paragraphs sentences, clauses, or phrases are declared unconstitutional, invalid, or ineffective.

SECTION 6. The Mayor shall sign this Ordinance.

SECTION 7. The City Clerk shall certify to the passage of this Ordinance and shall cause this Ordinance to be published or posted as required by law.

SECTION 8. All of the above-referenced documents and information have been and are on file with the City Clerk of the City.

PASSED, APPROVED AND ADOPTED this XX day of XX 2024.

NOEL HATCH, Mayor

ATTEST:

YOLIE TRIPPY, CMC, City Clerk

APPROVED AS TO FORM:

ALISHA PATTERSON, City Attorney

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

I, YOLIE TRIPPY, City Clerk of the City of Laguna Woods, do HEREBY CERTIFY that the foregoing **Ordinance No. 24-XX** was duly introduced and placed upon its first reading at a regular meeting of the City Council on the XX day of XX 2024, and that thereafter, said Ordinance was duly adopted and passed at a regular meeting of the City Council on the XX day of XX 2024 by the following vote to wit:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

YOLIE TRIPPY, CMC, City Clerk

**EXHIBIT A
CODE AMENDMENTS**

Chapter 4.02 (“Ambulance Service”) is hereby repealed from Title 4 (“Health and Sanitation”) of the Laguna Woods Municipal Code in its entirety (deletions shown with ~~strikethrough~~).

~~**CHAPTER 4.02. – AMBULANCE SERVICE^{HH}**~~

~~**Footnotes:**~~

~~—(1)—~~

~~**State Law reference**—*Emergency medical services, Health and Safety Code § 1797 et seq.*~~

~~**Sec. 4.02.010. – Intent and purpose.**~~

~~It is the intent of this chapter to establish general operating procedures and standards for medical transportation services operating within the City in both emergency and other situations, to provide a fair and impartial means of allowing responsible private operators to provide such services in the public interest, and to provide a means for the designation of exclusive operating areas. This chapter is modeled after Division 9, Article I of Title 4 of the Codified Ordinances of the County of Orange (County Model Ambulance Ordinance No. 3517; OCC § 4-9-1).~~

~~**Sec. 4.02.020. – Definitions.**~~

~~For purposes of this chapter, the following terms are defined: (05)Advanced life support service ("ALS") and basic life support service ("BLS") mean the same as defined in the California Health and Safety Code.(10)Ambulance means a motor vehicle, helicopter, or similar vehicle, specifically constructed, modified, equipped, or arranged and operated for the purpose of transporting patients requiring immediate or ongoing medical services excluding the transportation of such persons to or from locations not providing services as defined in this chapter.~~

~~(15) Ambulance service means the activity, business or service, for hire, profit, or otherwise, of transporting one or more persons by ambulance; provided, however, ambulance service shall not include the transportation by ambulance by an employer of his own~~

~~employees in an ambulance owned and operated by the employer solely for this purpose.~~

~~(20) *Ambulance service operator* means any person who operates or owns an ambulance service.~~

~~(25) *Attendant* means a trained, qualified individual who, regardless of whether he also serves as driver, is responsible for the care of patients.~~

~~(30) *County* means the County of Orange, State of California.~~

~~(35) *City* means the City of Laguna Woods, California.~~

~~(40) *Department* means the Emergency Medical Services Agency of the County of Orange or the Health Care Agency of the County of Orange, or as otherwise designated by the Orange County Board of Supervisors.~~

~~(45) *Dispatcher* means an individual employed by an ambulance service operator responsible for sending an ambulance to provide ambulance service to a patient.~~

~~(50) *Driver* means an attendant who drives or pilots an ambulance.~~

~~(55) *Emergency* means a sudden, unforeseen event giving rise to a need for ambulance service with basic or advanced life support services and is a condition in which an individual has a need for immediate medical attention, or where the potential for such need is perceived by emergency medical personnel or a public safety agency.~~

~~(60) *Exclusive operating area ("EOA")* means the same as defined in Health and Safety Code § 1797.85, and which is established pursuant to Health and Safety Code § 1797.224.~~

~~(65) *Emergency service* means ambulance service performed in response to an emergency.~~

~~(70) *Fire Chief* means the Fire Chief of the Orange County Fire Authority.~~

~~(75) *Health Officer* means the Orange County Health Officer or other official designated by the Board of Supervisors of Orange County to perform the Health Officer's functions under this chapter.~~

~~(80) *Licensee* means an ambulance service operator which has been granted a license under this chapter to provide ambulance service.~~

~~(85) *Medical services* means services provided by health care professionals licensed pursuant to the California Business and Professions Code or as specified by regulations adopted pursuant to this chapter.~~

~~(90) *Paramedic* means the same as defined in the California Health and Safety Code.~~

~~(95) *Patient* means a wounded, injured, sick, invalid, or otherwise incapacitated person.~~

~~(100) *Person* means any individual, firm, corporation, partnership, association, or other group or combination acting as a unit.~~

~~(105) *Physician* means a medical doctor or osteopath holding the appropriate license or certificate to practice as such within the State of California pursuant to the Business and Professions Code.~~

~~(110) *Public safety agency* means any public law enforcement agency, fire protection agency, or forest ranger operating in the County.~~

Sec. 4.02.030. – License required.

~~(a) It shall be unlawful for any person to be an ambulance service operator, or to act in such a capacity either directly or indirectly, within the City without possession of a license issued pursuant to this chapter. A license may specify the specific geographical area within the City in which it is valid; provided, however, with respect to EOA's, reference to the EOA by a specific number or similar identification shall be sufficient description of geographic limitation. A license shall be valid for not more than one calendar year or the expiration of the calendar year in which it was issued, whichever is shorter.~~

~~(b) The provisions of this chapter shall not apply to:~~

~~(1) Ambulances operated at the request of a public safety agency during any "state of war emergency," "state of emergency," or "local emergency," as defined in the Government Code.~~

~~(2) Ambulance service transporting a patient from a location outside of the City regardless of destination.~~

~~(3) Ambulance service transporting a patient by a fixed-wing airplane.~~

~~Sec. 4.02.040. — Transfer and term of license.~~

~~(a) No license issued pursuant to this chapter can be transferred by operation of law or otherwise. The following shall be considered transfers for purposes of this section:~~

~~(1) Any change in the business structure of a licensee, including, but not limited to, changes from or to:~~

~~a. A sole proprietorship;~~

~~b. A partnership, including any change in the partners; and~~

~~c. A corporation, including any change in the shareholders, whether by operation of law or otherwise.~~

~~(2) Bankruptcy, an assignment for the benefit of creditors, or the appointment of a receiver.~~

~~(3) A sale or transfer of over ten percent of the assets of a licensee.~~

~~(b) A licensee may apply to the Health Officer for an amendment to the terms of the license, which request shall be processed in the same manner as an original application. Notwithstanding anything in this section to the contrary, licenses may be suspended, revoked, or terminated prior to the expiration date, pursuant to the provisions of this chapter.~~

~~Sec. 4.02.050. — Applications.~~

~~(a) Each application for a license shall be accompanied by an application fee, if any, set by the Orange County Board of Supervisors, and be made upon forms prescribed by the Health Officer.~~

~~(b) Each applicant shall submit the following:~~

~~(1) The names and addresses of the applicants and the owners of the ambulances and the business and any interest therein;~~

~~(2) The applicant's training and experience in the transportation and care of patients;~~

~~(3) The names under which the applicant has engaged, does engage, and proposes to engage in ambulance service;~~

~~(4) A description of each ambulance including the make, model, year of manufacture, vehicle identification number, current State license number, the length of time the vehicle has been in use, and the color scheme, insignia, name, monogram and other distinguishing characteristics of the vehicles, a description of the company's program for maintenance of the vehicle, and a description of the vehicle's radio;~~

~~(5) Proof that the applicant has obtained all licenses and permits required by State or local law or regulation for the type of ambulance service proposed, excluding only a license to provide the service for which application is made;~~

~~(6) The names and qualifications of each attendant, driver, or dispatcher employed, or to be employed, in providing ambulance service;~~

~~(7) Proof that the applicant possesses and maintains currently valid California Highway Patrol inspection reports for each vehicle listed in the application;~~

~~(8) A description of the applicant company's training and orientation programs for attendants, drivers, and dispatchers;~~

~~(9) Evidence of such financial responsibility and insurance coverage as may be required by the Health Officer pursuant to regulations adopted in accordance with this chapter;~~

~~(10) Identification of the geographical area to be served by the applicant, if required by the Department;~~

~~(11) As to new applications or transfers as specified in Section 4.02.040 of this chapter, a fingerprint receipt for each principal of the applicant, issued by the Orange County Sheriff-Coroner indicating each principal of the applicant has undergone a complete criminal history check, followed by a report from the Orange County Sheriff-Coroner showing no conviction of crimes which would be violations of the provisions of Section 4.02.070(d)(2), (3), (4), (5), (6) or (7);~~

~~(12) A list of all substations or offices where equipment and personnel are, or will be based, including hours of operation; and~~

~~(13) A description of whether the service proposed by the applicant will include basic life support services or advanced life support service, and, if so:~~

~~a. The number of basic life support service or advanced life support service units to be deployed on each shift;~~

~~b. The emergency response area to receive basic life support service or advanced life support service; and~~

~~c. The provisions, if any, for continuing education of attendants.~~

~~(14) Such other information as the Health Officer may require in regulations adopted pursuant to this chapter.~~

~~(c) Renewal applications shall be submitted in the same form and require the same materials as original applications, except the requirement of Section 4.02.050(b)(11).~~

Sec. 4.02.060. – Investigations.

~~Upon receipt of a completed application and the required fee, if any, the Health Officer shall make, or cause to be made, such investigation as the Health Officer deems necessary to determine if:~~

~~(1)The applicant is a responsible and proper person to conduct, operate, or engage in the provision of ambulance services;~~

~~(2)The applicant meets the requirements of this chapter and of other applicable laws, ordinances, or regulations.~~

~~**Sec. 4.02.070. – Issuance or denial of license.**~~

~~(a) The Health Officer shall issue a license to an applicant if the Health Officer, after completing any investigation required pursuant to this chapter, determines all requirements of this chapter have been met and the license fee, if any, set by the Orange County Board of Supervisors, has been paid.~~

~~(b) In the event of denial, the applicant shall be informed by the Health Officer in writing of the reasons therefor.~~

~~(c) The licensee shall obtain and keep in force during the term of a license comprehensive automobile liability insurance and professional liability insurance issued by a company authorized to do business in the State of California, acceptable to the Health Officer, insuring the owner against loss by reason of injury or damage that may result to persons or property from negligent operation or defective construction of such ambulance, or from violation of this chapter or any other law of the State of California, or the United States. Said comprehensive automobile liability policy shall be in the sum of not less than \$500,000 for combined single limit, bodily injury and property damage. Said professional liability insurance shall be in the sum of not less than \$1,000,000.00 per person and \$1,000,000.00 annual aggregate. Workers' compensation insurance shall be carried covering all employees of the license holder. Before the Health Officer shall issue a license, copies of the policies, or certificates evidencing such policies, shall be filed with the Health Officer. All policies shall contain a provision requiring a 30-day notice to be given to the Department prior to cancellation, modification, or reduction in limits. The amount of comprehensive automobile liability insurance shall be subject to review and adjustment by the Health Officer pursuant to regulations adopted under this chapter. In the use of helicopters, the equivalent insurance requirements shall apply.~~

~~(d) Grounds for denial of a license application shall be:~~

- ~~(1) Failure to meet the requirements of any provision of this chapter;~~
- ~~(2) Violation by any principal of an applicant of Penal Code § 290;~~
- ~~(3) Use of narcotics or other controlled substances;~~
- ~~(4) Conviction during the preceding seven years of any crime relating to the use, sale, possession, or transportation of narcotics, or other controlled substances;~~
- ~~(5) Habitual or excessive use of intoxicating beverages;~~
- ~~(6) Conviction during the preceding seven years of any crime punishable as a felony in the State of California;~~
- ~~(7) Conviction of any crime involving moral turpitude, including, but not limited to, fraud or intentional dishonesty for personal gain.~~

~~(e) In determining the effect of any criminal acts on the issuance or denial of a license, the Health Officer shall consider whether the criminal acts are related to the activities of an ambulance service and shall evaluate the rehabilitation of the person involved. The Health Officer shall not consider crimes of which the applicant is, or was, accused but not convicted.~~

~~**Sec. 4.02.080. – License suspension or revocation.**~~

~~(a) The Health Officer may suspend or revoke a license for failure by the licensee to comply with, and maintain compliance with, or for violation of, any applicable provision, standard, or requirement of State law or regulation or this chapter, or of any regulations promulgated hereunder. Suspension of a license is not a condition precedent to revocation of a license.~~

~~(b) Before issuing a suspension or revocation, the Health Officer shall give written notice to the licensee. Said notice shall:~~

- ~~(1) Specify the reason for which the proposed action is to be taken;~~

~~(2) Set a hearing for not more than 15 days nor less than seven days after the date of the notice;~~

~~(3) Specify the date, time, and place of the hearing; and~~

~~(4) Be served on the licensee either by delivery to its principal place of business or to its designated agent for service of such notices, if any.~~

~~(c) If the licensee, subsequent to service of a suspension or revocation notice under this section, remedies some or all of the conditions to which the notice refers, the Health Officer may rescind the suspension or revocation at any time.~~

~~(d) At the hearing, the Health Officer has the burden of proof and may present evidence as to why such action should be taken and to answer the evidence presented by the licensee.~~

~~(e) The Health Officer may reduce the period of time for hearing under a suspension or revocation notice to no less than 24 hours when the Health Officer makes written preliminary findings that such action is necessary to protect the public health, safety, and welfare. When, as a result of such an emergency proceedings, a license is suspended or revoked, the licensee may request an additional hearing at which the licensee will have the burden of establishing renewed compliance justifying reinstatement of the license. Such additional hearing will be commenced within five days of the licensee's request. The request for, and the scheduling of, an additional hearing shall not stay operation of the suspension or revocation order.~~

~~(f) Hearings conducted pursuant to this section shall be conducted before a hearing officer designated by the Department. At the conclusion of said hearing, the hearing officer shall expeditiously prepare a written summary of the evidence and proposed findings and conclusions for consideration by the Health Care Agency Director.~~

~~(g) The Health Care Agency Director shall issue a written decision within 30 days after receiving the hearing officer's findings and conclusions.~~

~~**Sec. 4.02.090. – Appeal to Orange County Board of Supervisors.**~~

~~In the event of denial, suspension, or revocation of a license, the applicant or licensee shall have the right to request a hearing before the Orange County Board of Supervisors, which hearing shall be requested and conducted in the manner specified in Section 6.04.160 of this Code.~~

~~**Sec. 4.02.100. – Notification.**~~

~~The licensee shall notify the Health Officer within 24 hours after any change in ownership or management of the licensee, or any interruption of service of more than 24 hours duration, or any substantial change in staffing or equipment. For purposes of this section, the term "substantial change" shall be as defined by regulation adopted pursuant to this chapter.~~

~~**Sec. 4.02.110. – Personnel standards.**~~

~~(a) A licensee shall only employ personnel performing tasks described in this chapter who comply with the requirements of this section.~~

~~(b) Attendants shall be at least 18 years of age and trained and competent in the proper use of all equipment, and shall hold current Emergency Medical Technician 1A ("EMT-1A"), or State Educational equivalent, certification in compliance with all State laws, rules, and regulations. Additionally, each attendant shall hold a license from the Health Officer indicating compliance with this section. Applications for such licenses shall be in a form required by the Health Officer and shall be accompanied by the fee, if any, established therefore. All applicants for licenses as an attendant shall be subject to the same criminal history review as required for principals of ambulance companies pursuant to this chapter no less than once every four years. Certificates may be denied, suspended, or revoked in the same form and manner as that specified for ambulance service licensees in this chapter. Licenses shall be valid for two years from the date of issuance or certification as an Emergency Medical Technician 1A, whichever is less. Renewal of a license shall be in the same manner as issuance of a new license.~~

~~(c) Each licensee shall have at least one dispatcher. Emergency ambulance service licensees shall have a dispatcher on a 24-hour per day basis and shall adequately train the dispatcher to radio operation and protocols and to the emergency response area(s) served before said dispatcher begins dispatching emergency calls. For purposes of this section, "adequate" training of a~~

~~dispatcher shall be that which meets State standards, if any, or County requirements.~~

~~(d) Ambulance drivers shall, in addition to the requirements of this chapter for attendants, maintain an appropriate license issued by the California Department of Motor Vehicles and, if applicable, the Federal Aviation Administration.~~

~~**Sec. 4.02.120. – Rates.**~~

~~No licensee shall charge more than the maximum BLS rates approved by the Orange County Board of Supervisors. No licensee shall charge more than the maximum ALS rates approved by the Orange County Board of Supervisors or the Orange County Fire Authority.~~

~~**Sec. 4.02.130. – Selection of ambulance service licensees for exclusive operating areas.**~~

~~(a) The Orange County Fire Authority shall administer the competitive process, on behalf of the local EMS agency, for the award of EOA contracts within the City. The Orange County Fire Authority shall select and shall enter into contracts with licensees for the provision of ambulance service in response to emergencies in each EOA, unless the City has provided written notification to the Orange County Fire Authority of its intention to retain licensee selection and contracting authority for itself. Such contracts shall provide for one primary contractor per EOA, with such other back-up service by other emergency ambulance service providers as deemed necessary by the Fire Chief. In awarding these contracts, the Orange County Fire Authority, or City if it elects to retain licensee selection and contracting authority, shall consider the comparative value of competing proposals in the same fashion as would be the case were the County evaluating proposals from prospective service providers for other governmental activities, including consideration of:~~

