



Donald P. Wagner  
Chairman

Melissa Fox  
Vice Chairwoman

Jeffrey Lalloway  
Director

Lynn Schott  
Director

Christina Shea  
Director

# AGENDA

## ORANGE COUNTY GREAT PARK BOARD SPECIAL MEETING

**November 28, 2017**

**3:00 PM**

City Council Chamber  
One Civic Center Plaza  
Irvine, CA 92606

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**Speaker's Card/Request to Speak:** If you would like to address the Board on a scheduled agenda item – including a Consent Calendar item, a Regular Business item, a Public Hearing item, or Public Comments – please complete the Request to Speak Form. The card is at the table at the entrance to the City Council Chamber. Please identify on the card your name and the item on which you would like to speak and return to the Clerk of the Board. The Request to Speak Form assists the Chair in ensuring that all persons wishing to address the Board are recognized. It also ensures the accurate identification of meeting participants in the Board minutes. Your name will be called at the time the matter is heard by the Board. Board policy is to limit public testimony to up to three minutes per speaker depending on relevant circumstances (unless the time limit is extended by the Chair), which includes the presentation of electronic or audio visual information. Speakers may not yield their time to other persons.

**Please take notice that** the order of scheduled agenda items below and/or the time they are actually heard, considered and decided may be modified by the Chair or the Board during the course of the meeting, so please stay alert.

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### CALL TO ORDER

### ROLL CALL

### PLEDGE OF ALLEGIANCE

### DIRECTOR, OCGP, REPORT

Scan this QR code for an electronic copy of  
the Great Park Board staff reports



## **BOARDMEMBER REPORTS**

### **1. PRESENTATIONS**

- 1.1 Request by Vice Chairwoman Fox for Presentation by Library Systems & Services, LLC.**

### **2. CONSENT CALENDAR**

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All matters listed under Consent Calendar are considered by the Assistant City Manager and the City Manager to be routine and enacted by one roll call vote. There will be no discussion of these items unless members of the Orange County Great Park Board request specific items to be removed from the Consent Calendar for separate discussion. Any member of the public may address the Board on items on the Consent Calendar. See information for Speaker's Card/Request to Speak on first page.

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#### **2.1 MINUTES**

**ACTION:**

Approve the minutes of a regular meeting of the Orange County Great Park Board held on October 24, 2017.

#### **2.2 ORANGE COUNTY GREAT PARK FUNDS FINANCIAL STATEMENT AUDIT – FISCAL YEAR 2016-17**

**ACTION:**

Recommend the City Council receive and file.

#### **2.3 2018 ORANGE COUNTY GREAT PARK MEETING CALENDAR**

**ACTION:**

Approve the proposed 2018 Orange County Great Park Board Meeting Calendar.

#### **2.4 DESIGN ENHANCEMENTS TO SOFTBALL STADIUM IN THE SPORTS PARK SUBAREA OF THE ORANGE COUNTY GREAT PARK**

**ACTION:**

Recommend that the City Council approve design enhancements to the softball stadium dugouts at the Great Park and authorize payment for the enhancements by applying \$210,000 in savings realized through cost reductions elsewhere in the Sports Park.

## **2.5 BUDGET ADJUSTMENT FOR CONTRACT MAINTENANCE SERVICES FOR SPORTS PARK PHASES 1, 2, 3 AND 4**

### **ACTION:**

- 1) Recommend that the City Council approve a budget appropriation of \$931,350 from the unallocated Orange County Great Park fund balance for contract maintenance services through June 30, 2018 for the Sports Park phases 1, 2, 3 and 4.
- 2) Recommend that the City Council authorize the City Manager and Director of Public Works to execute corresponding maintenance service contract agreements, in accordance with City purchasing procedures, for the required maintenance services.

### **PUBLIC COMMENTS (Limited to 3 minutes per speaker.)**

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Any member of the public may address the Board on items within the Orange County Great Park Board's subject matter jurisdiction but which are not listed on this agenda during Public Comments; however, no action may be taken on matters that are not part of the posted agenda. See information for Speaker's Card/Request to Speak on the first page.

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### **ADJOURNMENT**

#### **NOTICE TO THE PUBLIC**

#### **LIVE BROADCASTING AND REBROADCASTING**

Regular Orange County Great Park Board meetings are broadcast live every 4<sup>th</sup> Tuesday of the month at 2 p.m. and are replayed on Tuesdays at 2 p.m. (in weeks in which there is not a live Great Park Board meeting), Wednesdays at 8 a.m., Thursdays at 7 p.m., and Saturdays at 7 p.m. (in weeks in which there is not a live Orange County Great Park meeting) until the next Orange County Great Park Board meeting. All broadcasts can be viewed on Cox Communications Local Access Channel 30 and U-Verse Channel 99. Orange County Great Park Board meetings are also available via live webcast and at any time for replaying through the City's ICTV webpage at [cityofirvine.org/ictv](http://cityofirvine.org/ictv). For more information, please contact the Clerk of the Board/City Clerk's Office at (949) 724-6205.

#### **STAFF REPORTS**

As a general rule, staff reports or other written documentation have been prepared or organized with respect to each item of business listed on the agenda. Copies of these materials are on file with the Clerk of the Board and are available for public inspection and copying once the agenda is publicly posted (at least 72 hours prior to a regular Orange County Great Park Board meeting). Staff reports can also be downloaded from the City's website at [cityofirvine.org](http://cityofirvine.org) and [ocgp.org](http://ocgp.org) beginning the Friday prior to the scheduled regular Orange County Great Park Board meeting on the 4<sup>th</sup> Tuesday of each month.

In addition, meetings can be viewed live at the time posted on the agenda and related staff reports can be opened and viewed simultaneously along with the streaming of the meeting. To view the meeting, go to [cityofirvine.org/ictv](http://cityofirvine.org/ictv).

If you have any questions regarding any item of business on the agenda for this meeting, or any of the staff reports or other documentation relating to any agenda item, please contact Clerk of the Board/City Clerk staff at (949)724-6205.

### **SUPPLEMENTAL MATERIAL RECEIVED AFTER THE POSTING OF THE AGENDA**

Any supplemental writings or documents distributed to a majority of the Orange County Great Park Board regarding any item on this agenda after the posting of the agenda will be available for public review in the Clerk of the Board/City Clerk's Office, One Civic Center Plaza, Irvine, California, during normal business hours. In addition, such writings or documents will be made available for public review at the respective public meeting.

If you have any questions regarding any item of business on the agenda for this meeting, or any of the staff reports or other documentation relating to any agenda item, please contact Clerk of the Board/City Clerk staff at (949)724-6205.

### **SUBMITTAL OF INFORMATION BY MEMBERS OF THE PUBLIC FOR DISSEMINATION OR PRESENTATION AT PUBLIC MEETINGS**

#### **Media Types and Guidelines**

#### **1. Written Materials/Handouts:**

Any member of the public who desires to submit documentation in hard copy form may do so prior to the meeting or at the time he/she addresses the Orange County Great Park Board. Please provide 15 copies of the information to be submitted and file with the Clerk of the Board at the time of arrival to the meeting. This information will be disseminated to the Orange County Great Park Board at the time testimony is given.

#### **2. Large Displays/Maps/Renderings:**

Any member of the public who desires to display freestanding large displays or renderings in conjunction with their public testimony is asked to notify the Clerk of the Board/City Clerk's Office at (949)724-6205 no later than 10 a.m. on the day of the scheduled meeting so that an easel can be made available, if necessary.

#### **3. Electronic Documents/Audio-Visuals:**

Any member of the public who desires to display information electronically in conjunction with their public testimony is asked to submit the information to the Public Information Office (PIO) no later than 10 a.m. on the day of the scheduled meeting. To facilitate your request contact the PIO Office at (949)724-6253 or the City Clerk's Office at (949)724-6205.

Information must be provided on CD, DVD, or VHS; or, emailed by 10 a.m. on the day of the scheduled meeting to [pio@ci.irvine.ca.us](mailto:pio@ci.irvine.ca.us). Members of the public will be asked to provide their name, identify the meeting and the agenda item to be addressed, and a daytime phone number.

The PIO office will notify the person submitting the information as soon as possible prior to the meeting if the information cannot be accessed or if the version provided is incompatible with the City's system. Every effort will be made by City staff to facilitate the presentation.

### **CITY SERVICES TO FACILITATE ACCESS TO PUBLIC MEETINGS**

It is the intention of the City of Irvine to comply with the Americans With Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting, you will need special assistance beyond what is normally provided, the City of Irvine will attempt to accommodate you in every reasonable manner. Please contact the Clerk of the Board/City Clerk's Office at (949)724-6205.

Assisted listening devices are available at the meeting for individuals with hearing impairments. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35. 102-35. 104 ADA Title II)

**CHALLENGING BOARD DECISIONS**

If a person wishes to challenge the validity or reasonableness of any Board action or decision in court, they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the Orange County Great Park Corporation, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies.

**COMMUNICATION AND ELECTRONIC DEVICES**

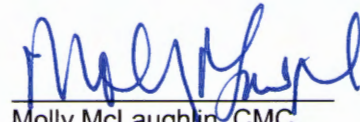
To minimize distractions, please be sure all personal communication and electronic devices are turned off or on silent mode.

**MEETING SCHEDULE**

Regular meetings of the Orange County Great Park Board are held on the fourth Tuesdays of each month at 2 p.m. Agendas are available at the following locations:

- Clerk of the Board/City Clerk's Office
- Police Department
- Front Entrance of City Hall
- University Park Center (Culver/Michelson)
- Walnut Village Center (Culver/Walnut)
- Northwood Town Center (Irvine Blvd./Yale)
- City's web page at [cityofirvine.org](http://cityofirvine.org)
- Orange County Great Park's web page at [ocgp.org](http://ocgp.org)

I hereby certify that the agenda for the Special Orange County Great Park Board meeting was posted in accordance with law in the posting book located in the Public Safety Lobby of City Hall, One Civic Center Plaza, Irvine, California on November 21, 2017 by 8:00 pm as well as on the City's web page.