- ~~(1) The quality of service to be provided;~~
- ~~(2) The level of service to be provided;~~
- ~~(3) The rates charged for services to be provided; and~~

~~(4) The cost, if any, to the awarding agency.~~

~~(b) The Fire Chief shall administer the contracts for ambulance service awarded by the Orange County Fire Authority, or by the City, if applicable under this section. The Fire chief shall also prepare and keep current EOA lists specifying contract providers for each EOA. The Fire Chief shall include on the list for each EOA the provider which has entered into an ambulance service agreement with the Orange County Fire Authority, or the City if applicable, as the primary contractor as well as the emergency ambulance service provider who will provide back-up emergency ambulance service for that area.~~

~~(c) In the event no proposals acceptable to the Orange County Fire Authority, or to the City if it elects to retain licensee selection and contracting authority under the provisions of this section, are received for one or more EOA's, the Orange County Fire Authority, or the City if applicable, shall designate one or more licensees to provide emergency ambulance services for the EOA. From the date of such designation until a regular emergency ambulance service agreement is signed for the affected area, provision of emergency ambulance service shall be an express condition of the license and unreasonable or unjustified refusal of such calls shall be a violation of this section.~~

~~(d) No person shall provide ambulance service in response to, or as a result of, an emergency, unless that person is a licensee specified in each instance by a physician or public safety agency. A licensee thus specified by a physician need not be a contractor selected pursuant to this section. Any ambulance service operator receiving a request for emergency ambulance service from other than a public safety agency shall immediately, by telephone, notify a public safety agency designated by regulation of the request.~~

~~(e) No licensee responding to an emergency shall transport a patient unless:~~

~~(1) A paramedic is present at the location of the patient; or~~

~~(2) A physician is present at the location of the patient and directs transportation in the absence of a paramedic; or~~

~~(3) A safety qualified employee of the Orange County Fire Authority, or an appropriate employee of a public safety agency designated by regulation, directs transportation in the absence of a paramedic.~~

~~(f) Unless otherwise directed by a physician present at the location of the patient, a licensee shall transport a patient pursuant to regulations adopted under Section 4.02.140 of this chapter.~~

~~**Sec. 4.02.140. – Rules and regulations.**~~

~~(a) As to all sections of this chapter except Section 4.02.130, the Health Officer shall make such rules and regulations and as may be necessary to implement this chapter. Prior to adoption, proposed rules and regulations shall be submitted to the Orange County Emergency Medical Care Committee for comment.~~

~~(b) As to Section 4.02.130 of this chapter, the Fire Chief shall make such rules and regulations and as may be necessary to implement this chapter. Prior to adoption, the Fire Chief's rules and regulations shall be submitted to the Orange County Emergency Medical Care Committee for comment.~~

~~(c) The Health Officer or the Fire Chief or their respective designee(s) may inspect the records, facilities, transportation units, equipment, and method of operating of each licensee whenever necessary and, by the Health Officer, at least annually.~~

~~**Sec. 4.02.150. – Complaints.**~~

~~The Department, the City, any user, subscriber, public safety agency or consumer who believes, or has reason to believe, that an individual has been required to pay an excessive charge for services, received inadequate services, or services provided were not in compliance with the provisions of this chapter, may file a written complaint with the Department and the Fire Chief setting forth such allegations. The Department and Fire Chief shall notify the ambulance service operator of such complaint. The ambulance service operator shall file a written response within 15 calendar days after receipt of the notification.~~

~~**Sec. 4.02.160. – Variance.**~~

~~As to all but Section 4.02.130 of this chapter, the Health Officer may grant variances from the terms of this chapter if he finds such action is necessary to protect the public health, safety, or welfare. As to Section 4.02.130 of this chapter, the Fire Chief may grant variances from the terms of this chapter if he finds such action is necessary to protect the public health, safety, or welfare. As to the Health Officer, such variances may include the issuance of a temporary license. No temporary license shall exceed 180 days in duration.~~

~~**Sec. 4.02.170. – Violations; penalty.**~~

~~Violation of any provision of this chapter by an ambulance service operator shall be a misdemeanor.~~

Chapter 4.08 (“Tattooing Establishments”) is hereby repealed from Title 4 (“Health and Sanitation”) of the Laguna Woods Municipal Code in its entirety (deletions shown with ~~strikethrough~~).

~~**CHAPTER 4.08. – TATTOOING ESTABLISHMENTS⁽³⁾**~~

~~***Footnotes:***~~

~~—(3)—~~

~~***State Law reference—Tattooing, body piercing and permanent cosmetics, Health and Safety Code § 119300 et seq.***~~

~~**Sec. 4.08.010. – Definitions.**~~

~~The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:~~

~~(05) Health Officer means the City Manager or designee.~~

~~(10) Operator means any person, whether the proprietor or another person, administering a tattoo to any customer of a tattooing establishment.~~

~~(15) Proprietor means the person having general control and management over the conduct of business at a tattooing establishment,~~

~~whether or not such person is the legal owner of the premises or the business.~~

~~(20) Tattoo means an indelible mark or figure fixed upon a body by insertion of pigment under the skin or by production of scars.~~

~~(25) Tattooing establishment means premises used for the business of marking or coloring the skin with tattoos, and all furnishings, equipment, instruments, dyes and inks, and other facilities maintained herein incidental to such use.~~

~~Sec. 4.08.020. – Maintenance of premises.~~

~~(a) All tattooing establishments shall be equipped with running hot and cold water, with adequate toilet facilities and with all such appliances, furnishings and materials as may be necessary to enable persons employed in and about such establishments to comply with the requirements of this chapter.~~

~~(b) The floors, furnishings and equipment of tattooing establishments shall be kept clean at all times during business hours. For purposes of this section, a floor shall not be considered clean if it has not been swept and mopped within the preceding 24-hour period.~~

~~(c) All operating tables in tattooing establishments shall be constructed of metal with white enamel or porcelain finish, or stainless steel.~~

~~(d) Each tattooing establishment shall have adequate lighting and ventilation. For purposes of this section, lighting or ventilation shall be considered as inadequate if it fails to comply with a standard prescribed by the Health Officer.~~

~~(e) No tattooing establishment shall be used as a sleeping room or dormitory.~~

~~Sec. 4.08.030. – Source of dyes and inks.~~

~~(a) Proprietors of tattooing establishments shall, on request of the Health Officer, submit in Writing to the Health Officer the source of all dyes or inks retained for use in tattooing operations, and thereafter shall notify the Health Officer in writing of any dyes or inks obtained for use in tattooing operations from any source other than those previously submitted.~~

~~(b) No dyes or inks from any sources which have been disapproved by the Health Officer shall be retained available for use in tattooing operations.~~

~~**Sec. 4.08.040. – Maintenance of pigments, dyes and equipment.**~~

~~No pigments, dyes, or equipment shall be retained available for use in tattooing operations unless cleaned and sterilized as provided in this section. For purposes of the section, equipment shall include needles, needle tubes, towels, blade holders, wiping cloths, paper towels and napkins, charcoal, gauze bandages (unless purchased in individual sterile packages), and all similar items.~~

~~(1) All equipment shall be thoroughly cleaned before being sterilized. Instruments shall be cleaned with soap or detergent by use of a brush. The interior of needle barrels shall be brushed. After cleaning, equipment shall be thoroughly rinsed under running fresh tap water.~~

~~(2) All equipment shall be sterilized by autoclaving. Each piece of equipment shall be individually wrapped with paper in an approved method for autoclaving. Metal foil may not be used. Tattooing needles shall be threaded through the metal tube that attaches to the tattooing vibrator and shall be placed in a glass (or autoclavable plastic test tube) with a cotton plug for autoclaving. Wiping tissues shall be sterilized in a single pack to be used for one tattoo and then be discarded. All packs shall be marked with temperature recording tape or labels.~~

~~(3) Dyes or inks shall be used from containers with a cap that completely covers the opening and is attached to the neck of the dye container, sterilized in an autoclave after first being filled with the dye. Dye shall be handled utilizing aseptic techniques and the dye containers filled with dye shall be autoclaved at least once a week or more often if necessary to keep the dye in a sterile condition. The dyes may be placed in Teflon squeeze bottles that will withstand autoclaving.~~

~~(4) Steam sterilization of the above listed equipment shall be accomplished in an autoclave with at least 15 pounds pressure per square inch at a temperature of 251 degrees Fahrenheit for at least 30~~

~~minutes. Other means of sterilization may be approved by the Health Officer.~~

~~(5) All sterilized dyes, pigments and equipment shall be stored in a manner which will insure sterility at the time of use.~~

~~(6) Proprietors shall maintain sufficient sterilized equipment available at the beginning of each workday to allow completion of such workday without requiring resterilization of such equipment.~~

~~Sec. 4.08.050. – Maintenance of stencils.~~

~~(a) No stencil, whether new or used, shall be retained in a manner available for use in any tattooing operation unless it has been precleaned and disinfected in the following manner:~~

~~(1) Each stencil must be precleaned by being scrubbed with soap and brush to the extent necessary to remove all accumulations of carbon and vaseline in the etched grooves of the stencil.~~

~~(2) Each stencil, after being precleaned and dried, must be disinfected by being soaked, design cut side down, in a closed container of 70-percent alcohol for not less than 30 minutes at room temperature.~~

~~(b) Each stencil, after being disinfected, shall be air dried for not less than 30 minutes by being suspended in a manner exposing both sides to the air, and thereafter shall be stored for next use in a clean envelope.~~

~~Sec. 4.08.060. – Skin condition of customers.~~

~~No tattooing operation shall be performed on skin surface areas containing any rash, pimples, boils, or infection or otherwise manifesting any evidence of unhealthy conditions.~~

~~Sec. 4.08.070. – Potential health risks.~~

~~The establishment proprietor shall provide written information as required by the Health Officer about blood-borne diseases and their transmission to all tattoo operators and maintain records to verify operator receipt of this information. The tattoo operator shall inform the customer, of any potential~~

~~health risks involved whenever the skin is violated as required by the Health Officer.~~

~~**Sec. 4.08.080. – Health conditions of operator.**~~

~~No tattooing operations shall be performed unless the operator is free of communicable diseases and pustular skin lesions.~~

~~**Sec. 4.08.090. – Smoking by operator.**~~

~~No operator shall smoke while performing a tattooing operation.~~

~~**Sec. 4.08.100. – Apparel of operator.**~~

~~The operator must wear a clean, light-colored, short-sleeved smock while performing the tattooing operation.~~

~~**Sec. 4.08.110. – Cleanliness of operator.**~~

~~No operator shall perform a tattooing operation with unclean hands. For purposes of this section, hands shall not be considered clean unless they have been thoroughly washed with soap from a single service dispenser and warm water vigorously rubbing all surfaces of lathered hands for at least ten seconds, followed by thorough rinsing under a stream of water. Hands shall be dried using single service towels from a dispenser or hot air blower. If a liquid soap is used, the dispenser shall be cleaned and filled with fresh soap only when empty. Tattoo operators shall wear protective gloves while handling needles or blades, or doing any procedures that may cause bleeding. Gloves shall be discarded between each customer.~~

~~**Sec. 4.08.120. – Shaving.**~~

~~No tattooing operation involving shaving shall be performed unless the skin is washed with soap prior to the shaving and unless the blade used in shaving is previously unused and unless the blade holder has been autoclaved since its previous use.~~

~~**Sec. 4.08.130. – Skin preparation.**~~

~~No tattooing operation shall be performed unless the skin is adequately prepared prior to the operation. For purposes of this section, skin shall be considered properly prepared if it is thoroughly washed with soap following shaving and thereafter scrubbed gently three times with 70 percent isopropyl alcohol, using a separate sterile gauze pad each such time; and no alternate method of skin preparation shall be considered adequate unless approved in writing by the Health Officer.~~

~~Sec. 4.08.140. – Use of stencils.~~

~~No tattooing operation involving the use of stencils shall be performed unless all of the following requirements have been complied with:~~

- ~~(1) Each stencil must be precleaned pursuant to Section 4.08.050.~~
- ~~(2) Each stencil, having been precleaned, must be wiped with sterile gauze soaked in 70 percent alcohol and air dried immediately prior to its use in the tattooing operation.~~
- ~~(3) Petroleum jelly used for stencils must be obtained from a collapsible tube which has not previously been used in any tattooing operation and must be applied to the skin with a sterile gauze which has not previously been used.~~

~~Sec. 4.08.150. – Use of approved dyes.~~

~~No tattooing operation shall be performed using dyes or inks of a type that has been disapproved for use by the Health Officer pursuant to Section 4.08.030.~~

~~Sec. 4.08.160. – Use of sterile dyes.~~

~~No tattooing operation shall be performed unless the following requirements have been complied with:~~

- ~~(1) The dye or ink used for the tattoo must be obtained from presterilized dye or ink bottles and, prior to the tattooing operation, aseptically transferred from such bottles into sterile paper cups which have not previously been used in any tattooing operation. No refilling of the dye cup is permitted.~~

~~(2) No dye or ink shall be used in which needles used on another person have been dipped.~~

~~**Sec. 4.08.170. – Use of sterile equipment.**~~

~~No tattooing operation shall be performed using equipment that has not been cleaned and sterilized in the manner set forth in Section 4.08.040.~~

~~**Sec. 4.08.180. – Discarding of certain equipment.**~~

~~Operators shall discard the following items immediately after use in any tattooing operation:~~

~~(1) Blades used in shaving.~~

~~(2) Tubes and gauze used in application of petroleum jelly used for stencils.~~

~~(3) Paper cups used for dye or ink.~~

~~**Sec. 4.08.190. – Health services fee schedule.**~~

~~The Health Officer shall periodically make inspections of tattooing establishments to determine if the proprietor or operator of such establishments are complying with the provisions of this chapter. The City Council may, by resolution, adopt health service fees to be paid by the proprietor or operator of the tattoo establishment. Such fees to be paid directly to the Health Officer and retained by the City as reimbursement for said services related to this chapter.~~

~~**Sec. 4.08.200. – Penalties.**~~

~~Each of the following acts or omissions shall constitute an offense:~~

~~(1) Any performance of a tattooing operation by an operator in violation of any requirement or prohibition imposed by this chapter.~~

~~(2) Any failure by a proprietor to maintain a tattooing establishment in conformity with the requirements of this chapter. For purposes of this~~

~~section, each day upon which such a failure to conform occurs shall constitute a separate violation.~~

Section 4.10.020 (“Definitions”) of Chapter 4.10 (“Solid Waste”) of Title 4 (“Health and Sanitation”) of the Laguna Woods Municipal Code is amended to read as follows (additions shown with underlining, deletions shown with ~~strikethrough~~):

Sec. 4.10.020. - Definitions.

For purposes of this chapter only, the following definitions shall apply, unless special meaning is ascribed to them by the California Code of Regulations or California Public Resources Code, as may be amended from time-to-time, in which case such meaning shall apply:

(05) ~~AB 939 shall mean the California Integrated Waste Management Act of 1989, currently codified as California Public Resources Code Section 40000 et seq., as it may be amended supplemented, superseded, or replaced from time to time.~~ Back-haul shall mean generating and transporting organic waste to a destination owned and operated by the generator using the generator’s own employees and equipment.

(10) *Bins* shall mean a container, including dumpsters, compactors, and any similar such devices with a capacity of under ~~ten~~ 10 cubic yards.

(15) *Cart* shall mean a plastic container with a hinged lid and wheels serviced by an automated or semi-automated process, as opposed to a manual process of lifting and dumping, with a capacity of no less than 30 and no greater than 101 gallons.

(20) *City Manager* shall mean the City Manager of the City or his/her/their duly-authorized representative or designee.

(25) *Collect* or *Collection* or *Collecting* shall mean to take physical possession of, transport, and remove solid waste from a premises.

(30) *Commercial premises* shall mean all premises upon which business activity is conducted including, but not limited to, retail sales, wholesale operations, manufacturing, industrial operations, and services including, but not limited to, professional services, hospitality services, and restaurant and food services, but excluding residential premises upon which business activities are conducted when such activities are permitted under applicable zoning regulations and are not the primary use of the property. Notwithstanding any provision to the contrary herein, in this Code, or otherwise, for purposes of this chapter and to the extent permitted by law, premises upon which assisted living facilities, community care facilities (and other similar types of facilities), hotels, and motels are operated shall be deemed to be commercial premises, and apartment complexes and condominium complexes shall not be deemed to be commercial premises. Any ambiguity as to whether a premises qualifies as a commercial premises shall be resolved by the City Manager.

(35) *Container* shall mean any and all types of solid waste receptacles, including carts, bins, and roll-off boxes.

(40) *Dwelling unit* shall mean one or more rooms designed for occupancy by one household for living and sleeping purposes and containing kitchen facilities or an area designed for the preparation of food for use solely by one household.

(45) *Franchisee* shall mean a person, persons, firm, or corporation that has been issued a franchise by [the](#) City to provide solid waste handling services within the City.

(50) *Green waste* shall mean all leaves, grass cuttings, and shrubs that accompany routine household or property maintenance functions.

(55) *Hazardous waste* shall mean all substances defined as hazardous waste, acutely hazardous waste, or extremely hazardous waste by the State of California in Health and Safety Code Sections 25110.02, 25115, and 25117, or in the future amendments to or recodifications of such statutes, or identified and listed as hazardous waste by the U.S. Environmental Protection Agency pursuant to the Federal Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et

seq.), all future amendments thereto, and all rules and regulations promulgated thereunder.

(60) *Organic material* or *Organic waste* shall have the same meaning as set forth in 14 CCR, Div. 7, Ch. 12, Section 18982.

(65) *Premises* shall mean any land, building and/or structure within the City limits where solid waste is generated or accumulated.

(70) *Recycle* or *Recycling* shall mean the process of collecting, sorting, cleaning, treating, and reconstituting materials for the purpose of reuse or resale.

(75) *Recyclable material* shall mean solid waste capable of being returned to the economic mainstream using available processes or economically viable processes generally available within the solid waste handling services industry.

(80) *Residential premises* shall mean all premises upon which dwelling units exist, as well as all clubhouses, golf course facilities, offices/service yards, and other premises located within private gated communities. Notwithstanding any provision to the contrary herein, in this Code, or otherwise, for purposes of this chapter and to the extent permitted by law, apartment complexes and condominium complexes shall be deemed to be residential premises, and premises upon which assisted living facilities, community care facilities (and other similar types of facilities), hotels, and motels are operated shall not be deemed to be residential premises. Any ambiguity as to whether a premises qualifies as a residential premises shall be resolved by the City Manager.

(85) *Roll-off box* shall mean containers of ~~ten~~ 10 cubic yards or larger, including compactors.

(90) *Self-hauler* shall mean ~~any person or entity that, pursuant to Section 4.10.080 of this Code, provides for the collection, transportation, and disposal of solid waste generated by his/her/their/its own premises.~~ a person who hauls solid waste, organic waste or recovered material he/she/they has/have generated to another person. Self-hauler also includes a person who back-hauls waste.

(95) *Solid waste* shall mean and include all discarded putrescible and non-putrescible solid, semisolid, and liquid wastes, including garbage, trash, refuse, rubbish, construction waste, industrial waste, commercial solid waste, and any other discarded solid, semisolid and liquid waste permitted to be disposed of at a Class III landfill and which are included within the definition of “nonhazardous solid waste” set forth in the California Code of Regulations, as it may be amended from time to time. Solid waste does not include hazardous waste (Class I), low-level radioactive waste, untreated medical waste, or special wastes.

(100) *Special wastes* shall mean wastes other than solid waste, including sewage, sludge, industrial sludge, asbestos, auto bodies, tires, used motor oil, hazardous waste, animal carcasses, dead animals, parts or portions of dead animals, explosive substances, radioactive materials, and other materials which may not be disposed of at a Class III landfill or which require special handling.

(105) *Street maintenance provider* shall mean any firm providing street sweeping, catch basin maintenance, storm drain maintenance, or other maintenance services for public or private streets or roads.

Section 4.10.040 (“Mandatory arrangements for solid waste”) of Chapter 4.10 (“Solid Waste”) of Title 4 (“Health and Sanitation”) of the Laguna Woods Municipal Code is amended to read as follows (additions shown with underlining, deletions shown with ~~strikethrough~~):

Sec. 4.10.040. - Mandatory arrangements for solid waste.

(a) *Arrangements for removal of solid waste mandatory.* Except as otherwise provided in this chapter, the owner, occupant, or person in possession, charge, or control of each residential premises and each commercial premises in the City shall either (i) subscribe to solid waste handling services with a franchisee for said premises or (ii) ~~obtain and maintain registration as a self-hauler~~ self-haul as set forth in this chapter in connection with said premises.

(b) *Exception: vacant premises.* The requirement in Section 4.10.040(a) to provide for solid waste handling services shall not apply in connection with any vacant residential or commercial premises, provided no solid waste is being generated or accumulating. Any person seeking to avail themselves/themselves/itself of the exception provided herein shall bear the burden of providing reasonable evidence to City, pursuant to such regulations or guidelines as the City Manager is hereby authorized to develop, demonstrating the premises is/was vacant and not generating or accumulating solid waste for the period in question.

Section 4.10.050 (“Containers”) of Chapter 4.10 (“Solid Waste”) of Title 4 (“Health and Sanitation”) of the Laguna Woods Municipal Code is amended to read as follows (additions shown with underlining, deletions shown with ~~strikethrough~~):

Sec. 4.10.050. - Containers.

(a) Every owner, occupant, or person in possession, charge, or control of any premises within the City shall deposit or cause to be deposited all solid waste generated or accumulated on such premises, and intended for collection and disposal, in sealed, watertight containers that are either (i) provided by a franchisee or (ii) ~~approved by the City Manager for-~~ self-hauling purposes pursuant to this chapter. No owner, occupant, or person in possession, charge, or control of any premises shall use a container not in conformance with the requirements hereof for the collection, accumulation, or storage of solid waste.

(b) Containers provided by a franchisee shall comply with all applicable state laws and regulations.

(c) No container shall be placed adjacent to or in a public street or public right-of-way for collection service more than 24 hours prior to the normal collection time, and all containers so placed shall be removed from the public street or public right-of-way within 12 hours after collection.

(d) Container lids shall remain closed at all times that the container is unattended. If the solid waste contained within a container exceeds the actual capacity of the container, then a larger container or multiple containers must be utilized. ~~Any solid waste that does not reasonably fit~~

~~within a container (such as furniture or other large bulky items) must be covered and protected, as by a tarp, netting, or other secured material, in order to prevent the scattering of debris by natural forces such as wind or animals. The owner, occupant, or person in possession, charge, or control of a premises shall be responsible for the cleanup of any solid waste spilled, dumped, or scattered as a result of a container overflow.~~ The City Manager may impose minimum requirements for container numbers and sizes should he/she/they determine such action is necessary to protect public health, safety, or welfare, or comply with applicable laws pursuant to Section 4.10.060(c).

(e) It is unlawful for any person to share, place solid waste in, or to otherwise use the container of another person. Notwithstanding anything contained herein to the contrary, the sharing of containers shall be permitted under the following conditions:

(1) The owner, occupant, or person in possession, charge, or control of a premises upon which contiguous or adjacent dwellings units exists may arrange for containers for shared use by the occupants, tenants or persons in possession of the dwelling units on such premises, subject to approval of the City Manager, which approval may be delegated to a franchisee. Approval by the City Manager shall be based upon (i) the type of solid waste generated by each residential premises and (ii) the number of containers and frequency of solid waste collection needed to protect ~~the~~ public health, safety, and welfare.

(2) The occupants of a single commercial building or contiguous or adjacent commercial buildings may share containers for solid waste handling services at a common location, subject to approval of the City Manager, which approval may be delegated to a franchisee. Approval by the City Manager shall be based upon (i) the type of solid waste generated by each commercial premises and (ii) the number of containers and frequency of solid waste collection needed to protect ~~the~~ public health, safety, and welfare.

(f) It is unlawful to use any container furnished by a franchisee for any purpose other than the collection, accumulation, and storage of solid waste.

(g) It is unlawful to convert or alter any container furnished by a franchisee for other uses, or to intentionally damage such containers.

Section 4.10.070 (“Prohibitions and unlawful acts”) of Chapter 4.10 (“Solid Waste”) of Title 4 (“Health and Sanitation”) of the Laguna Woods Municipal Code is amended to read as follows (additions shown with underlining, deletions shown with ~~strikethrough~~):

Sec. 4.10.070. - Prohibitions and unlawful acts.

(a) It is unlawful, and a public nuisance, for any person to occupy or inhabit any premises within the City for which arrangements have not been made and kept in full force and effect for solid waste handling services in a manner consistent with the provisions hereof.

(b) The keeping of solid waste in containers other than those prescribed by this chapter, or the keeping upon premises of solid waste which is offensive, obnoxious, or unsanitary, is unlawful, constitutes a public nuisance, and may be abated in the manner provided by law for the abatement of nuisances.

(c) It is unlawful, and a public nuisance, for any person that subscribes for solid waste handling services with a franchisee to fail to participate in the recycling and organic waste recycling programs offered to them by the franchisee.

(d) It is unlawful, and a public nuisance, for any person that subscribes for solid waste handling services with a franchisee to fail to comply with the terms of any recycling and organic waste recycling programs offered to them by the franchisee, including by placing solid waste in containers of a type or nature not designed for the type of waste in question.

(e) It is unlawful, and a public nuisance, for any person who is ~~registered~~ operating as a self-hauler ~~with~~ within the City to fail to comply with all requirements of such ~~registration~~ operation, including those related to the handling of organic waste.

(f) It is unlawful, and a public nuisance, for any person to fail to comply with his/her/their/its obligations related to the collection and handling of organic waste as set forth in 14 CCR, Div. 7, Ch. 12; provided, however,

that the City Manager is authorized to provide waivers to the requirement to participate in some or all of such obligations where authorized by law.

(g) It is unlawful, and a public nuisance, for any commercial edible food generator, food recovery organization, or food recovery service to fail to meet its obligations as set forth in 14 CCR, Div. 7, Ch. 12.

(h) It is unlawful for any person other than a franchisee (or its agents and employees) to collect any discarded solid waste or otherwise provide solid waste handling services within the City. This prohibition shall not, however, apply to:

(1) ~~Registered self-haulers~~ Self-haulers as defined in this chapter.

(2) The owner, occupant, or person in possession, charge, or control of any residential or commercial premises who has subscribed for and is receiving solid waste handling services with a franchisee, when such owner, occupant, or person is hauling materials generated at his/her/their/its own premises to a lawful disposal or recycling facility to a degree and in a manner consistent with standards generally applicable to the solid waste industry and as required by state law or regulation. This exemption does not permit the hiring of any person, other than a franchisee, to haul solid waste from one's own premises.

(3) The collection, transportation, and disposal of construction and demolition debris by a contractor, handyperson, repairperson, or other similar service provider as an incidental part of the services provided to its customers rather than as a hauling service, provided that such solid waste is not collected or transported by a third party hired for the primary purpose of collecting and transporting said materials, and further provided that such services comply with any ordinances, policies, and regulations of the City and all state laws and regulations relating to the collection and handling of such materials.

(4) The collection, transportation, and disposal of solid waste by a street maintenance provider as an incidental part of the street maintenance services provided to its customers, rather than as a hauling service, provided that such solid waste is not collected or transported by a third party hired for the primary purpose of collecting and transporting said materials, and further provided that such

services comply with any ordinances, policies, and regulations of [the](#) City and all state laws and regulations relating to the collection and handling of such materials.

(5) The collection, transportation, and disposal of green waste and related solid waste by a gardener or landscaper as an incidental part of the gardening or landscaping services provided to its customers, rather than as a hauling service, provided that such solid waste is not collected or transported by a third party hired for the primary purpose of collecting and transporting said materials, and further provided that such services comply with any ordinances, policies, and regulations of [the](#) City and all state laws and regulations relating to the collection and handling of such materials.

(6) Any person collecting recyclable material sold or donated to it by the person that generated such recyclable material provided, however, to the extent permitted by law, if the person that generated such recyclable material is required to pay monetary or non-monetary consideration for the collection, transportation, transfer, or processing of recyclable material, the fact that the person that generated such recyclable material receives a reduction or discount in price therefor (or in other terms of the consideration the person that generated such recyclable material is required to pay) shall not be considered a sale or donation.

(i) It is unlawful for any person, other than the owner, occupant, or person in possession, charge, or control of any residential or commercial premises, or a person authorized by law (such as a franchisee), to remove any container from any such premises or from any location where it was lawfully placed for collection, without the prior written approval of the owner, occupant, or person in possession, charge, or control of such premises.

(j) It is unlawful for any person to place solid waste adjacent to or in a public street or public right-of-way for collection by a franchisee without having first subscribed for solid waste handling services with such franchisee.

(k) It is unlawful for any person, other than a franchisee, to take, remove or appropriate for his/her/their/its own use any solid waste which has been placed in any location for collection or removal by a franchisee, regardless of whether the solid waste is placed in a container.

Section 4.10.080 (“Self-haulers”) of Chapter 4.10 (“Solid Waste”) of Title 4 (“Health and Sanitation”) of the Laguna Woods Municipal Code is amended to read as follows (additions shown with underlining, deletions shown with ~~strikethrough~~):

Sec. 4.10.080. - Self-haulers.

(a) Collection, transportation, and disposal. Self-haulers ~~registered and~~ operating in accordance with this chapter are only permitted to collect, transport, and dispose of solid waste generated by ~~and upon the self-hauler’s own premises~~ the self-hauler. Under no circumstances may a self-hauler collect, transport, or dispose of solid wastes generated ~~upon premises that are not owned, operated or controlled~~ by someone other than the self-hauler. Notwithstanding any other provision of this chapter, ~~registered~~ self-haulers shall not be permitted to share, place solid waste in, or to otherwise use the container of another person or business.

~~(b) *Registration.* All self-haulers must be registered as a self-hauler with the City and shall subscribe to the following registration requirements:~~

~~(1) Each self-hauler shall obtain registration from the City Manager and renew his/her/their/its registrations at the commencement of each fiscal year.~~

~~(2) The application to register for self-hauling, whether upon initial application or renewal, shall include the following: (i) a list of all containers to be used by the self-hauler, (ii) a list of all transport and disposal equipment to be used by the self-hauler, (iii) a written explanation of where all solid waste will be delivered for disposal and diversion, (iv) a written plan explaining to the reasonable satisfaction of the City Manager how not less than 50 percent of solid waste collected will be diverted from disposal in compliance with AB 939, (v) a written plan explaining to the reasonable satisfaction of the City Manager how compliance with the requirement to divert organic waste, in accordance with applicable laws, including 14 CCR, Div. 7, Chapter 12, Section 18988.3, will be achieved, and (vi) any other information deemed necessary by the City Manager to ensure protection of public health, safety and welfare.~~

~~(3) Renewal applications shall additionally include (i) receipts from self-hauling activities undertaken in the prior year demonstrating that the applicant has effectively diverted at least 50 percent of all solid waste generated at its premises from landfills in a manner that complies with the requirements of AB 939, (ii) records reasonably satisfactory to the City Manager demonstrating the manner in which organic waste was diverted from landfills in accordance with applicable laws, including 14 CCR, Div. 7, Chapter 12, Section 18988.3, and (iii) receipts from self-hauling activities undertaken in the prior year demonstrating that the applicant has delivered solid waste generated at its premises to appropriate disposal or recycling facilities at least as frequently as collection is required for such selfhauler by the City Manager.~~

~~(4) The City Manager shall approve the application, and issue a selfhauler permit, if the application meets the requirements of this section, and if the equipment, containers, diversion plan and disposal plan meet with his reasonable satisfaction, and if evidence of past diversion and disposal requirements demonstrate the applicant has complied with the 50 percent diversion requirement and otherwise complied with all laws related to disposal of solid waste, including the diversion of organic waste.~~

(b) Recordkeeping. Self-haulers of organic waste shall keep a record of the amount of organic waste delivered to each solid waste facility, operation, activity, or property that processes or recovers organic waste; this record shall be subject to inspection by the City. The records shall include the following information:

(1) Delivery receipts and weight tickets from the entity accepting the waste.

(2) The amount of material in cubic yards or tons transported by the self-hauler to each entity.

(3) If the material is transported to an entity that does not have scales on-site or employs scales incapable of weighing the self-hauler's vehicle in a manner that allows it to determine the weight of materials received, the self-hauler is not required to record the weight of

material but shall keep a record of the entities that received the organic waste.

(c) *Containers.* Each self-hauler shall provide its own containers. Containers utilized by a self-hauler must conform to industry standards for solid waste disposal, comply with all laws and regulations, ~~and must be approved by the City Manager in writing prior to issuance of a self-hauler registration.~~ In addition, any containers utilized by a self-hauler shall comply with the following requirements:

(1) All containers shall be maintained in good repair. Any question as to the meaning of this standard shall be resolved by the City Manager.

(2) All containers shall be maintained in a sealed, watertight condition.

(3) Self-haulers shall remove any graffiti that appears on containers within 24 hours after becoming aware of it.

~~(d) *Collection and transport equipment.* Collection and transport equipment including, but not limited to, transport trucks and vehicles, used by a self-hauler must be approved by the City Manager in writing prior to issuance of a self-hauler registration.~~

(~~e~~d) *Non-commercial venture.* It is the intent of this chapter to prevent and proscribe self-hauling activities undertaken as a commercial enterprise. ~~Selfhaulers~~ Self-haulers must obtain all equipment, including containers and collection and transportation equipment, at a fair market value that does not include any hauling services, “free” or otherwise. A self-hauler may use its own employees to undertake self-hauling activities, but under no circumstance may a self-hauler use an independent contractor or any other person or entity for solid waste handling services other than a franchisee.

(~~f~~e) *Other recycling obligations.* Self-haulers shall recycle, or divert from disposal, all recyclable materials not otherwise addressed by this section to a degree and in a manner consistent with standards generally applicable to the solid waste industry and as required by state law or regulation.

(~~g~~f) *Collection frequency.* Self-haulers shall remove solid waste from his/her/their/its premises at least once per week; however, ~~upon application~~

~~to the City Manager~~, the City Manager may determine a different frequency for solid waste collection, transport, and disposal from the self-hauler's premises. The City Manager's determination shall be based upon (i) the nature of the premises, (ii) the type of solid waste generated by the premises, and (iii) the collection capacity of the self-hauler ~~as demonstrated by information in the application.~~

~~(hg)~~ *Hazardous and special wastes.* Unless lawfully and currently licensed under state and local laws, no self-hauler shall engage in the collection, transport or disposal of hazardous waste or special wastes.