  
Molly McLaughlin, CMC  
Secretary/Clerk of the Board

# PRESENTATIONS

1.1



## REQUEST FOR BOARD ACTION

**MEETING DATE:** NOVEMBER 28, 2017

**TITLE:** PRESENTATIONS

  
Secretary / Clerk of the Board

**RECOMMENDED ACTION:**

Request by Vice Chairwoman Fox for Presentation by Library Systems & Services, LLC.

RECEIVED  
CITY OF IRVINE  
CITY CLERK'S OFFICE

2017 NOV 20 PM 3: 51

RECEIVED

NOV 20 2017

CITY OF IRVINE  
CITY MANAGER'S OFFICE

# Memo

To: Sean Joyce, City Manager  
From: Melissa Fox, Orange County Great Park Vice Chairwoman  
Date: November 16, 2017  
Re: **Library Systems & Services, LLC. Presentation**



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During the Great Park Amenities Public Outreach Survey many respondents indicated that they would like to see a public library included in the plans for the Cultural Terrace. Library Systems & Services, LLC. (LSS) is a company that specializes in public library planning and optimization services. LSS is responsible for the operation of over 80 public libraries across the country, many of which are located in Southern California.

For the Board to better understand what services LSS can offer the City of Irvine, please place on the November 28, 2017, Orange County Great Park Board agenda a presentation by representatives from LSS.

cc: City Council  
City Attorney  
City Clerk



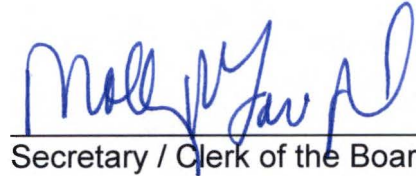
2.1



## REQUEST FOR BOARD ACTION

**MEETING DATE:** NOVEMBER 28, 2017

**TITLE:** MINUTES

  
Secretary / Clerk of the Board

**RECOMMENDED ACTION:**

Approve the minutes of a regular meeting of the Orange County Great Park Board held on October 24, 2017.



## **MINUTES**

### **ORANGE COUNTY GREAT PARK BOARD REGULAR MEETING**

**October 24, 2017**

City Council Chamber  
One Civic Center Plaza  
Irvine, CA 92606

#### **CALL TO ORDER**

A regular meeting of the Orange County Great Park Board of Directors was called to order on October 24, 2017 at 2:03 p.m. in the City Council Chamber; Chairman Wagner presiding.

#### **ROLL CALL**

Present:	5	Director:	Jeffrey Lalloway
		Director:	Lynn Schott*
		Director:	Christina Shea
		Vice Chairwoman:	Melissa Fox
		Chairman:	Donald P. Wagner

\* Director Schott arrived at 2:08 p.m.

#### **PLEDGE OF ALLEGIANCE**

Vice Chairwoman Fox led the Pledge of Allegiance.

#### **DIRECTOR, OCGP, REPORT**

Pete Carmichael, Director, Orange County Great Park, provided a brief update on construction and forward planning.

Board discussion included: questioning the status of the Wildlife Corridor; and suggested that a completion timeline and pictures for the Wildlife Corridor be provided at the next Board meeting.

Director Carmichael noted that Phase I of the Wildlife Corridor was underway, while Phase II was in the planning process.

## **BOARDMEMBER REPORTS**

There were no Boardmember reports.

## **ADDITIONS AND DELETIONS**

There were no additions or deletions to the agenda.

### **1. CONSENT CALENDAR**

**ACTION: Moved by Director Shea, seconded by Vice Chairwoman Fox, and unanimously carried to approve Consent Calendar Item No. 1.1.**

#### **1.1 MINUTES**

**ACTION:**

Approved the minutes of a special meeting of the Orange County Great Park Board held on September 26, 2017.

### **2. BOARD BUSINESS**

#### **2.1 CULTURAL TERRACE JOINT STUDIES CONCEPTUAL MASTER PLAN AND IMPLEMENTATION FRAMEWORK**

Pete Carmichael, Director, Orange County Great Park, and Chris Koster, Manager, presented the staff report and responded to questions.

Prior to public comments, Chairman Wagner reiterated the need for the best and highest uses in the Cultural Terrace.

Dr. Steven Choi, California Assemblymember, 68<sup>th</sup> District, spoke in support of upholding actions taken by the Orange County Great Park Board at its April 24, 2015 Workshop.

Don Croucher and Marco Mack spoke in support of a fire museum and learning center.

The following individuals spoke in support of botanical gardens:

Teena Spindler, Irvine resident  
Angela Liu, Garden Grove resident  
Betty Ferraro  
Chris Lovell  
Marie Connors, Irvine resident  
Patricia Matz, Irvine resident  
Michele Jacknik  
Christine Comp  
Kay Havens

The following individuals spoke in support of a Western Whitewater Works facility:

Brandon Ripley  
Scott Shipley  
Jeffrey Gustin  
Billy Whitford, Newport Aquatic Center  
Dale Olson, Team River Runner  
Doug Tully, University of California, Irvine

Mike Riedel, Wild Rivers, spoke in support of Western Whitewater Works and Pretend City facilities.

Margie Wakeham, Families Forward, spoke in support of shared space for nonprofit organizations.

Sandra Bolton, Pretend City, spoke in support of Pretend City.

Patrick Strader, Starpointe Ventures, reiterated Heritage Fields' participation in the joint studies with respect to the Cultural Terrace.

Laurie Dunlay and Virginia Harvey submitted Request to Speak slips but did not speak.

Board discussion included: reiterating that a master developer would not conflict with tenants that have already been reviewed and approved; noted that a master developer could assist with evaluations; questioned the master developer selection process and whether more entitlement would be granted in exchange; reiterated the need to undertake tenant due diligence; and suggested the need for a fiscal analysis.

ACTION: Moved by Director Shea to:

Direct staff to move forward with the joint studies and priority review of tenants previously requested for review by the Board: Pretend City, California Fire Museum and Safety Learning Center and Western Whitewater Works, as well as botanical gardens, a museum, a metropolitan library, and others identified at the April 24, 2015 Workshop.

Motion failed for lack of second.

Additional Board discussion included: questioning costs related to land leases for previously approved and future tenants; reiterated that while the joint studies agreement was part of the Second Adjacent Landowner Agreement (ALA II), the City was under no obligation to implement its recommendations; inquired about how to develop a tenant priority system; questioned whether an analysis was being conducted of already approved tenants; suggested seeking public/private partnerships; reiterated most popular amenities, including a lake and botanical gardens; stated a preference for implementation efforts rather than further delays; expressed a preference to attract and retain amenities that would be sustainable and financially feasible in the long-term; suggested a systematic approach through the tenant selection process that would include seeking national opportunities; inquired about whether a master developer was suggested based on the understanding that Heritage Fields/FivePoint Communities was removing itself from the joint studies; expressed concerns about potential delays if a master developer was approved; reiterated that lease terms with certain entities had not been approved by the Board; inquired about the list of priorities determined at the April 24, 2015 Workshop (Workshop), including botanical gardens and a metropolitan library; questioned if the selection of a master developer would still allow moving forward with tenants already approved; stated a preference for a senior consultant rather than a master developer; and expressed concern that funding for Pretend City could be in jeopardy based on any additional delays.

Pete Carmichael, Director, Orange County Great Park, noted that the City was advised in September that Heritage Fields/FivePoint Communities was removing itself from the joint studies, and as a result, was suggesting the development of a plan for recruiting a Cultural Terrace master developer; and that an economic profile of individual tenants could be conducted by AECOM's economic team.

Sean Joyce, City Manager, noted that the tenants listed in Recommended Action No. 3 were consistent with memos submitted by Boardmembers; and that assistance from a consultant would provide a market reality perspective. He also reiterated that selection of a master developer would not include additional entitlement.

ACTION: Moved by Director Lalloway, seconded by Chairman Wagner, to:

- 1) Direct staff to develop a plan for recruiting a Cultural Terrace senior consultant and return to the Orange County Great Park Board of Directors (Board) for consideration.
- 2) Direct staff to proceed with lease drafting and finalize site planning for Wild Rivers Water Park, as proposed in the Conceptual Master Plan, and return to the Board for consideration.
- 3) Approve the Cultural Terrace tenant due diligence plan described herein and provide direction to undertake tenant due diligence after a senior consultant is selected, with priority review of tenants previously requested for review by the Board: Pretend City, California Fire Museum and Safety Learning Center, and Western Whitewater Works (and others as may be deemed appropriate at this time).
- 4) Recommend that the City Council authorize a budget appropriation in the amount of \$60,000 from the Great Park fund balance for implementation of due diligence (see Recommended Action No. 3 above) at the appropriate time.

ACTION: A substitute motion was made by Vice Chairwoman Fox, seconded by Director Shea, to:

- 1) Direct staff to proceed with lease drafting and finalize site planning for Wild Rivers Water Park, as proposed in the Conceptual Master Plan, and return to the Board for consideration.
- 2) Approve the Cultural Terrace tenant due diligence plan described herein and provide direction to AECOM to undertake tenant due diligence, with priority review of tenants previously requested for review by the Board: Pretend City, California Fire Museum and Safety Learning Center, and Western Whitewater Works (and others as may be deemed appropriate at this time).

- 3) Recommend that the City Council authorize a budget appropriation in the amount of \$60,000 from the Great Park fund balance for implementation of due diligence (see Recommended Action No. 2 above) at the appropriate time.