~~(i) Revocation. The City Manager may revoke a self-hauler permit if the permittee either (i) fails to divert at least 50 percent of all solid waste generated at its premises from landfills in a manner that complies with the requirements of AB 939, (ii) fails to divert organic waste from disposal in accordance with applicable laws, including 14 CCR, Div. 7, Chapter 12, Section 18988.3, or (iii) fails to deliver solid waste generated at its premises to appropriate disposal or recycling facilities at least as frequently as collection is required for such self-hauler by the City Manager.~~

(h) Requirement to subscribe. The City Manager may require the owner, occupant, or person in possession, charge, or control of a residential or commercial premises to subscribe for solid waste handling services with the franchisee if he/she/they (i) fails to divert organic waste from disposal in accordance with applicable laws, including 14 CCR, Div. 7, Chapter 12, Section 18988.3, (ii) fails to deliver solid waste generated at its premises to appropriate disposal or recycling facilities at least as frequently as collection is required for such self-hauler by the City Manager, or (iii) fails to comply with the record keeping requirements set forth in Section 4.10.080(b).

Section 4.10.090 (“Removal of unauthorized containers”) of Chapter 4.10 (“Solid Waste”) of Title 4 (“Health and Sanitation”) of the Laguna Woods Municipal Code is amended to read as follows (additions shown with underlining, deletions shown with ~~strikethrough~~):

Sec. 4.10.090. - Removal of unauthorized containers.

In addition to any other penalties and/or remedies as set forth in this chapter or provided for by law, any container placed within the City for the

collection of solid waste in violation of Section 4.10.070(h) (hereinafter “Unauthorized Container(s)”) may be impounded as set forth herein.

(a) The City Manager may cause a notice to be placed in a conspicuous place on any unauthorized container directing that it be removed. The notice shall specify the nature of the violation and shall state that the container must be removed within 24 hours or it may be removed and stored by the City, and the contents disposed of, at the expense of the owner thereof. The notice shall indicate (i) the date and time that the notice was posted, (ii) the name and telephone number of a person designated by the City to hear any appeal or challenge to the requirement that the container be removed, and (iii) that any appeal of the order for removal must occur within 24 hours of the posting of the notice. The posting of a notice to remove shall constitute constructive notice to the owner and user of the [unauthorized container of the](#) requirement to remove the unauthorized container, and a copy of the notice shall be provided to the owner of the unauthorized container once said owner’s identity is ascertained by [the](#) City, and if not provided sooner, a copy of the notice shall be provided at such time as the owner of the unauthorized container seeks to retrieve any such container removed hereunder.

(b) If within 24 hours after a notice to remove is posted on an unauthorized container, a request for an appeal has not been received and the container is not removed, the City Manager may direct the removal and storage of the unauthorized container. In addition, if the contents of the container are either comprised of a substantial amount of putrescible solid waste, or determined by the City Manager to create a threat to public health, safety, or welfare if not disposed of immediately, the City Manager may direct that the contents of the container be disposed of. The owner of the unauthorized container shall be responsible to reimburse the City for the actual cost of removal, storage, and disposal. All amounts due to the City for the actual cost of removal, storage, and disposal must be paid before the unauthorized container may be returned to the owner. Such amounts shall constitute a debt owed by the owner to the City, and the owner shall be liable to the City in an action brought by the City for the recovery of such amounts.

(c) Between the date following the date upon which any unauthorized container is removed by the City, and the date which is five business days following its retrieval from [the](#) City, the owner of the unauthorized container may request a hearing to appeal the City’s determination that the container is

an unauthorized container subject to removal by the City as set forth herein. The City Manager shall establish a procedure for such a hearing and the method for requesting such a hearing shall be included on the notice to remove. If the appeal is granted, any payments due to the City shall be forgiven and any amounts paid reimbursed.

(d) If the identity of the owner of an unauthorized container that has been removed by the City is known to the City Manager, the City Manager shall promptly cause a copy of the notice to be mailed to the owner along with a request that the owner claim the stored property. If the unauthorized container is not claimed within 95 days after mailing of the notice to the owner, or 90 days after removal if the identity of the owner is unknown to the City Manager, the unauthorized container and its contents shall be deemed abandoned property and may be disposed of accordingly. The notice to be posted on unauthorized containers shall specify that the foregoing procedure related to abandonment will apply.

Section 4.10.100 (“Violations and penalties”) of Chapter 4.10 (“Solid Waste”) of Title 4 (“Health and Sanitation”) of the Laguna Woods Municipal Code is amended to read as follows (additions shown with underlining, deletions shown with ~~strikethrough~~):

Sec. 4.10.100. - Violations and penalties.

(a) This chapter may be enforced in any manner set forth in this Code, or as otherwise provided by law.

(b) Any person who violates any provision of this chapter shall be guilty of a separate offense for each and every day, or any portion thereof, of which any violation of any provision of this chapter is committed, continued, or permitted by such person, and shall be punishable as misdemeanor or an infraction, at the discretion of the City Manager and/or City Attorney, and except as otherwise set forth below, the following penalties shall apply:

(1) *Penalty for misdemeanor violation.* Any person convicted of a misdemeanor under any provision of this chapter shall be punishable by a fine of not more than \$1,000.00, or by imprisonment for a period not exceeding six months, or by both such fine and imprisonment.

(2) *Penalty for infraction violation.* Any person convicted of an infraction under any provision of this chapter shall be ~~punished~~ punishable by:

- a. A fine not exceeding \$100.00 for a first violation;
- b. A fine not exceeding \$200.00 for a second violation of the same provision within one year; and
- c. A fine not exceeding \$500.00 for a third violation and for any additional violation of the same provision within one year.

(c) Violations related to organic waste obligations. In addition to any other available remedy, any violation of 14 CCR, Div. 7, Ch. 12, or any of the provisions hereof which address such obligations ~~including, specifically, Sections 4.10.030(5) and 4.10.070 (d), (e), and (f),~~ shall be subject to the provisions of Chapter 1.06 of this Code, modified as follows:

(1) Upon determining a violation has occurred, the City Manager shall issue a notice of violation pursuant to 14 CCR, Div. 7, Ch. 12, Section 18995.4, requiring compliance within 60 days of such notice.

(2) Absent compliance, the following administrative fines shall apply:

- a. For a first violation - \$50.00
- b. For a second violation - \$100.00
- c. For a third or subsequent violation - \$250.00

(d) *Violations deemed to be a public nuisance.* In addition to any penalties otherwise imposed, any violation of the provisions of this chapter is deemed to be a public nuisance which may be abated in the manner provided by law for the abatement of nuisances.

(e) *Attorneys' fees and court costs.* In addition to any civil and criminal penalties as provided by the provisions of this chapter or otherwise, the City may recover reasonable attorneys' fees and court costs, and other such expenses of litigation and/or prosecution as it

may incur by appropriate lawsuit against the person found to have violated any provisions of this chapter.

Chapter 4.18 (“Water Conservation”) of Title 4 (“Health and Sanitation”) of the Laguna Woods Municipal Code is retitled as “Well Standards” and amended to read as follows (additions shown with underlining, deletions shown with ~~strikethrough~~):

CHAPTER 4.18. ~~–WATER CONSERVATION~~ WELL STANDARDS

~~Sec. 4.18.010. –Water wells.~~

~~(a) Definitions. The following words, terms and phrases, when used in this section, shall have the meanings ascribed to them in this subsection, except where the context clearly indicates a different meaning:~~

~~(05) Beneficial use or beneficial purpose means the causing, suffering or permitting of any water pumped or flowing from any well to be used for the purpose of irrigation of lands and/or for domestic use and/or for the propagation of fish.~~

~~(10) Irrigation of land means the artificial application of water to lands whenever rainfall is insufficient to meet the full water requirements of crops, applied to lands in such quantities and in such manner, from time to time during the growing season of the trees or plants being irrigated, as will provide sufficient moisture to promote plant growth, having reference to the particular kind of crops grown and the particular type of soil involved.~~

~~(15) Propagation of fish means the breeding and/or propagating of edible or pet species of fish where such breeding and/or propagation is carried on as a commercial enterprise.~~

~~(20) Unnecessarily flow is means the causing, suffering or permitting water flowing from an artesian well or pumped from a pumping well to be stored or used for any purpose other than a beneficial use or beneficial purpose, as defined in this section.~~

~~(25) Waste of water means:-~~

~~(1) The causing, suffering or permitting of any water pumped or flowing from any well to run into any river, creek or other natural watercourse or channel, or into any bay or pond or artificial reservoir, or into any street, road or highway, unless it is used thereafter for a beneficial purpose; and where such water is caused, suffered or permitted to be run into any pond or artificial reservoir, such storing of water shall be deemed a waste of water, unless it is used thereon for the beneficial purposes of domestic use and/or propagation of fish and/or thereafter removed therefrom and used for the beneficial purpose of irrigation.~~

~~(2) The causing, suffering or permitting any water pumped or flowing from any well to run upon the land of any person, or upon the public lands of the United States or the State, unless it be used thereon for the beneficial purposes of irrigation thereof or for the propagation of fish.~~

~~(3) The causing, suffering or permitting any water pumped or flowing from any well to be used for a beneficial purpose, where such beneficial use allows more than five percent of the water so pumped to escape in such a way as would define the use of such escaped water to be classified as “waste of water” under this section.~~

~~(30) *Water well or wells* means an artificial hole made in the ground through which water naturally flows from subterranean sources to the surface of the ground, commonly known and designated as an artesian well, or any well from which water is obtained by means of a pump or other mechanical device, commonly known and designated as a pumping well.~~

~~(b) *Unlawful use of water.* It shall be unlawful for any person, firm, copartnership, corporation or association of individuals, either as owner, tenant, manager, agent or employee, to cause, permit or suffer any water well or wells, under the ownership, control or management of such person, firm, copartnership, corporation or association of individuals, to be operated or used in such manner as to cause, suffer or permit the water from such well or wells to unnecessarily flow or be pumped therefrom or to go to waste.~~

~~(c) *Civil execution on fine.* Any fine imposed for violation of the provisions of this chapter may be collected as in other criminal cases, and the court may also issue an execution upon the judgment therein rendered and the same may be enforced and collected as in civil cases.~~

~~**Sec. 4.18.020. – Construction and abandonment of water wells.**~~

~~(a) *Purpose.* It is the purpose of this chapter to control the construction and reconstruction of wells to the end that the groundwater of the City not be impaired in quality and that water obtained from such wells will be suitable for the purpose for which used and will not jeopardize the health, safety or welfare of the people of the City, and to provide for the destruction of abandoned wells or wells found to be public nuisances to the end that such wells will not impair the quality of groundwater or otherwise jeopardize the health, safety or welfare of the people of this City.~~

~~(b) *Definitions.* The following words, terms and phrases, when used in this section, shall have the meanings ascribed to them in this subsection, except where the context clearly indicates a different meaning:~~

~~(05) *Abandoned and abandonment* applies to a well which has not been used for a period of one year, unless the owner declares in writing, to the Well Standards Advisory Board, his intention to use the well again for supplying water or other associated purpose (such as an observation well or injection well) and receives approval of such declaration from the Board. All such declarations shall be renewed annually and at such time be resubmitted to the Board for approval. Test holes and exploratory holes shall be considered abandoned 24 hours after construction work has been completed, unless otherwise approved by the Health Officer.~~

~~(10) *Agricultural well* means a water well used to supply water for irrigation or other agricultural purposes, including so-called stock wells.~~

~~(15) *Cathodic protection well* means any artificial excavation in excess of 50 feet constructed by any method for the purpose of installing equipment or facilities for the protection, electrically, of~~

~~metallic equipment in contact with the ground, commonly referred to as a cathodic protection well or a deep anode.~~

~~(20) *Community water supply well* means a water well used to supply water for domestic purposes in systems subject to the California Health and Safety Code.~~

~~(25) *Construct, reconstruct (construction, reconstruction)* means to dig, drive, bore, drill or deepen a well, or to re-perforate, remove, replace or extend a well casing.~~

~~(30) *Destruction* means the proper filling and sealing of a well that is no longer useful so as to assure that the groundwater is protected and to eliminate a potential physical hazard.~~

~~(35) *Electrical grounding well* means any artificial excavation in excess of 50 feet constructed by any method for the purpose of establishing an electrical ground.~~

~~(40) *Health Officer* means the Orange County Health Officer or his designee.~~

~~(45) *Individual domestic well* means a water well used to supply water for domestic needs of an individual residence or commercial establishment.~~

~~(50) *Industrial well* means a water well used to supply an industry on an individual basis.~~

~~(55) *Observation well* means a well used for monitoring or sampling the conditions of a water-bearing aquifer, such as water pressure, depth, movement or quality.~~

~~(60) *Permit* means written permit issued by the Health Officer permitting the construction, reconstruction, destruction or abandonment of a well.~~

~~(65) *Person* means any person, firm, corporation or governmental agency.~~

~~(70) *Public nuisance*, when applied to a well, means any well which threatens to impair the quality of groundwater or otherwise jeopardize the health or safety of the public.~~

~~(75) *Saltwater (hydraulic) barrier well*. A well used for extracting water from or injecting water into the underground as a means of preventing the intrusion of saltwater into a fresh water bearing aquifer.~~

~~(80) *Test or exploratory hole* means an excavation used for determining the nature of underground geological or hydrological conditions, whether by seismic investigation, direct observation or any other means.~~

~~(85) *Well* means any artificial excavation constructed by any method for the purpose of extracting water from or injecting water into the underground, for providing cathodic protection or electrical grounding of equipment, for making tests or observations of underground conditions, or for any other similar purpose. Wells shall include, but shall not be limited to, community water supply wells, individual domestic wells, industrial wells, agricultural wells, cathodic protection wells, electrical grounding wells, test and exploratory holes, observation wells and saltwater (hydraulic) barrier wells, as defined herein, and other wells whose regulation is necessary to fulfill the purpose of this chapter as determined by the Well Standards Advisory Board. Wells shall not include:~~

- ~~a. Oil and gas wells, geothermal wells or other wells constructed under the jurisdiction of the State Department of Conservation, except those wells converted to use as water wells;~~
- ~~b. Wells used for the purpose of dewatering excavations during construction, or stabilizing hillsides or earth embankments; or~~
- ~~c. Other wells whose regulation is not necessary to fulfill the purpose of this chapter as determined by the Well Standards Advisory Board.~~

~~(e) *Well Standards Advisory Board*.~~

~~(1) A board consisting of five members shall be appointed by the City Council. One of the members appointed shall be a person employed in a supervisory capacity by a water purveyor in the City whose system relies to a significant extent upon groundwater; one shall be a registered civil engineer under the laws of the State of California who is experienced in sanitary engineering and who is qualified in the field of water supply; one shall be a person licensed in accordance with the provisions of the Contractors License Law, chapter 9, division 3 of the Business and Professions Code of the State of California (Business and Professions Code § 7000 et seq.); one shall be a person who is qualified in the field of water quality; and one shall be a registered geologist under the laws of the State of California who is qualified in the field of groundwater hydrology. One of the aforementioned persons shall be a representative of the Orange County Water District and one shall represent the City.~~

~~(2) Members shall serve for three year terms and until the qualification of a successor, except that the first members shall serve staggered terms, as determined by the drawing of lots, in the following manner: One member shall serve for a one year term of office; two members shall serve for three year terms of office. All terms shall end on the first Monday in January of the year in which such term is to expire. All members shall serve at the discretion of the City Council; and any member or members of the Board, Committee or Commission may have his membership terminated by a majority vote of the City Council. A vacancy thereby created shall be filled in the same manner as the original appointment.~~

~~(3) Traveling and other expenses incurred by each Board member in the performance of his official duties shall be reimbursed at a rate of \$10.00 per meeting.~~

~~(d) Acts prohibited; permit required.~~

~~(1) No person shall, within the City, construct or reconstruct any well unless such construction or reconstruction is carried out pursuant to and in conformance with a written permit issued for that purpose by the Health Officer as provided in this section.~~

~~(2) Nor shall any such person abandon a well unless it has been destroyed pursuant to and in conformance with a written permit issued by the Health Officer.~~

~~(3) Nor shall any such person violate the terms of any order issued by the Well Standards Advisory Board or the Health Officer, issued pursuant to this section.~~

~~(e) *Permits.*~~

~~(1) Applications for permits shall be made to the Health Officer containing such information as he shall require.~~

~~(2) Each application shall be accompanied by a fee which shall be established by the City on the basis of the cost incurred in enforcing the provisions of this chapter. Fifty percent of the fee shall be returned to the applicant should the permit be denied or if the permit is canceled within 60 days after issuance and no work has been done. A permit shall remain in effect for one year from date of issuance.~~

~~(3) Permits may be issued subject to any condition or requirement found by the Health Officer to be necessary to accomplish the purposes of this section.~~

~~(4) A permit may be canceled or the conditions amended by the Health Officer if he determines that to proceed with the work would result in a public nuisance or the permit holder has violated the terms of the permit or this chapter.~~

~~(f) *Completion of work.* The permittee shall notify the Health Officer in writing upon completion of the work and no work shall be deemed to have been completed until such written notification has been received. A final inspection of the work shall be made by the Health Officer and no permittee shall be deemed to have complied with this section or his permit until such inspection has been performed.~~

~~(g) *Notice; cancellation or denial of permit.* In the event a permit is denied or canceled, the applicant or permit holder shall be given written notice by the Health Officer, which notice shall specify the reasons for his action and~~

~~shall notify the applicant or permit holder of his right to request a hearing before the Well Standards Advisory Board within ten days.~~

~~(h) *Notice; public nuisance.* In the event the Health Officer determines that a well constitutes a public nuisance, he shall mail a written notice to the landowner and the permit holder, if other than the landowner. A copy of the notice shall be posted on the affected property. The notice shall state the specific facts giving rise to such nuisance; the corrective measures deemed necessary; and time, date and place at which a hearing shall be held by the Well Standards Advisory Board relating thereto, which date shall be not less than ten nor more than 30 days after the date such notice is mailed. The notice shall state that in the event the Board determines that a public nuisance exists a special assessment shall be imposed upon the land for any costs of abatement.~~

~~(i) *Immediate abatement.* If the Health Officer finds that immediate action is necessary to prevent impairment of the groundwater or a threat to the health or safety of the public, he may abate the nuisance without giving notice. Within 24 hours after initiating such abatement, the Health Officer shall give notice of a hearing before the Well Standards Advisory Board in the manner prescribed in subsection (h) of this section.~~

~~(j) *Board hearing.*~~

~~(1) At the time fixed for the hearing, the Well Standards Advisory Board shall hear and consider all relevant testimony and evidence offered by the landowner, and by any other interested person. In the event the Board finds that a public nuisance exists, it shall direct the Health Officer to take any necessary action to protect the groundwater or the health and safety of the public, unless the situation is corrected by the landowner on or before a date to be specified by the Board. The costs of such corrective work by the Health Officer shall become a special assessment upon the land pursuant to subsection (k) of this section.~~

~~(2) If the Board finds that a permit was improperly denied or canceled, it shall order the Health Officer to issue or reinstate such permit.~~

~~(k) *Abatement costs a special assessment.* Upon a finding by the Well Standards Advisory Board that a well constitutes a public nuisance, all cost of abatement carried out under the terms of this chapter shall constitute a charge and special assessment upon the parcel of land involved. If such costs are not paid within 60 days, they shall then be declared a special assessment against that parcel as provided in Government Code § 25845. Such special assessment shall be collected at the same time and in the same manner as ordinary City taxes are collected and shall be subject to the same penalties and the same procedures and sale in case of delinquency as provided for ordinary City taxes. The City shall retain the additional and independent right to recover its costs by way of civil action against the owner and person in possession or control, jointly or severally.~~

~~(l) *Standards.* Standards for the construction, reconstruction, destruction, or abandonment of wells shall be the standards recommended in the State Department of Water Resources Bulletin No. 74, Chapter II and future amendments thereto. Standards for the construction, reconstruction, destruction or abandonment of cathodic protection wells and electrical grounding wells shall be the standards recommended in the State Department of Water Resources Bulletin No. 74-1, and future amendments thereto. Well standards may be modified by the Health Officer, with the advice and concurrence of the Well Standards Advisory Board, where required to cope with the local geological and groundwater conditions.~~

~~(m) *Penalty.* Any person who violates the terms of this section or any permit issued hereunder shall be guilty of a misdemeanor, punishable by a fine not exceeding \$500.00 or by imprisonment not exceeding six months, or by both such fine and imprisonment. Such person shall be deemed guilty of a separate offense for each and every day or portion thereof during which any such violation is committed, continued or permitted and shall be subject to the same punishment as for the original offense.~~

Sec. 4.18.010. - Purpose and intent.