ACTION: A friendly amendment to the substitute motion was made by Director Shea, accepted by Vice Chairwoman Fox as the maker, seconded by Director Shea, to:

- 1) Direct staff to proceed with lease drafting and finalize site planning for Wild Rivers Water Park, as proposed in the Conceptual Master Plan, and return to the Board for consideration.
- 2) Approve the Cultural Terrace tenant due diligence plan described herein and provide direction to AECOM to undertake tenant due diligence after a master developer is selected, with priority review of tenants previously requested for review by the Board: Pretend City, California Fire Museum and Safety Learning Center, Western Whitewater Works, and 59-acre botanical gardens (and others as may be deemed appropriate at this time).
- 3) Recommend that the City Council authorize a budget appropriation in the amount of \$60,000 from the Great Park fund balance for implementation of due diligence (see Recommended Action No. 2 above) at the appropriate time.

The motion failed as follows:

AYES: 2 BOARDMEMBERS: Fox and Shea

NOES: 3 BOARDMEMBERS: Lalloway, Schott and Wagner

ABSENT: 0 BOARDMEMBERS: None

Following discussion, Director Lalloway amended his motion.

ACTION: An amendment to the main motion was moved by Director Lalloway, and accepted by Chairman Wagner as the seconder, to:

- 1) Direct staff to develop a plan for recruiting a Cultural Terrace senior consultant and return to the Orange County Great Park Board of Directors (Board) for consideration.
- 2) Direct staff to proceed with lease drafting and finalize site planning for Wild Rivers Water Park, as proposed in the Conceptual Master Plan, and return to the Board for consideration.



- 3) Approve the Cultural Terrace tenant due diligence plan described herein and provide direction to undertake tenant due diligence after a senior consultant is selected. All potential opportunities shall be considered at that time.
- 4) Recommend that the City Council authorize a budget appropriation in the amount of \$60,000 from the Great Park fund balance for implementation of due diligence (see Recommended Action No. 3 above) at the appropriate time.

**ACTION: A friendly amendment was made by Director Fox, accepted by Director Lalloway as the maker and Chairman Wagner as the seconder, and unanimously carried to:**

- 1) Direct staff to develop a plan for recruiting a Cultural Terrace senior consultant and return to the Orange County Great Park Board of Directors (Board) for consideration.
- 2) Direct staff to proceed with lease drafting and finalize site planning for Wild Rivers Water Park, as proposed in the Conceptual Master Plan, and return to the Board for consideration.
- 3) Approve the Cultural Terrace tenant due diligence plan described herein and provide direction to undertake tenant due diligence. All potential opportunities shall be considered at that time.
- 4) Recommend that the City Council authorize a budget appropriation in the amount of \$60,000 from the Great Park fund balance for implementation of due diligence (see Recommended Action No. 3 above) at the appropriate time.

## **PUBLIC COMMENTS**

There were none.

## **ADJOURNMENT**

**Moved by Director Lalloway, seconded by Director Shea, and unanimously carried to adjourn the meeting at 4:59 p.m.**

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CHAIRMAN

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SECRETARY/CLERK OF THE BOARD

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DATE

2.2



## REQUEST FOR BOARD ACTION

**MEETING DATE:** NOVEMBER 28, 2017

**TITLE:** ORANGE COUNTY GREAT PARK FUNDS FINANCIAL  
STATEMENT AUDIT – FISCAL YEAR 2016-17

  
\_\_\_\_\_  
Director of Administrative Services

  
\_\_\_\_\_  
City Manager

### RECOMMENDED ACTION

Recommend the City Council receive and file.

### EXECUTIVE SUMMARY

On November 4, 2014, Irvine voters approved Measure V, the Orange County Great Park Fiscal Transparency and Reforms Act. Among other provisions, the Act requires an annual audit of all Great Park funds by an accredited, outside professional auditing firm, with a final report posted on the City website each year. The independent audit firm, White Nelson Diehl Evans LLP, audited the financial statements of the Great Park as of and for the fiscal year ended June 30, 2017. The auditor's opinion states, "In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Orange County Great Park Funds of the City of Irvine, California, as of June 30, 2017, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America."

### COMMISSION/BOARD/COMMITTEE RECOMMENDATION

On November 6, 2017, with all members present, the Finance Commission voted 5-0 to recommend City Council receive and file the Orange County Great Park Funds Financial Statement Audit.

### ANALYSIS

Irvine's City Charter requires the annual submission of a comprehensive certified audit report for all City funds to the City Council. In addition, Measure V, the Orange County Great Park Fiscal Transparency and Reforms Act, requires an annual audit of those City funds specific to the Great Park. This audit satisfies Measure V requirements. Furthermore, the City's CAFR for all City funds includes "Management Discussion and

Analysis Information" for the Great Park Funds under the section titled Financial Analysis of the Other Major Funds.

As is noted in the attached Orange County Great Park Financial Statement Audit for Fiscal Year 2016-17, the Orange County Great Park funds include the Operations Fund and Development Fund. Combined, these two funds recorded revenues of \$25.6 million, expenditures of \$30.7 million and an ending fund balance of \$323.4 million.

#### **ALTERNATIVES CONSIDERED**

None. The audit is required by the Orange County Great Park Fiscal Transparency and Reforms Act.

#### **FINANCIAL IMPACT**

The cost of this year's independent financial audit is \$3,075 and is funded within the Fiscal Services division budget in the Orange County Great Park Operations Fund.

**REPORT PREPARED BY** Roger Galli, Budget Officer

#### **ATTACHMENT**

Orange County Great Park Financial Statements as of June 30, 2017

**CITY OF IRVINE, CALIFORNIA**  
**ORANGE COUNTY GREAT PARK FUNDS**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**ATTACHMENT**

CITY OF IRVINE  
ORANGE COUNTY GREAT PARK FUNDS  
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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and  
Members of the City Council  
of the City of Irvine  
Irvine, California

We have audited the accompanying financial statements of the Orange County Great Park Funds of the City of Irvine, California, which include the Operations Special Revenue Fund and the Development Capital Projects Fund (Orange County Great Park Funds), as of and for the year ended June 30, 2017, and the related notes to the financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Orange County Great Park Funds of the City of Irvine, California, as of June 30, 2017, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule for the Orange County Great Park Operations Special Revenue Fund be presented to supplement the financial statements. Such information, although not part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to this required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Orange County Great Park Funds and do not purport to, and do not, present fairly the financial position of the City of Irvine, California, as of June 30, 2017, the changes in its financial position for the year ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017, on our consideration of the City of Irvine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*White Nelson Michl Evans LLP*

Irvine, California  
October 31, 2017



CITY OF IRVINE  
ORANGE COUNTY GREAT PARK FUNDS

BALANCE SHEET

June 30, 2017  
(amounts expressed in thousands)

	Special Revenue Fund Orange County Great Park Operations	Capital Project Funds Orange County Great Park Development	Total
ASSETS:			
Cash and investments	\$ 86,263	\$ 1,699	\$ 87,962
Receivables, net of allowances	2,174	-	2,174
Accrued interest	136	2	138
Escrow deposits	-	2,628	2,628
Due from Successor Agency	259,691	-	259,691
	<u>259,691</u>	<u>-</u>	<u>259,691</u>
TOTAL ASSETS	<u>\$ 348,264</u>	<u>\$ 4,329</u>	<u>\$ 352,593</u>
LIABILITIES:			
Accounts payable	\$ 717	\$ 372	\$ 1,089
Accrued liabilities	-	3	3
Due to Irvine Community Land Trust	25,969	-	25,969
Due to other City fund	19	-	19
Due to other governments	13	-	13
Unearned revenue	50	-	50
	<u>50</u>	<u>-</u>	<u>50</u>
TOTAL LIABILITIES	<u>26,768</u>	<u>375</u>	<u>27,143</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	2,075	-	2,075
	<u>2,075</u>	<u>-</u>	<u>2,075</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,075</u>	<u>-</u>	<u>2,075</u>
FUND BALANCES:			
Restricted	18,088	-	18,088
Committed	38,533	-	38,533
Assigned	262,800	3,954	266,754
	<u>262,800</u>	<u>3,954</u>	<u>266,754</u>
TOTAL FUND BALANCES	<u>319,421</u>	<u>3,954</u>	<u>323,375</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 348,264</u>	<u>\$ 4,329</u>	<u>\$ 352,593</u>

See accompanying notes to financial statements.

CITY OF IRVINE  
ORANGE COUNTY GREAT PARK FUNDS

STATEMENTS OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES

For the year ended June 30, 2017  
(amounts expressed in thousands)

	Special Revenue Fund Orange County Great Park Operations	Capital Project Funds Orange County Great Park Development	Totals
REVENUES:			
Investment income	\$ 72	\$ (18)	\$ 54
Charges for services	2,482	-	2,482
Revenue from developers	9,200	-	9,200
Special assessments	8,520	-	8,520
Contributions from other City funds	-	5,339	5,339
Donations	1	-	1
TOTAL REVENUES	<u>20,275</u>	<u>5,321</u>	<u>25,596</u>
EXPENDITURES:			
Current:			
General government	3,199	1	3,200
Public safety	331	-	331
Public works	2,169	1	2,170
Community development	248	-	248
Community services	3,817	-	3,817
Reimbursement of contribution to City	-	17,204	17,204
Capital outlay	-	3,716	3,716
TOTAL EXPENDITURES	<u>9,764</u>	<u>20,922</u>	<u>30,686</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>10,511</u>	<u>(15,601)</u>	<u>(5,090)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	517	517
Transfers out	(517)	-	(517)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(517)</u>	<u>517</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	9,994	(15,084)	(5,090)
FUND BALANCES, BEGINNING OF YEAR	<u>309,427</u>	<u>19,038</u>	<u>328,465</u>
FUND BALANCES, END OF YEAR	<u>\$ 319,421</u>	<u>\$ 3,954</u>	<u>\$ 323,375</u>

See accompanying notes to financial statements.