The purpose and intent of this chapter to satisfy the requirements of California Water Code Section 13800.5(c), which requires cities to adopt a geothermal heat exchange well ordinance that meets or exceeds the recommended standards developed by the California Department of Water Resources, and California Water Code Section 13801(c), which requires cities to adopt a water well, cathodic protection well, and monitoring well

drilling and abandonment ordinance that meets or exceeds the standards contained in California Department of Water Resources Bulletin 74-81. This chapter is further intended to comply with California Department of Water Resources Bulletin 74-90, which supplemented Bulletin 74-81.

Sec. 4.18.020. - Adoption of the County of Orange Well Ordinance.

The County of Orange Well Ordinance adopted by the Orange County Board of Supervisors on July 18, 1972 (Ordinance No. 2607) is hereby adopted and incorporated by reference, as if set forth at length herein, as the Well Ordinance of the City of Laguna Woods. Not less than one copy of said ordinance has been filed in the office of the City Clerk and shall be made available for public inspection. Should there be a conflict between the Well Ordinance as adopted and other Laguna Woods Municipal Code requirements, the more restrictive shall govern.

Sec. 4.18.030. - Compliance required.

All persons drilling wells or abandoning wells shall comply with the Well Standards Ordinance adopted by Section 4.18.020 including, but not limited to, securing permits from the County of Orange Well Standards Advisory Board and County of Orange Health Officer when required.

9.4
UNFUNDED RETIREMENT LIABILITY

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City of Laguna Woods

Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Christopher Macon, City Manager

FOR: September 18, 2024 Regular Meeting

SUBJECT: Unfunded Retirement Liability

Recommendation

Adopt a resolution titled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING AND ADOPTING THE FISCAL YEARS 2023-25 BUDGET AND WORK PLAN FOR FISCAL YEAR 2023-24 COMMENCING JULY 1, 2023 AND ENDING JUNE 30, 2024, AND FISCAL YEAR 2024-25 COMMENCING JULY 1, 2024 AND ENDING JUNE 30, 2025, INCREASING GENERAL FUND APPROPRIATIONS FOR LUMP SUM PAYMENTS TO PAY OFF CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS) UNFUNDED ACCRUED LIABILITY, AND MAKING RELATED AUTHORIZATIONS

Background

Like many local governments in California, the City contracts with the California Public Employees' Retirement System ("CalPERS") to provide pension benefits for employees. The City is required to make annual contributions to CalPERS that are based on a variety of assumptions including, but not limited to, rates of return on pooled investments managed by CalPERS. The difference between the sum of the City's accumulated plan assets and the total projected cost of earned pension benefits is referred to as "unfunded accrued liability."

On July 15, 2024, CalPERS reported a preliminary 9.3% net return on investments for the fiscal year ended June 30, 2024, which is 2.5% above CalPERS' discount rate (assumed rate of return) of 6.8%. According to CalPERS, "Preliminary total fund annualized returns for the five-year period ending June 30, 2024, stood at 6.6%; the 10-year period at 6.2%; and the 20-year period at 6.7%. The 30-year return rate rose slightly to 7.7%.¹"

City Administrative Policy 2.9 (Budgeting, Reserves, and Reporting) contains the following provision related to unfunded accrued liabilities:

"2.9.07. Unfunded Accrued Liability for Retirement Plans. The City shall consider making lump sum payments to reduce unfunded accrued liability for California Public Employees' Retirement System (CalPERS) pension plans at least as frequently as each biennial budget development process. The City shall strive to maintain an at least 80% funded level for all CalPERS pension plans."

On May 17, 2017, the City Council approved lump sum payments to pay off then-current total unfunded accrued liability in the amount of \$483,218.

On September 26, 2018, the City Council approved lump sum payments to pay off then-current total unfunded accrued liability in the amount of \$137,455.

On October 16, 2019, the City Council approved lump sum payments to pay off then-current total unfunded accrued liability in the amount of \$101,092.

On October 21, 2020, the City Council approved lump sum payments to pay off then-current total unfunded accrued liability in the amount of \$29,970.

No lump sum payments were made in 2021 or 2022, due to the City's total liability being more than fully funded as a result of investment performance and prior contributions.

On October 18, 2023, the City Council approved lump sum payments to pay off then-current total unfunded accrued liability in the amount of \$306,925.

¹ "CalPERS Reports Preliminary 9.3% Investment Return for 2023-24 Fiscal Year." *CalPERS*, 15 July 2024, www.calpers.ca.gov/page/newsroom/calpers-news/2024/calpers-preliminary-investment-return-fiscal-year-2023-24.

Discussion

Today's meeting is an opportunity for City Council action, as well as public input, on proposed lump sum payments to pay off the CalPERS total unfunded accrued liability. Assuming that such payments were made by September 19, 2024, they would total \$96,448 and cause the City's pension plans to be fully funded according to the most current actuarial projections. They would also help to reduce annual required contributions beginning in Fiscal Year 2025-26 and mitigate potential future impacts of reductions in or variances from CalPERS' discount rate.

Fiscal Impact

Sufficient funds to make the proposed lump sum payments are available within the unassigned General Fund balance, which currently totals approximately \$7 million. The proposed resolution (Attachment A) would increase General Fund appropriations in the Fiscal Year 2024-25 Budget by \$96,448 and make authorizations related to the proposed lump sum payments.

Report Prepared With: Liz Torres, Administrative Services Director/City Treasurer

Attachment: A – Proposed Resolution

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RESOLUTION NO. 24-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, AMENDING AND ADOPTING THE FISCAL YEARS 2023-25 BUDGET AND WORK PLAN FOR FISCAL YEAR 2023-24 COMMENCING JULY 1, 2023 AND ENDING JUNE 30, 2024, AND FISCAL YEAR 2024-25 COMMENCING JULY 1, 2024 AND ENDING JUNE 30, 2025, INCREASING GENERAL FUND APPROPRIATIONS FOR LUMP SUM PAYMENTS TO PAY OFF CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CALPERS) UNFUNDED ACCRUED LIABILITY, AND MAKING RELATED AUTHORIZATIONS

WHEREAS, the Fiscal Years 2023-25 Budget (“Budget”) was adopted by the City Council on June 28, 2023; and

WHEREAS, per City Administrative Policy 2.9, increases in adopted fund-level Budget appropriations require City Council approval; and

WHEREAS, the City contracts with the California Public Employees’ Retirement System (“CalPERS”) to provide pension benefits for employees; and

WHEREAS, as of September 5, 2024, CalPERS has projected the City’s total unfunded accrued liability as of June 30, 2025 to be \$101,510, inclusive of both the “classic” and California Public Employees’ Pension Reform Act (“PEPRA”) plans; and

WHEREAS, making lump sum payments totaling \$96,448 by September 19, 2024 would cause the City’s pension plans to be fully funded according to the most current actuarial projections and result in both near- and long-term savings; and

WHEREAS, it is necessary for the City Council to increase Fiscal Year 2024-25 appropriations for the General Fund in the amount of \$96,448, with the appropriation drawn from the unassigned General Fund balance, to allow for the lump sum payments to pay off the City’s CalPERS unfunded accrued liability; and

WHEREAS, the unassigned General Fund balance has sufficient funds to accommodate the increased appropriations.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, DOES HEREBY RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. Section 2 of Resolution No. 23-16, as previously amended by Resolution Nos. 23-25, 23-33, 24-02, 24-07, 24-10, 24-11, 24-14, and 24-19, is hereby amended, in its entirety, to read as follows:

The budget revenue projections are:

	<i>Fiscal Year 2023-24</i>	<i>Fiscal Year 2024-25</i>
General Fund		
Property Tax	\$3,297,700	\$3,405,200
Property Transfer Tax	\$112,000	\$114,900
Sales Tax	\$1,196,000	\$1,233,000
Franchise Fees	\$751,800	\$753,100
Transient Occupancy Tax	\$604,000	\$620,000
Developing Processing Fees	\$814,400	\$827,400
Interest	\$352,000	\$340,000
Miscellaneous	\$207,700	\$213,800
SUBTOTAL	\$7,335,600	\$7,507,400
Capital Projects Fund		
Intergovernmental	\$0	\$0
Interest	\$0	\$0
SUBTOTAL	\$0	\$0
Fuel Tax	\$492,800	\$503,700
Road Maintenance & Rehabilitation Program	\$435,300	\$465,600
Measure M2 (OC Go)	\$336,000	\$348,600
Service Authority for Abandoned Vehicles	\$0	\$0
Supplemental Law Enforcement Services	\$167,800	\$169,600
Mobile Source Reduction	\$72,000	\$22,000
PEG/Cable Television	\$18,400	\$18,800
Senior Mobility	\$140,700	\$145,700
Community Development Block Grant (CDBG)	\$500,000	\$150,000
Federal Grants	\$1,618,278	\$782,869
State of California Grants	\$239,800	\$0
Miscellaneous Special Revenue	\$0	\$0
Laguna Woods Civic Support Fund	\$0	\$0

The budget appropriations authorized, on a fund level, are:

	<i>Fiscal Year 2023-24 Adopted Budget</i>	<i>Fiscal Year 2023-24 Carryover Appropriations</i>	<i>Fiscal Year 2023-24 Budget Amendments</i>	<i>Fiscal Year 2023-24 Amended Budget</i>
General Fund	\$7,730,079 ^A (includes transfers to Capital Projects Fund of \$608,250)	\$8,544	\$470,480 ^{A,B}	\$8,209,103 (includes transfers to Capital Projects Fund of \$608,250)
Capital Projects Fund	\$608,250	\$130,535	-	\$738,785
Fuel Tax	\$395,000	-	\$34,570 ^D	\$429,570
Road Maintenance & Rehabilitation Program	\$325,821	-	-	\$325,821
Measure M2 (OC Go)	\$285,700	-	-	\$285,700
Service Authority for Abandoned Vehicles	\$0	-	-	\$0
Supplemental Law Enforcement Services	\$176,100	-	-	\$176,100
Mobile Source Reduction	\$0	\$10,711	-	\$10,711
PEG/Cable Television	\$15,000	-	-	\$15,000
Senior Mobility	\$207,000	-	\$170,600 ^E	\$377,600
Community Development Block Grant (CDBG)	\$150,000	\$307,528	-	\$457,528
Federal Grants	\$719,145	\$1,006,869	-	\$1,726,014
State of California Grants	\$0	\$221,898	\$100,580 ^{C, F}	\$322,478
Miscellaneous Special Revenue	\$0	-	-	\$0
Laguna Woods Civic Support Fund	\$48,810	-	-	\$48,810
TOTAL	\$10,052,655	\$1,686,085	\$776,230	\$12,514,970

^A Fund Budget Adjustment CC-23/24-01: CalPERS Lump Sum Payments, +\$306,925 (R 23-33)

^B Fund Budget Adjustment CC-23/24-02: CEPPT Contribution, +\$163,555 (R 24-02)

^C Fund Budget Adjustment CC-23/24-03: State HHW Grant, +\$25,580 (R 24-07)

^D Fund Budget Adjustment CC-23/24-04: Transportation System, +\$34,570 (R 24-10)

^E Fund Budget Adjustment CC-23/24-05: Senior Mobility Program, +\$170,600 (R 24-11)

^F Fund Budget Adjustment CC-23/24-06: State SB 1383 Grant, +\$75,000 (R 24-14)

[CONTINUED ON NEXT PAGE]

ITEM 9.4 – Attachment A

	<i>Fiscal Year 2024-25 Adopted Budget</i>	<i>Fiscal Year 2024-25 Carryover Appropriations</i>	<i>Fiscal Year 2024-25 Budget Amendments</i>	<i>Fiscal Year 2024-25 Amended Budget</i>
General Fund	\$7,287,511 (includes transfers to Capital Projects Fund of \$0)	-	\$556,394 ^{A,E,F}	\$7,843,905 (includes transfers to Capital Projects Fund of \$459,946)
Capital Projects Fund	\$0	-	\$459,946 ^{A,E}	\$459,946
Fuel Tax	\$425,000	-	-	\$425,000
Road Maintenance & Rehabilitation Program	\$195,795 ^B	-	(\$131,795) ^D	\$64,000
Measure M2 (OC Go)	\$290,700	-	-	\$290,700
Service Authority for Abandoned Vehicles	\$0	-	-	\$0
Supplemental Law Enforcement Services	\$176,100	-	-	\$176,100
Mobile Source Reduction	\$0	-	-	\$0
PEG/Cable Television	\$15,000	-	-	\$15,000
Senior Mobility	\$227,000	-	-	\$227,000
Community Development Block Grant (CDBG)	\$150,000	-	-	\$150,000
Federal Grants	\$782,869	-	-	\$782,869
State of California Grants	\$0	-	\$200,000 ^C	\$200,000 ^C
Miscellaneous Special Revenue	\$0	-	-	\$0
Laguna Woods Civic Support Fund	\$300	-	-	\$300
TOTAL	\$9,550,275	-	\$624,599	\$10,174,874

^A Fund Budget Adjustment CC-24/25-01: City Hall Project: Phase 4, +\$350,000 (R 24-19)

^B Non-Fund Budget Adjustment CC-24/25-02: Road Maintenance & Rehabilitation Program Fund appropriations allocated to the “Pavement Management Plan Project (Westbound El Toro Road between Tanager and Calle Corta)” are formally reallocated to the “Pavement Management Plan Project (Westbound El Toro Road between Calle Corta and City Limits)” in the amount of \$195,795. This non-fund budget adjustment is made in the interest of transparency and does not affect appropriations on a fund level. (R 24-19)

^C Fund Budget Adjustment CC-24/25-03: Pavement Project FY 2024-25, +\$200,000 (R 24-19)

^D Fund Budget Adjustment CC-24/25-04: Pavement Project FY 2024-25, -\$131,795 (R 24-19)

^E Fund Budget Adjustment CC-24/25-05: Confluence Bypass Project, +\$109,946 (R 24-19)

^F Fund Budget Adjustment CC-24/25-06: CalPERS Lump Sum Payments, +\$96,448 (R 24-XX)

The budget appropriations authorized by this section reflect the Fiscal Years 2023-25 adopted budgets, plus authorized budget adjustments approved between July 1, 2023 and the date of this amendment. The budget appropriations authorized by this section also include carryovers of approved, but unspent, budget appropriations from prior fiscal years. Such carryovers were approved by the City Council with the adoption of the current budget and/or pursuant to Administrative Policy 2.9.

SECTION 2. The increased General Fund appropriations adopted as part of this resolution shall be considered “non-operating” and shall be used to make lump sum payments to pay off CalPERS unfunded accrued liability for both the “classic” and California Public Employees’ Pension Reform Act (“PEPRA”) plans, no later than September 19, 2024. The City Manager and Administrative Services Director/City Treasurer are hereby authorized to cause such payments to be made and to execute agreements, documents, and certifications necessary to do so.

SECTION 3. The Mayor shall sign this resolution and the City Clerk shall attest and certify to the passage and adoption thereof.

PASSED, APPROVED AND ADOPTED on this XX day of XX 2024.