CITY OF IRVINE  
ORANGE COUNTY GREAT PARK FUNDS

NOTES TO FINANCIAL STATEMENTS

June 30, 2017  
(amounts expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying financial statements present only the Orange County Great Park Operations Special Revenue Fund and Development Capital Projects Fund (Orange County Great Park Funds) of the City of Irvine, California (the City), and do not include any other funds of the City. The City's basic financial statements are available at City Hall.

a. Historical Background:

The Orange County Great Park was formed by the City of Irvine to transform the former United States Marine Corps Air Station El Toro into the first great metropolitan park of the 21st Century. The former military base was built as a wartime air station for the purpose of aircraft squadron formation and unit training prior to overseas combat. In February 2005, the land was purchased during auction by Lennar Corporation, one of the country's leading residential and commercial developers. This purchase was the beginning of a unique partnership between the City of Irvine, the federal government, and Lennar Corporation that will result in the formation of the greatest metropolitan park in the United States. Under the terms of a development agreement between Lennar Corporation and the City of Irvine, Lennar Corporation was granted limited development rights in return for the land and capital that will allow the construction of the Orange County Great Park. The agreement required Lennar to transfer more than 1,347 acres to public ownership and contribute \$200 million dollars toward the development of the Great Park. The Great Park Plan will allow development on the property that is consistent with the uses allowed by the voter-approved Measure W. Under the Great Park Plan, the 4,639-acre El Toro property will become a master planned community.

b. Basis of Accounting:

The accompanying financial statements for the Orange County Great Park Funds of the City of Irvine, California, have been prepared on the modified accrual basis of accounting. Generally, revenues are recognized when they become "susceptible to accrual," that is, measurable and available to finance expenditures of the current period. Revenues susceptible to accrual include property taxes, intergovernmental, and investment earnings received within 60 days of year-end. Expenditures are recognized when the fund liability is incurred, if measurable. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Voluntary, nonexchange transactions are recognized as revenues when all applicable eligibility requirements have been met.

CITY OF IRVINE  
ORANGE COUNTY GREAT PARK FUNDS

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2017  
(amounts expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

c. Measurement Focus:

The Orange County Great Park Funds are accounted for on a spending or “financial flow” measurement focus. This means that generally only current assets, current liabilities and deferred inflow of resources are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance for the Orange County Great Park Funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

d. Fund Balance Flow Assumptions:

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider the restricted fund balance to have been depleted before using any of the components of the unrestricted fund balance. Further, when the components of the unrestricted fund balance can be used for the same purpose, the committed fund balance is depleted first, followed by the assigned fund balance. The unassigned fund balance is applied last.

e. Cash and Investments:

Cash and investments are pooled with the City of Irvine, California’s cash and investments for investment purposes. The Orange County Great Park Funds’ share of the pooled cash and investments is stated at fair value, as determined by the City.

CITY OF IRVINE  
ORANGE COUNTY GREAT PARK FUNDS

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2017  
(amounts expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

f. Deferred Inflows of Resources:

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Orange County Great Park Operations Special Revenue Fund has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category: unavailable revenues from grant sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

g. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

h. Budgetary Basis of Accounting:

The budget for the Orange County Great Park Operating Special Revenue Fund is adopted at a budget category by department level of control, and the budget for the Orange County Great Park Development Capital Projects Fund is adopted at the project level on a basis consistent with the accounting principles generally accepted in the United States of America. Accordingly, actual revenues and expenditures can be compared with the related budget amounts without any significant reconciling items. Budget amounts contained within the required supplementary information section are the original and final amended amounts as reviewed by the Board of Directors and approved by the City Council.

CITY OF IRVINE  
ORANGE COUNTY GREAT PARK FUNDS

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2017  
(amounts expressed in thousands)

2. CASH AND INVESTMENTS:

**Investments Authorized by the California Government Code:**

Any cash of the Orange County Great Park Funds is entirely pooled with the City of Irvine's cash and investment pool. The table below identifies the investment types that are authorized by the City of Irvine's investment pool and the California Government Code (where more restrictive). The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
United States Treasury Obligations	5 years	None	None
Federal Agencies (United States Government-Sponsored Agency Securities)	5 years	None	None
Banker's Acceptances	180 days	25%	\$5,000
Commercial Paper	270 days	15%	3%
Repurchase Agreements	75 days	25%	None
Reverse Repurchase Agreements	75 days	15%	None
California Local Agency Investment Fund (LAIF)	N/A	25%	N/A
Municipal Bonds	5 years	None	None
Corporate Medium-Term Notes	5 years	15%	3%
Money Market Mutual Funds	N/A	20%	10%
Supranationals	5 years	10%	None

**Disclosures Relating to Interest Rate Risk:**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CITY OF IRVINE  
ORANGE COUNTY GREAT PARK FUNDS

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2017  
(amounts expressed in thousands)

2. CASH AND INVESTMENTS (CONTINUED):

**Disclosures Relating to Credit Risk:**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. There are minimum ratings required by the California Government Code or the City's investment policy (where more restrictive). See the City's Comprehensive Annual Financial Report for further details.

**Concentration of Credit Risk:**

The City's investment policy generally limits the amount that can be invested in any obligations of one entity or single security except U.S. Treasuries, U.S. Government-Sponsored Enterprise Securities, and LAIF, which is subject to a 25% limitation.

**Custodial Credit Risk:**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

CITY OF IRVINE  
ORANGE COUNTY GREAT PARK FUNDS

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2017  
(amounts expressed in thousands)

2. CASH AND INVESTMENTS (CONTINUED):

**Fair Value Measurements:**

The City categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

**Additional Information:**

Any cash of the Orange County Great Park Funds is entirely pooled with the City of Irvine's cash and investment pool. Information regarding the exposure of the City of Irvine's cash and investment pool to interest rate risk, credit risk, concentration of credit risk, custodial risk, and fair value measurements is available in the City of Irvine's Comprehensive Annual Financial Report.

3. DUE FROM SUCCESSOR AGENCY:

The City of Irvine loaned the former redevelopment agency \$134,000 to fund the purchase of property located in the Orange County Great Park Redevelopment Area. Upon dissolution of the redevelopment agency on February 1, 2012, this loan balance became a debt of the Successor Agency. On October 24, 2014, a settlement agreement was entered into that resolved lawsuits filed by the City, Successor Agency, and Irvine Community Land Trust against the State of California. The lawsuit was related to debts owed by the former Redevelopment Agency to the City and Irvine Community Land Trust that the State Department of Finance denied property tax funding. The settlement agreement calls for the State to remit to the Successor Agency a total of \$292,000 in property tax receipts over an unspecified period, which when received by the Successor Agency will be remitted to the City. As of June 30, 2017, the outstanding balance due from the Successor Agency is \$259,691.

As part of the settlement agreement, the City agreed to pay the Irvine Community Land Trust 5 percent of the settlement agreement for a total of \$14,600. On January 26, 2016, the City Council approved an increase in funding to the Irvine Community Land Trust from 5 percent to 10 percent of the settlement agreement. The total due to the Irvine Community Land Trust from the City at June 30, 2017, was \$25,969.



CITY OF IRVINE  
ORANGE COUNTY GREAT PARK FUNDS

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2017  
(amounts expressed in thousands)

4. INTERFUND TRANSFERS:

Interfund transfers of \$517 were made to fund various capital projects related to the Orange County Great Park.

5. LEASES:

The City has various operating lease rental agreements producing annual rental revenue to the Orange County Great Park Funds. Rental revenue is included in charges for services in the accompanying financial statements.

The Orange County Great Park (OCGP) fund receives revenue for several operating leases for sites within the former MCAS El Toro. The OCGP is currently under development and thus lease rentals are only projected as far out as to the fiscal year ended June 30, 2019, with some leases expiring or planned to be terminated sooner. The leases are for recreational vehicle storage, green waste recycling, office/manufacturing buildings, farming, and other uses of the property.

A lease with Tierra Verde Industries began in May 2006 has been amended and restated over the years and is for two parcels located in the OCGP. The first parcel is approximately 60 acres and is used as a green waste recycling center. The quarterly rental for this property is \$111 for an annual rental of \$447. An additional \$0.64 per ton is charged as a Green Waste Host Fees and the amount collected June 30, 2017, was \$447. The second parcel under this lease are buildings used for office space, light maintenance, and manufacturing. The rents received for this parcel for the fiscal year ended June 30, 2017, was \$91.

A farming lease with El Toro Farms, LLC to grow strawberries and vegetable crop. The lease began in July 2005 and has been renewed over the years and currently terminates June 30, 2019. Rental revenue at June 30, 2017, was \$33.

A lease with Orange County Produce to grow strawberries and other crops. The lease began in July 2010 and has been extended to June 30, 2025. Rental revenue at June 30, 2017, was \$160.

A lease with AMCI/Omnicom for the use of other sites within OCGP. The lease is month to month with \$313 received in the fiscal year June 30, 2017.

CITY OF IRVINE  
ORANGE COUNTY GREAT PARK FUNDS

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2017  
(amounts expressed in thousands)

5. LEASES (CONTINUED):

The future minimum rental revenue to be received from the aforementioned operating leases as of June 30, 2017, is as follows:

Fiscal Year Ending June 30,	Annual Rent
<u>2018</u>	\$ 572
2019	<u>32</u>
	<u>\$ 604</u>

6. LITIGATION:

At June 30, 2017, the City was involved as a defendant in several lawsuits and claims arising out of ordinary conduct of its affairs as they relate to the Orange County Great Park. It is the opinion of management and the City's legal counsel that settlement of these lawsuits and claims, if any, will not have a material effect on the financial position of the Orange County Great Park Funds.