NOEL HATCH, Mayor

ATTEST:

YOLIE TRIPPY, CMC, City Clerk

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

I, YOLIE TRIPPY, City Clerk of the City of Laguna Woods, do HEREBY CERTIFY that the foregoing **Resolution No. 24-XX** was duly adopted by the City Council of the City of Laguna Woods at a regular meeting thereof, held on the XX day of XX 2024, by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

YOLIE TRIPPY, CMC, City Clerk

9.5

CITY CENTRE PARK CAPITAL IMPROVEMENTS

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City of Laguna Woods

Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Christopher Macon, City Manager

FOR: September 18, 2024 Regular Meeting

SUBJECT: City Centre Park Capital Improvements

Recommendation

Approve a conceptual plan for the capital improvements that would be made to the remaining portion of City Centre Park if a new Orange County Fire Authority fire station were constructed on a portion of the City Centre Park property.

Background

On September 21, 2022, the City Council conceptually approved, in non-binding concept, a series of actions that, if implemented, would result in the long-term lease of approximately 0.32 acres of the 0.56-acre City Centre Park property for use as a new Orange County Fire Authority fire station.

On September 30, 2023, Governor Newsom signed California Senate Bill 475 (Min, Chapter 287, Statutes of 2023) into law. Senate Bill 475 allows the City to use approximately 0.32 acres of the City Centre Park property as a fire station and for public safety purposes. As a condition of approval, Senate Bill 475 requires \$212,000 in capital improvements to be made to the portion of City Centre Park that would remain a park. The type of capital improvements is unspecified but must enhance City Centre Park's active or passive recreational utility.

The City is required to submit its plan for the capital improvements to the California Department of Parks and Recreation no later than January 1, 2025. Prior to the City Council approving a plan, the City must conduct two community meetings to solicit resident input on the improvements to be made.

The City conducted community meetings on August 12, 2024 and August 15, 2024 to solicit resident input on the improvements to be made. The promotional flyer for both meetings is included as Attachment A. City Manager Macon and Orange County Fire Authority Division Chief Summers presented at both meetings. The PowerPoint presentation is included as Attachment B.

Table 1: Community Meeting Participation

Meeting Date	Participants
August 12, 2024 at 2 p.m.	Three residents, Mayor Pro Tem Horne, Councilmember Conners, Councilmember McCary, City Manager Macon, Public Works Administrator Baumgarten, Development Manager Faylona, Orange County Fire Authority Division Chief Summers
August 15, 2024 at 9:30 a.m.	Eight residents, Councilmember Conners, Councilmember McCary, City Manager Macon, Public Works Administrator Baumgarten, Orange County Fire Authority Division Chief Summers

In addition to the public comments received at the community meetings, five residents contacted staff regarding the improvements to be made – four in advance of the August 12, 2024 meeting and one as a follow up to the August 15, 2024 meeting. All public comments are summarized below.

Dominant themes from the public comments were as follows:

- Provide greater shade, preferably from tree canopies
- Provide increased landscaping, both trees and lower-profile vegetation
- Provide landscaping that is appropriate to California
- Provide tables and seating for communal gathering
- Focus on amenities for adults

Staff noted no strong desire for children’s playgrounds, restrooms, sports courts, or water features.

Other public comments included the following:

- Provide greater shade with shade structures

- Provide educational signage explaining how tree canopies help to mitigate urban heat islands
- Provide intentional landscaping (e.g., a botanic garden look)
- Provide landscaping that supports pollinators and butterflies
- Provide amenities to support musical performances
- Provide exercise equipment and a walking track surface
- Provide public art that highlights local history (e.g., Native Americans, the construction of Mission San Juan Capistrano, and Moulton Ranch)
- Provide activities for parents with children (e.g., a “nature hunt” and local history checklists that can be downloaded online)
- Retain existing elements, to the extent possible, to manage costs

One public comment recommended that the fire station occupy the entirety of the City Centre Park property; that is not possible as Senate Bill 475 allows only 0.32 acres of the property to be removed from public recreation use and requires a reinvestment specifically for active or passive recreational purposes.

Two public comments (including one from a nonprofit organization [The Kennedy Commission]) encouraged the City to consider affordable housing uses; that is not possible under Senate Bill 475 and is also precluded by a State of California deed restriction that limits the use of the City Centre Park property to park purposes through June 30, 2031.

In total, 15 residents and one nonprofit organization provided input on the improvements to be made.

Discussion

Today’s meeting is an opportunity for City Council action, as well as public input, on a conceptual plan for the capital improvements that would be made to the remaining portion of City Centre Park if a new Orange County Fire Authority fire station were constructed on a portion of the City Centre Park property.

Staff have worked with RJM Design Group to prepare a conceptual plan heavily influenced by the public comments received (Attachment C). The proposed conceptual plan maintains the principally passive function of the existing park and adds shade from tree canopies, landscaping including manicured planter beds and educational signage for a botanic garden-type look, seating areas, and public art.

Maintaining the principally passive function is both a necessity due to the limited size of the portion of the property that would remain a park (approximately 0.24 acres or, roughly 10,454 square feet) and the lack of dedicated parking.

Three design concepts are of particular note:

- The park would include the City's first public art installation. The City would collaborate with one or more local artists to create an installation that highlights the area's Native American and agricultural history.
- The park would include habitat to support the breeding and migration of Monarch butterflies (generally, a variety of milkweed and nectar plants with staggered flowering or blooming times) and related educational signage. For information on Monarch Watch's Monarch Waystation Program, please refer to Attachment D or visit www.monarchwatch.org/waystations. Orange County Supervisor Foley has a Monarch Butterfly Committee that seeks to further these types of waystation efforts. Staff would seek to coordinate with the Monarch Butterfly Committee during the design of the improvements.
- Though not shown on the proposed conceptual plan, the decomposed granite pathway would connect to a pedestrian walkway leading to the Moulton Parkway sidewalk. The specific nature and location of that connection would be finalized as part of the potential new fire station's construction drawings.

Fiscal Impact

The costs of the improvements included in the proposed conceptual plan have not been assessed beyond informally gauging that they would be at least the \$212,000 required by Senate Bill 475. Staff plans to recommend that the Orange County Fire Authority fund the improvements and ongoing maintenance as part of a potential future long-term lease agreement for a new fire station.

Report Prepared With: April Baumgarten, Public Works Administrator

Attachments: A – Community Meetings Promotional Flyer
B – Community Meetings PowerPoint Presentation
C – Proposed Conceptual Plan
D – Monarch Waystation Program Brochure

ITEM 9.5

Attachment A

Community Meetings Promotional Flyer

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How would you improve City Centre Park?

The City of Laguna Woods is hosting two community meetings to hear from residents on how City Centre Park might be improved to provide enhanced recreational opportunities.

City Centre Park is a 0.56-acre public park located between Moulton Parkway and the Ayres Hotel. The community meetings will focus on the upper 0.24 acres that would remain if a new Orange County Fire Authority fire station were constructed on the lower portion closest to Moulton Parkway.

COMMUNITY MEETING #1

Monday, August 12, 2024

2:00 p.m.

Laguna Woods City Hall,
24264 El Toro Road

COMMUNITY MEETING #2

Thursday, August 15

9:30 a.m.

Laguna Woods City Hall,
24264 El Toro Road

Both community meetings will feature the same presentation.



RSVPs are encouraged, but not required. For more information, please contact Laguna Woods City Hall at **(949) 639-0500** or cityhall@cityoflagunawoods.org. Information on the Potential New Fire Station Project is available at www.cityoflagunawoods.org/projects.

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ITEM 9.5

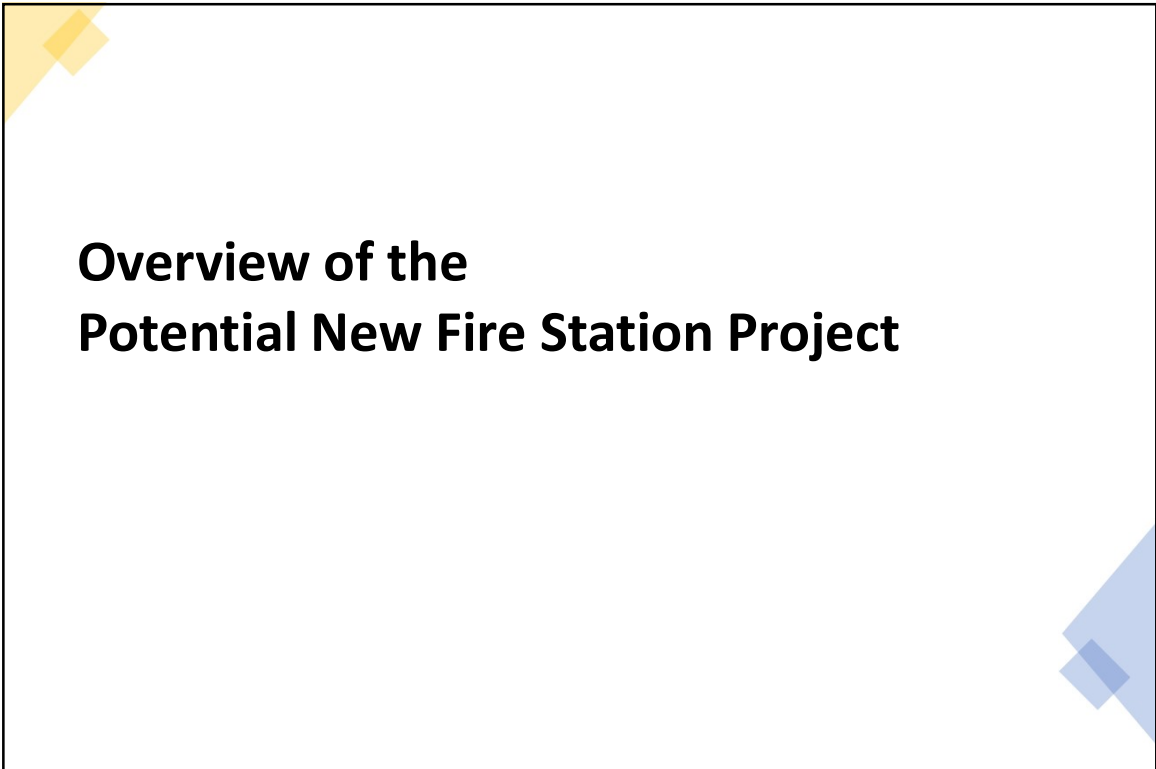
Attachment B

Community Meetings PowerPoint Presentation

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1

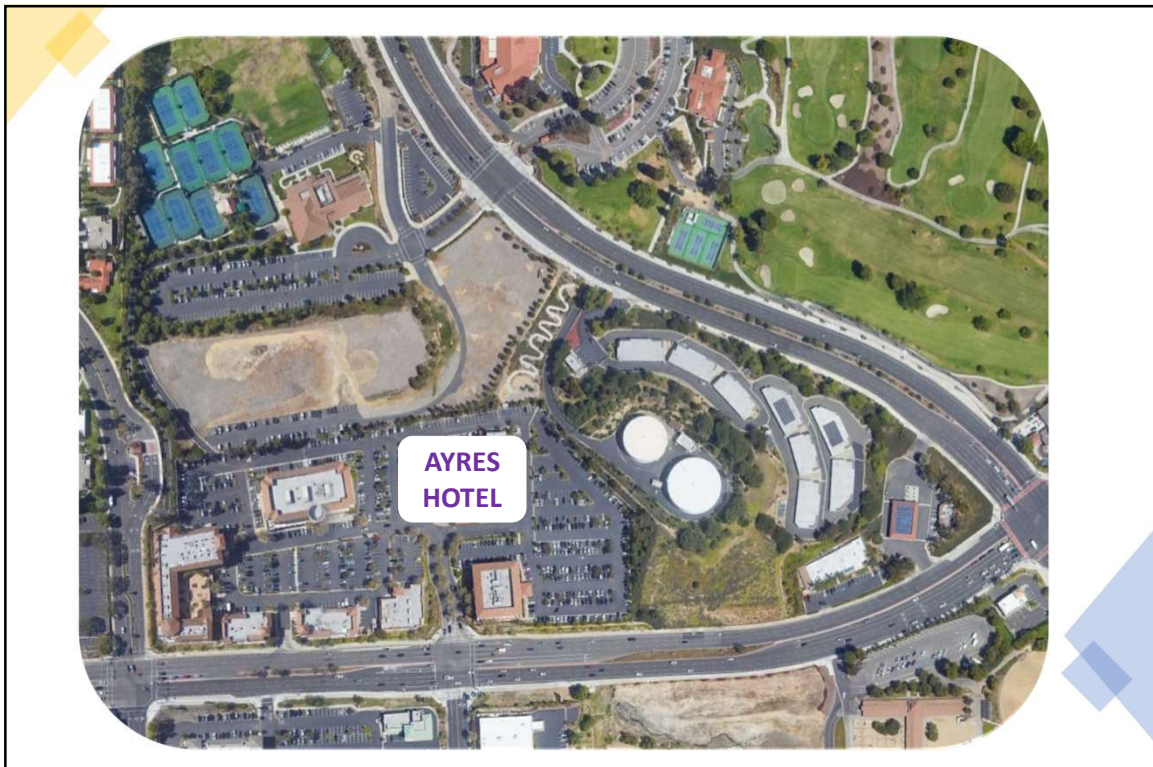


2



- The City Centre Park property was deeded to the City by the former property owner (Smith's Food & Drug Centers) in 2002.

3



4



5

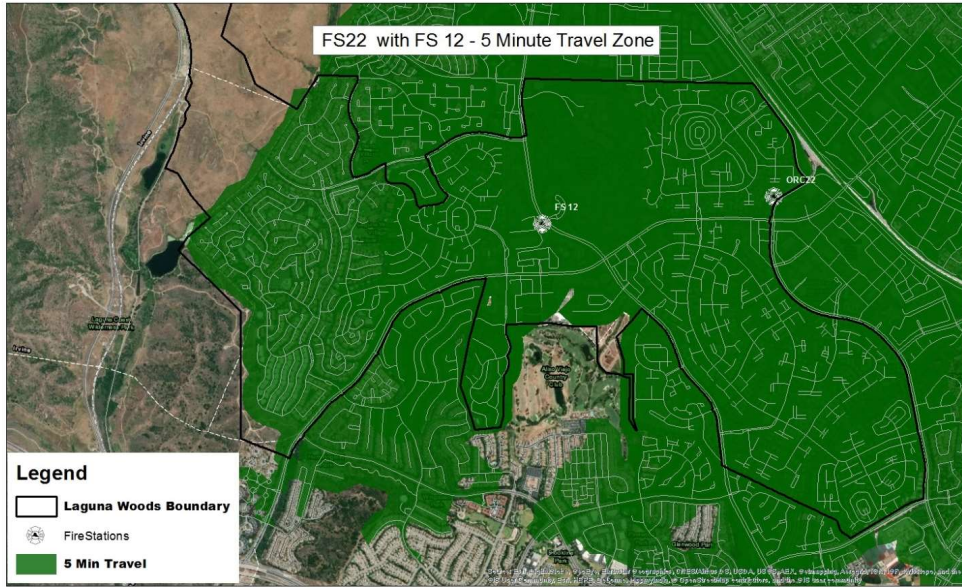
- The City Council has **conceptually** approved a new fire station to be constructed on a portion of City Centre Park.
 - A portion of City Centre Park would be leased to the Orange County Fire Authority (“OCFA”) for use a fire station.

≈ 0.32 acres
 - A portion of City Centre Park would remain a City-owned park with future enhancements to be determined (paid for by OCFA).

≈ 0.24 acres
(required to be used for park purposes through 6/30/31; State of California)

6

Orange County Fire Authority Conceptual Response Times
WITH NEW FIRE STATION



"FS22" and "ORC22" = Existing Orange County Fire Authority Station 22
"FS 12" = Potential New Orange County Fire Authority Station 12

9

Discussion Regarding Potential City Centre Park Enhancements

10

- State legislation requires \$212,000 to be reinvested into the portion of City Centre Park that would remain if a new fire station were constructed.
- The \$212,000 reinvestment is intended to **enhance recreational opportunities**.
- The \$212,000 reinvestment must be used for **capital improvements** that are available to the public.

11

How Would You Improve City Centre Park?



12

- **More Information on the Potential New Fire Station Project:**

www.cityoflagunawoods.org/projects

- **Receive Updates on the Potential New Fire Station Project:**

www.cityoflagunawoods.org/email-notifications

- **Questions:**

Christopher Macon, City Manager

City of Laguna Woods

(949) 639-0500

cmacon@cityoflagunawoods.org

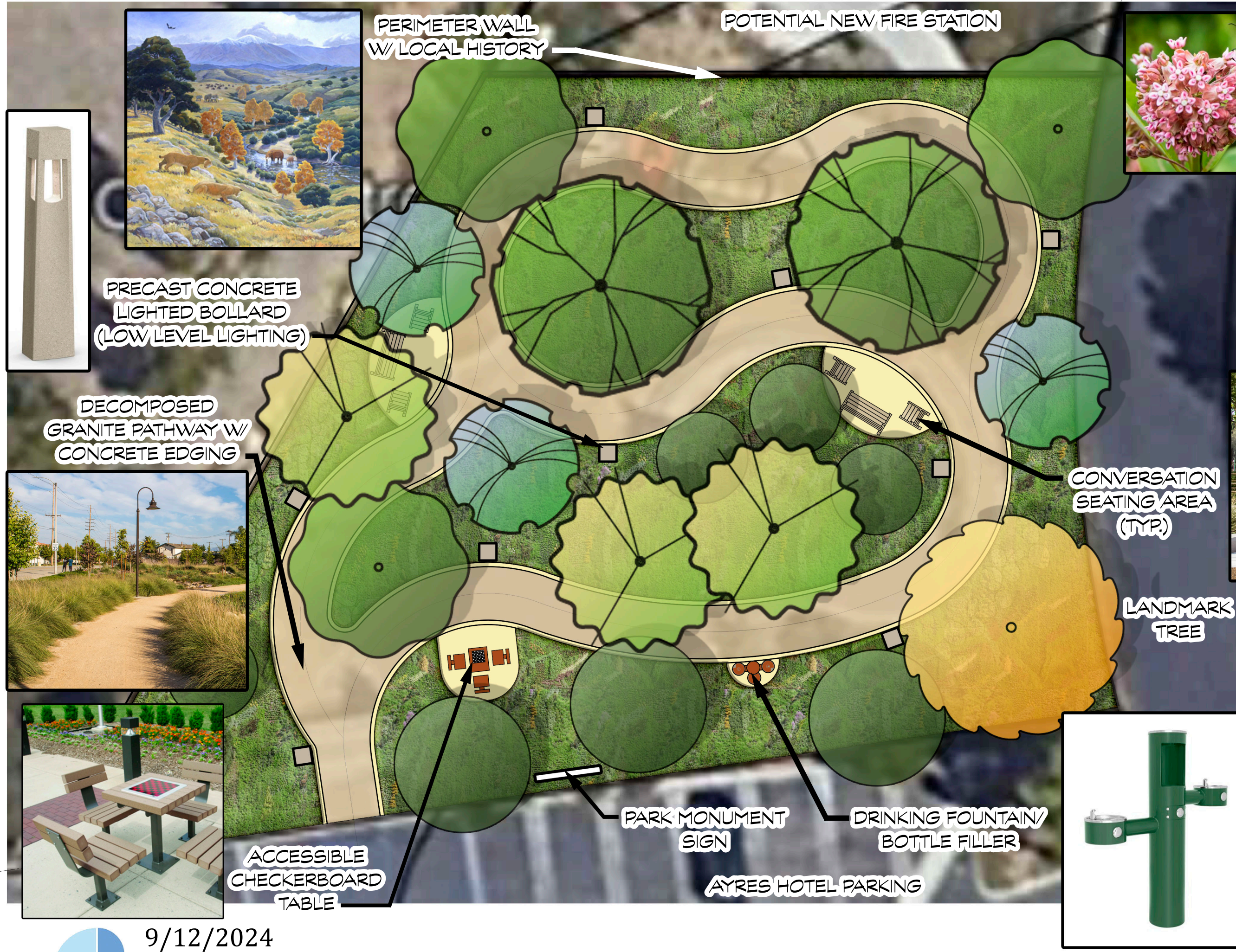
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ITEM 9.5

Attachment C

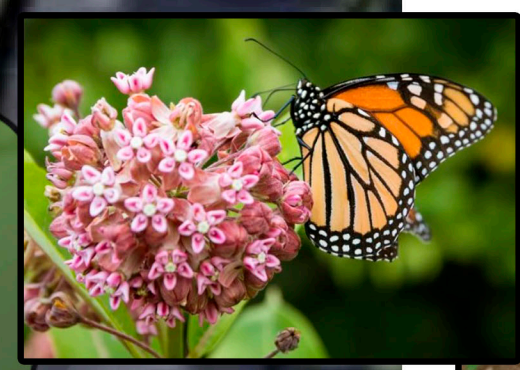
Proposed Conceptual Plan

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PERIMETER WALL W/ LOCAL HISTORY

POTENTIAL NEW FIRE STATION



MONARCH BUTTERFLY WAYSTATION HABITAT PROGRAM



PLANT ID SIGNAGE



PRECAST CONCRETE LIGHTED BOLLARD (LOW LEVEL LIGHTING)



DECOMPOSED GRANITE PATHWAY W/ CONCRETE EDGING



CONVERSATION SEATING AREA (TYP.)



ACCESSIBLE CHECKERBOARD TABLE



DRINKING FOUNTAIN/ BOTTLE FILLER

PARK MONUMENT SIGN

AYRES HOTEL PARKING

LANDMARK TREE

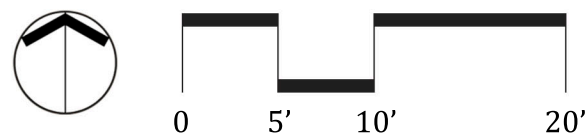
DESIGN CONCEPT:

TRANSFORM THE REDUCED PARK AREA INTO A BOTANICAL GARDEN THAT DOUBLES AS A MONARCH BUTTERFLY WAY STATION. QUIET, SHADED CONVERSATIONAL SEATING NOOKS ARE DOTTED THROUGHOUT THE LOOPING PATHWAY AS A LOCAL HISTORY MURAL ADORNS THE PERIMETER WALL. CONNECTION PROVIDED TO MOULTON PARKWAY SIDEWALK (NOT SHOWN).

CONCEPTUAL PLAN



9/12/2024



CITY CENTRE PARK
CITY OF LAGUNA WOODS, CALIFORNIA

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ITEM 9.5

Attachment D

Monarch Waystation Program Brochure

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Monarch Waystation Habitats

Monarch Waystations are places that provide resources necessary for monarch butterflies to produce successive generations and sustain their migration. Without milkweeds throughout their spring and summer breeding areas in North America, monarchs would not be able to produce the successive generations that culminate in the migration each fall. Similarly, without nectar from flowers, these fall migratory monarch butterflies would be unable to make their long journey to overwintering grounds in Mexico. The need for host plants for larvae and energy sources for adults applies to all monarch butterfly populations around the world.



Flowers of seven milkweeds found in prairies

Monarch Conservation

Each fall, hundreds of millions of monarch butterflies migrate from the United States and Canada to mountains in central Mexico where they wait out the winter until conditions favor a return flight in the spring. The monarch migration is truly one of the world's greatest natural wonders yet it is threatened by habitat loss at overwintering grounds in Mexico and throughout breeding areas in the United States and Canada.



Monarch Waystation #285
Dillon's & Marguerite's Monarch Garden

Visit us online for complete information about monarchs and the educational, conservation, and research projects managed by Monarch Watch:

www.MonarchWatch.org



Monarchs in Mexico

This brochure was created and funded by Monarch Watch and the Monarch Joint Venture as part of a nationwide effort by Monarch Watch, the Monarch Joint Venture, and the Xerces Society to restore monarch habitats.



Additional information on monarch conservation can be found at www.monarchjointventure.org

Brochure design donated by Ron Brancato — brancatocreative.com

©2010 Monarch Watch. This brochure is also available online in a format suitable for online viewing or printing. It may be reproduced and distributed in its entirety.

Thank you for your support!

Monarch Waystations

*Create,
Conserve
& Protect
Monarch
Habitats*



Why We Are Concerned

Milkweeds and nectar sources are declining due to development and the widespread use of herbicides in croplands, pastures and roadsides.

Development (of subdivisions, factories, shopping centers, etc.) in the U.S. consumes habitat for monarchs and other wildlife at a rate of 6,000 acres (9.4 square miles) a day, 2.2 million acres per year. This is roughly equivalent to losing an area of habitat the size of the state of Illinois (the 24th largest U.S. state) every sixteen years!



Widespread adoption of herbicide-resistant corn and soybeans has resulted in the loss of more than 100 million acres of monarch habitat in recent years. The planting of these crops genetically modified to resist the non-selective systemic herbicide glyphosate (Roundup®) allows growers to spray fields with this herbicide instead of tilling to control weeds. Milkweeds survive tilling but not the repeated use of glyphosate. This habitat loss is substantial since these croplands represent a significant portion of the summer breeding area for monarchs.

The use of herbicides and frequent mowing along roadsides has converted much of this habitat to grassy areas that lack shelter and food for wildlife. Although some states have started to increase the diversity of

plantings (including milkweeds) along roadsides, these programs are small. Unfortunately, the remaining milkweed habitats in pastures, hayfields, edges of forests, grasslands, native prairies, and urban areas are not sufficient to sustain the large monarch butterfly populations seen in the 1990s.

Monarchs need our help.

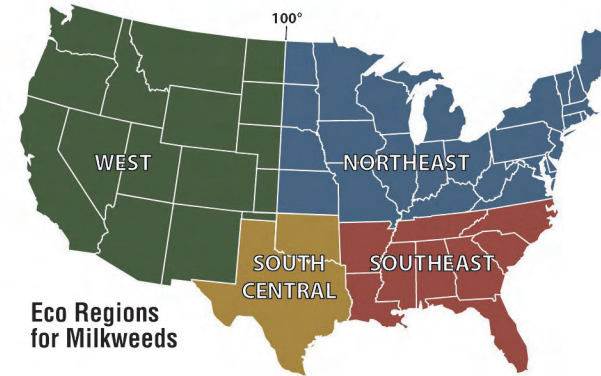
What You Can Do

To offset the loss of milkweeds and nectar sources we need to create, conserve, and protect monarch butterfly habitats. You can help by creating "Monarch Waystations" in home gardens, at schools, businesses, parks, zoos, nature centers, along roadsides, and on other unused plots of land. Creating a Monarch Waystation can be as simple as adding milkweeds and nectar sources to existing gardens or maintaining natural habitats with milkweeds. No effort is too small to have a positive impact.

Native Milkweed Species

When planning the restoration of large areas, it is important to plant milkweeds that are native to your region of the country. This is not as crucial in a backyard or schoolyard garden; however, native plants typically require less maintenance and offer a greater benefit to local wildlife.

We have defined four eco-regions for milkweeds. For each region we list milkweeds that are preferred by monarchs and relatively easy to establish in gardens and fields. This information is provided in greater detail on our website.



Eco Regions for Milkweeds

Northeast Region — common milkweed, swamp milkweed, butterfly milkweed, poke milkweed.

South Central Region — antelope horn milkweed, green antelope horn milkweed, zizotes milkweed

Southeast Region — aquatic milkweed, white milkweed, butterfly milkweed

West Region — showy milkweed, antelope horn milkweed (only in NV, AZ, NM, CO, ID, KS, & OK). Please consult our website for milkweeds to use in California and Arizona.

The Value of Monarch Waystations

By creating and maintaining a Monarch Waystation you are contributing to monarch butterfly conservation. Your efforts will help ensure the preservation of the species and the continuation of the spectacular monarch migration phenomenon.

Without a major cooperative effort to create, conserve, and protect monarch habitats, the monarch butterfly population will continue to decline.

Certify Your Monarch Waystation

To show your support of monarch conservation, you can have your monarch habitat certified as an official Monarch Waystation by Monarch Watch. Your habitat will be included in the International Monarch Waystation Registry and you will be awarded a certificate bearing your habitat's Monarch Waystation ID number. You may also choose to display a weatherproof sign that identifies your monarch habitat as an official Monarch Waystation. This display helps convey this important monarch conservation message to all those who visit your habitat and may encourage them to create their own Monarch Waystation.

Monarch Waystation #1015 — Photo by Stephanie Baker



9.6
CITY HALL BUILDING SIGNAGE

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City of Laguna Woods

Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Christopher Macon, City Manager

FOR: September 18, 2024 Regular Meeting

SUBJECT: City Hall Building Signage

Recommendation

Provide direction to the City Manager regarding the installation of metal lettering reading “E Pluribus Unum” above the arch outside City Hall’s main entrance.

Overview

At the regular meeting on August 21, 2024, the City Council voted unanimously to direct staff to prepare renderings of potential City Hall building signage incorporating “City Offices” and “E Pluribus Unum.” Those renderings were still being prepared when the agenda packet for today’s meeting was posted. Staff anticipates presenting the renderings at today’s meeting.

Attachment: A – City Hall Building Photographs

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Photograph 1




Photograph 2



9.7

**IRVINE-LAGUNA WILDLIFE CORRIDOR
(AGENDIZED BY COUNCILMEMBER MCCARY)**

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Irvine-Laguna Wildlife Corridor (ILWC)

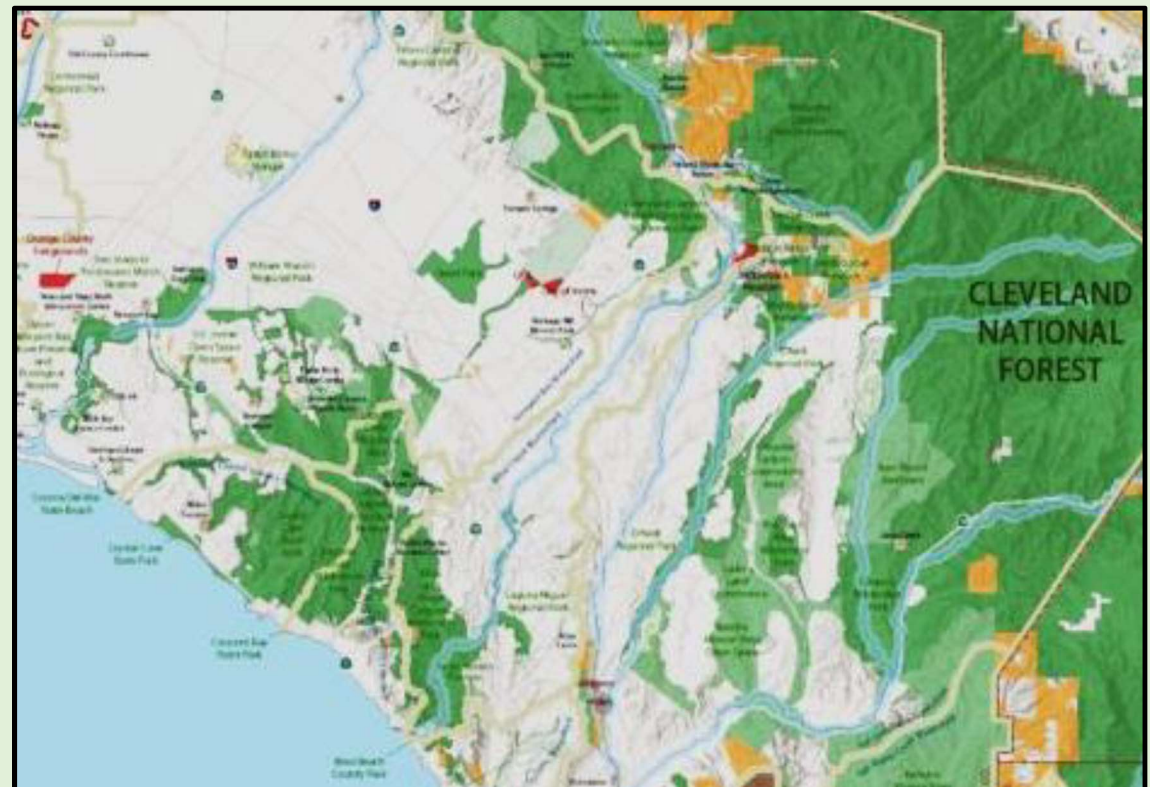
Preserved Open Space Today

- Over 22,000 acres (\cong 35 square miles) are now preserved as the South Coast Wilderness open space.
- Includes cities of Aliso Viejo, Irvine, Laguna Beach, Laguna Woods, and Newport Beach, portions of Orange County, and the State of California.



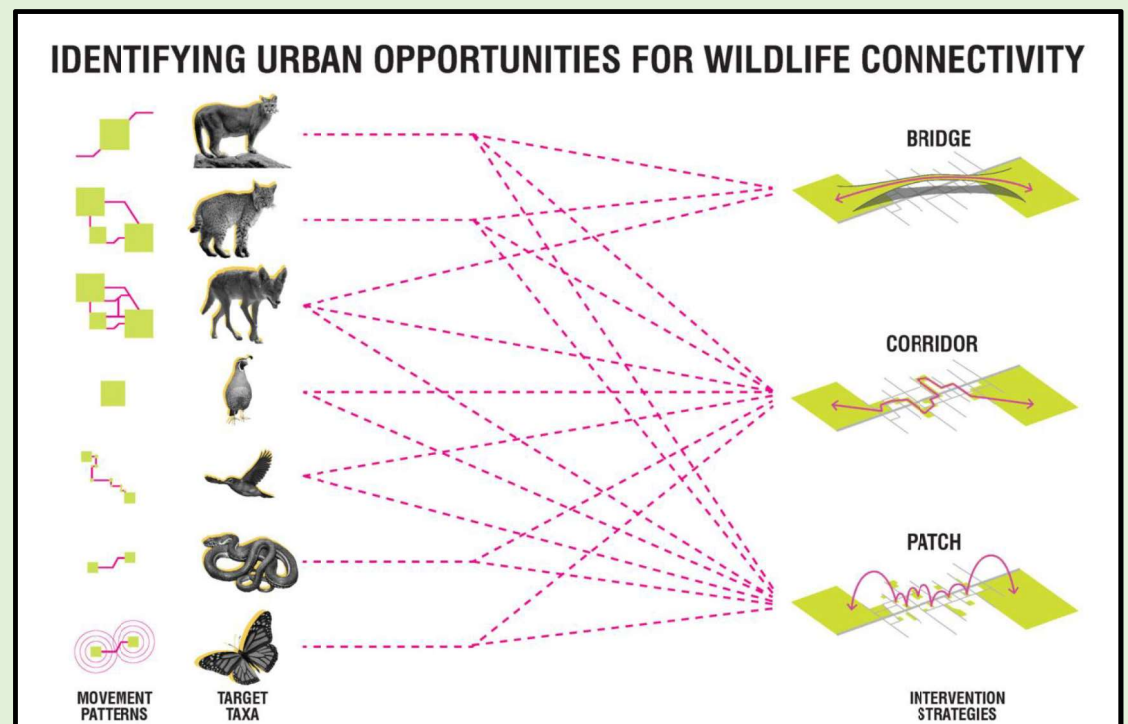
Preserving Biodiversity within the Open Space

- The current 22,000 acres is a biological island, in danger of losing species due to a lack of genetic diversity.