7. SUBSEQUENT EVENTS:

Events occurring after June 30, 2017, have been evaluated for possible adjustment to the financial statements or disclosure as of October 31, 2017, which is the date these financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF IRVINE  
ORANGE COUNTY GREAT PARK OPERATIONS SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

For the year ended June 30, 2017  
(amounts expressed in thousands)

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 658	\$ 658	\$ 72	\$ (586)
Charges for services	2,294	2,883	2,482	(401)
Revenue from developers	9,200	9,200	9,200	-
Special assessment	9,785	9,785	8,520	(1,265)
Donations	-	-	1	1
TOTAL REVENUES	21,937	22,526	20,275	(2,251)
EXPENDITURES:				
Current:				
City Manager:				
Personnel	1,192	1,192	1,031	161
Supplies	89	89	10	79
Internal service allocations	44	44	44	-
Contract services	2,343	2,584	1,654	930
Training and business expense	30	30	5	25
Capital equipment	55	55	36	19
Miscellaneous	92	92	28	64
Total City Manager	3,845	4,086	2,808	1,278
Administrative Services:				
Personnel	382	382	376	6
Internal service allocations	8	8	8	-
Contract services	7	7	7	-
Training and business expenses	2	2	-	2
Total Administrative Services	399	399	391	8
Public Safety:				
Personnel	359	359	331	28
Total Public Safety	359	359	331	28

(Continued)

CITY OF IRVINE  
ORANGE COUNTY GREAT PARK OPERATIONS SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE  
(CONTINUED)

For the year ended June 30, 2017  
(amounts expressed in thousands)

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Works:				
Personnel	\$ 739	\$ 739	\$ 639	\$ 100
Supplies	151	151	55	96
Internal service allocations	30	30	30	-
Contract services	3,129	3,145	1,205	1,940
Training and business expenses	6	6	-	6
Utilities	463	463	240	223
Capital equipment	2	2	-	2
Total Public Works	4,520	4,536	2,169	2,367
Community Development:				
Personnel	71	71	25	46
Supplies	3	3	1	2
Contract services	606	606	222	384
Total Community Development	680	680	248	432
Community Services:				
Personnel	2,552	2,552	2,094	458
Supplies	215	215	173	42
Internal service allocations	673	673	673	-
Contract services	1,135	1,511	697	814
Training and business expenses	25	25	6	19
Capital equipment	80	80	79	1
Miscellaneous	225	225	94	131
Repairs and maintenance	7	7	1	6
Total Community Services	4,912	5,288	3,817	1,471
TOTAL EXPENDITURES	14,715	15,348	9,764	5,584
EXCESS OF REVENUES OVER EXPENDITURES	7,222	7,178	10,511	3,333

(Continued)

CITY OF IRVINE  
ORANGE COUNTY GREAT PARK OPERATIONS SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE  
(CONTINUED)

For the year ended June 30, 2017  
(amounts expressed in thousands)

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	\$ -	\$ 280	\$ -	\$ (280)
Transfers out	-	(517)	(517)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(237)	(517)	(280)
NET CHANGE IN FUND BALANCES	7,222	6,941	9,994	3,053
FUND BALANCES, BEGINNING OF YEAR	309,427	309,427	309,427	-
FUND BALANCES, END OF YEAR	<u>\$ 316,649</u>	<u>\$ 316,368</u>	<u>\$ 319,421</u>	<u>\$ 3,053</u>

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and  
Members of the City Council  
of the City of Irvine  
Irvine, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by Comptroller General of the United States, the financial statements of the Orange County Great Park Funds of the City of Irvine (the City), which include the Operations Special Revenue Fund and the Development Capital Projects Fund, as of and for the year ended June 30, 2017, and the related notes to the financial statements and have issued our report thereon dated October 31, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as it relates to the Orange County Great Park Funds to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control related to the Orange County Great Park Funds. Accordingly, we do not express an opinion on the effectiveness of the City's internal control related to the Orange County Great Park Funds.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses, as Finding 2017-001, to be a material weakness.

## **Internal Control over Financial Reporting (Continued)**

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses, as Finding 2017-002 and 2017-003, to be a significant deficiencies.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements of the Orange County Great Park Funds are free from material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **City of Irvine's Responses to Findings**

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance related to the Orange County Great Park Funds. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance related to the Orange County Great Park Funds. Accordingly, this communication is not suitable for any other purpose.

*White Nelson Diehl Evans LLP*

Irvine, California  
October 31, 2017



CITY OF IRVINE  
ORANGE COUNTY GREAT PARK FUNDS

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended June 30, 2017

Finding 2017-001 – Material Weakness – Revenue Recognition

Governmental funds are accounted for on the modified accrual basis. As such, revenues are recognized only when they are measurable and available. Availability is defined as being collected within the current period or within 60 days after year-end. Those accrued revenues that are not available are recorded on the balance sheet as a deferred inflow of resources. We noted that the revenue related to a certain material receivable balance in the City's Capital Project Improvement Fund was recorded as both unearned revenue and a deferred inflow of resources on the balance sheet which resulted in an understatement of fund balance. The cause for this duplication was an incorrect prior period adjustment made in fiscal year 2015-16. We recommend that a more thorough review of capital project related reimbursements occur during the year-end closing process to ensure the accuracy of the revenue recognition related to specific capital projects.

City's Response

This was an isolated event involving a construction project with complicated cooperative agreements as well as amendments with several other agencies. Going forward all projects with multiple agreements that involve more than one agency are subject to an additional review by Fiscal Services before any billings and/or reimbursements are recorded.

Finding 2017-002 – Significant Deficiency – Construction in Progress

We identified certain capital improvement projects, where construction was completed and the projects were placed in service as of the end of the fiscal year; however, the asset values had not been transferred from the capital asset classification, "Construction in Progress" (CIP), to the appropriate capital asset category (e.g. infrastructure, improvements, etc.). As a result, the commencement of depreciation of the capital assets was delayed and the asset category balances in the capital asset note disclosures as of the end of the fiscal year were misstated. The City does perform an annual process in November each year to identify completed capital projects and has the City Council formally accept the projects as being complete. It is at this time that City adjusts the related CIP balances. Unfortunately, this practice can cause timing issues with generally accepted accounting principles. An important part of financial reporting is ensuring the accuracy of capital asset classifications and appropriately estimating the use of those capital assets in the form of depreciation expense. As these projects are completed and placed in service, the assets should be transferred to the appropriate capital asset category and depreciation of the capital assets should commence pursuant to the City's depreciation policy. We recommend that the City consider moving the timing of their annual analysis process for formally accepting the completion of capital projects to July or August so that it can coincide with the year-end financial closing process to ensure that accounting for the completed capital projects is done in accordance with generally accepted accounting principles.

CITY OF IRVINE  
ORANGE COUNTY GREAT PARK FUNDS

SCHEDULE OF FINDINGS AND RESPONSES  
(CONTINUED)

For the year ended June 30, 2017

Finding 2017-002 – Significant Deficiency – Construction in Progress (Continued)

City's Response

Fiscal Services follows an established capitalization practice where all Construction in Progress (CIP) projects are not capitalized or transferred into the appropriate capital asset category until the City Council approves the project closure. After discussion with the auditor, White Nelson Diehl Evans, staff will update the capital asset policy to include a section on the timing of the transfer of projects categorized as construction in progress to coincide with the requirements of generally accepted accounting principles.

Finding 2017-003 – Significant Deficiency – Contributed Capital Assets

We noted that two current year additions to the capital asset classification, Land, should have been recorded in prior years. These two additions represented the second and third installments relate to a long-term existing agreement whereby the third party was obligated to contribute land to the City for affordable housing. The Fiscal Services Division only identified the existence of this unrecorded land as a result of monitoring the minutes of recent council meetings in which discussions occurred about transferring this contributed land to the Irvine Community Land Trust. We recommend that the City departments responsible for monitoring activity related to multi-year agreements affecting City assets and obligations such as the one identified above, improve their communications with the Fiscal Services Division to ensure the timely and accurate recording of events involving the multi-year agreements.

City's Response

Fiscal Services has a standard procedure in place with Public Works to receive all donations of land, streets, parks, and other capital assets as a result of development. Staff will issue direction to guide the other departments on the proper procedure and processes for accepting and notifying Fiscal Services of the donation of capital assets.

2.3

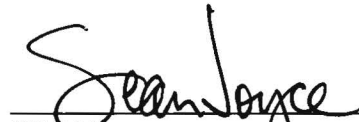


## REQUEST FOR BOARD ACTION

**MEETING DATE:** NOVEMBER 28, 2017

**TITLE:** 2018 ORANGE COUNTY GREAT PARK MEETING CALENDAR

  
\_\_\_\_\_  
Director, Orange County Great Park

  
\_\_\_\_\_  
City Manager

### RECOMMENDED ACTION

Approve the proposed 2018 Orange County Great Park Board Meeting Calendar.

### EXECUTIVE SUMMARY

Orange County Great Park Board (Board) meetings are canceled or rescheduled when holidays conflict with regular Board meeting dates. For example, the Board meeting in December has historically been canceled due to the Christmas holiday. In addition, the meeting in August is typically canceled due to summer vacation schedules.

### COMMISSION/BOARD/COMMITTEE RECOMMENDATION

Not applicable.

### ANALYSIS

Staff has reviewed the upcoming meeting calendar to determine potential conflicts with regular meeting dates, and proposes the following amendments to the Orange County Great Park meeting calendar:

- 1) Cancel the August 28 Board meeting, as done in prior years, to accommodate summer vacation schedules.
- 2) Cancel the December 25 Board meeting due to the Christmas holiday.