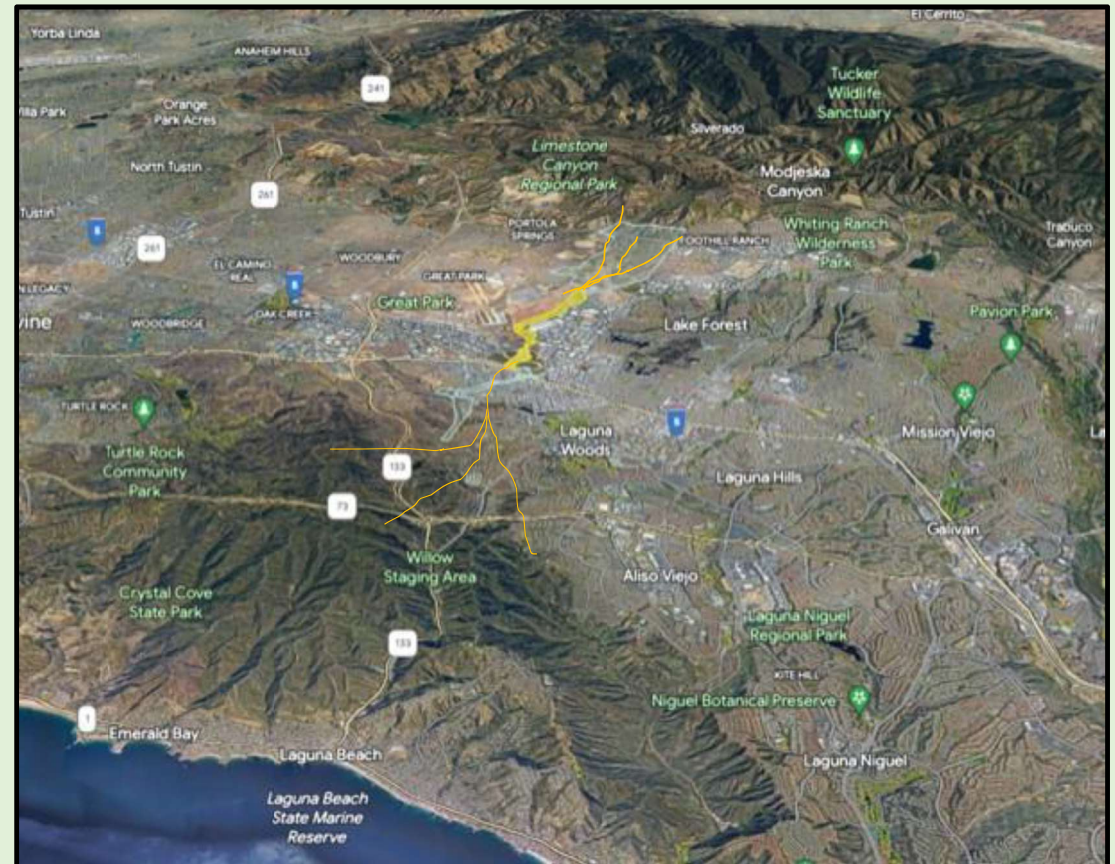
The Need for a Wildlife Corridor

- Links wildlife habitats and fragmented open spaces.
- Facilitates genetic mixing.
- Increases biodiversity.
- Allows wildlife to flee fires.



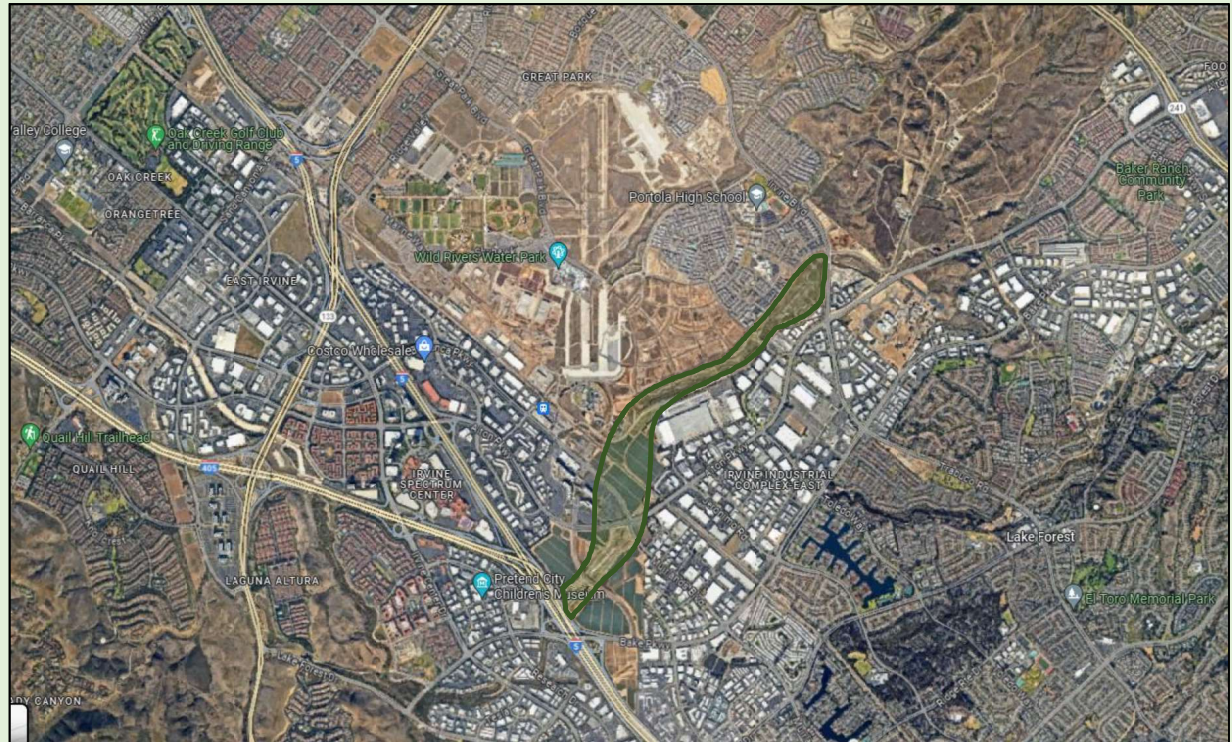
The Irvine-Laguna Wildlife Corridor (ILWC)

- Designed to link coastal open space to the Cleveland National Forest.
- Natural wildlife trails north of Irvine Blvd. and south of the I-5 connected through the Irvine Great Park.
- Total length 5 – 6 miles.



ILWC Components – Great Park Section

- Connects natural trails north of Irvine Blvd. to natural trails south of I-5.
- Under development by FivePoint.
- Total length 2.5 miles.
- 600 to 800 feet wide.
- Completion 2025.



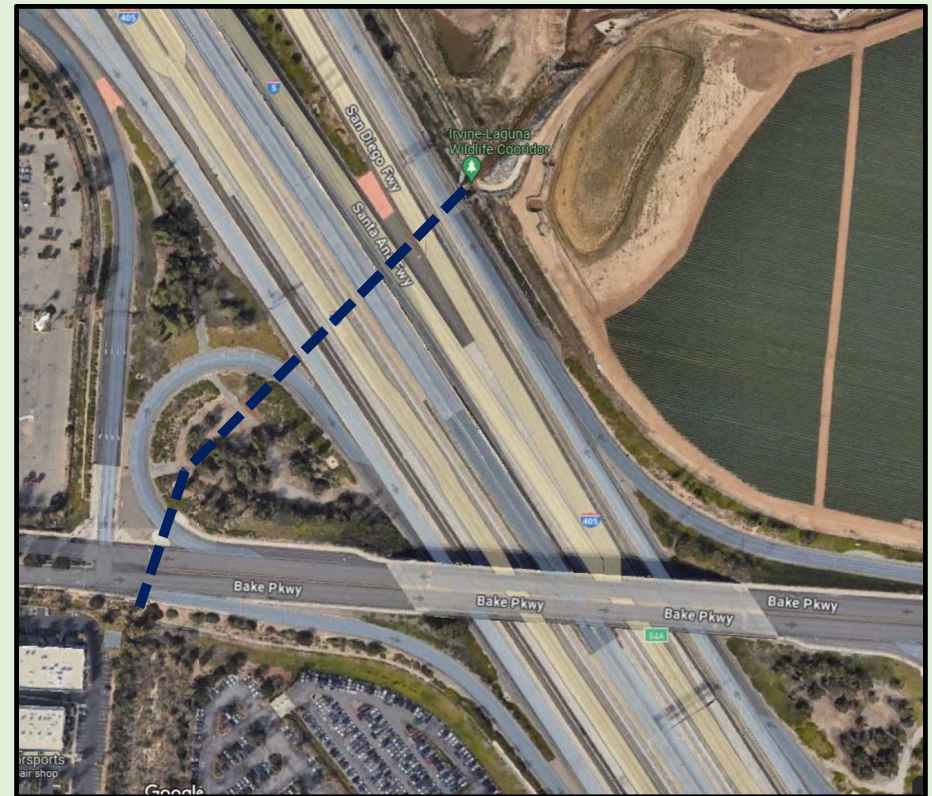
Great Park Section Today

- View from Irvine Boulevard and Lynx Dr.
- Extensive use of native vegetation.
- Fencing designed to keep animals in and humans out.
- Designed to also serve as flood water conveyance.



I-5 Crossing - The Serrano Creek Tunnel

- Added by Irvine Co. for wildlife movement as mitigation for Irvine Spectrum development.
- 1,200 feet long.
- 20 feet wide by 15 feet high.
- Serves as a flood control channel.



The Serrano Creek Tunnel under the I-5



South Entrance



North Entrance



The Serrano Creek Tunnel under the I-5



Note Standing Water



Note Human Presence

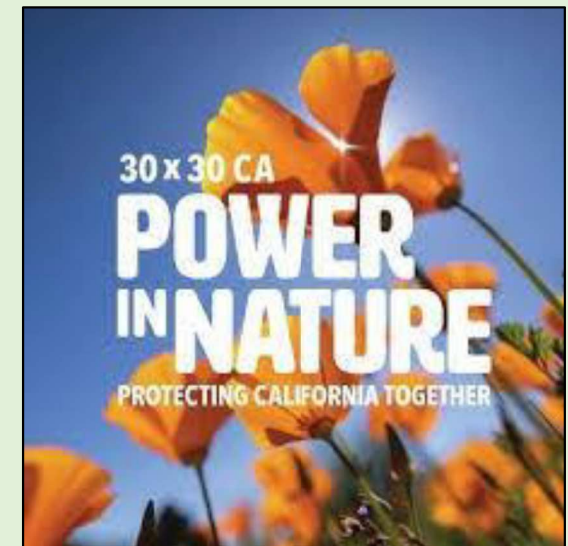
The 30x30 Initiative

- International goal: conserve 30% of terrestrial and marine habitat by 2030.
- Adopted by over 190 countries.
- Initiated in US by President Biden's executive order in 2021.
- Initiated in California by Governor Newsom's executive order in 2020.



30x30 in California

- Southland Regional Power in Nature coalition formed to identify key projects in Ventura, Los Angeles, Orange, and western Riverside and San Bernadino Counties.
- Projects evaluated on three key objectives:
 - Protect and restore biodiversity
 - Expand access to nature
 - Mitigate and build resilience to climate change
- ILWC rated **1st** in Southland Region for ensuring climate resiliency of the 22,000-acre South Coast Wilderness.



Potential Financing Sources

- The Wildlife Crossing Fund – goal of \$500M (currently at \$2.2M with \$10M matching grant).
- Wildlife Crossing Pilot Program (WCPP) FHWA and Caltrans - \$370M
- CDFW Connectivity Advanced Mitigation Fund – credits up to \$50,000,000
- Proposition 4 Climate Bond - \$180M for wildlife crossings.



Next Steps

- Increase public, private, and government support.
- Joint multi-stakeholder meetings to develop technical details of possible I-5 crossing solutions.

Existing
Tunnel

Potential
Overpass



Partner Charter

Partners: The Laguna Greenbelt, Inc. is committed to bringing the vision of a completed and functional Corridor to reality by empowering the Irvine-Laguna Wildlife Corridor Working Group to collaborate with local stakeholders and Partners. Partners will be supporting the Corridor by actively participating in upcoming conversations and convening and other activities focused on honing, planning, and implementing specific remediations. By signing this Partner Charter, the organizations and government entities essential to success, signify collaboration in implementing the Irvine-Laguna Wildlife Corridor.

Current Partners:



Fact Sheet

More details on websites:
Wildlifecorridor.org
 and
Lagunagreenbelt.org



Irvine-Laguna Wildlife Corridor

Connecting Habitats
from Mountains to Coast

A Project of the Laguna Greenbelt, Inc. 



SEGMENT AT FIVEPOINT



BOBCAT AND COYOTE IN CORRIDOR 2018



AN OVERVIEW OF THE IRVINE-LAGUNA WILDLIFE CORRIDOR

*MAP NOT TO SCALE



AT A GLANCE

- Ranked **1st** by the Southland Regional Power In Nature Coalition (30 x 30) for climate resiliency of the 22,000 acre South Coast Wilderness
- Over **6+ miles** in length from inland foothills to coastal wilderness parks, including **2.5 miles** developed by FivePoint in conjunction with the Great Park
- Directly impacts **450,000+ acres** in the region, including over **100,000 acres** of NCCP/HCP lands
- Benefits extend to more than **240 species** including several listed as threatened/endangered/of concern

PROGRAM OBJECTIVES

- Communicate **multiple benefits** for all stakeholders
- Re-establish a **habitat connection** that allows movement between mountain and coastal ecosystems to minimize genetic inbreeding
- Educate the public about the **essential need** for wildlife preservation measures, and the role of the Wildlife Corridor
- Preserve and enhance the historic and **cultural connection** to the land
- Repair** design problems causing pinch points
- Secure adequate **funding**
- Establish a long-term land **stewardship** program

Meeting and Speaking Inquiries:

LagunaGreenbeltMedia@gmail.com

Project Inquiries:

Terryjwatt@gmail.com

On the Web:

Wildlifecorridor.org

Lagunagreenbelt.org

@lagunagreenbelt



**POWER
IN
NATURE**


Laguna Greenbelt, Inc.

PROTECTING OPEN
SPACE IN ORANGE
COUNTY SINCE 1968





Protecting Open Space in Orange County since 1968
P.O. Box 860, Laguna Beach 92652
lagunagreenbelt.org
wildlifecorridor.org

Partner Charter

Support for a Functional, Sustainable Irvine-Laguna Wildlife Corridor

Purpose of the Charter: This Partner Charter provides a voluntary avenue for partner organizations and government entities to signify collaboration in implementing the Irvine-Laguna Wildlife Corridor (Wildlife Corridor).

The Project: The coastal portion of the south Orange County Natural Communities Conservation Plan/Habitat Conservation Plan (NCCP/HCP) encompasses 22,000 acres of protected wilderness habitat offering multiple benefits to wildlife and people. This portion of the NCCP/HCP is a gateway into more than 450,000 acres of wilderness habitat in the Cleveland National Forest that is a regionally important ecosystem. These two areas are separated by decades of ongoing urbanization which has caused fragmentation of the landscape making it difficult for many animals to move between the coastal and inland reserves.

Upon successful completion, the Wildlife Corridor will facilitate wildlife movement between the coastal parks and preserves and the Cleveland National Forest. Wildlife corridors in general, and this Corridor in particular, are an essential tool for mitigating the effects of urbanization and landscape fragmentation by preserving a pathway for wildlife movement between landscapes. Connectivity fosters the genetic diversity and wildlife movement critical for ecosystem health. Furthermore, as a designated 'climate change corridor' (Olsen, et al 2009), this last available Corridor is essential for maintaining resiliency in the face of climate change. Without this vital connection, the coastal ecosystem will continue to degrade over time due to genetic isolation.

Completed in 2019, the Irvine Wildlife Camera Monitoring Study showed both the lack of targeted species – deer, bobcats, coyotes, and other small mammals -- using the Corridor, and the negative impacts of high human intrusion. The Study underscored the importance of a functional, sustainable wildlife corridor connecting the coastal and inland wilderness areas and made specific recommendations for improving Corridor function. Since the completion of the Study, the Irvine-Laguna Wildlife Corridor Working Group has researched possible opportunities for the funding and implementation of improvements that address the barriers identified in the Study (e.g., rip-rap and sediment removal, vegetation management and fencing, among other solutions).

ITEM 9.7 – Attachment B

Partners: The Laguna Greenbelt, Inc. is committed to bringing the vision of a completed and functional Corridor to reality by empowering the Irvine-Laguna Wildlife Corridor Working

Group to collaborate with local stakeholders and Partners. Partners will be supporting the Corridor by actively participating in upcoming conversations and convening and other activities focused on honing, planning, and implementing specific remediations. By signing this Partner Charter, the organizations and government entities essential to success, signify collaboration in implementing the Irvine-Laguna Wildlife Corridor.

Signed:

Dated:

Current Partners:

City of Irvine
California Cultural Resources Preservation Alliance Inc. (CCRPA)
California Native Plant Society
Chino Hill State Park Interpretive Association
Coastal Corridor Alliance
Coastal Greenbelt Authority
Endangered Habitats League (EHL)
Friends of Harbors, Beaches and Parks (FHBP)
Hills for Everyone
Laguna Canyon Conservancy (LCC)
Laguna Canyon Foundation (LCF)
OC Habitats
Pomona Valley Audubon
Still Protecting Our Newport (SPON)