### ALTERNATIVES CONSIDERED

The Board of Directors may amend the 2018 Orange County Great Park Meeting Calendar and provide alternative direction.

## **FINANCIAL IMPACT**

There is no financial impact associated with the 2018 Orange County Great Park Meeting Calendar.

**REPORT PREPARED BY** Molly McLaughlin, City Clerk

## **ATTACHMENTS**

Attachment 1: 2018 Orange County Great Park Board Meeting Calendar

# Orange County Great Park Board 2018 Meeting Calendar

January						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15 H	16	17	18	19	20
21	22	23 GP	24	25	26	27
28	29	30	31			

February						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19 H	20	21	22	23	24
25	26	27 GP	28			

March						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27 GP	28	29	30	31

April						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4 CC	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24 GP	25	26	27	28
29	30					

May						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22 GP	23	24	25	26
27	28 H	29	30	31		

June						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26 GP	27	28	29	30

July						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4 H	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24 GP	25	26	27	28
29	30	31				

August						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28 GP	29	30	31	

September						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3 H	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23 30	24	25 GP	26	27	28	29

October						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23 GP	24	25	26	27
28	29	30	31			

November						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12 H	13	14	15	16	17
18	19	20	21	22 H	23 H	24
25	26	27 GP	28	29	30	

December						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24 H	25 GP/H	26	27	28	29
30	31					

GP: Orange County Great Park – 2pm (4<sup>th</sup> Tue)

## ATTACHMENT

Meeting Dates

Proposed Cancellation

Holidays

2.4



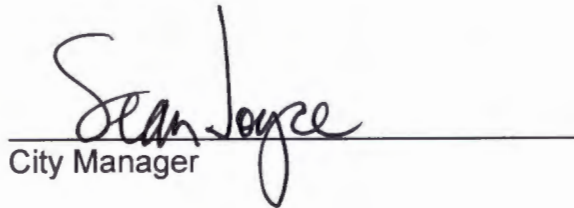


## REQUEST FOR BOARD ACTION

**MEETING DATE:** NOVEMBER 28, 2017

**TITLE:** DESIGN ENHANCEMENTS TO SOFTBALL STADIUM IN THE SPORTS PARK SUBAREA OF THE ORANGE COUNTY GREAT PARK

  
\_\_\_\_\_  
Director, Orange County Great Park

  
\_\_\_\_\_  
City Manager

### RECOMMENDED ACTION

Recommend that the City Council approve design enhancements to the softball stadium dugouts at the Great Park and authorize payment for the enhancements by applying \$210,000 in savings realized through cost reductions elsewhere in the Sports Park.

### EXECUTIVE SUMMARY

The Second Agreement with City of Irvine as Adjacent Landowner between the City of Irvine and Heritage Fields El Toro, LLC (ALA II) provided for up to \$10.5 million in Additional Allowance Funds to be used for City-directed design enhancements, paid for by Heritage Fields. In September 2015, the City Council approved \$5,040,000 in Additional Allowance Funds for enhancements at the Sports Park, including the conversion of six soccer fields from natural to synthetic turf. Through subsequent negotiations with the vendor, Five Point Communities (Development Manager for Heritage Fields) obtained better pricing for the synthetic turf than was previously estimated, resulting in a savings of \$210,000 in Allowance Funds (contractor change order documenting savings included as Attachment 1).

As Sports Park construction has progressed, opportunities have been identified for additional improvements to the approved design. Several of these opportunities have been brought forward for City Council consideration over the last 18 months, including construction of additional storage areas and improvements to scoreboards and IT infrastructure. Five Point has now identified an opportunity to improve the dugouts at the softball stadium complex, part of Phase 3 of the Sports Park, expected to open next year. The proposed enhancements include changing from chain link fence to concrete,



sinking the dugouts below field level to improve spectator line of site and expanding spectator viewing areas. Five Point has provided a detailed cost estimate and a schematic of the proposed enhancements, included as Attachments 2 and 3, respectively. The total cost for the work is estimated to be \$209,480. Staff recommends applying the cost of the upgrades to the dugouts with the aforementioned savings achieved through cost reductions for the artificial turf.

#### **COMMISSION/BOARD/COMMITTEE RECOMMENDATION**

Not applicable.

#### **ANALYSIS**

On November 26, 2013, the City Council approved the ALA II between the City of Irvine and Heritage Fields El Toro, LLC. The ALA II set forth the concept plans and programming for the development of 688 acres within the Orange County Great Park. The ALA II further subdivided the 688-acre Great Park Improvement Area into a number of subareas, one of which is the Sports Park. Phase 1 of the Sports Park opened in August of this year. Construction of the subsequent phases of the Sports Park is underway.

The ALA II provided for up to \$10.5 million in Additional Allowance Funds for City-directed enhancements to the design of the various sub-areas of the 688-acres: Sports Park, Bosque, Upper Bee, Golf/Agriculture/Trails. At its meeting of September 8, 2015, the City Council approved the allocation of \$5,040,000 in Sports Park Allowance Funds for upgrades at the Sports Park. Included in the approved enhancements was the conversion of six soccer fields in Phase 2 from natural to synthetic turf. Through negotiations with the vendor, Five Point Communities obtained better pricing for the synthetic turf, resulting in a savings of \$210,000 in Allowance Funds.

As planning and construction have progressed at the Sports Park, additional design enhancement opportunities that improve park operations and enhance the visitor experience have been identified by City staff and the design team from Five Point. By implementing these enhancements now, during construction, rather than after completion, disruptions will be limited and costs can be reduced. Several of these opportunities have been brought forward for City Council consideration over the last 18 months, including construction of additional storage areas, upgraded scoreboards, and improved IT infrastructure.

Earlier this year Five Point representatives contacted City staff regarding the opportunity for softball dugout enhancements. The proposed enhancements include:

- Conversion of the dugout from chain link fence to concrete

- Lowering of the dugout floor 18-inches below field level and shifting it back towards the bleachers to improve spectator line of site
- Addition of stairs and ramps to provide access to the lowered dugout
- Addition of paving, hand rails and a concrete canopy over the dugout to improve the player experience and expand spectator viewing space
- Addition of an equipment storage area in the dugouts

The estimated cost of the enhancements is \$209,480. City staff worked with Five Point to refine the recommended enhancements so that the total cost is within the amount of the savings achieved on the artificial turf. Five Point's detailed cost estimate (Attachment 1) and a schematic of the proposed enhancements (Attachment 2) are provided for reference.

## **ALTERNATIVES CONSIDERED**

The Board could choose not to recommend approval of the Sports Park design enhancements and construct the dugouts as presently designed and authorized, this alternative would leave the \$210,000 in synthetic turf savings for other uses. The Board could also make modifications to the recommended enhancements as deemed appropriate.

## **FINANCIAL IMPACT**

Additional Allowance Funds are funds provided by Heritage Fields for City-directed enhancements to the 688-acre Great Park Improvement Area. The recommended improvements to the dugouts would be paid for with \$210,000 in Additional Allowance Funds saved through a reduction in the costs for City-approved enhancements elsewhere in the Sports Park.

**REPORT PREPARED BY** Steve Torelli, Management Analyst II

## **ATTACHMENTS**

1. Brightview Contractor Change Proposal No. 0012, documenting \$210,000 credit for savings from artificial turf
2. Detailed cost estimate for softball dugout enhancements
3. Schematic of proposed design changes to softball dugouts



# BrightView Landscape Development

Contractor Change Proposal  
No. 0012

<b>TITLE:</b>	Shaw Credit	<b>DATE:</b>	6/16/2017
<b>PROJECT:</b>	OCGP GMP	<b>JOB:</b>	132400
<b>TO:</b>	Attn: Default Contact Heritage Fields El Toro Contractor G Contractor GP Inc 25 Enterprise Ste 400 Aliso Viejo, CA 92656 Phone: 949 349-1000	<b>CONTRACT NO</b>	BUDGET

BREAKDOWN OF WORK					
Item	Description of Work	Quantity	Units	Unit Price	Net Amount
00001	Shaw Credit	1.000		(\$210,000.00)	(\$210,000.00)

**TOTAL:** (\$210,000.00)

**Estimated Time Extension..... 0 days**

This estimate will remain in effect for 30 days, unless otherwise noted. After expiration a new estimate will be submitted upon request.

**Notes:**

- ☐ 1. This work will not be done until approved and a written change order is issued.
- ☐ 2. A signature below authorizes us to proceed with the work described above, at the stated prices.
- ☐ 3. Extension of time necessary for this change: 0 consecutive working days.
- ☐ 4. This work was done in accordance with your order to proceed: please issue change order.

**Prepared By:** \_\_\_\_\_  
Matthew Mudek  
**Date:** \_\_\_\_\_

**Approved By:** \_\_\_\_\_  
Default Contact  
**Date:** \_\_\_\_\_

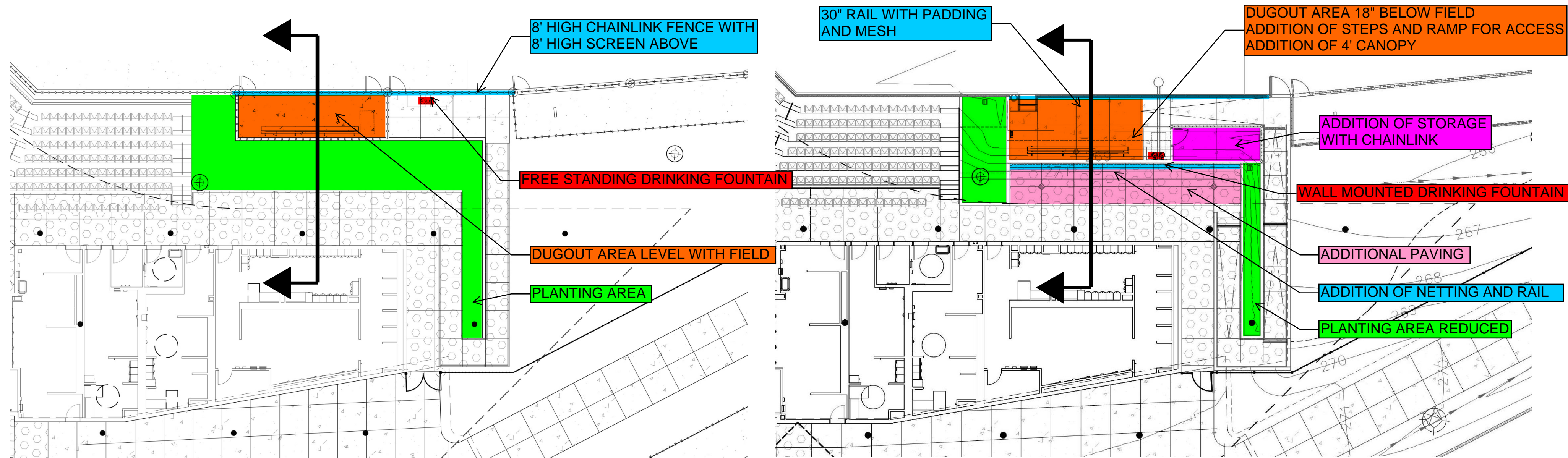


Building G Dugout 11/9/17				
Description	Quantity	Unit	Unit Price	Total Cost
<b><u>BRIGHTVIEW LANDSCAPE DEVELOPMENT, INC.</u></b>				
Deck (concrete @ dugout)	160	SF	\$86.00	\$13,760.00
Stairs (entrance from field to lowered dugout)	12	LF	\$165.00	\$1,980.00
Additional slab on grade concrete paving, including ramp into dugout	190	SF	\$12.00	\$2,280.00
Low curb wall under guardrail with footing (front of dugout)	54	LF	\$341.00	\$18,414.00
30" rail with padding, netting (front of dugout)	54	LF	\$125.00	\$6,750.00
Handrail (at stairs into dugout and ramp corner of storage)	15	LF	\$125.00	\$1,875.00
8' Netting in lieu of Guardrail at plaza edge	18	LF	\$75.00	\$1,350.00
8' Chain Link Fence ( interior storage wall -field facing)	19	LF	\$30.00	\$570.00
Chainlink Lid at Storage Area	155	SF	\$10.00	\$1,550.00
Deck Drain	53	LF	\$55.00	\$2,915.00
7' Masonry Wall dugout	665	SF	\$19.00	\$12,635.00
7' Masonry Wall Footing dugout	95	LF	\$69.00	\$6,555.00
7' Wall Waterproofing dugout	545	SF	\$8.00	\$4,360.00
Lighting (fixture under concrete lid and microphone provision)	1	LS	\$3,500.00	\$3,500.00
Masonry wall	-123	SF	\$19.00	-\$2,337.00
Masonry wall footing	-41	LF	\$80.00	-\$3,280.00
8' Chain Link Fence	-68	LF	\$30.00	-\$2,040.00
Design Fees	1	LS	\$3,900.00	\$3,900.00
sub total cost per side				\$74,737.00
			BrightView Total Cost - Both Sides	\$149,474.00
<b><u>KPRS CONSTRUCTION SERVICES, INC.</u></b>				
Paving - Concourse Added Concrete SF	524	SF	\$17.75	\$9,301.00
Paving - Additional Mobilization Labor	1	LS	\$2,750.00	\$2,750.00
Paving - Additional Mobilization Equipment	1	LS	\$3,250.00	\$3,250.00
Paving - Mark-up Additional Scope	1	LS	\$2,295.15	\$2,295.15
Guardrail - Al/Glass Added LF	18	LF	\$125.00	\$2,250.00
Guardrail - Mutlline Ramp LF	10	LF	\$150.00	\$1,500.00
Guardrail - Added Engineering / 2 Times	2	EA	\$2,000.00	\$4,000.00
Guardrail - Markup Additional Scope	1	LS	\$1,162.50	\$1,162.50
Ramps -Additional PIP Walls	45	LF	\$215.00	\$9,675.00
Ramps - Credit 6" Curb - Now PIP Wall	-45	LF	\$16.00	-\$720.00
Ramps - Additional Mobilization Labor	1	LS	\$3,000.00	\$3,000.00
Ramps - Additional Mobilization Equipment	1	LS	\$3,250.00	\$3,250.00
Ramps - Stadium Wall Pour Back	1	LS	\$4,372.00	\$4,372.00
Ramps - Markup Additional Scope	1	LS	\$2,936.55	\$2,936.55
Re-Grading Ramps	1	LS	\$5,750.00	\$5,750.00
Survey - Additional Staking Revised Grades	12	HRS	\$210.00	\$2,520.00
Additional Clean-up Labor	32	HRS	\$79.84	\$2,554.88
Additional 3 Yd Trash Bin	1	EA	\$159.00	\$159.00
			KRPS Total Cost - Both Sides	\$60,006.08
			TOTAL COST BRIGHTVIEW & KPRS	\$209,480.08



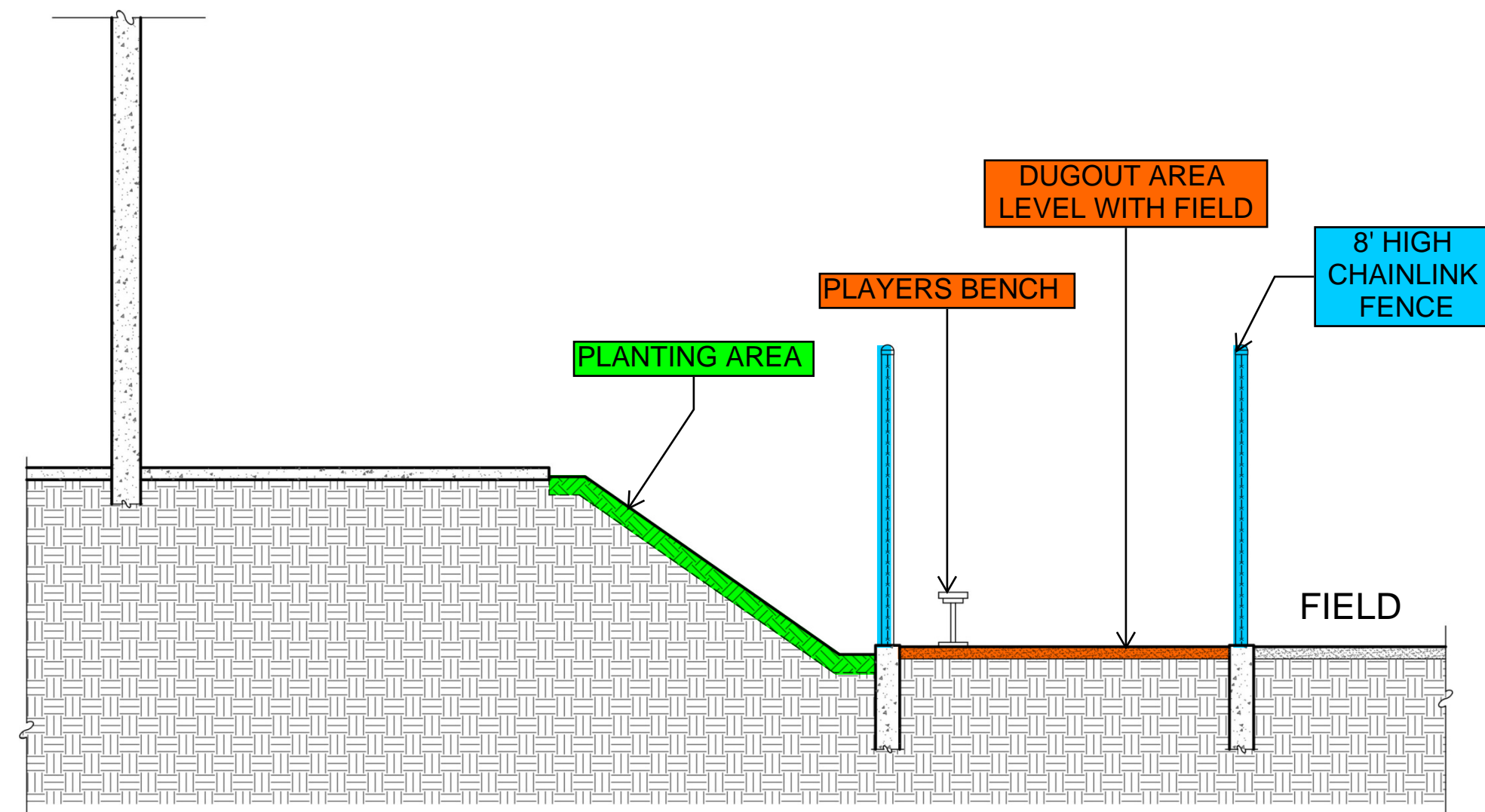
# Champ Softball Dugout Summary of Changes | Exhibit

## Typical Representation for 1<sup>st</sup> & 3<sup>rd</sup> Base

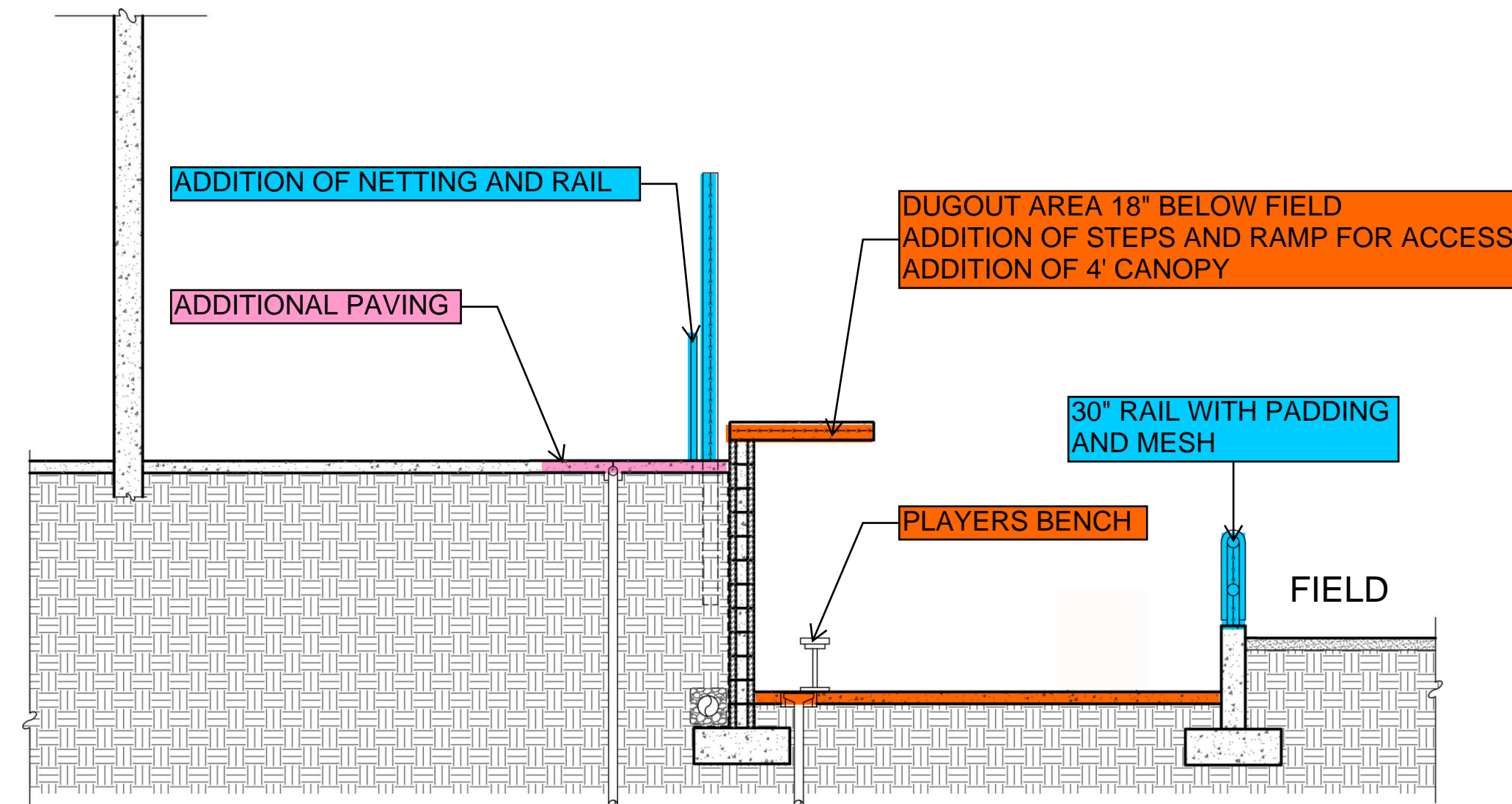


Base Original Approved - Plan

Proposed Enhanced Design - Plan



Original Approved - Section



Proposed Enhanced Design - Section

2.5



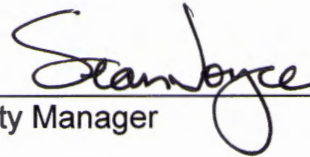


## REQUEST FOR BOARD ACTION

**MEETING DATE:** NOVEMBER 28, 2017

**TITLE:** BUDGET ADJUSTMENT FOR CONTRACT MAINTENANCE SERVICES  
FOR SPORTS PARK PHASES 1, 2, 3 AND 4

  
\_\_\_\_\_  
Director of Public Works

  
\_\_\_\_\_  
City Manager

### RECOMMENDED ACTION

1. Recommend that the City Council approve a budget appropriation of \$931,350 from the unallocated Orange County Great Park fund balance for contract maintenance services through June 30, 2018 for the Sports Park phases 1, 2, 3 and 4.
2. Recommend that the City Council authorize the City Manager and Director of Public Works to execute corresponding maintenance service contract agreements, in accordance with City purchasing procedures, for the required maintenance services.

### EXECUTIVE SUMMARY

The initial phase of the 194-acre Sports Park (Phase 1) was accepted by the City and opened for public use in August 2017. Completion of the next Sports Park phases is expected in early 2018. In anticipation of the phased implementation and City acceptance of the various Sports Park components, the City budgeted and awarded competitively bid maintenance service contracts that allow the City to incrementally incorporate portions of the Sports Park as they are accepted by the City.

Based on completion schedules provided to the City by Five Point Communities, funding was included in the Fiscal Year 2017-18 budget for contract maintenance services for those portions of the park previously anticipated to be completed by June 2018. With the acceleration of the Sports Park Phase 1 and the pending completion of the subsequent phases in early 2018, a budget adjustment is necessary to support the required maintenance functions upon City acceptance of the new improvements. Funding and budget authority for these new Sport Park phases was not included in the Fiscal Year 2017-18 budget.

The recommended budget adjustment (Attachment 1) of \$931,350 will allocate funding to support the required maintenance service contracts (Attachment 2) for the new Sports Park phases through June 30, 2018. These new phases include the soccer complex, synthetic and turf fields, new basketball courts, and new baseball and softball complexes.

## **COMMISSION/BOARD/COMMITTEE RECOMMENDATION**

In accordance with City Financial Policy and the City Fiscal Transparency and Reform Act, the recommended actions are presented for consideration by the Orange County Great Park Board of Directors.

## **ANALYSIS**

The Public Works Department is responsible for maintenance of public facilities and athletic fields throughout the City, including the Orange County Great Park. These maintenance services are primarily conducted by private contractors selected through a competitive bid process. Funding for these maintenance service contracts is included as part of the annual department maintenance budget. The current fiscal year budget (Fiscal Year 2017-18), provides funding and contract authority for the following Great Park facilities:

- Western Sector
- Upper Bee and Bosque
- Sports Park Phase 1

With the anticipated completion in Spring 2018 of the next phases of the Sports Park (Phase 2, 3 and 4), the City will assume maintenance responsibility for the following new park amenities and components:

- 6 Synthetic Soccer Fields
- 4 Basketball Courts
- 5 Flex Athletic Fields
- 3 Surface Parking Lots
- 7 Baseball Fields with Championship Stadium
- 5 Softball Fields with Championship Stadium
- 80.2 Acres of Common Area Turf & Shrubs
- 1,740 Trees

Maintenance contracts are in place and available to provide the required maintenance services for these new amenities as they are turned over from Five Point Communities contractors to the City. These competitively bid contracts include unit pricing for the new Sports Park phases in anticipation of accepting the new facilities upon completion. The corresponding funding to support these new Sports Park phases was not budgeted at the time the contracts were awarded. Contract services funding for preventive maintenance functions and elevator non-warranty inspection and repair for the new Soccer Stadium and other Phase 1 components was also not included with the current Fiscal Year budget. This funding was inadvertently omitted at the time the budget was prepared.



The recommended budget adjustment of \$931,350 provides the necessary funding to support the required maintenance as follows:

<b>Phase 1 (Soccer Stadium, Tennis and Volleyball Complexes)</b>	<b>\$130,660</b>
<b>Phase 2 (Synthetic Soccer Fields, Flex Fields, Basketball Courts)</b>	<b>\$315,460</b>
<b>Phase 3 (Baseball Fields and Stadium)</b>	<b>\$338,130</b>
<b>Phase 4 (Softball Fields and Stadium)</b>	<b><u>\$147,100</u></b>
<b>TOTAL</b>	<b>\$931,350</b>

A summary of the proposed funding and contract services is included in Attachments 1 and 2. If approved by the City Council, the recommended actions will provide funding and contract authority through June 30, 2018 for maintenance of the new phases of the Sports Park as they are accepted for public use by the City.

#### **ALTERNATIVES CONSIDERED**

The Board could recommend that the City Council direct staff to solicit new competitive bids for the Sports Park contract maintenance services and return with the necessary budget request based on the bids received in lieu of exercising the option to use the existing service contracts for the required maintenance functions.

#### **FINANCIAL IMPACT**

Approval of the recommend budget adjustment will allocate \$931,350 for contract maintenance services for the Sports Park. This level of funding is consistent with expenditure assumptions included in the Great Park financial forecast previously reviewed by the Great Park Board and City Council. Funding is available in the unallocated Orange County Great Park fund balance (Fund 180). The unallocated fund balance in Fund 180 is \$52 million.

**REPORT PREPARED BY:** Jay Ponce, Senior Management Analyst

#### **ATTACHMENTS**

1. Budget Adjustment
2. Contract Maintenance Services



## CONTRACT MAINTENANCE SERVICES

JL #	Contract Description	Existing Budget	Proposed Increase	Total Budget
7185571155	LANDSCAPE MAINTENANCE	2,306,094	727,800	3,033,894
7185591181	CUSTODIAL AND DAY PORTER SERVICES	235,000	26,560	261,560
New	NON-WARRANTY ELEVATOR MAINTENANCE AND REPAIR	0	6,570	6,570
New	FACILITY PREVENTATIVE MAINTENANCE SERVICES	0	170,420	170,420
	<b>Total</b>	2,541,094	931,350	3,472,444